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The Bombay Tenancy and Agricultural Lands Act as a means of agrarian reform

Gene L. Wunderlich

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THE BOMBAY TENANCY AND AGRICULTURAL LANDS ACT AS A MEANS OF AGRARIAN REFORM

by

Gene L. Wunderlich

A Dissertation Submitted to the Graduate Faculty in Partial Fulfillment of The Requirements for the Degree of DOCTOR OF PHILOSOPHY

Major Subject: Agricultural Economics

Approved:

Signature was redacted for privacy.

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Dean of Graduate College

Iowa State College

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Where the clear stream of reason
has not lost its way
into the dreary desert sand of dead habit

Where the mind is led forward by thee
into everwidening thought and action

Into that heaven of freedom, my Father,
let my country awake.

Rabindranath Tagore.
CHAPTER 1: INTRODUCTION

The United Nations report on progress in land reform states that "the land reform measures recently enacted in India are quantitively by far the most important"\(^1\) of the countries which they surveyed.

All the states of India have passed, since 1947, at least some legislation affecting the interrelationship between men in their use and occupancy of land. Much of this legislation has been subject to revision and many new enactments anticipate solutions to agrarian problems. But unless continuous, critical analysis is made, reform measures may become political platitudes and the enactments will bear little relationship to the conditions they were intended to ameliorate. This study is an attempt to interpret and analyze the Bombay Tenancy and Agricultural Lands Act of 1948\(^2\), one of the significant land reform enactments passed in India since Independence in 1947. Primary attention is devoted to the economic effects, in terms of criteria specified later, but because of the nature of the Act and its objectives certain other aspects are considered.


\(^2\)The Bombay Tenancy and Agricultural Lands Act, 1948 (Bombay Act No. LXVII, 28th December 1948), adapted and modified by the Adaptation of Laws Order, 1950, and amended:

Bom. 12 of 1951,
Bom. 34 of 1951,
Bom. 45 of 1951,
Bom. 33 of 1952,
Bom. 60 of 1953,

analysis is intended to indicate the effects of the various provisions on the specified objectives of the Act and so form the basis for recommendations to improve the legislation.

The Bombay Tenancy Act of 1948 was by no means the beginning or the end of tenancy legislation in that state, but it stands as one of the landmark enactments in the program of land reform in the Indian Union. The problems it sought to alleviate had pressed upon the people for centuries and this was to be one step in the new nation's efforts toward welfare improvement. Time will bear out the actual success or failure of the Act. It remains, therefore, the task of the analysis to anticipate the shortcomings and attempt to point out the necessary changes.

Agrarian Reform in Economic Development

The land reform problem for purposes of analysis may be viewed at two levels:

(1) The overall problem of economic underdevelopment and the relationship of agrarian reform to a general program of development.

(2) The relationship of a specific enactment or group of enactments to the objectives which they seek to accomplish.

Although this study is concerned with the second type of problem it must be oriented to the overall problems and programs if it is to fit into the context of economic development. The extraction and specification of the problem of tenancy out of the general problems of underdevelopment, and the body of agrarian reform enactments created to meet the problems, is the purpose of Chapter 2 so consideration will be made here only of basic policy goals and the role of government in land reform.
Basic policy goals

In discussing the impact of land reform on economic development, Barlowe emphasizes the need for establishing the importance of economic development as a goal, stating that, "if the architects of land reform are concerned only with the attainment of distributive justice or some political objectives, their programs may have only an incidental impact on economic development".¹ As the basic document for India's development policy, the Five-Year Plan makes clear the great importance attached to the economic goal. It does not, however, fail to recognize the distributive aspects of policy.

The first Five-Year Plan, designed for the period 1951 to 1956, places primary emphasis on development of agriculture, irrigation and power. As a consequence, the Plan devotes attention to agrarian problems in general and land tenure problems in particular. Although the priority in development policy itself is a subject for analysis, the scope of this study will be limited to acceptance of the priority of the plan as an assumption. Perhaps most significant is that the priority of agriculture is only in the short run, forming only part of a long-range balanced growth policy.² In this respect it may be noted that the rate of capital accumulation is not expected to be great in the early states of development but to accelerate after a period of 10 to 15 years (1961 to 1966).³


³Ibid., p. 16, 17.
During this initial period, considerable importance is attached to matters of equity and social justice. This carries over into the reform program. The Five-Year Plan states that although "increase of agricultural production represents the highest priority in the next few years, a land policy must reduce disparities in income and in other ways reduce inequalities between individuals."¹ These basic policy assumptions pervade the agrarian reform programs in the various states.

Role of government in land reform

Although the central government is a vital force in the development of reform programs, it is the individual states which are responsible for the passage of the reform acts and for their implementation. The central government has laid down the main policy guidelines through the Congress Agrarian Reforms Committee; research and recommendations emanate from the Delhi Planning Commission; and through the Five-Year Plan the states receive assistance.²

One of the principal elements that make the recent legislation of India of a truly reform nature, i.e., a change in basic philosophy, is that it is reoriented toward the wealth and welfare of the people and

¹Ibid., p. 184.
²Most of the assistance from the central government is of an advisory nature. For this purpose a Central Committee for Land Reforms was organized consisting of the Chairman (Prime Minister) and members of the Planning Commission, Minister of Home Affairs and States, and Minister of Food and Agriculture.
reverses the juridical base of the tenure system. Government's interest in the agrarian structure now goes beyond the maximization of land revenue. Responsibilities of government extend into all major industries concerned with the economic development of the Indian Union. As stated the United Nations' Measures for Economic Development, "economic progress depends to a large extent upon the adoption by governments of appropriate administrative and legislative action, both in the public and private sectors."^2

The Planning Commission also acknowledged the role of the state in economic development:

It is clear that in the transformation of the economy that is called for, the state will have to play a crucial role. Whether one thinks of the problems of capital formation or of the introduction of new techniques or of the extension of social services or of the over-all realignment of the productive forces and the class relationships within society, one comes inevitably to the conclusion that a rapid expansion of the economic and social responsibilities of the state will alone be capable of satisfying the legitimate expectations of the people.^

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^1However, it would be incorrect to ascribe this reorientation entirely to Independence since some of the elements of the welfare concept of government are seen in the British regime, particularly in the last decade. For example, the Bombay Tenancy Acts of 1939 and 1946. For discussion see: S. Thirumalai. Post-War agricultural problems and policies in India. Bombay, Vora and Co. 1954. p. 125.


^3India Five-Year Plan, op.cit., p. 31, 32.
Since land reform is concerned primarily with the ownership of, or claims to the returns of factors of production, government is the central figure in making and enforcing adjustments. Therefore, government may strongly influence the combination of resources and as a consequence, total production. The role of government is to enhance the wealth of the individual in India with the minimum digression from a private property system. Government, with the responsibility of economic development operating within the modified free enterprise system, must guide but not force, being always accountable under democratic processes.

Selection and Scope of the Study Area

Confinement of the study to Bombay

In view of the vast amount of legislation passed since Independence\(^1\) and the limited time and financial resources available for this study, a detailed analysis of the type attempted here for all the legislation was not possible. Furthermore, many studies have been devoted to overall surveys covering the land tenure problems of India than have been concentrated on detailed analyses. Such organizations as the United Nations or central and state governments are far better equipped to make a general survey study. The main lines of policy have already been drawn so it appeared that the greater need lay in the area of detailed analysis of individual components—the separate acts and particular problems.

This problem was chosen after a consideration of several types of land reform legislation in Bombay State. The Bombay Tenancy and

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\(^1\)An outline of reform acts of various states is given in Chapter 2.
Agricultural Lands Act was chosen because of its relative importance both from the standpoint of Bombay and of the Indian Union. According to Srinivasan "Bombay leads the field with its Tenancy and Agricultural Lands Act."¹ The preeminence of the Bombay tenancy legislation in India is acknowledged by G. D. Patel in his Agrarian Reforms in Bombay:

This Bombay tenancy legislation has been acknowledged to be one of the most progressive legislations in the country. Other state governments have adopted certain important features of the Bombay legislation in their tenancy legislations. Even the recent report of the Congress Agrarian Committee adopted salient features of the legislation in its suggested reforms of the agricultural economy of India.²

The selection of the particular reform act in Bombay was made on what appeared to be its relative importance in that state. Abolition of zamindari tenure might rank first in importance in Uttar Pradesh but overlord tenures in Bombay, although great in number, accounted for a relatively small area and few cultivators. The ryotwari tenure, which is most closely analogous to fee simple ownership in the Anglo-American world, is the dominant form of tenure in Bombay.

For statewide information, reliance was made on secondary sources. Therefore, the matter of availability of information was also taken into consideration in the selection of the problem.³ It was found that, in

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³The rural population of Bombay is well over 25 million, distributed in over 34,000 villages, with great diversity in geography, language, and tenure conditions. A survey of primary sources upon which inferences could be developed for the state would have been of a magnitude beyond the resources available.
Bombay, the matter of tenancy was somewhat better equipped in this respect than some of the other facets of the agrarian problem.

**Tenancy in the reform program**

The United Nations' report on the progress of land reform drew attention to the wide divergencies in the tenurial conditions between the various states of India. The reform measures encompass tenancy regulations, overlord tenure abolition, prevention of fragmentation, regulation of money lending, agricultural development and production, village administration, and cooperatives. Under these circumstances, sweeping generalizations in the analyses of the Indian land reform program are hazardous and limited in their usefulness for improvement in the specific acts. Detailed analyses of specific enactments are required so that the respective components will make a maximum contribution to the overall reform program.

An adjustment of the legal relations between landlords and tenants represents only one segment of the Indian agrarian reform program. The contribution of the Tenancy Act will depend upon the way in which it is integrated with other measures as well as upon the conditions of tenancy it seeks to ameliorate.

The Tenancy Act is part of a more general group of measures designed to affect the relation of man to the land resource. These legislative enactments—designated here as land reform—are directly concerned with land ownership, tenancy, consolidation and prevention of fragmentation, reclamation and agricultural development. A still more inclusive

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category—agrarian reform—would include the land reform legislation plus other measures closely connected with agriculture such as money lending and tagai, agricultural labor, cooperatives, and rural community development.

The importance of developing an integrated program of reform measures to accomplish the purposes of economic development might be illustrated by reference to the problem of capital accumulation. In many areas the capital market, due, for example, to lack of knowledge or uncertainty, is such that income available for capital has only an alternative between agriculture or consumption. If, say, one enactment of reform legislation forbids the mortgage of land (as is the case in the Bombay Tenancy Act) and another enactment (Moneylenders Act) restricts interest rates to a low level so that unsecured loans cannot be covered by a higher interest rate surpluses available for capital formation will tend to revert to consumption. The consequence is a restriction on capital accumulation. Other examples of reform measures that, within a range at least, operate at cross-purposes are those concerned with the redistribution of land and those aimed at increasing the size of cultivating units.

Notwithstanding reform measures that are competitive there are also measures which, because they are complementary, require simultaneous development in order to ensure success. This is often the case of reforms which involve the need for credit, education or technical assistance.

The Tenancy Act cannot be a cure for all the difficulties arising out of tenancy arrangements in an underdeveloped country. It should be so constructed as not to interfere with a solution of the root problem of
economic underdevelopment. A tenancy act cannot itself increase the supply of capital nor the quantity of land. Alone it will not increase the productivity of labor. It will not improve marketing, production techniques, or education. It can, however, form part of the institutional framework necessary to promote economic development.

Just as tenancy reform is but a segment of the agrarian reform program so is the agrarian reform program itself only a means toward economic development and still more ultimate objectives.

It should be made clear, particularly in this study which attempts to deal primarily with the economic aspects, that land reform legislation is not devoted entirely to propositions directly affecting the efficiency of resources in agricultural production. Matters of equity and social justice, for example, are also included in the objectives of the Acts. One important task of an analysis of a land reform enactment is to separate and specify these main elements. This is done in Chapter 3. The essential purpose of a land reform program reduces to a change in the institutional structure to permit and encourage (1) a reallocation of productive resources to create a greater total product, and/or (2) a redistribution of the ownership of, or claims to the returns of the various resources. These are the stated objectives of the All India Five-Year Plan:¹

(i) the provision of increased employment and production by the most efficient utilization of the resources of the country; and

(ii) the achievement of the largest measure of social justice possible.

Objectives of the Study

As stated above, this study is an attempt to analyze one land reform Act in one state. The objectives of the study are as follows:

(1) To test, conceptually, the provisions of the Act in terms of their ability to satisfy the conditions which are necessary for a movement toward the objectives of the Act.

(2) To provide hypotheses concerning the ability of the Tenancy Act to induce a movement toward the objectives which may be tested empirically as the required data become observable and available.

(3) Where possible, to suggest improvements in the Act on the basis of the conceptual analysis. These suggestions may then be accepted or rejected as empirical verification or rejection of the hypotheses upon which they are based is made.

Through the course of specifying the objectives of the Act and analyzing various sections it will be seen that, within a range at least, objectives become competitive. One of the intended by-products of the study is to show how these objectives substitute for one another thus pointing up the nature of decisions to be made by the lawmakers.

Procedure of the Study

The analysis is concerned with the stated objectives of the law-makers (as interpreted) and provisions of the Tenancy Act as means to attain the objectives. Some of the problems involved in tenancy are a natural incident to the problem to be analyzed but are not dealt with as such. That is, the study is not directly concerned with the moral
justification of tenancy in the land system or a comparison of the effects of various tenancy systems on efficiency. Rather than deal with the relative merits or demerits of tenancy per se, more fundamental objectives are sought and the Act analyzed in terms of them. It is hoped that by removing some of the links in the means-ends chain a more fundamental approach could be made to the subject and some of the pitfalls of subjectivity avoided.

Before specifying the objectives some attention will be devoted to the background underlying the passage of the Act.

**Background of the analysis**

For purposes of an exercise in logic applied to economic phenomena it would be sufficient to specify any relevant objectives and utilize these in their author-interpreted forms as the assumptions of the analysis. However, if it is assumed that the whole analysis is oriented toward guiding policy in the actual world it is necessary that these objectives bear as closely to the actual situation as possible. The Preamble, Statement of Objects and Reasons, and statements during the debates are not so baldly stated that they require no interpretation or, what is perhaps more important analytically, simplification. The process of simplification requires selection and emphasis, i.e., weights on relative importance. In order to minimize the errors stemming from singular interpretation, the central thesis will be preceded by sufficient background so that not only the logic of the analysis but also the assumptions upon which the analysis is based may be criticized.

This background material presented in the first part of Chapter 2 gives rise to important factors concerning the land reform program:
(1) the new conception of government in its positive role in a welfare state and (2) the accompanying difficulties arising out of ancient institutions and the problems of underdevelopment. Within this climate the land reform program has emerged. The Goals and Objectives of the Bombay Tenancy Act culminating in several significant statements are a product of all these varied forces. The measure of reality that may be attached to the interpretations of these statements of purpose will depend upon the grasp of the overall intention of those responsible for the Act's passage and the forces which influenced their judgment.

Objectives and principal provisions of the Tenancy Act

In Chapter 3 the objectives of the Act are derived from (1) the Statement of Objects and Reasons of the Bill, (2) the Preamble, (3) Congress Party declarations and programs, and (4) the Legislative Assembly debates preceding passage of the Act. The objectives are developed as far as possible in accordance with the letter and the spirit of the declarations of the lawmakers, and the analysis made in terms of those specified objectives. The objectives of economic efficiency and growth and of distributive equitability, appear to be explicit in the statements of the lawmakers but the possibility of a third basic objective is also speculated. These objectives form the norms to which the actual situation may be compared. In another sense, the objectives form some of the basic assumptions of the analysis, i.e., that the situation existing at the
time of the passage of the Act was less than optimum and that reform legislation was an acceptable means of altering tenancy relationships.¹

The means to move toward the objectives were the provisions of the Tenancy Act. Its principal features were (1) the specification of maximum rental payment with administrative discretion to lower the maximum, (2) specification of a minimum lease period of 10 years with automatic renewal, (3) various tenant purchase rights and priorities, (4) compensation payments, and (5) state management of agricultural lands.

The analysis

Within the objectives arise certain criteria or conditions against which the provisions of the Act may be tested. For example, the economic objective gives rise to conditions of efficiency with respect to factor payments, uncertainty and mobility. If the Act is to induce a fulfillment or a movement toward this objective, these conditions must be met. Analysis will consist of examining the various provisions, with available empirical information, in terms of these conditions. These conditions will be specified, in terms of each of the objectives, in Chapter 4.

¹Friedman attributes three positive roles to the assumptions of a theory: (a) they are often an economical mode of describing or presenting a theory; (b) they sometimes facilitate an indirect test of the hypothesis by its implications; and (c) they are sometimes a convenient means of specifying the conditions under which the theory is expected to be valid. The objectives of the Act are used as assumptions in the latter sense in this study. Milton Friedman. Essays in positive economics. Chicago, University of Chicago Press. 1953. p. 23.
The Act has certain sections which may be called "principal sections", that is, of primary significance with respect to the goal, the remaining sections dealing with matters ancillary to the principal section. Each of these sections can be expected to have effect on the respective criteria—either positive, neutral, or negative. Analytical simplification requires that only the primary effect be dealt with, although reference to certain special secondary effects may be made.

Supporting facts are of such limited extent that they can only be used for speculation, i.e., hypothesis formation, concerning the possible relationship between a section of the Act and its criterion. It will therefore be possible to deal only with qualitative relationships rather than quantitative tests of hypotheses. The analysis is essentially deductive. It may be possible, for example, to say that Section 5 is so constructed that it can satisfy A and B criteria of efficiency but it will not be possible to conclude to what extent the condition of efficiency has actually been fulfilled. Most of the information pertaining to the operation of the Tenancy Act comes from (1) the files of the Revenue Department and Bureau of Economics and Statistics, Bombay Government and (2) case studies of three villages specially chosen because of their known divergencies in the implementation of the Act.

Limitations of the analysis

Two not wholly independent types of limitations affected the scope of this study: (1) The self-imposed restrictions of problem delimitation in which the breadth of study of land reform in India was narrowed so that the particular problem might be examined in greater detail, and (2) the
exogenous restrictions imposed by limitations of time and finance, with
the additional difficulties of language and limited basic information.

The conclusions or final result of the analysis will be, from the
standpoint of the actual working of the Act, only hypotheses. Although
studies planned by the Indian Society of Agricultural Economics and the
Gokhale Institute may shed some empirical light upon these hypotheses
within the next year or two, the real test of the Bombay Tenancy Act will
be its effect on the agrarian economy in the coming years.
Unlike the growth of the tenure system in the United States, which began in the East, largely on an English juridical base, and was implanted in new regions by successive waves of settlers, the tenure system of India was the product of centuries of growth in isolated pockets with a minimum of centralization, even by rulers of princely states. A knowledge of the principal features of this growth and development is necessary for an understanding of the present efforts of the central government to create a unified land policy and of the state governments to develop a program of land reform legislation that will meet the standards of efficiency and equitability required in India's quest for economic development. A contributor to the Sixth International Conference of Agricultural Economists stated:

...each country has through a process of time evolved its own system of tenure suitable for its own systems of agriculture. The system of tenure is moulded in each case by the character and the social habits of the people, by the position which agriculture holds in the national economy, and by the country's constitution, laws, and institutions.¹

The tenure system of India is extremely complex and those who envision a uniform tenure structure to aid in the accomplishment of economic development must necessarily take into account the diversity of conditions within which the reform program operates.

¹D. Whitney. Land use, credit and capital use, discussion. Proceedings Sixth International Conference of Agricultural Economists. 1947: 73. 1948. p. 73.
The first part of the chapter deals with the tenure system, its development and the emerging agrarian problems on an All-India basis. This brief review is intended to show the general problematic area of the study from which was delimited the particular Act in one state.

Following the review of the Indian land problem are the reform measures, one group of which is tenancy legislation. Thus, the study of the Bombay Tenancy Act is shown to be a product of a two-way delimitation process from the standpoint of other states in the Indian Union and other land reform enactments.

In the context of these general problems, the second part of the chapter is devoted to specification of the situation in Bombay which the Bombay Tenancy Act sought to improve.

Problems of Agrarian Reform in India

The ancient institutions of India, when subjected to the influences of western colonialism, formed obstacles to economic advancement rather than means for social and cultural security. The village and the tenure system no longer provided a shelter for the cultivator but instead were forces against his progress. Economic underdevelopment is the product of many forces but the land tenure system played an important role.

Development of the tenure system

The basic characteristic of the early land tenure structure is to be found in communal land ownership. The essential feature of the land

\(^1\)Since it is impossible to attribute the exposition of historical material to one author, the following are submitted as the (continued)
settlement was the village. The village itself was preceded by tribal
communes which did not recognize individual rights in land within the
clan. When the clan eventually outgrew the borders of kinship, the village
began to develop elements of individual interest in property, chiefly with
respect to the arable land. The degree and form of communal interest
varied: for example, in some cases, the right to cultivation of a plot
was heritable, whereas, other arrangements provided for the rotation of
cultivators on the land so that some operators would not be disadvantaged
by differences in grades of land.

Pre British era. During the Hindu period (approximately 1500
(Continued) reference sources upon which the section is based. Direct
quotations will be cited individually.


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1500 B.C. to 1200 A.D.), the land was not considered as property of the King. Property rights rested with the village. Payment of tax in kind was made to the King by the villages. The amount of the tax was usually about one-sixth of the crop but at times went as high as one-fourth for emergencies. Most noteworthy are the vestiges of the concept of joint or communal ownership that are found in the present-day tenure structure.

It has long been held that land is the property of all men equally and cannot become the property of an individual to be used and to be disposed of as his own interests dictate. It is the gift of nature. Jaimini has said, 'The king cannot give away the Earth because it is not his exclusive property but is common to all beings enjoying the fruits of their own labour on it. It belongs to all alike.' The old Sanskrit texts thus deny even the king's right to exclusive property in land.1

It is through the medium of the village that it is possible to see the close connection of the revenue system and the tenure system. The Indian State derived most of its revenue from the land and hence the village became the agency of collection. During the Hindu period, the village leader was directly responsible for the collection and payment of the King's share of the produce and for maintaining an equitable relationship between the cultivators; there were no intermediaries. Later it will be seen how this system gave rise to the layers of intermediaries between the cultivator and the state.

1Fifteen hundred B.C. is the approximate date given to the Aryan invasion of India. The Dravids were driven mostly to the south where they formed isolated pockets that were subject to little influence from Delhi. It was in the Dravidian areas where tribal customs were more tightly preserved with a consequent effect on the tenure structure of the area.

2United Provinces, op. cit., p. 59. Jaimini was a Hindu sage, a disciple of Vyasa, and the founder of the Purvamimamsa philosophy.
Wasteland, range, and meadow were in joint ownership and were managed through the village panchayat. The element of private property in land was quite limited and there was a strong implication of stewardship in the land. The Code of Manu\(^1\) provided for very severe fines for irresponsible cultivation.

The village has remained important in the relationship of the Indian cultivator and his land. Despite its setbacks and alteration under the British, the village still preserves its primacy and recently has been given additional attention as a means for economic development.\(^2\)

It can be said that, in general, the Muslim rule had comparatively little influence on the status of proprietary rights in the land. The most notable changes were the increases in taxes and the more systematic treatment of assessments beginning with Sher Shah (1540-45) who introduced a method of land measurement and classification. The settlement was made specifically in terms of the individual ryots recognizing no interests between the government and the cultivator, even when the revenue was collected through a village headman or zaminder.

\(^1\)The Code of Manu is a law book attributed to Swayan-bhuva Manu, the first of fourteen mythological progenitors of mankind, who existed thirty million years ago. The book actually is the work of many persons and appears to have been composed about the fifth century B.C. out of the traditions existing before that time. John Dowson. Classical dictionary of Hindu mythology and religion, geography, history and literature. London, Routledge and Kegan Paul Ltd. 1950. p. 199-202.

The Muslim, as the Hindu had done before, treated wasteland indifferently; that is, whoever was instrumental in bringing the land into cultivation received the primary proprietary interest.

Thus, for over 3000 years the village retained its position of primacy as the source of proprietary rights. The decline of the Muslim and the ascendancy of the Mahratta during the late 17th and early 18th century had very little effect on the tenure structure except that in this period of political upheaval the weakening of the central government permitted some encroachments on the rights of the ryot. In this respect, it can be said that there was some measure of virtue to the orderly treatment of property accorded to the British.

British rule. Near the end of the year 1600, Queen Elizabeth chartered the British East India Company. From that time until the company became directly responsible to the Crown in 1784, India experienced a dramatic upheaval in its institutions. Nor did imperialism end with the passage of Pitt's India Act; legislation aimed at the welfare of the people did not appear until the 1930's. Dutt states that:

"Lord Clive's endeavours to introduce reforms both in the civil and military administration deserve all the praise that has been bestowed upon them by historians; but when we examine the essential features of his scheme, we find that it was framed—as so many schemes have since been framed in India—mainly in the interest of the British rulers, and not in the interests of the people."

From the standpoint of chronological orientation it is useful to view early British rule in three periods. Within these three periods Britain established the basic tenets of her land tenure policy in India. First, there was the era of expansion and conflict in which England vied with

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1Romesh Dutt, Early British rule, op.cit., p. 39. (Brackets own)
France for supremacy in the East as well as the New World. The military exploits of Clive and the administration of Hastings mark this period as the rise of English preeminence in India. The second period began with the passage of Pitt's India Act of 1784 and the impeachment of Hastings; it was an era of administrative development initiated and highlighted by Lord Cornwallis. During Cornwallis' administration the system of Permanent Settlement was established. It was a time of severe exploitation.

The third period (1800-1947) bore the seeds of enlightened policy toward the people of India (seeds which bore fruit a century and a half later). Outstanding were the names of Bentinck, Munro in Madras, and Elphinstone in Bombay. In 1813 the East India Company lost its trade monopoly but continued as the British administrative agency in India. In 1858 Lord Canning announced the transfer of the government from the East India Company to the Crown. In spite of the urgings of many of the British leaders in India no genuine cognizance, or at least admission, was made of the rural land problem until the 1930's; even in the report of the Royal Commission on Agriculture, there is a conspicuous absence of any reference to land policy.

A most important feature of the tenure development in India is its relationship to the revenue system. Whether under the rule of the East India Company or the Crown, the fundamental objective of revenue maximization remained the same; in the former case, it was for the benefit of the subscribers of the Company, in the latter, the British public. Two concepts are necessary to an explanation of the British India revenue

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system, 1) the permanently settled estate and 2) the temporarily settled estate. The first means that revenue settlements were made in perpetuity. Its purported attributes were security of the government with respect to revenues and the ability of the cultivator to secure the advantage of his own improvement. The temporary or periodical settlement had the advantage of enhanced revenues where production rose. The system of permanent settlements developed under the administration of Lord Cornwallis (1784) in Bengal, Bihar, and Orissa after the attempts at an effective method of temporary settlements by Warren Hastings had failed. The East India Company in its attempts to follow the line of least resistance adapted its own variations on the Hindu-Moghul theme of tax-exaction. Revenue collections were farmed out to local headmen or "zamindars" who received a portion of the revenue, usually about 1/11. Under the Muslim regime these zamindars were held strictly to the position of revenue-collectors; however, in keeping with landed estate system in England, the British advanced the zamindar to the rank of landlord over the land for which he was responsible in revenue-collection. The end result was a substantial diminution of the rights of the cultivators or ryots.

The permanently settled system is not synonymous with the zamindari tenure system, but the two are generally associated with the same geographical area, Bengal, Bihar, Orissa and the United Provinces. The Malguzars of Central Provinces, as an exception, were revenue farmers whom the

1Discussions concerning the equitability of land revenue settlements had begun as early as 1776 in Calcutta. At that time, Phillip Francis, a member of the Governor General's Council, proposed that the land revenue should be permanently fixed.
British recognized as owners (under the Peshwas the Malguzars had no proprietary rights). They were analogous to the zamindars of Bengal but settlements were temporary.

Later on, as the British territories in India expanded, the permanent settlement scheme fell into disfavor. Particular opposition arose when a settlement for Punjab was anticipated; it was felt by the Government of Punjab that a permanent settlement at the time would result in a great loss of potential revenue inasmuch as the country had not developed.

The other principal revenue system was the temporary settlement. Warren Hastings had made an unsuccessful attempt at temporary settlements previous to the Cornwallis administration. But even the Cornwallis reforms had fallen into disrepute and ideas of a permanent settlement for the north India provinces had been abandoned in 1821. The classification of lands, "proprietary estates temporarily settled" sprang into prominence in Regulation VII of 1822, which provided for complete reassessment as well as periodic resettlement:

...this law (Regulation VII) instead of proceeding to an estimated lump-sum settlement without survey or inquiry into details, expressly directed a survey and an inquiry into the rights in every village and field, which was to be followed by a valuation of the "net produce" of land. . . .

From the period 1792 to 1802, the East India Company acquired most of what is now Madras and Andhra States and ryotwari settlement came into prominence. Under the leadership of Thomas Munro the ryotwari system was developed. Munro favored the establishment of a permanent ryotwari system but he was overruled and the temporary ryotwari system was

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1Baden-Powell, Land systems, op.cit., p. 450.
introduced in the unsettled tracts of Madras in 1820. The settlements in Madras were also oppressive to the cultivator because very little account was taken of the tax-bearing capacity of various grades of land. Later (1855) a survey and resettlement were made in an effort to produce a more equitable system but in practice, this too, proved unsatisfactory.

Thirty-year settlements were introduced in Bombay in 1835 after the unsuccessful attempts at temporary settlements by Pringle between 1824-28. There was a general survey of lands which were classified into nine grades according to their productive ability. Settlements were made directly with the ryots. Difficulties were also encountered in Bombay; taxes became very oppressive on the peasantry and the government was forced to make revisions.¹ The revenue system was again revised under the Bombay Revenue Code of 1879 which provided for assessments based on the contract rents rather than a calculated value.

This form of revenue system is generally connected with the ryotwari tenure because the settlement is not only temporary but made directly with

¹" the Bombay Government organized a Survey Department, which, after mapping and measuring each holding, proceeded to classify fields according to the depth and quality of soil, situation, and natural defects, placing each field in a class corresponding to a certain 'anna valuation' or fractional share of the maximum rate calculated in sixteenths. Subsequently, villages were grouped into blocks on the basis of their propinquity to markets and high roads and other economic conditions, the maximum rates for each block being fixed in relation to these conditions and to average prices. . . . The survey department, which was established in 1835, imposed at the outset assessments that were too high and caused much distress. They were therefore reduced and a further inquiry was set on foot, which resulted in the formulation by the department in 1847 of the principles which still form the basis of the Bombay land-revenue system." Cambridge History, op.cit., p. 256.
the ryot or cultivator who assumes an owner position. In the ryotwari arrangement, no intermediary exists between the government and the landholder. It is a so-called "occupancy tenure" thereby permitting the ryot to inherit, transfer, and otherwise alienate. Unless the revenues are paid the land will revert to the custody of the government. Although this tenure is generally regarded as a "peasant proprietorship", there is nothing inherent in the ryotwari to prevent tenancy.

In a third type of revenue system, the government dealt with a village community, leaving collection to the village leader. This system was rejected in Madras but the same principle—village collection—was employed in the mahalwari system of northern and northwestern India.

The mahalwari (village) system was first developed in what is now Uttar Pradesh in Regulation VII of 1822 and Regulation IX of 1833. In this system revenue was collected from the village. The individual cultivators were generally responsible for a certain share of the revenue but, in the last resort, all the villagers were responsible, jointly and severally. Payment was usually made through a village headman. A notable variation from that of the Uttar Pradesh region came about in the revenue system of Punjab where the share of the revenue from each landholder was separable so that the system was virtually ryotwari in nature.

Thus the mahalwari settlements were an important innovation in the revenue system. The recognition of a more subtle form of property right than the absolute ownership concept in the British Isles was in itself notable.
And what of the effect of the British revenue system on the village? In one instance, for example, the early ryotwari settlements in Madras, the village was disregarded and in another case, the north India settlements, the revenue settlements were made directly with the village. This is an evidence of the British policy of utilizing existing institutions wherever possible. As indicated above, the communal or joint-village form of land holding prevailed in the Northwest Provinces, Punjab, and United Provinces area. Various forms of individual holding were found in the remainder of India.

The village, to a large extent, governed itself, that is, it assumed a great deal of autonomy with respect to the central or regional governments. The government of the village was either multi-headed, as in the case of the panchayat, or single-headed. Leadership was partially hereditary, more by virtue of circumstance than blood. An interesting case of the single-headed village leaders were the Polygars who were local military headmen. "Lord Wellesley's government found a large part of the Karnatic under the power of the Polygars, and virtually rooted them out in order to bring the people under its direct control."¹ Such abrupt changes in the social institutions frequently had serious effects on the ryots.

A very significant factor in the weakening of the village institution was the development of a market economy. Prior to the "peaceful trade missions" of the British, the cultivator was insulated from the world market and lived in a semi-barter or subsistence economy. In this

¹Dutt, Early British rule, op.cit., p. 133.
localized economy the village performed a very important function; it was through the village panchayat that payment was made (in kind) for the services of the artisans, holdings were regulated, common lands were utilized and other legal and social measures were performed. Under the British administration payment of land revenue was demanded in money.¹ As cottage industries declined and commercial crops were developed, money became more important. The cultivator became subject not only to the vagaries of the weather but of the market. "He came into contact with the world market through the agency of his grain dealer and trader, who, in this unique setup, happened to be the moneylender too."²

Historically, the village had formed a protection for the cultivator within which he could operate with a reasonable degree of security. The decay of the village system which accompanied British imperialism removed this protection. The English concept of absolute ownership was neither assimilated nor understood by the ordinary cultivator. The end result was that the ryot was victimized both by landlords, moneylenders and by the impersonal forces of the market.

What is even more important for the purpose here is to recognize the tenuous claim to ownership rights held by the present landholders. The autonomy and isolation of the village community, the system of joint

¹Originally taxes were fixed at the value of about one-half to one-third the crop at the prevailing price of the preceding year. Subsequently, changes were made in the intensity and method of calculation.

ownership, the distant relationship with the central government are a few of the historical factors of Indian tenure that might cloud the titles of the present-day landholders, at least from a Western standpoint.

Tenancy and early tenancy law. In the foregoing paragraphs the effect of the British revenue system on tenure was discussed. The remainder of this section will be devoted to an examination of those elements which have affected the status of tenancy in India. At the coming of the British, various classes of rights were in different stages of change. Therefore, any statements of generality about the nature of tenancy are open to exception. For example, some of the "tenancies" were so bestowed with rights that the tenants were virtual proprietors, at the other end of the scale were the tenants who were, as Baden-Powell described, in a position worse than that of agricultural laborers. Thus the following comments aim only at exposing a few general characteristics of the tenancy situation.

Proprietorship may be broken down into four grades: 1) government ownership, 2) non-intermediary, 3) one landlord, 4) overlord types. In the first grade the government is the owner and no other rights are involved, for example, wastelands not leased, Khas (government managed) estates, escheats, forfeitures. The second category connotes an absence of anyone who may be called a proprietor between the occupant and the government, e.g., ryotwari villages in Madras, Bombay, etc. In the third group there exists one landlord over the soil cultivator or occupant, e.g.,

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1 This is the breakdown used by Baden-Powell in his Land systems of British India. A more complete description can be found in volume I of this work.
the Bengal zamindar, Oudh taluqdar, joint body owning a village, revenue farmers who have become de facto owners. The fourth category refers to an overlord such as a Raja whose interest may be represented by a rent charge or a share of rent or by some other co-sharer.

Under the zamindari system the British instituted laws for the protection of tenants by forbidding surcharges and reducing uncertainty by making written leases compulsory. The tenants, however, would not enter into these lease arrangements because it meant admittance of an inferior position and made binding on them the payment of rent according to terms which they could neither read or understand. Furthermore these laws referred only to a small class of tenants who already had fixity of possession and a permanent rate of rent. At the other end of the tenant ladder were those cultivators who worked the zamindar's private lands. In between these two grades was the large class of "khud-kasht" tenants who were permanent resident cultivators and who had held the land for generations. Since the state retained the right to revise revenue payments on their land, the law could not prohibit the zamindar from doing likewise. "Meanwhile, the necessities of punctual revenue-collection and the inevitable result of the introduction of the European idea of 'landlord' and 'tenant' both worked directly against the old 'khud-kasht' tenant, though of course not designedly."\(^1\)

If the zamindars defaulted in payment of revenue, the state immediately put up the estate for sale. When these estates were sold, they

\(^1\)Baden-Powell, Land systems, op.cit., p. 209.
necessarily had to be free from incumbrances, one of which was existing contracts on rental. The result was an enhancement of the rents of the old resident cultivators. Furthermore, the Regulations of 1799 and 1812 were so framed that they placed the burden of proof on the tenant that the rent was improper—thus the cultivator was placed at a further disadvantage.

A result of the obscure tenure histories of the zamindari areas was the difficulty of classifying tenancies. To secure a measure of justice for the tenants, the "twelve-year's rule" was devised in 1859, which held that a tenant who occupied land in the village for twelve years is an occupancy-tenant and entitled to the rights accorded thereto. The occupancy tenant was protected against rental enhancement and ejectment. Further laws dealt with the form and payment of rents, granting of receipts, and compensation for improvements.

When the ryotwari system of tenure became fully developed, ryots began to sub-let their lands and live on the difference. Tenancy in these areas was of a slightly different nature because of the different relationship between the landlord and the state. Under the ryotwari system every registered holder of land was recognized as its proprietor, and thus could sub-let or transfer it. He was assured of permanent tenure as long as he paid his taxes. Most of the tenancies of the ryotwari area were made with the cultivator as a tenant-at-will with rent payments either in cash or in kind.

Relatively little concern was shown over the matter of tenancy in the ryotwari area until the present century. Most discussions of tenancy in
these areas were generally associated with other forms of tenure that were not strictly of the peasant-proprietorship types, for example, the taluqdari and khoti of Bombay or zamindari of Madras.

The British administration was not without tenancy reform, most of which was in the order of security against eviction and excess rents. It aimed at classifying different tenancies into various grades of rights and providing each with its own measure of protection.

The first tenancy laws operated to the detriment of the tenants, however. The Bengal Distraint Act of 1799 gave landlords almost unrestricted power to seize the property of tenants and even to arrest the tenants without court proceedings in event that rent payments were in arrears. Regulation V of 1812 somewhat modified the earlier law but still permitted distraint. These acts were cause for much discussion and debate and a reaction to them is partially responsible for the more liberal rent acts of the mid-1800’s.

The Bengal Rent Act of 1859 divided the settled cultivators of Bengal into three classes, 1) those who held lands at the same rents since 1793. For them the rental was permanently fixed; 2) those who held the land for twenty years were assumed to have held it since 1793 unless proved to the contrary; 3) cultivators who had held the land for twelve years were conceded the right of occupancy. Landlords were circumventing the law, there was further agitation among the lawmakers and another Tenancy Act was passed in 1885. Still another act was passed in 1928, making occupancy holdings transferable under certain conditions.

Acts concerned with tenancy were also passed in other provinces. Two examples are the acts of Oudh and Punjab. The first Oudh Rent Act was
passed in 1868. The Oudh Act gave fixity of tenure to certain classes of tenants, and prohibited the enhancement of rents. The Punjab Tenant Act of 1868 provided for the occupancy rights of tenants, allowed them to alienate these rights, and provided for compensation for improvements.

Some of the enactments passed in the final years of the British rule\(^1\) contained many of the features of today's tenancy legislation. Common characteristics of these acts were restriction of rent enhancement, illegality of surcharges in addition to regular rent (abwabs, veths, cesses, etc.) and non-compensated services, by the tenant, protection against eviction, and limitation on interest charges on rent arrears.

The problems of tenancy were manifest in the British period as well as today. There is ample evidence that, however rightly or wrongly they were analyzed, these problems were not without cognizance by the British rulers. A critical review of their efforts should be an essential part of the knowledge of today's lawmakers.

From the brief review of the period of British administration above at least five factors may be viewed as significant in their effects on India's tenure structure and land problems at the time of Independence.

\(^1\)Bengal Tenancy Amendment Act of 1938.
Chhota Nagpur Tenancy Amendment Acts of 1938, 1940.
Bombay Small Holders Relief Act of 1938.
Bombay Tenancy Act of 1939.

(1) Zamindar acquisition of property rights: Under the British, the one who had been strictly a revenue-collector under the Moghul became the proprietor, and accorded rights and privileges comparable to an English landlord. The result was a decline in the rights of the cultivator and an opening for maximum rent expropriation by the landlord.

(2) Nature of the revenue system: Another aspect of the British fiscal system in India was that it was not organized for the benefit of the Indian people. Whether under administration of the Company or the Crown, the land was viewed, in a very short term sense, purely as a source of treasury enhancement. In the early stages of British rule at least, much of this revenue was in fact used for the costs of conquest and administration. Furthermore, under the British, all revenue payments were made in cash. The moneylender was freed from the bonds of custom and the cultivators' position was reduced still further.

(3) Impact of the market economy: The cultivator became exposed to a market economy with which he was ill-prepared and ill-advised to cope. He was subjected, then, not only to the vicissitudes of nature but to the variations of a price economy. Whereas custom and tradition had, in a sense protected him in the past, it now stood as a major obstacle to his improvement. British industry discouraged the manufacturers and encouraged the primary industries; resources were directed into agriculture. Heavy pressure of population on the land increased with the introduction of health measures and failure to industrialize. The effects of general underdevelopment fell upon agriculture.
(4) Decay of the village: Finally there was the decay of the village community. As one of the institutions that served the cultivator economically, politically and socially, it formed the nexus of the agrarian structure. Even where the village was recognized in the revenue system (as in the mahalwari settlements) it was allowed to deteriorate. Other revenue systems displaced it forthrightly. The village's demise meant a relocation of property rights in favor of the landlords and the state.

(5) Land reform measures: Near the close of the British era, reforms in the tenure system began to make their appearance. Measures attempting to restore greater security of tenure, confer occupancy rights on long-term tenants, reduce rents in periods of crop failure, reduce interest and principal payments on rent in arrears, represent examples of the government's efforts to reduce hardship on the ryots. Although the measures were usually local, weak, and unaccompanied by sufficient complementary programs, they did represent an acknowledgement of land tenure problems and provided the basis for some of India's present reform measures.

Agrarian reform measures

In the section above, some indication was given of land reform legislation that had begun in the late 1930's. The abundance of state legislation that followed Independence was not without precedents—some dating back to the late 18th century, for example, the Bengal Tenancy Act. Some of the enactments, e.g., the Bombay Tenancy Acts of 1939 and 1948 are quite closely related, at least from the standpoint of objectives. Following is a summary of some of the major features of reform legislation since Independence.
The principal areas of reform that have directly affected the agrarian sector of the economy are land tenure, credit, fragmentation and consolidation of holdings, production and land utilization. Most of the states have passed some legislation pertaining to land utilization, land reclamation, improved practices, irrigation and crop protection.\(^1\) The legislation affecting moneylending is aimed at the control, not domination of the moneylender. Provisions of the moneylending acts involve licensing and registration, maintenance of accounts, receipts, maximum rates, and protection of the borrower from intimidation.\(^2\)

Land reform legislation has followed at least four main patterns; namely, 1) abolition of intermediaries, 2) tenancy reform, 3) limitations on holdings and 4) administrative reorganization.

**Abolition of intermediaries.** The abolition of various overlord tenure forms has taken place largely by the acquisition of the estates by the government and the payment of compensation. All of the Part A and Part B states having the zamindari system have passed laws for its abolition.\(^3\) The relative area under the zamindari tenure in the various states can be

\(^1\)India Ministry of Agriculture. Agricultural legislation in India. Vol. 3. Delhi, Government of India Press. 1952.


\(^3\)India Ministry of Food and Agriculture. Agricultural legislation in India. Vol. 4. Land reforms. Delhi, Government of India Press. 1953.

Part A States: Madras, Bombay, West Bengal, Uttar Pradesh, Punjab, Bihar, Madhya Pradesh, Assam and Orissa.


Part C States: Vindya Pradesh.

Mysore and Travancore-Cochin do not have the zamindari system.
seen in Table 1. From this table it may be seen that although the ryotwari tenure was more important from the standpoint of acreage in India as a whole, in some states, notably Bihar, Uttar Pradesh, Punjab and Madhya Pradesh, the zamindari was the dominant tenure.

The abolition of tenure enactments provide for the retention by the landlord of sir and khudkasht lands, i.e., lands under the personal cultivation of the landlord. All the states have a provision dealing with these lands but only Assam sets an absolute maximum (132 acres).¹

In all states provision is made for compensation of the landlords but both the methods and the rates differ widely. Compensation may be paid in lump sums or installments, in cash or bonds or both cash and bonds. Compensation is usually based either on the amount of land revenue paid or some income basis.

All responsibility for land reform eventually resides in the states. The rule of the Central government is purely advisory or, at most, supplementary. In the matter of compensation the states have been left to their own resources.

Most of the tenants already had stable occupancy rights in the land; the abolition of the intermediaries will simply bring the cultivator into direct relation with the government and compensation will be partially paid out of the enhanced revenues accruing to the reform. The lands which remain in the hands of the former zamindars as sir land will be settled directly with the government.

¹The 132 acre ceiling is relaxed in the case of cooperatives or large-scale mechanized farms.
Table 1. Area under important tenures in different states\(^a\)
(in thousands of acres)

<table>
<thead>
<tr>
<th>State</th>
<th>Ryotwari</th>
<th>Temporary</th>
<th>Permanent</th>
<th>Misc.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>settled</td>
<td>settled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assam</td>
<td>30,212</td>
<td>1,486(^b)</td>
<td>1,702</td>
<td>---</td>
<td>33,400(^c)</td>
</tr>
<tr>
<td>Bihar (1946-47)</td>
<td>---</td>
<td>4,575(^b)</td>
<td>---</td>
<td>39,752(^d)</td>
<td>44,327</td>
</tr>
<tr>
<td>Bombay (1945-46)</td>
<td>46,878</td>
<td>3,965(^b)</td>
<td>---</td>
<td>---</td>
<td>50,843</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>12,560</td>
<td>50,277(^b)</td>
<td>---</td>
<td>20,267</td>
<td>83,104</td>
</tr>
<tr>
<td>Madras (1948-49)</td>
<td>59,555</td>
<td>---</td>
<td>---</td>
<td>21,241</td>
<td>80,796</td>
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<tr>
<td>Orissa (1946-47)</td>
<td>3,930</td>
<td>6,341</td>
<td>9,849</td>
<td>22</td>
<td>20,142</td>
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<tr>
<td>Punjab</td>
<td>---</td>
<td>23,208</td>
<td>---</td>
<td>---</td>
<td>23,208</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>---</td>
<td>59,520(^b)</td>
<td>9,101</td>
<td>---</td>
<td>68,621(^e)</td>
</tr>
<tr>
<td>West Bengal</td>
<td>5,840</td>
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<td>---</td>
<td>---</td>
<td>14,329</td>
</tr>
<tr>
<td>Hyderabad (1945-46)</td>
<td>52,927(^f)</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>52,927</td>
</tr>
<tr>
<td>Jammu &amp; Kashmir</td>
<td>5,799(^g)</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>5,799</td>
</tr>
<tr>
<td>Madhya Bharat</td>
<td>27,625(^g)</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>27,625</td>
</tr>
<tr>
<td>Mysore</td>
<td>18,852</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>18,852</td>
</tr>
<tr>
<td>PEPSU</td>
<td>---</td>
<td>6,371</td>
<td>---</td>
<td>---</td>
<td>6,371</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>76,608</td>
<td>5,703</td>
<td>---</td>
<td>---</td>
<td>82,311</td>
</tr>
<tr>
<td>Saurashtra</td>
<td>---</td>
<td>---</td>
<td>6,626</td>
<td>---</td>
<td>6,626(^h)</td>
</tr>
<tr>
<td>Trav.-Cochin</td>
<td>5,346</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>5,346</td>
</tr>
<tr>
<td>Ajmer</td>
<td>---</td>
<td>784</td>
<td>777</td>
<td>---</td>
<td>1,561</td>
</tr>
<tr>
<td>Bhopal</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>4,406</td>
</tr>
<tr>
<td>Bilaspur</td>
<td>285</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>285</td>
</tr>
<tr>
<td>Coorg</td>
<td>1,012</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>1,012</td>
</tr>
<tr>
<td>Delhi</td>
<td>---</td>
<td>366</td>
<td>---</td>
<td>---</td>
<td>366</td>
</tr>
<tr>
<td>Himachal</td>
<td>1,956(^g)</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>1,956</td>
</tr>
<tr>
<td>Prades</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Kutch</td>
<td>5,003</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>5,003</td>
</tr>
<tr>
<td>Tripura</td>
<td>2,634</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>2,634</td>
</tr>
<tr>
<td>Vindya Pradesh</td>
<td>14,356</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>14,356</td>
</tr>
</tbody>
</table>

\(^a\)Source: India Ministry of Food and Agriculture, Agricultural legislation, op. cit., p. xxvi-xxvii.

\(^b\)Figure is for zamindari and village communities.

\(^c\)Excludes 7,880,960 acres (2,364,160 acres in Khasi and Jaintia hills and 5,516,800 acres in Manipur) for Indian states and also excludes 844,800 acres relating to Tirap Frontier Tract for which details are not available.

\(^d\)Zamindari (permanently settled) and miscellaneous tenures combined.

\(^e\)Excludes 277,000 acres for hill tracts and Nainital District.

\(^f\)Excludes non-government area of State generally.

\(^g\)Ryotwari and zamindari.

\(^h\)Incomplete.
In the courts, the zamindars have frequently challenged the constitutional validity of these land reform measures by seeking refuge in Article 31 of the Constitution. Eventually, Parliament found it necessary to amend the Constitution so as to provide for the legality of land acquisition by the States. In May, 1952, the Supreme Court declared that all the Acts met the requirements of the amended Constitution and thus expedited the process of land reform.

Size of holdings. Since Independence, the matter of consolidation and prevention of fragmentation and sub-division has occupied considerable amounts of the time of legislators. Most of the principal states of India have enacted and are implementing such Acts.

As a measure of small holdings in India Table 2 shows holdings below 5 acres for several of the Indian states upon which comparable data were available. These data are only rough measures of "small" holdings because they do not indicate the economic capability of the land. These figures are for the period prior to the First Five-Year Plan (1951-56).

1Article 31 of the Indian Constitution is comparable to the 5th Amendment's "due process" clause of the United States Constitution.

Table 2. Small holdings in India in several states\textsuperscript{a}  
(figures in thousands\textsuperscript{b})

<table>
<thead>
<tr>
<th>State</th>
<th>No. of small holdings</th>
<th>Percent of all holdings</th>
<th>Area in acres</th>
<th>Percent of area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar Pradesh\textsuperscript{c}</td>
<td>9,971</td>
<td>81.2</td>
<td>16,024</td>
<td>38.8</td>
</tr>
<tr>
<td>Bombay\textsuperscript{d}</td>
<td>1,313</td>
<td>52.3</td>
<td>3,672</td>
<td>14.0</td>
</tr>
<tr>
<td>Madhya Pradesh\textsuperscript{e}</td>
<td>1,296</td>
<td>51.5</td>
<td>2,856</td>
<td>10.0</td>
</tr>
<tr>
<td>Orissa</td>
<td>N.A. i</td>
<td>74.2</td>
<td>N.A.</td>
<td>30.1</td>
</tr>
<tr>
<td>Bihar</td>
<td>N.A.</td>
<td>83.3</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Assam\textsuperscript{f}</td>
<td>N.A.</td>
<td>66.1</td>
<td>N.A.</td>
<td>26.0</td>
</tr>
<tr>
<td>Mysore</td>
<td>820</td>
<td>66.2</td>
<td>2,061</td>
<td>25.3</td>
</tr>
<tr>
<td>Travancore-Cochin</td>
<td>1,541</td>
<td>94.1</td>
<td>1,322</td>
<td>44.0</td>
</tr>
<tr>
<td>Pepsu</td>
<td>239</td>
<td>45.4</td>
<td>518</td>
<td>8.2</td>
</tr>
<tr>
<td>Himachal Pradesh\textsuperscript{g}</td>
<td>69</td>
<td>95.0</td>
<td>83</td>
<td>71.0</td>
</tr>
<tr>
<td>Coorg</td>
<td>42</td>
<td>76.0</td>
<td>128</td>
<td>30.0</td>
</tr>
<tr>
<td>Madras\textsuperscript{h}</td>
<td>5,906</td>
<td>82.2</td>
<td>11,356</td>
<td>41.2</td>
</tr>
</tbody>
</table>

\textsuperscript{a}Adapted from: India Planning Commission, Five-Year Plan, \textit{op.cit.}, p. 199-202.

\textsuperscript{b}Madras is based on number of holdings assessed at less than Rs. 10 or less. All other states are holdings of 5 acres or less.

\textsuperscript{c}90 percent presently occupied area.

\textsuperscript{d}Entire pre-merger ryotwari area.

\textsuperscript{e}77 percent of total occupied area of the state.

\textsuperscript{f}Sample only.

\textsuperscript{g}Chamba district only.

\textsuperscript{h}82 percent of total area only.

\textsuperscript{i}N.A. = not available.
That an improvement in the small holding situation can be made is seen in Table 3 which shows the result of consolidation efforts by several states. It should be noted that these data do not imply a completion of consolidation but represent only a beginning for some states, e.g., Bombay and Madras.

Many states now prescribe minimum holding limits. In Uttar Pradesh the minimum is 6½ acres, in Madhya Bharat the limit is 5 acres for irrigated and 15 for unirrigated land, and in Assam the minimum may be 12 bighas upon the decision of the panchayat. Bombay, Punjab and Pepsu also have legislation which permits the restriction of fragmentation.

Most progress in consolidation has been made by Madhya Pradesh, Uttar Pradesh, Punjab, Pepsu and Delhi. Limitation on further fragmentation and subdivision and the consolidation of what are presently small holdings are frequently the objectives of correlative legislation such as tenancy reform and land utilization acts. An interesting observation has been made by Kaushik concerning the relation of tenure to size of holding:

...it is in areas where ownership and exploitation are in the same hands and where a greater measure of stability in agricultural conditions could have been expected, that parcelized holdings cause the greatest harm. Tenancy has a mitigating tendency generally, because it often happens that a tenant would endeavour to secure a compact unit of cultivation out of lands held by several landlords.  

1 The Bombay Act provides that no land may be transferred or partitioned so as to create a fragment. A "fragment" is any parcel of land less than a "standard area". A "standard area" is specified by government for each class of land in each village by official notice in the Official Gazette.

2 Kaushik, op. cit., p. 248.
Table 3. Consolidation of holdings in 5 Statesa

<table>
<thead>
<tr>
<th>State</th>
<th>Number of plots Before consolidation</th>
<th>Number of plots After consolidation</th>
<th>Decrease in number of plots</th>
<th>Average size of cultivation unit Before consolidation</th>
<th>Average size of cultivation unit After consolidation</th>
<th>Increase in average size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bombay</td>
<td>163,954</td>
<td>79,481</td>
<td>84,473</td>
<td>3.9</td>
<td>8.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>4,943,808</td>
<td>908,109</td>
<td>4,035,690</td>
<td>0.5</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Pepsu</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>Nearly 1.5 to 5 bighas</td>
<td>Nearly 24 to 50 bighas</td>
<td>---</td>
</tr>
<tr>
<td>Delhi</td>
<td>98,469c</td>
<td>28,763c</td>
<td>69,706</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Madras</td>
<td>86</td>
<td>69</td>
<td>17</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>


bOperations commenced at different times in different states: Bombay, 1948; Punjab, 1920; Madhya Pradesh, 1928; U. P., 1924; Pepsu, 1951; Delhi, 1949; Madras, 1950.

cCultivating units.
When it becomes important to think not merely of legal, political or moral values but of the problems of production, suggestions such as those of Mr. Kaushik take on added significance. In the words of Sachin Sen, "The mere expression, landlord, should not frighten our land-reformers. . .Landlord is to supply permanent capital, tenant is to provide working capital. . .agricultural efficiency rests on conscientious landlords and efficient tenants."\(^1\)

**Administrative reorganization.** It was noted above that one of the results of the British rule in India was a diminution of the importance of the village governing body as the prime administrative body. Since Independence there has been a press for its revival and enactments have been passed in several states to encourage the growth of panchayats. Said the Planning Commission in the First Five-Year Plan:

> We consider that the general direction of policy should be to encourage them, the panchayats, and assist them in assuming responsibility for as large a portion of the administrative and social services within their areas as possible.\(^2\)

To fill the administrative gap left by the abolition of the zamindars, there have been organized land management committees known as "Gaon Samaj" (so-called in Uttar Pradesh). The Gaon Samaj is a corporate body having perpetual succession and consisting of all the adults in its jurisdiction. It will hold the land acquired from zamindars and may collect revenue. In Bihar also the village executive is utilized by placing the estates of the


\(^2\)India Planning Commission, First Five-Year Plan, *op. cit.*, p. 139.
government under the control of the gram panchayats. The panchayat is also used in other states in various forms.

Where the State does not utilize a panchayat or a cooperative society it usually operates directly through its own district officers.

Tenancy reform. The Bombay Tenancy and Agricultural Lands Act, 1948, is perhaps the landmark of tenancy legislation in India today. Nevertheless, other states have devoted much of their energy to tenancy reform efforts. Some general features of these efforts will be reviewed here.

The legislation for the protection of tenants has a much wider application, because the issue is germane both to the zamindari and the ryotwari tenures. Rents everywhere are excessive, a rate of 50 percent of the gross produce being most common, though in several cases is as much as 75 percent. It should be remembered that the landlord in India merely provides the bare land and does not share in the cost of cultivation; in fact, he takes little interest in it. Where rents cannot be legally enhanced, he imposes unauthorized charges (abwabs), the most common being the nazarana (tribute) collected with every change of tenant. A large number of tenants have no security of tenure and can be evicted at the will of the landlord.1

In general, the stated objectives of Indian tenancy legislation reveal a distrust of tenancy as a means for resource combination in agriculture. This has come about largely because, historically, tenancy has resulted in an "undesirable" income distribution, i.e., one which favored the landlord. The result is an emphasis on the goal of owner-operatorship with tenancy assuming the status of a necessary evil, one which could best be tolerated if it were strictly confined within legislative bounds. Most states have some legislation regulating tenancy.2


2The assam Adhiars Protection and Regulation Act, 1948.
Bihar Tenancy Amendment Act of 1949. (continued)
The principal elements of tenancy legislation since Independence cover rent regulation, security of tenure, regulation of land resumption by the landlord, tenant purchase, prevention of sub-letting, compensation for improvements, and provisions concerning rights in common lands such as grazing land and forests.

Almost all of the states which have legislation for the regulation of tenancy have some provision for the level of rent, usually the specification of its upper limit. The leading tenancy enactment in the ryotwari areas, the Bombay Tenancy and Agricultural Lands Act of 1948, originally specified a maximum rent of one-fourth of the crop for irrigated and one-third of the crop of other land. Recently the rent limit in Bombay has been lowered to one-sixth by Executive Rule. The Hyderabad Act has provisions for a one-third share limit on irrigated and one-fourth

(Continued) Bombay Tenancy and Agricultural Lands Act, 1948.
Madhya Pradesh Agricultural Rayats and Tenants (Acquisition of Privileges) Act, 1950.
Madras Estates Land (Reduction of Rent) Act, 1947.
The Malabar Tenancy (Amendment) Act, 1951.
Tanjore Tenants and Pannaiyal Agricultural Laborer Protection Act, 1952.
Orissa Tenants Protection Act, 1948.
Uttar Pradesh Abolition of Zamindari and Land Reform Act, 1951.
Hyderabad Tenancy and Agricultural Lands Act, 1950.
Pepsu Tenancy and Agricultural Lands Bill, 1952.
West Bengal Bargadars (Crop-Sharers) Act, 1950.
Mysore Tenancy Act, 1952.
Rajasthan Produce Rents Regulating Act, 1951.
Rajasthan Rents Control Act, 1952.
Rajasthan Tenancy Bill, 1952.
Saurashtra Land Reforms Act, 1951.
Madhya Bharat Revenue Administration and Ryotwari Land Revenue and Tenancy Act, 1950.
share limit on dry land. In the Tanjore district of Madras, the landlord is restricted to 60 percent of the gross product remaining after the payment of harvest expenses. In the Assam, if the landlord furnishes the draft animals, he is entitled to a maximum of one-third of the crop. If the tenant supplies the bullocks, the maximum is one-fourth. Seed grains are also returned to the landlord if he has supplied them. Uttar Pradesh, a leading state in reform legislation of the zamindari area, has specified different classes of tenure. The payment of rent by the asami and adhivasi classes is usually fixed but where it is not already so, the act fixes the rent maximum at 133 1/3 percent of the hereditary rates applicable to the land ("fair rents" are usually fixed at the time of the revenue settlement). In Orissa, the rent limit for non-occupancy tenants is two-fifths of the gross produce and for occupancy tenants it is one-third the gross product in the Cuttack, Puri, and Balasore districts and one-sixth of the gross product in Ganjam and Korapat districts.

Within the various limitations fixed by law the rental level is left to the agreement of the parties but in case no agreement can be reached, a settlement is arrived at by the Mamlatdar or some other district official. West Bengal in the Bargadars Act specifies that if no agreement

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1At the time of this writing a Bill was under consideration to change the maximum to multiples of the land revenue.
between landlord and tenant is made, the total product, after the return of the seed to the party supplying it, is divided into thirds, one-third to tenant, one-third to landlord, and the remaining third to be divided in proportion to the contributions to the cost of production (current expenses). Saurashtra has a similar arrangement.

Where there has been adverse sentiment toward the crop share system, legislation has been passed to have crop share rents commuted to cash. Provision for the converting of crop share into cash can be seen for example in the Acts of Rajasthan, Bombay, Hyderabad and Bihar. Ajmer provides for the commutation of rents either from share to cash or cash to share.

The other major elements in the tenant protection enactments of the various States are the restrictions on ejectment of tenants and the limitation on the resumption of lands by the landlords. Security of tenure is necessary if rent regulation is to be effective, and vice versa. For if the tenant can be evicted at any time, the level of rent is unenforceable; similarly, if rents can be unreservedly enhanced, then security is of no consequence. Bombay and Hyderabad provide for security of tenure for 10 years. Bombay limits the landlord's privilege for resumption for private cultivation to 50 acres, and Hyderabad limits the acreage to 100. The Punjab gives security against ejectment for 5 years as does the Tanjore Act of Madras. In Madhya Pradesh all the tenants are protected from eviction. In Bihar protection is given to tenants-in-chief and under-ryots with 12 years possession of the land. Tenants can be evicted upon expiry of their lease in Orissa but crop sharers cannot be evicted unless
they were holding from a ryot who had less than 33 acres. In Rajasthan, persons in possession before April, 1948, are exempted from eviction.

Landlords may resume a limited amount of land for personal cultivation. In Saurashtra, this limit was set at 80 acres and in Ajmer landlords can claim as private land that which they have cultivated since June, 1948. In the Uttar Pradesh a sirdar or asami who fails to cultivate the land for 2 years may be ejected. According to the Punjab Act, landlords can resume up to 100 "standard" acres or 200 ordinary acres whichever is the lesser. In the Assam as in most states the landlord can resume the land for his personal use only, the privilege of sub-letting being confined to widows, orphans, and physically, mentally defective. In many cases the Acts do, or are being adapted to, provide for variations in local conditions. This, of course, is very essential in all matters where the size of holding is involved.

In later legislation limitations were placed on sub-letting in order to prevent further alienation and a renewal of the chain of subinfeudation. Bombay and Hyderabad have written such provisions into their Acts, qualified by allowances for sub-letting by widows, minors, persons physically or mentally disabled and members of the armed forces. Uttar Pradesh also has similar legislation. The laws of Assam and Madhya Pradesh are so written that the persons who sub-let their land are liable to loss of their occupancy rights. One of the difficulties of early legislation was a failure to include provisions restricting sub-letting; such was the case with the Bihar Act. A consequence was a relapse of the subinfeudation problem.
Other elements in the tenancy legislation deal with inheritance and transferability of rights, compensation for (and tenants' rights to make) improvements, and rights in common lands. The ownership of grazing and wasteland and forest land is vested in the State and rights to utilize these properties is usually left subject to the option of the panchayat or district official. Many Acts such as those of Bombay, Hyderabad, Bihar, and Pepsu provide for the payment of compensation for unexpired improvements made by the tenant. The rights in inheritance and transfer vary greatly between States but, in general, all the higher grades of tenants have both these privileges. For example, the Bihar Act grants these rights to occupancy tenants (ryots) and to under-ryots a limited right of occupancy is conferred, i.e., under-ryots with 12 years continuous possession have the right of succession but not of transfer or mortgage. Rajasthan Tenants who do not already have heritable and transferable rights (such as, Khatedars, Pattedars, Khadamhars) may purchase them by payment of ten times the annual rent.

Although considerable progress has been made on tenancy reform since Independence, a great deal of work remains to be done. An indication of the lines upon which this work will proceed may be seen in the following recommendations by the Congress Agrarian Reforms Committee: ¹

1) . . . in future no letting and sub-letting of land should be allowed except in the case of minors, widows, and disabled persons, but the lands which are already under lease require separate treatment. . .

2) We, therefore, recommend that a tenant continuously cultivating a holding or a part of a holding for six years should

¹Congress Agrarian Reforms Committee, op.cit., p. 44-49.
automatically get the rights of occupancy over it unless the owner proves before the proper authority his disability to cultivate the land personally.

3) We recommend that determination of fair rent and commutation of crop share into cash rent for the tenants who would acquire occupancy rights should be on the basis of the provisions of the Bombay Tenancy Act.

4) We recommend that in case of wholesale remission or suspension of land revenue the benefit should be given by the landlord to the tenant.

5) The tenancy would not terminate if the tenant fails to pay in any year within a reasonable period from the date fixed for the payment of the last installment of revenue, but the landlord may sue the tenant.

6) The tenancy would also terminate if the tenant does any act destructive or permanently injurious to the land.

7) Resumption should be made only for the purpose of cultivation by the owner the Committee specified the maximum of resumption at three "economic holdings" subject to certain conditions.

8) The protected tenant will have the right to purchase land by paying a consideration to the owner.

Study of the provisions of the Bombay Tenancy Act in the next chapter will indicate its "model" nature from the standpoint of the Agrarian Reforms Committee recommendations. By forming policy guidelines these recommendations will be influential in the shaping of a uniform tenancy reform policy throughout the Indian Union. From this standpoint perhaps a test of the efficacy of the Bombay Tenancy Act in meeting its objectives may have implications beyond the borders of the state.
The Tenancy Situation in Bombay

The previous sections were devoted to developing the problems involved in the Indian tenure system with the main emphasis on tenancy. The outline of the problems and programs on an All-India basis supplied the environment out of which the tenancy problem in Bombay is developed. The problem is thus delimited from two directions, first, in terms of one state and, second, in terms of one phase of the land problem, tenancy.

The purpose of the remainder of the chapter is to develop the Bombay tenancy situation at the time of the passage of the Tenancy Act in terms of 1) the institutional framework and 2) the land problems associated with economic underdevelopment. Having presented the actual situation facing the legislators at the time of the Act, and then having indicated in Chapter 3 the objectives toward which the provisions of the Tenancy Act hoped to move the actual situation, the conceptual analysis may proceed in Chapter 4.

Institutional aspects of tenure development in Bombay

Revenue system and tenure consequences. In Bombay, as in the rest of India, the tenure structure is mainly a function of the revenue system. The principal purpose of establishing various rights in land was for implementing the collection of revenues. Even today it is the Revenue Department which is responsible for the implementation of most of the land reform program.¹

¹A brief outline of the chain of administration will be useful for later use: The chief officers of the 28 districts of Bombay (including B.S.D.) are known as Collectors. The Collector is assisted by the prant officer. The districts are, in turn, divided into talukas. (continued)
BOMBAY SAURASHTRA AND KUTCH STATES

REGIONS
Gujarat
Barnak Kantha
Sagar Kantha
Porbander
Amreli
Panch Mahals
Mahuva
Baroda
Surat
Broach
Dangs
Ahmedabad
Deccan
West Khandesh
East Khandesh
Ahmednagar
 Nashik
Poona
Satara North
Sholapur
Konkan
Thane
Kolaba
Kratangiri
Kanara
Karnatak
Satara South
Kolhapur
Bijapur
Belgaum
Bharwar

Figure 2. Districts of Bombay.
Bombay came under British administration in 1818. When the system of revenue settlement (hence tenure system) was to be decided upon for Bombay there still was no definitely established form of revenue administration that could be said to be superior for Bombay, and during the first decade the revenue system was on more or less of an ad hoc basis, the settlements being made with village leaders or district heads. Although the first experiments at settlement were a failure (1824-1828) the temporary-ryotwari system was revised eventually established, in use in Bombay today. The assessment was made plotwise on the basis of the type—1) unirrigated or jirayat, 2) paddy land, 3) baghayat or garden land—and quality of the land. Pot-kharab (unculturable) land was left unassessed. The Government dealt directly with ryot having the occupancy right in the particular plot.\(^1\) Settlements were made every thirty years and the revenue rates remained constant within that period.\(^2\)

(Continued) Chief officer of the taluka is known as the Mamlatdar and is assisted by an aval karkun. Administratively the talukas may be divided directly into the villages or, the villages may be grouped into mahals. The revenue official in the mahal is called mahalkari and in the village may be called either "talati" or "village accountant".

\(^1\)The different classes of land are thus ranked and the tax to be paid determined as a portion of the full (16 anna) rate, e.g., land that is supposedly one-half as productive as class 1 land would pay 8 annas to the rupee of the per acre rate on class 1 land. These settlements are made for periods of 20 or 30 years. Annually on the basis of crop-cutting experiments, the Mamlatdar determines the level of the crop in terms of annas per rupee, e.g., 16 anna crop is a full crop, 8 anna is a half crop, and 4 anna or below is considered a famine. The crop cutting is supposed to be representative of the area. If the crop is very small, the Collector may recommend declaration of a famine in the Gazelle for the specified area which will automatically imply suspension or remission of revenue. Under the Tenancy Act this also requires suspension or remission of rent payment.

\(^2\)"Alienated lands" (inami types) are granted a lower rate called "jodi".
The land system was essentially ryotwari. With the exception of the khoti, taluqdari, and some other special tenures (now abolished), there was no intermediary between the landholder and the State.

**Tenure structure.** The tenure structure of Bombay contained both ryotwari and non-ryotwari types. Following Baden-Powell's division,¹ the latter may be further divided into:

1) Survivals of joint or landlord village types (e.g., tarwadari and bhaghdari).

2) Double or overlord tenures (e.g., taluqdari and khoti).

3) Alienated or inami lands.

Nearly a score of these non-ryotwari tenures existed before the present program of abolition was begun in order to put the whole state on a ryotwari basis. Since most of the non-ryotwari tenures differ little within their respective types, their basic features can be represented by an example or two from each category.

1) Joint village tenure—baghdari:² Land was divided into mox-bhag and gam majmur. The gam majmur was common village land on which no revenue was paid. The mox-bhag was divided into peta-bhags upon which assessment was levied. The responsibility of payment rested on the mox-bhagdar. Within the villages the bhagdars and petadars were jointly and severally responsible for the payment of Government revenue. Bhagdars were the

¹Baden-Powell, Land systems, op.cit., p. 250.

occupants and other cultivators were either tenants-at-will or customary
tenants. In bhagdari villages the assessment was on individual plots but
in narwadari the revenue was simply a lump sum for the village.

2) Overlord tenures—taluqdari\(^1\) and khoti:\(^2\) The taluqdars acquired
their interest in land primarily by means of adverse possession. They de­
rived their rights as local headmen and fixed their possession during the
disturbances of Maratha period. The taluqdar was a lord from the stand­
point of administration as well as cultivation. Some land (ghar-khed)
was retained for personal cultivation and that which was rented out was
usually on the batai (crop-share) system. There were also a number of
additional cesses usually not very strictly enforced. This tenure was
quite important from the standpoint of area covered.

The khoti tenure is found in Ratnagiri and Kolaba districts. Because
of the terrain revenue collection was very difficult and the government
made use of revenue farmers called "khots". The khots were acknowledged
superior holders. They held these rights by virtue of a payment of a
lump assessment. The inferior right holders are of four types: 1) dhare­
karis having heritable and transferable rights, 2) quasi-dharekaris pay­
ing a higher rent, 3) occupancy tenants having heritable but not trans­
ferable right and 4) tenants-at-will.

3) Inam ("alienated") tenures:\(^3\) These tenures were settled under the
Survey Settlement Act of 1863. The origin of the inami tenures was in

\(^1\)Ibid. p. 84-87.
\(^2\)Ibid. p. 106-128.
grants of land which were given by Governments to individuals or institutions as gifts for some past service. They usually are free from, or subject to a reduced, assessment. Inams are of four types:

a) Personal (Jat) inams given to individuals. They are heritable and transferable.

b) Devasthan inams given in support of Mosques or temples. They are permanent.

c) Political, jagirs, and saranjams were granted for civil or military service to the State and for the maintenance of certain nobles and high officials.

d) Service inams given to district officers—desais, deshmukhs, etc., and village officers, patels, village accountants, etc., which meant either a holding of land or the right to payment or levy a fee in return for the performance of certain duties.

The ryotwari tenure. The ryotwari or "survey tenure" is of most importance for the purposes here since the several reform Acts have abolished most of the non-ryotwari tenures.¹ In pre-merger Bombay, 24,494,963

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¹Bhagdari and Narwadari Tenures Abolition Act, 1949
Maleki Tenure Abolition Act, 1949
Taluqdari Tenure Abolition Act, 1949
Panch Mahals Mehvassi Tenure Abolition Act, 1949
Khoti Abolition Act, 1949
Paragana and Kulkarni Watans (abolition) Act, 1950
Watwan Vazifdari Rights Abolition Act, 1950
Salsette Estates (Land Revenue Exemption Abolition) Act, 1951.
acres of the occupied, assessed land were held under ryotwari tenure, whereas only 7,843,169 acres (24 percent) were held under all non-ryotwari types combined. The principal feature of the ryotwari tenure is that the assessment is placed not on the village as a whole but on the separate plots. The individual who is holding it must pay the revenue.

The settlement of the assessment shall be made with the occupant of the land. The cultivator, when the land is held by him direct from the Government is to be considered the occupant; and when it is not so held, the person having the highest right or holding recognized by the custom of the country or resting on specific grant, which intervenes between Government and the cultivator, is to be considered.

The ryotwari tenure came about partially as the result of the decay of the village community. The British administration and revenue system required the identification of the persons whom it could hold responsible for the payment of revenue. In order to do this they had to establish rights and responsibilities in a manner that would be defensible from the British juridical viewpoint. Many of the rights in land held by the occupants were obscure and entangled with rights and responsibilities to the community, local raj, and perhaps remotely to the ruling power of the time. Rights were derived primarily out of the custom of the community and the only connection with the state the cultivator had was the payment of revenue. In the pre-British Maratha rule, the state was more the plunderer than the protector or regulator.

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1 Bombay Bureau of Econ. and Stat., Atlas, op. cit., p. 54. The disparity between this figure and that given in Table 1 is due to difference in classification, i.e., this figure shows all assessed occupied area whereas the table shows all land under ryotwari but only the zamindari of the non-ryotwari type. The failure to mention the other non-ryotwari tenures, e.g., khoti and inami in the table was not accounted for.

At the same time that the British rule began to crystallize rights in land, it reduced some of the social barriers that formerly protected the ryot from encroachment on his rights. Thus, there was considerable turmoil at the inception of British revenue administration and even though some efforts were made to soften the rigid exaction of revenue they were not always adequate to relieve oppressive acts and even violence, e.g., the Deccan Riots of 1875.

The dominant form of ryotwari tenure in Bombay State was known as "survey tenure". This was the tenure which applied to the ordinary landholders who had not been accorded any special grant or title. It conferred the right of "occupancy" which was heritable, transferable, and permanent and was subject to forfeiture for non-payment of the revenue. It was not as unrestricted as fee simple inasmuch as the land could not be diverted from agriculture without the permission of the Collector and did not include rights to mines or minerals. Rights in trees are also restricted.\(^1\)

The "new tenure" or restricted tenure came into being in 1901.\(^2\) It is generally applied to backward classes and may be imposed on new lands as are surveyed. This land can be transferred only with the permission of the Collector. The area held under this modification is a relatively small portion (about 1/20) of the total ryotwari area.

\(^1\)Bombay Land Revenue Code, 1879. (Bombay Act no. V, 17th July 1879), sec. 40.

\(^2\)Ibid., sec. 73.
Tenancy under the ryotwari. In contrast to the complicated, and many times obscure, inferior rights in the zamindari areas, tenancy under the ryotwari system is quite simple. The tenant's right is presumed to be co-extensive with the superior right holder unless there is agreement to the contrary. Relationships are governed by agreement with the superior right holder (occupancy right holder in the case of first order tenants) and superior tenants in the case of sub-tenants). Thus, tenancy laws are restrictive rather than permissive. They regulate the terms of agreement by setting limits of action. The tenancy relationship is a function, firstly, of the agreement, secondly of custom or local usage and only finally of laws and ordinances.

Before the passage of the Bombay Tenancy Act of 1939, landlord-tenant relationships were regulated exclusively by the Land Revenue Code of 1879. Under the Revenue Code, rents were determined by agreement, local usage, or a "just" or "reasonable" basis, in that order. Nothing in the Code was to affect the right of the landlord to enhance the rent or services payable by the tenant or to prevent the landlord from evicting the tenant.

The Bombay Tenancy Act of 1948 is built upon many of the provisions of the 1939 Tenancy Act. Some of the Sections of the 1939 Act were transposed with only slight modification to the '48 Act, i.e., Secs. 33-A and 4. The Act of 1939 sought to provide security of tenure by restricting eviction and setting limits on rents. The "protected tenant" was defined in Section 3. Other sections included the remission and suspension of rent, commutation of crop-share to cash, and rights to trees. The real
importance in the Act of 1939 was that it represented the first efforts at real tenancy reform. The problems it sought to remedy and the objectives it meant to accomplish were basically the same as those of the Bombay Tenancy Act of 1948. The 1939 Act was limited to only a few districts and in 1946 substantially amended to include the whole of the province.

The tenancy problem

The tenancy problem as it existed in Bombay at the time of the Tenancy Act was part of the over-all problems of population pressure, low rate of capital accumulation, underemployment, low income and the deterioration of resources. These problems were not unique to Bombay, they were problems faced by all states of the Indian Union at the time of Independence and partition. The remainder of this chapter will attempt to develop the tenancy problem in Bombay in this frame of reference.

After the treatment of the tenancy problem, the final paragraphs will be devoted to an outline of the main features of tenancy system to indicate its diverse nature and to provide some of the factual background for the analysis in Chapter 4.

Population and land. The population of Bombay has grown more than any other Part A state. In the decade 1941-51, the population of what is presently Bombay State increased 23.2 percent. Density has risen from 201 persons per square mile in 1921 to 323 in 1951. Part of this increase is due to immigration but, as in the rest of India, most of it is due to the excess of births over deaths.¹

¹India Census: 1951. Report, part I-A, 1. 1953. p. 2. Bombay State, in the 1951 Census of India recorded a population of 35,956,150 or roughly 10 percent of the people of India. The 1951 Census (continued)
Heavy rates of population increase prevail in the rural areas. According to livelihood classes, 61 percent of Bombay's population is agricultural.¹ During the decade 1941-51 some relief from this pressure was found in emigration to the urban areas (in 1951, 72 percent of Bombayites were born outside the city). However, recent years have indicated a recession in urban employment possibilities with the consequent impact on the rural economy. The per capita area of cultivation was steadily decreasing. The possibility for expansion on the extensive margin is limited for much of the land now regarded as cultivable waste is, for present purposes, unusable. Famine is still a threat in most of the Deccan and in the Gujarat. Irrigation constitutes only about 3.8 percent of the land and future possibilities are costly and difficult. To add to the problems of persistent population increases are the limitations for employing new techniques, capital shortages, extremely low income, and a literacy rate in the agricultural classes of 16 percent.

Productivity and returns. The constant increase in population pressure on the land without concurrent increase in the productivity of

(Continued) reported a total population for India of 356,829,485 but "For every thousand persons included in the Census Count 11 other persons were probably omitted." India Census: 1951. Sample verification of the 1951 Census count. p. 2.

labor through capital inputs or improved techniques\(^1\) forced the payment to
the labor factor down to subsistence. Whenever the cultivator was faced
with financial reverses, he relied upon his land as a security for
borrowing. His interest in the land which he forfeited for non-payment
of debt represented his disinvestment to maintain subsistence. Upon fail-
ure to pay the debt, the title would be transferred to the moneylender who,
not wishing to cultivate the land himself, would retain the cultivator on
the land as a tenant. A significant part of tenancy in Bombay stemmed
from a regression on the agricultural ladder.

Where there was strong competition and rapid turnover of the tenants
uncertainty of tenure was an obstacle to tenants making resource inputs
in uses where benefits were slow in maturing. Factor limitations, another
result of low income, also stood in the way of improvements in land or
increases in capital goods. Efforts of the cultivators to maximize their
short-run return also had an unfavorable effect from the standpoint of soil
conservation, notably in the Deccan and Konkan regions (see footnote
page 140).

Custom and tradition strongly influenced the lease agreements as well
as formed obstacles to the adoption of improved production techniques.

\(^1\)"So far as the technique of agriculture is concerned, the survival
of the most primitive methods and tools of agricultural operations until
today must be evidence of the absence of considerable change. The wooden
plough, with only the minimum of iron for the plough-share, and the use of
the animal power for traction has not changed since thousands of years.
Weeding, harvesting with a simple scythe, hand-thrashing, winnowing and
hand-pounding of the rice could all have been practised in the same form
without much change in efficiency a thousand years ago." Unchanging
Size of holdings. Holdings became smaller through subdivision and fragmentation and cultivating units were still further divided through sub-letting. This process of subdivision and fragmentation is basically a result of the heavy pressure of population brought about through lack of alternatives in other industries and high rural birth rates. However, the Hindu law of succession provided an ideal institutional climate for subdivision.

The Hindu law of succession is concerned with two types of property: joint property and individual property. Inheritance of the individual property is much the same as in the U.S.A. except that only male descendants receive rights in the real property. Widows have only an equal life estate share as one of the heirs. Joint property is divided equally upon partition among all coparceners (male descendants only are considered as coparceners). "While the son has a right by birth both in his father's and in his grandfather's property, a distinction under a special text makes the right of the son and the father equal in the property of the grandfather."¹

Under Mitakshara law of the two schools of Hindu law, the dominant in Bombay, the right to share passes by survivorship among the remaining coparceners, subject to the rule that where any deceased coparcener leaves male issue, they represent the rights of their ancestor to a partition. For instance, suppose A dies, leaving a son B, two grandsons E and F, three great-grandsons H, I, and J, and one great-great-grandson Z. The last named will take nothing, being beyond the fourth degree of descent:

The share of the ancestor W will pass by survivorship to the other brothers B, C, D and their descendants, and enlarge their interests accordingly. 1

In the illustration in the quotation above, B, C, and D would each get 1/3. E and F would get 1/6 each, and H, I, and J would get 1/9 each. If W had effected a partition with A, then Z would have received 1/4.

The result of these physical, economic and institutional factors was a diminution in the size of holdings and cultivating units. The small size of holding may be seen in Table 4.

The efficiency of production was further affected by scattering of the plots throughout the village. Then, too, the size of the plots as cultivating units were still further reduced by sub-letting or division by leasing to several tenants.

The income distribution. The relatively low return to labor also resulted in wide disparities in the distribution of income between owners of the scarce capital and land and those who contributed only labor in the leasing agreement.

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1Ibid., p. 534-535. [Brackets own]
Table 4. Size of holdings and fragmentation in Bombay\(^a\)

<table>
<thead>
<tr>
<th>Divisions</th>
<th>No. of holdings</th>
<th>No. of fragments</th>
<th>Area covered (in acres and gunthas)</th>
<th>Average size of holdings (in acres)</th>
<th>Average no. of fragments</th>
<th>Average size of a fragment (in acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarat</td>
<td>6,193</td>
<td>25,241</td>
<td>56,242-19</td>
<td>9.08</td>
<td>4.08</td>
<td>2.23</td>
</tr>
<tr>
<td>Deccan</td>
<td>28,402</td>
<td>119,903</td>
<td>427,818-39</td>
<td>15.06</td>
<td>4.22</td>
<td>3.57</td>
</tr>
<tr>
<td>Karnatak</td>
<td>18,884</td>
<td>46,772</td>
<td>291,836-6</td>
<td>15.45</td>
<td>2.48</td>
<td>6.24</td>
</tr>
<tr>
<td>Konkan</td>
<td>7,413</td>
<td>41,061</td>
<td>31,348-21</td>
<td>4.23</td>
<td>5.54</td>
<td>0.76</td>
</tr>
<tr>
<td>Bombay Province</td>
<td>60,892</td>
<td>232,977</td>
<td>807,246-5</td>
<td>13.26</td>
<td>3.83</td>
<td>3.46</td>
</tr>
</tbody>
</table>


The relative returns to land, labor and capital are not available in a form that permits conclusive comparison with one of the so-called developed countries. However, some rough approximation of relative returns to labor and land may be seen from the following tables of wages and land rents.

A comparison of wage payments to rents from Table 5 indicates that the highest wage-rent ratio would call for 3 1/2 days of labor to be equivalent to the rent on 1 acre of land in Poona. The lowest wage-rent ratio given in the table above (Thana) requires 18 1/2 days of labor to equal the rental payment on 1 acre of land. Table 7 shows a rent per acre in Kolhapur district of Rs. 64 per acre. Using the wage rate of neighboring Bijapur, the rental payment on 1 acre would be equivalent
Table 5. Daily agricultural labor wages and rents in 5 districts in Bombay

(Figures in rupees)

<table>
<thead>
<tr>
<th>District</th>
<th>Wage per day</th>
<th>Rent per acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bijapur</td>
<td>1/0/0</td>
<td>8/0/0</td>
</tr>
<tr>
<td>Dharwar</td>
<td>1/8/0</td>
<td>16/15/0</td>
</tr>
<tr>
<td>Kaira</td>
<td>2/0/0</td>
<td>12/11/0</td>
</tr>
<tr>
<td>Poona</td>
<td>1/8/0</td>
<td>5/4/0</td>
</tr>
<tr>
<td>Thana</td>
<td>2/0/0</td>
<td>37/1/0</td>
</tr>
</tbody>
</table>


^Male field labor without meals.

^Selected from Table 7.

to 64 days labor. The counterpart ratio for the United States (Table 6) shows the requirement 1/2 of one day's labor to equal the rental payment on 1 acre. These comparisons, even if perfectly comparable would show the differences, not the reasons for the differences, in the relative payments to labor and land in the United States and Bombay.

**Inefficiency and obstacles to capital accumulation.** Since expansion on the extensive margin of land cannot be looked to as an important remedy, the production problem must be met by greater inputs of capital and labor accompanied by a reorganization of resource use. However, there are obstacles to internal capital accumulation in agriculture. The most obvious is the low level of living generally found in the rural economy. Savings are rather seriously limited in a population living at subsistence or below. Secondly, the productivity of the Indian laborer is low
Table 6. Daily agricultural wages and cash rents in the United States

<table>
<thead>
<tr>
<th>State</th>
<th>Wage per day</th>
<th>Rent per acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>5.30</td>
<td>2.88</td>
</tr>
<tr>
<td>Iowa</td>
<td>9.10</td>
<td>8.51</td>
</tr>
<tr>
<td>Mississippi</td>
<td>3.75</td>
<td>4.04</td>
</tr>
<tr>
<td>New York</td>
<td>7.80</td>
<td>4.82</td>
</tr>
</tbody>
</table>


\[c\] Ibid., 1, part 9, p. 20.

\[d\] Ibid., 1, part 22, p. 34.

\[e\] Ibid., 1, part 2, p. 22.

because of the manner in which his labor is combined with the other factors. The manner in which tenancy can result in such inefficiencies will be indicated in the introductory section of Chapter 4.

Imperfect competition in the factor market. Another point of problem speculation concerns the factor market when the ownership of certain very scarce factors is concentrated in the hands of a few. As can be seen in the next section this was perhaps not as important as the reformers who emphasized "exploitation" elements appear to have believed. However, it appears not unreasonable, in view of the large quantities of labor and relatively small quantities of arable land and capital, that elements of imperfect competition could have been involved in the factor market at least in localized areas. Especially might this be true in the
case of moneylender-cum-landlord who had control not only of available land within the tenants' transfer horizon but of short-term credit for consumption and productive purposes.

The pattern of tenancy

Extent and growth of tenancy. In the foregoing section it was seen that the non-ryotwari tenure accounted for perhaps 24 percent of the land. Virtually all of the tenures such as the taluqrdari and khoti were tenanted and the immediate effect of their abolition will probably be an increase in peasant-proprietors. In the ryotwari area the 25 percent of the land that was held by non-agriculturists\(^1\) was almost entirely rented out. In addition were the agriculturists who rented out part or all of their lands. Information from the Bombay Revenue Department in Table 7 indicates that 41.4 percent of the cultivators are tenants and 32.1 percent of the land is tenanted. The percentage of tenants to owner-cultivators is greater than the percentage of tenant-cultivated land to owner-cultivated land for all districts except Amreli and Kaira,\(^2\) indicating that the cultivating units of tenants are probably smaller than those of owners.

It has been held that tenancy has continued to increase rapidly before the Tenancy Act. Without the necessary information it appears


\(^2\)It should be made clear that usefulness of the data is quite limited. For example, Table 7 does not account for tenants who are protected with respect to one plot and not another, therefore, protected tenants will be overstated. Similar limitations exist between tenants and owners. The data are presented here to indicate the general nature of tenancy because they are the best available not because they are considered to be adequate.
difficult to support this statement except in certain local cases such as those suggested by Barmeda.\(^1\) Beyond such local situations, the fact that non-cultivating landlords have remained stable in their share of the area held (Table 8) would draw into question statements that the tenancy was growing rapidly before the passage of the Tenancy Act.

For the period after the passage of the Act the information supplied by the Revenue Department gives a somewhat better picture of the change in the amount of tenants and tenanted land. A comparison of the 1948-49 and 1951-52 percentages shows in Table 7 a decrease in the ratio of tenants to all cultivators in districts. Only the districts of Ahmedabad, Kolaba and Ratnagiri showed an increase in the percentage of tenants during the first 3 years of the Tenancy Act of 1948. Some districts, e.g., Nasik, Broach and Kaira showed a market decline in the percentage of tenants. In most cases, however, the change was relatively small.

Desai's statement that the owner-cultivator is losing ground to non-agriculturists\(^2\) appears not to be supported at least on the basis of the 16 years preceding the passage of the Tenancy Act.\(^3\) Class C holders

\(^1\)J. N. Barmeda. Agricultural tenancy in the Gujarat. Unpublished Ph.D. thesis. Bombay, India, School of Economics and Sociology Library. 1950. p. 128. He cited cases of rapid tenancy growth in Anand and Borsad talukas in Kaira district. It may be noted in Table 7 that the percentage of tenants to all cultivators in Kaira has decreased from 74.9 to 52 since the passage of the Act.


\(^3\)It is interesting to note that the same data used in Table 8 have been used with alarm to show the trend toward non-cultivator ownership (e.g., Socialist Party. Reforms in agriculture. Bombay, Madhu Limaye, 1951. p. 5.) The figures given by the Bureau of Economics and Statistics reveal the percentage of holdings held by "non-agriculturists" (continued)
Table 7. Tenants as a percentage of all cultivators, 1948-49 and 1951-52; percent of land cultivated by tenants and average rent per acre, 1951-52\textsuperscript{a}

<table>
<thead>
<tr>
<th>District\textsuperscript{b}</th>
<th>Percent tenants of all cultivators 1948-49</th>
<th>Percent tenants of all cultivators 1951-52</th>
<th>Percent of land cultivated by tenants 1951-52</th>
<th>Average rent per acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Banaskantha</td>
<td>---</td>
<td>64.2</td>
<td>21.3</td>
<td>3/0</td>
</tr>
<tr>
<td>2. Sabarkantha</td>
<td>---</td>
<td>22.9</td>
<td>13.6</td>
<td>6/7</td>
</tr>
<tr>
<td>3. Mehsana</td>
<td>---</td>
<td>26.4</td>
<td>24.8</td>
<td>7/14</td>
</tr>
<tr>
<td>4. Amreli</td>
<td>---</td>
<td>30.6</td>
<td>32.8</td>
<td>2/4</td>
</tr>
<tr>
<td>5. Baroda</td>
<td>---</td>
<td>39.1</td>
<td>25.3</td>
<td>25/14</td>
</tr>
<tr>
<td>6. Dangs</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>7. Ahmedabad</td>
<td>41.1</td>
<td>58.1</td>
<td>17.0</td>
<td>57.7</td>
</tr>
<tr>
<td>8. Kairs</td>
<td>74.9</td>
<td>52.0</td>
<td>-22.9</td>
<td>75.9</td>
</tr>
<tr>
<td>9. Panch Mahals</td>
<td>54.4</td>
<td>36.8</td>
<td>-17.6</td>
<td>26.8</td>
</tr>
<tr>
<td>10. Broach</td>
<td>68.8</td>
<td>41.0</td>
<td>-27.8</td>
<td>34.0</td>
</tr>
<tr>
<td>11. Surat</td>
<td>48.8</td>
<td>43.7</td>
<td>-5.1</td>
<td>35.0</td>
</tr>
<tr>
<td>12. Thana</td>
<td>57.9</td>
<td>52.1</td>
<td>-5.8</td>
<td>51.3</td>
</tr>
<tr>
<td>13. Ahmednagar</td>
<td>41.1</td>
<td>35.8</td>
<td>-5.3</td>
<td>22.4</td>
</tr>
<tr>
<td>14. East Khandesh</td>
<td>32.8</td>
<td>23.1</td>
<td>-9.7</td>
<td>19.5</td>
</tr>
<tr>
<td>15. West Khandesh</td>
<td>37.8</td>
<td>20.2</td>
<td>-17.6</td>
<td>16.4</td>
</tr>
<tr>
<td>16. Nasik</td>
<td>88.1</td>
<td>37.3</td>
<td>-50.8</td>
<td>23.4</td>
</tr>
<tr>
<td>17. Poona</td>
<td>51.6</td>
<td>39.1</td>
<td>-12.5</td>
<td>35.7</td>
</tr>
<tr>
<td>18. Satara North</td>
<td>53.0</td>
<td>38.7</td>
<td>-14.3</td>
<td>31.7</td>
</tr>
<tr>
<td>19. Sholapur</td>
<td>41.9</td>
<td>32.9</td>
<td>-9.0</td>
<td>33.0</td>
</tr>
<tr>
<td>20. Kolaba</td>
<td>57.8</td>
<td>61.7</td>
<td>3.9</td>
<td>58.5</td>
</tr>
<tr>
<td>21. Ratnagiri</td>
<td>45.9</td>
<td>47.8</td>
<td>1.9</td>
<td>39.1</td>
</tr>
<tr>
<td>22. Satara South</td>
<td>---</td>
<td>41.7</td>
<td>---</td>
<td>33.9</td>
</tr>
<tr>
<td>23. Kolhapur</td>
<td>---</td>
<td>39.5</td>
<td>---</td>
<td>35.6</td>
</tr>
<tr>
<td>24. Belgaum</td>
<td>45.8</td>
<td>42.5</td>
<td>-3.3</td>
<td>35.6</td>
</tr>
<tr>
<td>25. Bijapur</td>
<td>41.2</td>
<td>36.8</td>
<td>-4.4</td>
<td>35.4</td>
</tr>
</tbody>
</table>

\textsuperscript{b}Districts of Sabarkantha, Banaskantha, Mehsana, Amreli, Baroda, Dangs, South Satara, and Kolhapur not included in pre-merger Bombay. Merger was completed in 1949. (Continued)
Table 7. (Continued)

<table>
<thead>
<tr>
<th>District</th>
<th>Percent tenants of all cultivators 1948-49</th>
<th>Percent tenants of all cultivators 1951-52</th>
<th>Change</th>
<th>Percent of land cultivated per acre 1951-52</th>
</tr>
</thead>
<tbody>
<tr>
<td>26. Dharwar</td>
<td>49.1</td>
<td>44.6</td>
<td>-4.5</td>
<td>38.4</td>
</tr>
<tr>
<td>27. Kanara</td>
<td>78.3</td>
<td>66.9</td>
<td>-11.4</td>
<td>57.0</td>
</tr>
<tr>
<td>28. B.S.D.</td>
<td>47.9</td>
<td>56.0</td>
<td>8.1</td>
<td>42.6</td>
</tr>
</tbody>
</table>

Percent in state 1948-49: 47.6

Percent in pre-merger Districts 1951-52: 42.2

Percent in whole state 1951-52: 41.4

Table 8. Stability in classes of landholders, 1932-48

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent of Class A land held</th>
<th>Percent of Class B land held by Class A holders</th>
<th>Percent of Class B land held by Class B holders</th>
<th>Percent of Class C land held by Class C holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1932</td>
<td>75.4</td>
<td>63.5</td>
<td>3.5</td>
<td>21.1</td>
</tr>
<tr>
<td>1937</td>
<td>74.2</td>
<td>64.2</td>
<td>2.6</td>
<td>23.2</td>
</tr>
<tr>
<td>1943</td>
<td>75.2</td>
<td>64.9</td>
<td>2.8</td>
<td>22.0</td>
</tr>
<tr>
<td>1948</td>
<td>74.5</td>
<td>66.2</td>
<td>2.9</td>
<td>22.6</td>
</tr>
</tbody>
</table>


aAdapted from: Bombay Revenue Department. Untitled interdepartmental report on tenure and tencancy in Bombay. Revenue Department file no. 8515/49 II. 1953. See Tables 16 and 17, Appendix.

bHolders who cultivate land themselves with or without the help of hired labor.

bHolders who do not cultivate the land but supervise cultivation by laborers or farm servants.

dHolders who receive rent and do not directly or indirectly take part in the cultivation.
(those who receive rent and do not cultivate themselves) held about one percent less land in 1948 than in 1932. Comparable data were not available for the period before 1932 so that trends in ownership over a long period cannot be shown. It is possible that the growth of the rentier group may have taken place over a longer period of time. Whatever is the case, it appears that the number of landholders holding large tracts is relatively small. The following is a breakdown of landlords who did not cultivate personally, adapted from Revenue Department data for the year 1951-52:

Table 9. Size of holdings owned by non-cultivating landlords

<table>
<thead>
<tr>
<th>Size group</th>
<th>Number of landlords</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holders having up to 5 acres</td>
<td>369,345</td>
</tr>
<tr>
<td>Holders having more than 5 acres but less than 25 acres</td>
<td>308,352</td>
</tr>
<tr>
<td>Holders having more than 25 acres but less than 100 acres</td>
<td>42,559</td>
</tr>
<tr>
<td>Holders having more than 100 acres but less than 300 acres</td>
<td>949</td>
</tr>
<tr>
<td>Holders having above 300 acres</td>
<td>89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>721,294</strong></td>
</tr>
</tbody>
</table>

\(^{a}\)Bombay Revenue Department. Landlords who do not cultivate land personally, by acre groups. Interdepartmental report. 1952. \[Mimeo. report\]

(Continued) in 1917, 12.0; 1922, 12.4; 1927, 12.8. This would indicate an increase from 12.0 percent to 29 percent were it not that this "increase" really results from a change of definition of non-agriculturist in 1932. The data show, if anything, stability in the relative size of holdings held by non-agriculturists.
Factor inputs by landlords. For purposes of analysis later, a distinction should be made in three types of landlords, that is, the absentee landlord and cultivating and non-cultivating in-village landlord. The absentee landlord will commonly have little to do with the management of the firm and will contribute little, if anything, but the land factor. Also to meet the difficulties of weighing and measuring involved in the sharing process, the absentee landlord will usually prefer cash or fixed produce rents. In-village cultivating landlords will frequently use the share lease to utilize some of the unused portions of their factor units, e.g., bullocks and plow, in order to maximize the return to their factors. The in-village non-cultivating landlord might shade toward either of the other two types depending upon his economic status, occupation and experience. The assumption that landlords make no contribution of capital inputs but simply rent the land, therefore, is probably the result of thinking in terms of the absentee landlord only. Examining Jakhade's list of "major items of capital investment by the agriculturists" several items may be identified as resources other than land at least in part by landlords, i.e., land reclamation, bunding and other land improvements, digging and repair of wells, development of other irrigation resources, laying of new orchards and plantations, construction of farm houses, and other farm buildings. Information concerning the extent of the contributions by landlords, however, is not available.

Lease type. All major lease types are found in Bombay State. There are, however, no statistics available which show the amount of each lease type in the different regions.\footnote{Village form VII-A does show "mode of cultivation". Modes 1 and 2 are owner-cultivation, 3 is cash tenancy, 4 crop share tenancy, 5 fixed produce tenancy and 6 is mixed type. This information is often not filled out by talatis and the Revenue Department, to this writing, has made no effort to collect it. For sample village forms see F. G. H. Anderson, Manual of revenue accounts, 5th ed. Bombay, Govt. Central Press. 1951. p. 117.} According to the Bombay Statistical Atlas, "...crop share rents prevail over greater part of the Bombay Province now State, and the usual proportion is half to half."\footnote{Bombay Bureau of Econ. and Stat., Atlas, \textit{op. cit.}, p. 59} In addition to share rents are 1) cash, 2) fixed produce and 3) service rent. Each of these lease types, or combinations of them, is found in all principal regions. With respect to the major crop of the respective regions, however, the proportion of share-type lease increases as rainfall decreases and becomes more uncertain.

Some indication of the variation in lease types is apparent from several studies of socio-economic conditions in Bombay. For example, M. B. Desai in an inquiry in the Gujarat, indicated that about 32 percent of the tenants were on crop share, 49 on cash rent and 19 on a combination of the two. In the middle Gujarat of Broach, Baroda and Panch Mahals districts he found that part-owners cultivated about 36 percent of the rented land on cash lease and about 53 percent on crop share, the remaining 11 percent being combinations.\footnote{M. B. Desai, \textit{op. cit.}, p. 123.} In a survey of Bardoli taluka of
Surat district, however, cash rent was "more or less universal"¹ and a survey of one of the talukas of Kaira revealed only 7 percent crop share.²

Vimal Shah in an intensive study of a village of Baroda indicated that nearly one-half (49 percent) of the land was tenanted and indicated some labor-share, crop share, and fixed produce rent:

i) The owner himself cultivates the land but engages a servant to do all the manual labour including the watching of crops. In return for these services, the latter receives one-fourth of the crop.  

ii) The owner gives the land to a farmer for cultivation on a crop-sharing basis. The former pays the land revenue, bears the cost of manuring and permanent improvements in the land; the latter bears the costs of cultivation. The crop is equally shared by the two. In irrigated areas, the expenses of irrigating the land are borne by the tenant, while those of manuring the land are borne by the owner.  

iii) In this case, the tenant pays the owner a fixed amount instead of a share in the crop. The owner pays the land revenue and bears the expenses of cultivation; all the remaining expenses are borne by the tenant.

Shah indicated that the second category prevailed over the village and that variations from the above were made to fit individual circumstances.³

Farther south in the Konkan fixed produce rents and cash rents appear to be more popular. Hate in a survey of 100 tenants in Thana District found that 77.4 percent of the rented land was under fixed

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produce rent, 4.2 under crop share, 3.6 percent under cash rent and 14.8 under mixed rent.¹ This is consistent with the predominance of fixed-produce type rent found in Badlapur.

Shivamaggi estimated that in the Karnataka about 45 percent of the tenants were on a crop share basis and about 30 percent were on a cash rent basis.²

Crop share rents appear to be most common type of tenancy with backward and aboriginal tribes, e.g., in Bhil tract of Khandesh. Cash rents tend to be preferred by absentee landlords whereas crop share and fixed produce rents are more in use by the landlord residing in the village.

Over the state as a whole, the proportion of land under crop share is probably greater for dry crops than for irrigated crops.

Terms of lease. Generalization about the terms of leases in the face of limited information and wide diversity in leasing conditions is difficult. Therefore, the following lease features are only suggestive of some of the more common conditions without the relative importance of each.

1) Length of lease: The most common lease period was for one year although many of such tenancies had been renewed for generations and the expectations of both landlord and tenants could be assumed to be much the same as a long term lease. Most leases were on an indefinite status


²B. Shivamaggi, Bombay, India. Tenancy conditions in the Karnataka. Private communication, 1954.
from the standpoint of length, i.e., a tenancy-at-will.

When some special conditions were to be fulfilled the lease was usually on a somewhat more formal basis, even to the extent of being in writing. Tenants in Madhbari, for example, usually had a minimum tenure lease of 5 to 20 years for eradication of the Hariali grass.

2) Rents: Rental equivalents may be seen in Table 7 which indicate, to some extent, the wide variation in rents. The table does not show the differences due to lease type. A comparison of rents by lease type in Thana District was presented by Hate:

<table>
<thead>
<tr>
<th>Type of lease</th>
<th>Average yield per acre of cropped area</th>
<th>Average rent per acre of cropped area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maunds of paddy</td>
<td>Rupees</td>
</tr>
<tr>
<td>Fixed produce rent</td>
<td>15.4</td>
<td>---</td>
</tr>
<tr>
<td>Crop share</td>
<td>12.9</td>
<td>---</td>
</tr>
<tr>
<td>Cash rent</td>
<td>8.5</td>
<td>123.9</td>
</tr>
<tr>
<td>Mixed rent</td>
<td>11.8</td>
<td>10.1</td>
</tr>
</tbody>
</table>

\[^a\] Adapted from: Hate, op. cit., p. 263.

\[^b\] Maund = 82.3 pounds.

\[^c\] Non-paddy crops were in rupee equivalents. Government paddy prices were about Rs. 12 but market prices were perhaps closer to Rs. 20 to 25.

The most common crop share was 50-50. The range of 1/4 to 3/4 share would include most of the crop share rentals. Reference to leases with different shares for different crops are found in the literature as, for example, "... 3/5 share was taken from the wheat crop only, cotton,
jowar and others being equally shared. . . if the wheat crop was irrigated the landlords took only one-fourth share. The more common arrangement, however, was to share all crops on the same basis.

3) Expenses and extra services: Under the cash rent system, expenses of cultivation were usually borne by the tenant. The contributions to expenses by the parties to a share type lease were varied. The share of manure contribution appears to be a question more of convenience and availability than uniform practice. Tenants without owned lands would apply manure that they had available and the landlords would apply manure if they did not cultivate other land personally. Where fertilizer was purchased, the cost was usually borne in proportion to return. Seed was frequently returned to the contributor "out of the heap" but was also a cost to the tenant in some areas. Labor costs in bunding were most frequently shared in the case of temporary of field bunds but boundary bunds, representing an improvement, were the expense of the landlord. Two systems, one in Surat-Broach and the other in Thana show the divergence in methods of expense sharing:

In the Surat-Broach cotton region the crop sharing system was found to assume greater simplicity, though at a cost to the tenant. Here all the expenses, except the assessment were to be borne by the tenant. . .

At Bassein (Thana) . . . the landlord bears half the expenses of cultivation for seed, manure, bunding, hired labour, etc., and after harvesting or marketing, the yield or the money value of the crop is shared equally between the two, the landlord and the tenant.

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1Barmeda, op. cit., p. 205.
2Barmeda, op. cit., p. 206.
3Hate, op. cit., p. 269.
It was customary in many leasing arrangements for the tenant to perform additional services for the landlord such as transporting the landlord's produce and working on the landlord's buildings and grounds.

4) Other: Very few leases are written although all leases for more than one year in order to be legally valid must be in writing (Transfer of Property Act 1882). "In case where the leases are written, the written lease papers generally are kept by the landlords and the tenants do not normally insist to have copies. Very few land leases are registered." ¹

The returns to livestock go entirely to the owner. Livestock share leases are very uncommon. Most livestock is cared for on communal pasture and on the border areas of fields. The leasing agreement usually covers the use of fodder from uncultivable areas about the fields. Absentee landlords will usually not care for the fodder, but in-village landlords generally provide for a share, particularly if they own livestock themselves.

Custom, caste, and family in the leasing agreement. Customary rental rates and types of lease strongly influence the nature of the lease throughout Bombay. "Ordinarily the predominant share in a village or the particular share in a survey number remains constant over a long period of years, due to custom." ² Rents tended to be sticky having increased slowly over time with various remissions or postponements during periods of famine or other distress.

¹Shivamaggi, op.cit.
²Barmeda, op.cit., p. 152.
There appears to be no evidence that the level or type of rent has any direct relation to caste. Such relationships would be hard to separate from differences in grades of land and lease type. For example, adhivasis and other backward classes tend to cultivate the poorer grades of land. They also tend toward crop share type leases.

With respect to family arrangements, however, there appeared to be some effect on the leasing arrangements. Barmeda states that "...there are a large number of leases which are either family or friendly arrangements in which rents may be high or low irrespective of the economic factors." The lease frequently becomes a means for income transfer to a dependent member of the family. In this way the leasing arrangement becomes a part of the indigenous social security system of the Indian family structure.
CHAPTER 3: OBJECTIVES AND PRINCIPAL PROVISIONS OF THE BOMBAY TENANCY AND AGRICULTURAL LANDS ACT

The purpose of this chapter is twofold: First, to develop the objectives of the Tenancy Act and second, to outline the main features of the Tenancy Act. The objectives represent the ideal toward which the actual situation, indicated in Chapter 2, was to move. The principal provisions of the Tenancy Act were to be the means by which the movement was to be effected.

Objectives of the Tenancy Act

The two purposes of this (the objectives) part of the chapter are to 1) determine the nature of the objectives toward which the government sought to move by means of the Tenancy Act and 2) state the objectives so that they may be used analytically. To do this, the objectives of the Statement of Objects and Reasons of the Bill and the Preamble of the Act are first set in the context of the over-all policy of which the Tenancy Act is a part and, secondly, these statements are given specific definitions. In giving specific definitions, the many statements of the objectives are reduced to their common elements in order to have the objectives stated in a form subject to analysis.

The specification of an objective of the Tenancy Act also implies criteria by which the means can be tested. For each principal objective there will be some criterion or criteria against which the various sections of the Tenancy Act may be analyzed.
The economic objective

One of the most commonly expressed purposes of various land reform enactments is concerned with the enhancement of productive efficiency and growth. Beginning at the national level the primacy of the economic goals may be illustrated by the following statement from the First Five-Year Plan:

It follows from all this that the problem is not merely one of making the existing economic institutions work more efficiently, or making small adjustments to them. What is needed is a transformation of the system so as to obtain greater efficiency as well as equality and justice. The central objective of planning is to create conditions in which living standards are reasonably high and all citizens, men and women, have full and equal opportunity for growth and service.\(^1\)

With direct reference to land policy the plan states:

The future of land ownership and cultivation constitutes perhaps the most fundamental issue in national development. . . 1) increase of agricultural production represents the highest priority in planning over the next few years; and 2) the agricultural economy has to be diversified and brought to a much higher level of efficiency.\(^2\)

The Congress party formed the government at the time of the passage of the Act. The following statement from the Congress Agrarian Reforms Committee Report is submitted to indicate the importance attached to the economic objective in agrarian reforms:

The Committee has . . . kept before itself some of the main principles which should govern the agrarian policy of the country. . .

1) The agrarian economy should provide an opportunity for the development of the farmer's personality

\(^1\)India Five-Year Plan, op.cit., p. 29.

\(^2\)Ibid., p. 184.
ii) There should be no scope for exploitation of one class by another

iii) There should be maximum efficiency of production

iv) The scheme of reforms should be within the realm of practicability.1

Even in their Minute of Dissent to the Congress Agrarian Reforms Committee Report, O.P.R. Reddiar and N. G. Ranga state that: "There should be a maximum of efficiency of production..."2

The importance of the economic objective, this time expressed in terms of the whole economy, is indicated in the Election Manifesto of the Congress Party as follows:

The objectives of the Congress, which have been embodied in the Constitution of India, still remain, in a large measure, unrealized. The time has come for our struggle for emancipation to enter into its second phase of realizing those objectives, without which political freedom can have little meaning for us. Economic progress must therefore be given first priority, subject only to the maintenance of freedom and integrity of the country.3

...Increased agricultural production is absolutely essential for putting our national economy on a firm basis ...4

The foregoing statements were used in reference to the whole Indian economy or with the agrarian sector including all states. They do not refer to any specific enactment. They represent instead expressions of the importance of the economic objective by the Congress party programs.

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1Congress Agrarian Reforms Comm., op. cit., p. 8.
2Ibid., p. 185.
3All-India Congress Committee Election Manifesto. New Delhi, All-India Congress Committee. 1951. p. 2.
4Ibid., p. 3.
The government of Bombay is so dominantly Congress\(^1\) that the policies may well be interpreted as a direct expression of the Party objectives.

The economic objective is expressed directly in the Preamble to the Tenancy Act which is quoted in part as follows:

*Whereas it is necessary to amend the law which governs the relations of landlords and tenants of agricultural lands... for the purpose of improving the economic and social conditions of peasants or ensuring the full and efficient use of land for agriculture...*\(^2\)

Upon introduction of the Bombay Tenancy Bill to the Legislative Assembly the Statement of Objects and Reasons was published in the Bombay Government Gazette. In this statement it was declared that "the change in the political status of the country... had... necessitated the shaping of definite policy of agrarian reforms to achieve improved production and agricultural efficiency."\(^3\)

The first of the objectives of the Bombay Tenancy Act as a land reform enactment is to promote a higher level of economic well-being through increased production and greater efficiency.

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\(^1\)Out of a total of 315 seats in the Bombay Legislative Assembly, 269 were Congress in 1951. W. Norman Brown. The United States, India and Pakistan, Cambridge, Harvard University Press. 1953. p. 288. (From an article by Richard L. Park. Indian election results. Far Eastern Survey. May 7, 1952. Original source not available.) The distribution of seats is not available for 1948 but the proportions would be approximately the same.

\(^2\)Bombay 67 of 1948, Preamble.


\([^\text{Brackets own}]\)
Specification of the economic objectives. From the above statements it can be seen that the pre-Act levels of efficiency and production are regarded as unsatisfactory. The Act is intended to be a means for "improved production and agricultural efficiency" but levels of production or criteria of efficiency are not specified in the objectives. Therefore, there appears to be no clearly defined limit to expectations of the Act with respect to production. Likewise, no rate of growth or even an exact criterion of economic growth is specified, although from the first citation from the Five-Year Plan, per capita real income will be inferred for use here.

The economic objective for purposes of analysis is separated into 1) efficiency and 2) growth. The Act will be tested in terms of its ability to satisfy the criteria for efficiency and the criteria for growth.

Efficiency in production. Efficiency will be viewed from the standpoint of agriculture as one segment of the total economy. To be efficient the agricultural sector must produce those goods and services which the people want and in the proportions desired, and each of the goods and services must be produced with the minimum cost. In order for these necessary conditions of efficiency in production to be fulfilled, the usual production equilibrium condition is taken that the marginal rates of transformation between any two products (actual or potential), the marginal rate of substitution between any two factors, and the marginal rate of transformation of any factor into a product must be the same for all firms producing the product or using the factors. The conditions
for attaining efficiency as they apply to the area of leasing arrangements are developed in the introductory paragraphs of Chapter 4.

Economic growth. Economic development is involved in both the efficiency in allocation of resources at any particular time and with economic growth of expansion.

The departure from a static system implies at least two additional variables, namely, capital accumulation and innovation. As time becomes involved there are necessarily the problems of expectations and uncertainty. New techniques also demand changes in the allocation of resources to permit efficiency. With time and change entering into the analysis consideration must be taken of the problems of factor mobility.

The allocation of resources in itself provides some of the bases for economic growth. That is, through the maximization of the total product the possibility arises for a surplus for capital accumulation. It is also in the realm of allocative decisions to allow for research which, in turn, produces changes in technology.

Similarly, as the ratio of the various supplies in resources change, new allocations of resources are required. New techniques require re-allocations of resources. When the concept of economic growth is introduced the interdependence of the allocation of resources, capital accumulation and technology becomes apparent. It would be desirable perhaps to utilize a dynamic model which could provide a simultaneous solution to all these aspects of the development problem. In this analysis, however, the growth aspects of the economic problem will be dealt with in the manner of comparative statics. For the purposes of testing the Act the
effect of various sections on capital accumulation will receive primary attention. The effect of the Act on the adoption of new techniques will also be analyzed.

The objectives of the Act do not specify a rate of capital accumulation. Therefore the Act will be given a positive effect with respect to capital accumulation if it satisfies the conditions that it induces a rate greater than would be the case without the Act. The Act will be positive in its effect of technology if conditions for adoption and development of new techniques are met.

The distributive equitability objective

The second category of statements which form the objectives of the Tenancy Act is concerned with equitability in the distribution of income. Under the heading of Land Policy, the First Five-Year Plan declared:

From a social aspect, which is not less important than the economic, a policy for land may be considered adequate in the measure in which, now and in the coming years, it reduces disparities in wealth and income, eliminates exploitation, provides security for tenant and worker and, finally promises status and opportunity to different sections of the rural population.¹

Those aspects of exploitation and security which are not covered under the economic objective will be included within matters of distributive equitability. Status and opportunity are included principally in the objectives of distributive equitability. Those aspects of status and opportunity such as birth and caste that are not a function of income are perhaps sufficiently unimportant from the standpoint of a land reform program to defer as outside the scope of tenancy reform.

¹India Five-Year Plan, op.cit., p. 184.
In their election manifesto the All-India Congress Committee states:

The achievement of economic equality and social justice must proceed side by side with economic progress. . .between the upper and lower ranges of fixed incomes, the gap needs to be narrowed in terms of the standard of living.1

The preamble states that the Tenancy Act has as one of its objectives the "purpose of improving the economic and social conditions of the peasants"2 and the Statement of Objects and Reasons of the Tenancy Bill also stated the purpose of "safeguarding the interests" of the ryots and the prevention of "rack-renting".3

In his speech introducing the Bill, Morarji Desai said:

The powers that are taken in this Bill, I think, are equitable, considering the purpose before us and considering the fact that practically all. . .accept the fact that land reform must aim at achieving a condition in which there would be no exploitation of the cultivator. . .4

And at the first reading of the Bill before the Legislative Assembly Desai, in defense of the Bill, said:

. . .it will be seen that this Bill is neither expropriatory nor unjust nor inequitable. What is unjust and inequitable is the position hereto obtaining. . .and the people's Government. . .has got to safeguard the rights of the common people and to see that all unjust and inequitable adjustments that might be obtaining in society are removed as early as possible. . .We are removing the injustice and inequity obtaining in present-day society in the matter of land.5

1All-India Congress Committee, op.cit., p. 6.

2Tenancy Bill, Bombay Gazette, op.cit., p. 295.

3Ibid.


5Ibid., p. 65,66.
It is assumed that the distributive equitability objective does not accept the distribution as given and that the distribution should be moved in the direction of equality. Although legislative pressure tends toward equality of wealth and income there is also some indication that equitability would stop short of complete equality among all persons. As equality is approached other criteria may be substituted to specify the equitable distribution of income.¹

When consideration is taken of the wide disparity between high and low income groups existing in India it is expected that a reform movement will include measures to level the income distribution. This appears to be one of the objectives of the Bombay Tenancy Act.²

¹To be operationally useful goals or objectives need not be determined with once-for-all finality. Baumol states: "...a government or an individual must take some ends as given at every moment of time or else be doomed either to pointless activity or complete inaction. No doubt the ends taken as given must at all times be under revision, but no more than this can be conceded without giving up all activity in hopeless confusion." W. J. Baumol. Welfare economics and the theory of the state. London, Longmans, Green and Co. 1952. p. 121.

²Chief Minister Desai, in an interview with the writer, stated that one of the objectives of reform legislation was to narrow the disparity between incomes. He said, "No man should have less than Rs. 150 per month under present (1953-54) conditions." He added that no man should need more than Rs. 1500.

Although income statistics are not available it would not be unreasonable to say that a large portion of the working population does not receive over Rs. 50 per month. Morarji Desai, Council Hall, Bombay, India. Information on the objectives of the Tenancy Act. /Interview/ March, 1954.
Implications of additional objectives

Land hunger in some of the Asian countries is very acute and constitutes a very explosive element in the body politic. To ignore this urge for land, even for the legitimate reason of maintaining production may be an invitation to social disorder.¹

As suggested by Dantwala above there is the possibility of some other objective which is not evidenced directly in the official statements. Conclusions based upon the two specified objectives in the foregoing sections might thereby be incomplete from the standpoint of the problem as a whole. If the Tenancy Act has within it an element or elements which do not meet either the criteria of efficiency or equitability the possibility is open for some other objective. For example, suppose the rent limitation specifies a ratio of prices for factor services land and labor lower than that of the ratio of their respective marginal productivities and thus do not satisfy a criterion of efficiency. Suppose also that the resulting distribution to persons is such that a greater portion of the product is used for consumption—capital is reduced. Thus, a criterion for growth is not satisfied. Suppose that landlords are poor and tenants rich and the resulting distribution of income is less equal and is therefore less equitable. If such is the case, either 1) the rent minimum is not a proper means to secure optimum production and equitability and ought to be changed or, 2) some other objective must be considered.

If the Act does not satisfy the criteria specified, it may be because the expected level of resources (opportunities available) has been limited by some other objective not directly attributable to the conditions

¹Dantwala, Land reforms in India, op.cit., p. 436.
immediately surrounding the two specified objectives. Such a condition might arise in the case of a political motivation of the lawmakers.¹

Explicit expressions of a political objective are difficult, if not impossible, to obtain because the purposes of legislation or other governmental action are usually expressed in terms of equity or general welfare. As Williamson has said, "Few politicians, in democratic or totalitarian societies alike, admit to any other interest than the general welfare or good of the people."²

The Bombay Tenancy Act was conceived in the height of the freedom movement in India and was one of the first important tenancy acts passed after Independence. As such, it is part of the legislative foundation of the Congress Party power in Bombay. The Congress secures its support largely from the proletariat and an acquiescent bourgeoisie who feel they would have more to lose under any of the important challengers of the Congress. Congress gained its ascendancy from the masses, and it must look to the masses for maintenance of its power position.

Whether the Tenancy Act was a fulfillment of a contract with its electorate or an enactment calculated to promote support in the future, the Tenancy Act is important in success of the Congress party.

¹This appears to be most plausible in 1) a monarchy or 2) a real democracy, as in contrast to a "perfect" democracy where the lawmakers are purely mechanical substitutes for the represented. A real democracy is characterized by power politics and in which it is quite possible to pass laws which would not be acceptable to the electorate except by subterfuge or propaganda. That is, the electorate is made to find the Act palatable ex post whereas ex ante they would not have.

Although the Congress position in Bombay is strong, there would be no reason for an astute politician to sacrifice support unless some gain could be made toward another objective. Morarji Desai said upon introduction of the Bombay Tenancy Bill:

Therefore, the purpose which is accepted by all is to be carried out in a manner which involves the least amount of disturbance and opposition. No measure can be envisaged to which there would be no opposition whatsoever, and no measure can be envisaged by which there would be absolutely no disturbance. That is impossible. Every change involves some disturbance and every change does involve some opposition. But what we have got to see is that consistently with the ideas we hold, the least amount of disturbance and the least amount of opposition is involved, so that there is peace in the province and we act in a manner which leads to the happiness of all.¹

If, therefore, the Act should appear to fail to satisfy all the criteria necessary to move in the direction of the two specified objectives, there is the possibility that the Act has been directed, in part, toward some other objective.

Plural objectives and the Act as a means to a desired situation

Concerning the usefulness of policy appraisal when specific measures of effectiveness are not available, Schickele strikes an optimistic note by stating that:

The two master ends of public economic policy, greater social product and better income distribution, are now before us. These goals need not be expressed in absolute quantities. It often suffices to determine whether a given policy helps or hinders the attainment of these goals in terms of "more or less".²

¹Desai, Bombay laws for common man, op.cit., p. 63.
However, unless the various objectives are ordered in a cardinal sense, it is not always possible to specify whether the net effect of the Act is one of a movement toward or away from a more desired situation. What can be done is: 1) indicate, in terms of specified criteria, whether a section of the Act allows a movement toward an objective, and if a) one of the sections of the Act is positive (permits a movement toward the objective) and the remaining sections are non-negative the Act can be said to be desirable from the standpoint of the objective, but if b) one of the sections is negative with respect to the criteria, it is impossible to say whether the Act as whole encourages a movement toward the objective without attaching some weights on the basis of the relative importance of the effects by each section. 2) Even though it can be shown that all the provisions of the Act do meet the conditions necessary to move toward one of the objectives, it cannot be shown that the net effect will be a movement toward the over-all desired situation—unless the Act has a non-negative effect on the other objectives.

The analysis deals with areas of complementarity 1) in satisfying the criteria for attaining the objective and 2) in determining the effect on balance of the Act toward some desired situation—a situation which is a composite of both (or all) the objectives specified above, namely, economic efficiency and growth and distributive equitability. These areas of complementarity are important in that they specify movements toward an objective that can be made without sacrifice in another objective. In formulating a law, all complementary relationships can be exploited without the need for making choices between objectives. Beyond the point of complementarity, however, an ordering of objectives must be specified.
To complete the analysis of the Act, two types of information are needed: 1) an indifference system specifying the relative importance of the various objectives and 2) empirical evidence indicating the relative effects of the various sections in a movement toward an objective.

Principal Provisions of the Tenancy Act

The remainder of this chapter will deal with the principal provisions of the Bombay Tenancy Act. It will outline the main features which relate to Security of tenure (sec. 5 with secs. 14 and 34); Rent regulation (sec. 6 with secs. 7, 8 and 12); Prohibition of sub-division and sub-letting (sec. 27); State management (secs. 44 to 62 and 65); Tenant purchase, ownership, and transfer restrictions (secs. 32, 43, 63 and 64); Compensation (secs. 19 and 41); and Administration (secs. 67 to 89). The provisions will be analyzed in the foregoing order in Chapter 4 with the exception of Administration which will be covered in this chapter only.

Security of tenure:

"No tenancy of any land shall be for a period of less than ten years..."\(^1\) This provision applies to all land irrespective of the type of rental arrangement existing upon it. The Act of 1948 did not provide

\(^1\)Bom. 67 of 1948, sec. 5. All leases on land and other property over one year must be in writing. Chapter 5, section 107, of the Transfer of Property Act of 1872 specifies that "A lease of immovable property from year to year or for any term exceeding one year or reserving a yearly rent can be made only by a registered instrument".
for renewal at the expiration of the ten-year period and was so amended in 1952 to permit automatic renewal:

...at the end of the said period and thereafter at the end of each period of ten years in succession, the tenancy shall, subject to the provisions of sub-sections 2) and 3), be deemed to be renewed for a further period of ten years on the same terms and conditions notwithstanding any agreement to the contrary.¹

Sub-section 2) qualifies the foregoing by permitting the landlord to terminate the tenancy at the end of the ten-year period by giving the tenant one year's notice, in writing, if he bona fide requires the land for 1) cultivating the land personally or 2) a non-agricultural use for his own purpose.² The termination of tenancy may then take place effective March thirty-first of the last year of the ten-year period. However, "notwithstanding any agreement, usage, decree, or order of a Court of Law, the tenancy of any land held by a tenant shall not be terminated unless such tenant"³ fails to pay the land rental,⁴ injures the land, subdivides the land,⁵ fails to cultivate the land personally, or uses the land for purposes other than agriculture.

¹Bom. 33 of 1952, sec. 2. The original Act said nothing about renewal and High Court Mallikarjun v. Satya Narayan (1952), 55 Bom. L.R. 80 said that in the absence of such requirement in the Act no notice was necessary.

²Bom. 67 of 1948, sec. 34.


⁴Bom. 67 of 1948, sec. 14, sub-sec. 1), cl. a): 1), ii), iii).

⁵Bom. 67 of 1948, sec. 27. This section states that sub-division, sub-letting or assignment shall make the tenant liable to eviction.
A landlord may terminate the tenancy of a protected tenant at any time, subject to one year's notice.

For the purposes of section 5, sub-section 2, all tenants are regarded as protected tenants. Section 34 forbids the landlord from evicting the tenant if:

a) the landlord has been personally cultivating over 50 acres,

b) the tenant is a member of a cooperative farming society,

c) if the income from such land will not be the landlord's main source of income.¹

Furthermore, the right of eviction by the landlord is subject to the conditions that he 1) may evict the tenant if the landlord holds the equivalent to sixteen acres of jirayat or four acres of irrigated land or less, 2) must leave the tenant with half the area held under lease by him if the land held by the landlord is more than the holding specified in 1).

Nothing in section 5 precludes the tenant from voluntarily surrendering his interest as a tenant if he wishes. However, the surrender of tenancy must be in writing and be verified by the Mamlatdar.²

Rent regulation

Notwithstanding any agreement, usage, decree or order of a Court or any law, the maximum rent payable by a tenant for the lease of any land shall not, in the case of an irrigated land, exceed one-fourth and in the case of any other land exceed one-third of the crop of such land or its value as determined in the prescribed manner.³

¹Bom. 67 of 1948, sec. 34, sub-secs. 2), 2A).
³Bom. 67 of 1948, sec. 6.
The rent maximum stated above is the same as that of the Tenancy Act of 1939. In 1951, a provision was added to allow the state government to lower this maximum for any particular area or establish the rate on any other basis that it feels is fit. The rent maximum that is now prevalent in most districts is one-sixth. Several districts impose a maximum of 5 times the revenue assessment in the case of land assessed at Rs. 4 per acre or less, and two and one-half times the assessment or Rs. 20 (whichever is more) in the case of land assessed at more than Rs. 4 per acre. The only district still retaining the 1/3 - 1/4 limit is Dangs.

The actual rent, subject to the maximum, is that which is agreed upon between the landlord and tenant. If no such agreement is forthcoming then the local or customary rate is used, or if such a local rate cannot be established, a "reasonable rent". A "reasonable rent" is determined by the Mamlatdar who is to use the following factors:

a) the rental values of lands used for similar purposes in the locality;

b) the profits of agriculture of similar lands in the locality;

c) the prices of crops and commodities in the locality;

d) the improvements made in the land by the landlord or tenant;

e) the assessments payable in respect of the land; and

f) such other factors as may be prescribed.

After the Mamlatdar has established the reasonable rent it may not be called into question for five years except that he may reduce the rent if

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1Bom. 67 of 1948, sec. 7.

2Bom. 67 of 1948, sec. 12, sub-sec. 3).
the land has deteriorated through no fault of the tenant or if the tenant makes improvements, or enhance the rent if the landlord makes improvements. All applications for the determination, reduction, or enhancement of rent must be made in writing on the prescribed form.

The state government may abolish crop-share rents or may commute the crop-share rents of an area into cash rent by notification in the Official Gazette. The exact rate of commutation may be specified or it may be left to the Mamlatdar.¹

Notwithstanding any agreement, usage, decree or order of the Court or any law it is unlawful for a landlord to collect rent in terms of service or labor. The same is also true of any cess, rate, vero, huk, or tax or service other than the rent lawfully due in respect of such land.²

Whenever the land revenue of a particular piece of land is suspended or remitted, the landlord must suspend or remit the rent payable to him on the land. If the revenue is reduced, then a proportional reduction must be made in the rent. Furthermore, if no revenue is payable on such land but the land revenue of other land in the neighborhood is suspended or remitted, the payment of rent to the landlord will be proportionately or totally reduced.³

¹Bom. 67 of 1948, sec. 8, sub-secs. 1) and 2). The crop-share abolition provision has been confined primarily to the northern districts, and there only to a limited extent.

²Bom. 67 of 1948, secs. 9, 10.

³Bom. 67 of 1948, sec. 13.
Prohibition of sub-division and sub-letting

Section 27 provides that sub-division or sub-letting of the land or assignment shall make the tenancy liable to termination.

Nothing in section 27, however, may prejudicially affect the rights of permanent tenants or other tenants whose rights are deemed coextensive with the superior-right holder under section 83 of the Bombay Land Revenue Code of 1879.\(^1\)

If, however, a tenant dies, his son or sons of predeceased sons (called "sharers") may partition and sub-divide the land and,

1) each sharer holds his share as separate tenant,

2) the rent is apportioned to the sharers according to the share allotted,

3) the area allotted to any sharer cannot be less minimum specified by government,

4) questions of rent are decided by the Mamlatdar.\(^2\)

State management

When the state government decides that because of the neglect of the landholder or disputes between him and his tenants that cultivation

\(^1\) The Bombay Land Revenue Code states as follows: "And where by reason of antiquity of a tenancy, no satisfactory evidence of its commencement is forthcoming, and there is not any evidence of its intended duration, if any, agreed upon between the landlord and tenant, or those under whom they respectively claim title, or any usage of the locality as to duration of such tenancy, it shall, as against the immediate landlord of the tenant, be presumed to the co-extensive with the duration of the tenure of such landlord and of those who derive title under him." Bombay. Bombay Land Revenue Code, 1879: 421. 1949.

\(^2\) If on the death of a protected tenant, the heirs do not agree to accept the tenancy on the same terms as the deceased, the collector may select an heir who is willing to accept the same conditions and award him the tenancy. Bom. 67 of 1948, sec. 40.
of the estate is impaired or if it is necessary to ensure the full and efficient use of the land, notification of the assumption of management by the government will be made. Furthermore, if land remains uncultivated through default of either the landlord or tenant for a period of two consecutive years, the state government may assume management.

On the publication of the notification under section 44, the state in respect of which the notification has been published shall, so long as the management continues vest in the State Government. Such management shall be deemed to commence from the date on which the notification is published and the State Government shall appoint a manager to be in charge of such estate.

Upon the assumption of the management of the state no change is made in the status of the tenants and they continue to cultivate their respective lands under the same conditions and obligations. The holder of the estate, however, is debarred from collecting the rents, mortgaging, leasing, selling or in any way alienating the land. Furthermore, state management is an automatic stay to proceedings involving the liabilities of the state, i.e., all processes, executions and attachments are suspended, and no new actions through the Civil Court will be valid as long as state management continues.

The manager receives all rents and profits of the property. He also assumes the powers of the Revenue Collector in recovering all land revenue due to the government. Out of the receipts from the land he pays the

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1 Bom. 67 of 1948, sec. 44.
2 Bom. 67 of 1948, sec. 64.
3 Bom. 67 of 1948, sec. 45.
4 Bom. 67 of 1948, sec. 47.
expenses of operation, debts and liabilities due the government, costs of improvements, an allowance to the holder for his maintenance, and other debts and liabilities of the estate. The manager has the further power to remove a mortgagee in possession by the end of the current revenue year. After having completed the liquidation of encumbrances, the manager has the power to "sell or grant on lease all or any part of the estate under management."

When the state government is of the opinion that it is no longer necessary to continue the management they may terminate it. Further "...the management of any estate shall not be continued after the lapse of eight years from the date of assumption of the management."^2

**Tenant purchase, ownership, and transfer restrictions**

A protected tenant may at any time purchase from his landlord the land held by him as a protected tenant. The usual procedure is that the

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1Bom. 67 of 1948, sec. 58.

2Bombay Tenancy and Agricultural Lands Rules, op.cit., rule 30.

3Bom. 67 of 1948, sec. 32. Section 31 of the 1948 Act uses the definition of "protected tenant" given in sections 3, 3A, and 4 of the Bombay Tenancy Act of 1939 as modified, viz.,

3. A tenant shall be deemed to be a protected tenant in respect of any land if—
   a) he has held such land continuously for a period of not less than six years immediately preceding either—
      i) the first day of January 1938, or
      ii) the first day of January 1945; and
   b) he has cultivated such land personally during the aforesaid period.

3A. Every tenant shall, from the eighth day of November 1947 be deemed to be a protected tenant for the purposes of this Act and his rights as such protected tenant shall be recorded (continued)
tenant makes an offer of a price to the landlord in writing. If the landlord accepts, the negotiation is completed, but if the landlord does not accept within three months, the protected tenant may apply to the Agricultural Lands Tribunal for a determination of a fair price.¹ The tenant then deposits the price with the Tribunal in a lump sum, or in installments not exceeding ten nor extending over more than fifteen years.

Sub-section (6) limits the tenant purchase to an amount such that the land owned by him will not exceed fifty acres of arable land. Furthermore, the arable land remaining in the ownership of the landlord cannot be reduced below fifty acres. The state government may reduce the fifty acre limit by notification in the Gazette.

Protected tenants in the same village may exchange their tenancies in respect of the lands which they hold as protected tenants.²

(Continued) in the Record of Rights, unless his landlord has prior to the aforesaid date made an application to the Mamlatdar for a declaration that the tenant is not a protected tenant. . .

4. . . .(a) held any land and cultivate it personally continuously for a period of not less than six years immediately preceding the first day of April 1937 and was evicted from such land on or after such date otherwise than by order of a competent authority on any of the grounds specified in section 14 of this Act, or (b) . . .do. . .first day of April 1944. . .do. . .

¹Bombay Tenancy and Agricultural Lands Rules, op.cit., rule 14:

(1) When an application under sub-section (3) of section 32, for the determination of the reasonable price of land, is received by the Tribunal, it shall determine the reasonable price of land after taking into consideration the factors in fixing the reasonable rent under section 12 and such other additional factors as in its opinion are relevant and useful.

²Bom. 67 of 1942, sec. 33.
tenancies will be on the same terms as existed on the land before the ex-
change. Such exchanges must be carried out in the prescribed manner
through the Mamlatdar who will issue certificates of the fact that the ex-
change took place.

Section 43 states that no land purchased by a protected tenant under
section 32 shall be transferred by sale, gift, exchanges, lease, or mort-
gage or assignment without previous sanction of the Government.

No sale, gift, exchange or lease and no mortgage of any land in
which possession of the property is delivered to the mortgage shall be
valid in favor of a person who is not an agriculturist.¹ Land mortgages
which involve the transfer of possession are not valid.

When a landlord decides to sell any of his land, he must apply to
the Tribunal for a determination of a reasonable price. He then makes
offers to persons in the following order of priority:²

A. Agricultural land:

  i) tenant in actual possession
  ii) persons cultivating adjacent land
  iii) cooperative farming society
  iv) any other agriculturist
  v) a person with a certificate from the Revenue Collector
     stating that he intends to become an agriculturist.

¹Bom. 67 of 1948, sec. 63. Sub-section 3) was added by the Bom. 12
of 1951, sec. 6, which states that this section does not apply to mort-
gages in favor of cooperative societies.

²Bom. 67 of 1948, sec. 64.
B. Dwelling house not necessary to carry on agricultural operations on adjoining land:
   i) the tenant if he does not have a dwelling.
   ii) a person in the village without a dwelling.

Compensation

Section 41 provides for the payment of compensation to a protected tenant for improvements on the land. "Improvement" is defined as follows:

   . . . any work which adds to the value of the land and which is suitable thereto as also consistent with the purpose for which it is held; and includes—

   a) the construction of tanks, wells, water channels, embankments and other works for storage, supply or distribution of water for agricultural purposes;

   b) the construction of works for the drainage of lands or for the protection of land from floods or from erosion or other damage from water;

   c) the reclaiming, clearing, enclosing, levelling or terracing of land;

   d) the erection of buildings on the land, required for the convenient or profitable use of such land for agricultural purposes; and

   e) the renewal or reconstruction of any of the foregoing works or alterations therein or additions thereto as are not of the nature of ordinary repairs; but does not include such clearances, embankments, levellings, enclosures, temporary wells, water channels and other works as are commonly made by the tenants, in the ordinary course of agriculture.¹

The compensation is based on the unexpired value of the improvement at the time of termination of tenancy. The factors that are considered in valuation are a) the amount of the enhancement of value of the land which

¹Bom. 67 of 1948, sec. 2.
results from the improvement, b) the present condition of the improvement, c) the labor and capital input made by the tenant, d) the reduction of rent allowed the tenant in consideration of the improvement. The amount of the compensation is determined by the Mamlatdar upon application in the prescribed manner.

Under section 19 a tenant is entitled to compensation for trees planted by him on the land leased by him. This, however, does not apply in cases where the tenant voluntarily surrenders his tenancy.¹

Administration

The program of tenancy reform in Bombay State is implemented through the Revenue Department. The F Branch of this department is the principal agency in collecting information and supervising the operation of the several land reform programs, one of which is the Tenancy Act. To the present there is no systematic collection of information about the operation of the Tenancy Act. Most of the available information has come about through questions submitted to the Revenue Minister by Members of the Legislative Assembly and is not on a continuing basis.

The agricultural tenancy relationships are governed basically by the Bombay Tenancy and Agricultural Lands Act of 1948 but within the provisions of this Act the state government is empowered to make rules.² These rules provide for such matters as the manner of determining the value of crop for setting rent levels in section 6, the manner of

¹Bom. 67 of 1948, sec. 19, sub-sec. 2).

²Bom. 67 of 1948, sec. 82.
committing crop-share into cash rent in section 8, penalties under section 10 and manner of determination of reasonable rents and prices of land.

Civil courts are barred from dealing with any of the matters arising out of the Tenancy Act.¹

¹Civil courts are barred from dealing with any of the matters arising out of the Tenancy Act.

No Civil Court shall have jurisdiction to settle, decide or deal with any question which is by or under this Act required to be settled, decided or dealt with by the Mamlatdar or Tribunal, a Manager, the Collector or the Bombay Revenue Tribunal in appeal or revision or the State Government in exercise of their powers of control.²

Therefore in matters concerning the implementation of the Tenancy Act, the Revenue Department has within its powers of administration, legislation (through rule-making power), and adjudication. The persons or bodies concerned with the operation of Act are the Mamlatdar, Agricultural Lands Tribunal, Collector, and Bombay Revenue Tribunal. Furthermore, in accordance with an amendment in 1953,³ legal practitioners are barred from the proceedings before the Mamlatdar, Tribunal or Collector except as specifically allowed by the Mamlatdar, Tribunal or Collector, and then only at the cost of party in the suit.

Section 67 authorizes the state government to constitute an Agricultural Lands Tribunal whose duties shall consist of:

¹Bom. 67 of 1948, sec. 85.

²The incompetence of the Civil Court to recognize suits for the possession of the land when the plea of tenancy was made by the defendants was shown Dhondi Tukaram Mali v. Dadoo Piraji Adgale (1952) 55 Bom. L.R. 663.

³Bom. 60 of 1953, sec. 3.
a) determining value of a dwelling house site,
b) deciding disputes over land purchase in section 32,
c) determining "reasonable price" under sections 32 and 64,
d) performing other functions under the Tenancy Act as directed by the state government.

The Tribunal has the power to secure proof of facts by affidavits, summoning persons, compelling production of documents, and awarding costs. At least one of the three or more members of the Tribunal is to have a rank of not lower than Civil Court Judge.

The original plan was to have at least one Tribunal for every district. As yet there are no district Tribunals and their function is performed by the Mamlatdar as authorized under section 67 (3).

Under section 70, the following are listed as the duties and functions of the Mamlatdar:

a) deciding who is an agriculturist;
b) deciding who is a tenant and a protected tenant;
c) determining the value of crop under section 6;
d) determining rent commutation from crop-share to cash;
e) determining the commutation from services to cash;
f) determining compensation under section 10;
g) determining reasonable rent;
h) determining refund under 13 (5);
i) determining compensation for trees, section 19;
j) deciding rights in trees, section 20;
k) determining costs in repair of bunds;
l) sanction exchange of tenancies;
m) determine compensation for improvements;

n) put tenant or landlord in possession of land or dwelling;
o) other matters in the Act.

Appeals from the decisions of the Mamlatdar or Agricultural Lands Tribunal are filed with the District Collector. The court of final appeals is the Bombay Revenue Tribunal. Only in cases concerning the constitutionality of Act or a portion thereof does the High Court have jurisdiction.
The objective of "economic efficiency and growth" was indicated in the first part of Chapter 3. The Tenancy Act, the essential provisions of which were given in the second part of Chapter 3, was intended in part to be a means for bringing about greater efficiency. The following paragraphs develop the conditions of efficiency in production with reference to leasing arrangements, that is, where the ownership of the factors of production is divided between different individuals. After specifying these conditions it will be possible to test the provisions of the Act logically to see if these conditions are met.

A partial approach. First, the analysis is partial because it deals with production efficiency only, assuming that the problems of consumption and marketing are outside the scope of the Tenancy Act. Second, the analysis is partial because it deals primarily with allocations of resources within the agricultural sector. Since this analysis deals with conditions and does not attempt to develop a final equilibrium solution, the limitations of partial analysis are perhaps not so serious.

The standard of efficiency is that no movement of a factor of production between or within any enterprise, firm, or industry can increase the total product, as measured in some standard of value such as money.
Efficiency will be approached from a viewpoint of comparative statics with capital accumulation and innovation recognized as necessary factors for growth in the underdeveloped economy. Although it would be desirable to have a truly dynamic theory which would include the specific problems involved in the allocation of resources in multi-ownership firms, the development of such a theory will not be attempted here.

Multiple-ownership firms and efficiency. The idea that tenancy in the land tenure system of India is inherently obstructive to efficient use of agricultural resources is not without support. Statements range from the categorical pronouncement of G. C. Singh:

"...it is impossible to discover a satisfactory solution by merely trying to find a basis of harmonious relations between tenants and landlords. The fixed solution must lie in destroying tenancy root and branch."\(^1\)

Even the Congress Agrarian Reforms Committee has viewed tenancy in an unfavorable light by their much quoted statement, "The Committee is strongly of the opinion that in the agrarian economy of India there is no place for intermediaries and the land must belong to the tiller."\(^2\)

V. V. Sayana states that "Farming by owners is \textit{per se} superior to farming by tenants, and there is no question about merits of owner farming as against tenant farming."\(^3\) However, he appears to qualify his earlier statement by later acknowledging that perhaps there might be certain economic advantages to a tenancy system:


\(^2\)Congress Agrarian Reforms Comm., \textit{op.cit.}, p. 7.

"Apparently when the proposition is worked out according to strictly business principles taking into account the interest due on the money invested in land there may be some advantage to being a tenant."\(^1\)

The passage of the Bombay Tenancy Act appears to be adequate evidence that the legislators expected tenancy to be a part of the tenure system at least in the near future. The assumption of this study with respect to tenancy is that it will remain for a long enough period, at least, to warrant attention of the basic enactment governing landlord-tenant relationships.

Tenancy will be viewed, for the purpose of this study, as one form of multiple ownership of factors of production in the firm. It differs from corporate form of multiple-ownership enterprise in that the owners of a corporation submit claims to the ownership of resources but are not directly responsible for seeking a particular type of other resource with which to combine their own as is the party to a partnership or lease. A party to a multiple-ownership firm may either 1) contribute a claim to resources and allow the manager to buy or rent whatever resources would maximize the return to the firm, or, 2) contribute productive resources in a real asset form, the owner having the particular asset either because a) his expectations were such that he felt he could make greater return by transferring his assets from a liquid to real asset form (his return might include consumption elements, e.g., prestige of land ownership) or b) inheritance of the real asset which is institutionally bound as in a life estate.

\(^1\)Ibid., p. 2.
Landlord-tenant agreements to combine their resources result basically because the resources of one party yield less return unless combined with those of the other party. (The question of why each party happens to have a particular resource is best deferred to the sections dealing with the distribution of income.) Each participant in the lease is interested in maximizing the return to his own factors. Whether tenancy will result in an equilibrium commensurate with that of a firm in which all the factors are owned by one person will depend upon the lease and the conditions under which it operates.

The advantages of leasing arrangements are: First, the lease may allow the combination of larger quantities of resources than it may be possible for one individual to own. This may give rise to certain advantages from more effective utilization of certain indivisible units of factor such as management. Second, the parties to the lease may be subject to more uncertainty as to the returns from their resources than they wish to bear alone. Plural ownership of the firm can spread the effects of uncertainty.

One of the chief disadvantages of the leasing arrangement from the standpoint of an equilibrium in a landlord-tenant firm is that one of the parties may be in an advantageous bargaining position. The effect of imperfect competition on leasing arrangements may result in an equilibrium which does not satisfy the standard of efficiency stated above.

Another disadvantage of a leasing system is inherent in the leases. Obstacles to an efficient combination of resources may exist in the agreements themselves. A leasing arrangement properly constructed
from the standpoint of the firm will be one which allows the resource owners to so combine their resources that the maximum net revenue is produced.

**Conditions for efficiency.** One of the responsibilities of the Tenancy Act will be to encourage the reduction of lease-based obstacles to firm efficiency.\(^1\) However, just as it is possible for parties to a lease, each seeking to maximize his own benefit, to attempt to secure a resource combination that does not maximize the return to the firm, so the firm may specify an equilibrium that is inconsistent with the standard of efficiency for the economy. For example, inefficiency may result if one firm equates the marginal rate of substitution between two of the factors it employs to a ratio of prices of the factors different from that of another firm. Such a condition might arise if one of the firms were able to influence the price of one of the factors it employs. The firm may attain an efficient allocation of its resources by equating the marginal value product of each factor to the price of the factor. Although the Act may attempt to reduce the obstacles to attainment of efficiency in the firm, the responsibility of the Act extends to the whole economy so a broader standard is also required.

Under the assumption that the product and factor markets specify prices consistent with an efficient allocation of resources, a measure of

the attainment of efficiency would be the nearness to equality of the value of the marginal product (VMP) and the price of every factor \((P_f)\) employed in production.

The conditions under which these two general standards of efficiency are consistent are very restrictive, assuming that the buyers and sellers of the factors operate as if they had no influence on price. That is, to satisfy the standards of efficiency for the economy, VMP of every factor would have to equal its MVP and the MC of every factor would have to equal its \(P_f\) in every firm, i.e., perfect competition.

Under the conditions prevailing in agriculture in the U.S.A. the assumptions of pure competition are perhaps not too unrealistic. However, the unqualified projection of such assumptions into the situation obtaining in Bombay is perhaps not justified.\(^1\)

In constructing the provisions of a tenancy enactment to provide the maximum in terms of a social value product it appears that a possibility for a conflict in purposes might exist. That is, measures which provide for the maximization of profits in the individual firms might cause no improvement (or a reduction) in efficiency in terms of the standard for the whole economy. Similarly, measures which attempt to deal with such matters as the disparity between VMP and MVP, i.e., imperfect competition, may cause obstructions to efficient allocations at the firm level. Such a question might arise, say, with respect to the reduction

\(^1\)An analysis of leasing and tenure systems on the assumptions of perfect competition may be found in: Earl O. Heady. Economics of agricultural production and resource use. New York, Prentice Hall. 1952. p. 587 - 621.
of rentals from $\frac{1}{2}$ to $\frac{1}{6}$ of the crop. Lawmakers faced with these decisions will first want to exploit all areas of complementarity. Thereafter, however, a judgment must be made to find a compromise in which social benefits are maximized.

The conditions of efficiency are discussed under 3 headings—factor payments, uncertainty and immobility—beginning at the firm level and projecting into inter-firm and inter-industry implications. With recognition of the qualifications just made, the conditions are discussed in terms of MVP. The analytical gap, may be bridged by equating VMP and MVP and MC to $P_f$. Each of the efficiency conditions also contains intra-temporal and inter-temporal aspects of resource allocation.

**Factor payments.** In the case of cash or fixed-produce type rental arrangements the rental payment becomes a variable cost only in terms of successive lease periods. Regulations which affect the level of a fixed rent are, therefore, more significant from the standpoint of factor inputs over a longer period of time. The fixed-rental tenant will be willing to increase the amount of his contribution to the firm if the rental payment going to the landlord is reduced (MC decreases) and/or his return is increased (MVP increases). (See Figure 4.) Conversely, the landlord would be willing to make a smaller contribution if the rents are reduced.

Under a share lease, rental payment becomes a function of yield and therefore is a function of inputs of factor. The incentive for a party to a share lease to make an input of factor will depend upon the manner in which the costs and returns are divided.
The party to a share lease is faced with three choices in the use of his resources, 1) the allocation of his resources between different enterprises within the firm, 2) the level of input of his resources in the firm and 3) the combination of factors to produce a given level of output of each product.

1) Between enterprises: The party to the lease will attempt to place his resources in different enterprises so that the total return from his resources in all uses will be a maximum. In doing so he will tend to favor those crops which increase his return and not necessarily that of the firm. For example, the Tenancy Act (before the notification of 1953) specified the maximum rent at 1/3 of dry land drops and 1/4 of irrigated land crops. Suppose as in Figure 3 the rent is first 1/3 share of all crops. The curve TR represents the transformation function between dry and irrigated crops for the firm. The curve tr then represents the transformation function for the tenant's share (2/3 share). If the Act is enforced the new transformation function for the tenant becomes tr' (2/3 and 3/4 share). Under the price ratios for the two products shown by ratios PP and PP' it is seen that the tenant will favor the production of irrigated crops as against the original equilibrium in a movement from W to Z. The tenant will therefore tend to shift his resources into the production of a relatively greater production of irrigated crops than the market calls for.

The resource owner is faced with this type of decisions also between firms and between industries. It would only be necessary to construct a transformation function between the resource owner's share of the product
Figure 3. Product combination shifts due to changes in division of returns.

Figure 4. Effect on input of division of costs and returns.
Figure 5. Profit-maximizing factor combination.

Figure 6. Output-increasing effect of two industries equating substitution ratios to same price ratio.
in the leasing firm and some alternative firm or industry. Similar shifts in product combinations might also be shown as an effect of changes in the price ratios for the products \((PP \text{ and } P'P')\). But this is perhaps better discussed in terms of the second type of choice made by the resource owner—level of input of his resources.

2) Level of input: In maximizing the return to his resources the factor-owner with unlimited supply of factors will increase inputs in every use until the MVP of each factor is equal to its MC. Factor limitations and indivisibilities create additional problems, but in setting up general conditions these problems may be set aside for a moment. As an example of the viewpoint of the tenant toward resource use, his labor in paddy cultivation may be used. The tenant may visualize his marginal value product curve for his own labor as sloping downward to the right and intersecting the marginal cost curve for his labor as a point specifying his optimum input of labor.

In Figure 4 the MC curve may be discontinuous at \(Ox_1\), say, because of some part time job opportunity. A lower MC after \(x_1\) might be specified by the value of leisure, thus giving two opportunity costs for two possible areas of input of labor. If the share to labor for paddy cultivation is reduced the effect may be shown by a shift of the marginal value product from \(MVP_1\) to \(MVP_2\). Under the particular circumstances here illustrated the tenant would be inclined to devote less time to paddy cultivation.

One of the principal sources of lease-based inefficiencies is the dissociation of costs and returns between the parties to the lease. Unless the return attributable to the input is divided in the same
proportions that costs are shared, the factor owner will be unwilling to make the same input of the factor as if returns and costs are proportional. In Figure 4 the tenant's reluctance to make inputs can be shown where the reduction in marginal value product from MVP₁ to MVP₂ will induce a reduction of labor from x₃ to x₂ unless the cost is shared proportionately as shown by the reduction of MC₁ to MC₂. An example of such a shared cost was the deep plowing of Hariali grass as undertaken by several cultivators in Madhbavi village. Tenants were more inclined to make larger outlays for deep-plowing when the landlord shared the costs.

3) Factor combinations: In selecting the profit maximizing combination of factors to produce any given output, the owner of the factors will combine them so that the rate of substitution of one factor for the other will equal the ratio of the factor prices. As seen in Figure 5, to do otherwise will necessitate a greater total outlay to produce the given output (say, SS). The combination of OA of factor X₂ and OB of factor X₁ and the combination of OC of X₂ and OD of X₁ both produce the same output (SS) but the former requires a greater total outlay. A party to the lease would wish to make purchases of resources in terms of these conditions. The price ratio would be in terms of the effective price to the factor purchaser and might include shares or payments to the other party.

If two firms (say, one in agriculture and one in industry) allocate their resources in accordance with this principle but each equates his substitution ratio (SₐSₐ and SₐSₐ, respectively for A and B) to a different price ratio, obviously their rates of substitution will not be
equated and, as in Figure 6, greater output could be made with the same input of factors if both equated to the same price ratio. In Figure 6, B might represent a firm in industry with relatively expensive capital, \( X_2 \), and relatively cheap labor, \( X_1 \), \( (P_bP_b) \) whereas A represents a firm in agriculture where capital, \( X_2 \), is relatively cheap compared to labor, \( X_1 \), \( (P_aP_a) \). With a repricing of the resources so that the ratio of prices is the same for both firms, increases in both products will result. This increase is shown in terms of higher iso-product curve \( (S'_aS'_a) \) for the agricultural firm in Figure 6 but also could be drawn to show an increase in output of B or both A and B.

Disproportionality of costs and returns results in a tendency to shift to other uses the resources which receive inadequate returns. A reduction in return to a resource in one firm will result in a tendency of the resource owner to shift the resource to other firms or to other industries. A loss in efficiency results when the return to the factor or its cost is not in accordance with the product and factor prices specified by the market. If other productive alternatives are not available, the factor owner will shift his labor into leisure and his capital into consumption. For this reason, the limited number of production possibilities in the Indian agricultural firm has tended to aggravate the so-called incentive and capital consumption problems.

Although the Act provides in Section 6 for the reduction of the share of costs by the landlord in proportion to the reduction in rental share, there appears to be some evidence, for example, in the village of Jaska, that landlords have tended to discontinue their contribution
entirely. The result is a tendency to reduce resources employed in the landlord-tenant firms.

The general criterion of efficiency as indicated under the objectives of Chapter 3 is that each resource is to move where its marginal value product is highest. If resources are unlimited with respect to all possible enterprises in the firms (industries) inputs of factors can profitably be employed until the marginal value product is equal to the marginal cost of the factor. Where factor limitations exist, inputs will be extended as far as possible in uses providing the highest marginal value product. An efficient tenancy system is one which allows these resource movements to exploit all opportunities for gain.

Even under conditions of complete certainty returns from a factor may be discounted because of the preference by individuals for the returns in the present rather than the future. By re-interpreting Figure 4, the effect on inputs by discounting for time can be shown as the reduction of returns from MVP\(_1\) to MVP\(_2\). The inverse of the discounting of returns is the compounding of costs, the effect of which might be shown as a rise of marginal cost from MC\(_2\) to MC\(_1\) in Figure 4. Either method indicates how time may be a cause for the reduction of inputs. The longer the period of time required for the returns of an input to mature, the greater will be the expected return needed to offset the discount.

Leasing arrangements may affect, or be affected by, the nature of decisions involved in the use of resources over time. Tenants and landlords are concerned with maximizing their respective returns over a certain time period and conflicts may arise out of the difference in the discount rate of each party. One such case might be where the tenancy
is terminated before all returns from an input have expired. For example, the tenant may not be willing to contribute labor to the digging of a well and construction of water channels if he knows that he will receive a share of the increased returns from irrigation for only one year. Although the returns to the well might be greater in the long run, the expected return to his labor with one-year tenure on the land might be greater in, say, additional weeding in the paddy field. If the tenant were assured of compensation for the unexpired value of his contribution to the irrigation structures he would have the incentive to make the input.

Leasing arrangements which allow the dissociation of costs and returns over time may also be responsible for the lack of land improvements and soil erosion. Both of these problems were recognized by the legislators upon passage of the Tenancy Act.

Uncertainty. When uncertainty as to the expected return from an input is injected into the decision-making process, the return is discounted (or the cost compounded) at a higher rate than when only time with certainty is considered.

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1Toussaint showed how lease-oriented obstacles to production efficiency were responsible for the failure of western Iowa landlords and tenants to make improvements. Toussaint, op.cit., p. 154.


3Statement of Objects and Reasons, op.cit., p. 295.
At least three main sources of uncertainty to the tenant are prices, production, and length of tenure. All three sources of uncertainty are involved in leasing arrangements but the Tenancy Act is directly concerned with only the latter.

All elements influencing the discount of the tenant or landlord for uncertainty will not be outlined here but at least one particular characteristic of the Indian cultivator is particularly significant in his approach to decisions. Survival in a large section of the agricultural community is the dominant consideration in resource use. The willingness to accept uncertainty is lessened when failure may erase entirely the opportunity to make any return in the future. Cultivator's low acceptance of the Japanese method of paddy cultivation, for instance, may be due in a large part to the heavy discount for uncertainty.

Because of uncertainty, tenants, realizing the necessity of making rental payments to maintain their tenancy, will tend to employ resources in those uses which provide a relatively certain, regular income. Even under the protection of the Tenancy Act a tenant is liable to eviction for non-payment of rent.¹ The returns from employments that involve returns at longer periods in the future or with which the cultivator has had little experience are discounted more heavily for uncertainty.

Tenants operating under fixed-payment leases will tend to allocate their resources between different enterprises in a manner analogous to that of an owner of mortgaged property. The tenant will tend to prefer low-risk production and greater diversification in order that the

¹Bom. 67 of 1948, sec. 14, qualified by secs. 24, 25.
survival minimum, i.e., sufficient to cover rental payments, can be provided and eviction prevented. Because enterprises which yield returns at longer periods in the future tend to be discounted more heavily for uncertainty, fixed-payment tenants will be inclined to favor short-term crops. Therefore, fixed-payment lease tenants, even with long-term security of tenure, may be subject to the effects of uncertainty of production or prices.

The share-type lease permits the sharing of uncertainty from production and prices. The effects of variation fall upon the contributors in a leasing arrangement in proportion to their respective shares of the returns. If the tenant has a lease which provides for compensation for the unexpired value of tenant inputs or perfect security of tenure, and if the tenant shares the uncertainty of production and prices through shares in the returns and costs, he will tend to allocate resources in the same manner as an owner. The share lease appears to be better adapted to areas of high production variation. For example, in the village of Madhbavi where famine was not uncommon most of the leasing agreements were on a share basis whereas in Badlapur, in a high rainfall tract, leasing arrangements were exclusively of the fixed-payment type.

Although the Act deals with landlord-tenant relationships it was not supposed that the provisions would affect only intra-firm factor combinations. The Act was passed on the assumption that obstacles to efficient leasing arrangements directly affected the entire economy. The conditions of efficiency in leasing arrangements should be thought of as applicable to the inter-firm and inter-industry allocations as well. For example, if a leasing arrangement is for an extremely short term
and the tenant is subject to a high degree of uncertainty from tenancy termination, he will tend to discount the expected returns from his inputs in long-term uses. He may then, at an intra-firm level shift resources to short-term uses. However, he may also shift his resources to other firms of which he is or intends to be a part. He has also the alternatives of leisure for his work time or consumption for his capital.

**Immobility.** As the quantities and qualities of factors change, innovations are introduced, demands for products vary and other variables are altered, new equilibria are specified. Efficiency in a dynamic economy necessitates shifts in resource use. Efficiency requires resource mobility. Thus the third condition for the Tenancy Act is to reduce factor immobilities existing in the tenancy system and create no additional obstructions to factor movement.

Factor immobility may be due to the lack of knowledge of alternative employments in which the factor owner could engage the resource. The closed economy of the village forms a natural barrier to frequent outside contact and consequently factor movements beyond the village are hampered by the high degree of uncertainty attached to outside employment.

Immobility may also arise out of what Boulding has termed specificity\(^1\) of factors or production, so called because of their lack of versatility for different productive purposes. An example of a specific factor of production is the bund which is useful for only one purpose, the retention of water on a specific plot of ground. The bund has

specificity both in use and location. Other factors may be specific because of their specialty in use, in time or location or some combination. Of particular importance in leasing arrangements are those factors which are given specificity because of their attachment to the land such as terraces, wells, bunds, irrigation facilities, trees, and other improvements. The tenant may be reluctant to make improvements because of the immobility of the improvement by virtue of attachment to the land.

Another source of factor immobility on the intra-firm as well as inter-firm and inter-industry levels stems from the effects of custom, tradition, and other institutional restrictions on production patterns and resource payments. The traditional manner for building a cart or plowing a field or the customary rental payment may not bear any relation to the present demands for products or the productivity of the resources employed. Laws specifying rates of payment for factor services may be regarded as analogous to customary payments with respect to mobility.

Even with full knowledge of the possibilities for re-employment of the resource and a desire to do so the factor owner may be constrained by the cost of transference. Land and some forms of capital may be limited because of the difficulty or impossibility for physical re-location.

Growth conditions and the tenancy system. The attainment of an equilibrium alone does not satisfy the requirements for economic development. Even though all the efficiency conditions discussed under factor payments above and their counterparts with respect to consumption were satisfied, India's level of living might, and probably would, be lower
than an acceptable minimum. Therefore, as the efficiency conditions are met through successive equilibria, the goal of increased per capita income requires that additional conditions for economic growth be met. Two requirements for growth that appear to be affected by the tenancy system, and consequently the Tenancy Act, are capital accumulation and the introduction of innovations.

The Five-Year Plan indicated the need of increased efficiency and advanced technology but emphasized that "the key to higher productivity and expanding levels of income and employment lies really in the stepping up of capital formation".¹ Then referring to agriculture specifically the Plan pointed up the need for more capital by indicating the effects of capital limitations in production:

Because of inadequate financial resources and absence of timely credit facilities at reasonable rates, many of the farmers, even though otherwise willing, are unable to go in for improved seeds and manures or to introduce better methods or techniques. Works of minor irrigation like wells owned by the cultivators either get into disuse or are not fully utilized for want of capital.²

In addition to the need for capital is the difficulty of acquiring it under conditions of very low income such as those found in India. Thus arises the problem to which Nurkse referred as the "vicious circle" of poverty and capital dissipation—they are poor because they have little capital because they are poor.³ By increased efficiencies such

¹India, Five-Year Plan, op.cit., p. 12, 13.
²Ibid., p. 234.
³Nurkse based his suggested solution for breaking the vicious circle on the assumption that the marginal productivity of labor in agriculture was zero for a considerable segment of the labor force. (Cont.)
as those suggested for the tenancy system under the three foregoing headings, a greater product might be produced from which capital accumulation could be made. Another means for raising additional capital internally is through reduction in consumption. Some landlords and tenants might be encouraged to devote more of their income to capital and less to consumption if uncertainty were reduced and full return to their capital inputs were assured. Two conditions by which the Tenancy Act may be analyzed in its effectiveness for capital accumulation are, therefore: 1) increased output from which capital might be made available through efficient allocation of resources, 2) incentive for parties to the lease to use surplus income for capital rather than consumption.

Economic progress is also dependent upon invention and the adoption of the inventions. Therefore, another condition for promotion of economic growth is that the Tenancy Act provide within the tenancy system a climate for the adoption of innovations. The removal of obstacles to the acceptance of innovations by landlords and tenants such as dissociation of costs and returns or lease-induced uncertainty is one means for the Tenancy Act to encourage economic development.

By Lange's categorization, innovations may be factor-using and output-increasing or factor-saving. An example of the former type might be the Japanese method of paddy culture in which greater amounts of labor

(Continued) He proposed that the unproductive portion of labor to be taken to produce capital goods and that the portion of agricultural product they had consumed be transferred to maintain them. Thus the remaining agriculturists would be no worse off, agricultural production would be maintained and new capital good would be produced with the surplus labor. Ragnar Nurkse. Problems of capital formation in underdeveloped countries. Oxford, Basil Blackwell. 1953. p. 38-49.
and fertilizer are required. An example of the latter might be the introduction of the scythe for the hand sickle.\(^1\) Other examples that would fall in one of the two types are: fertilizer, insecticides, new crops, new varieties, improved livestock, machinery.

Factor-saving innovations pose the additional problems of alternative employments. Displaced labor in conditions of unemployment might only aggravate the problem of economic progress. Labor-using innovations, however, could absorb some of the surplus labor upon which Nurkse is dependent for the construction of capital goods. Problems of general underemployment require measures outside the scope of the Tenancy Act, and therefore are omitted in this partial analysis.

Under share leases, incentive for landlord or tenant to introduce an innovation would require that costs be shared in proportion to the expected return. Where benefits from the innovation such as fertilizer extend beyond a single production period, security of tenure or compensation are required for tenants' incentive to make additional contribution. The effects of uncertainty may deter a fixed-payment tenant from adopting

\(^{1}\)There might be also a slight increase in capital in the change from hand sickle to scythe. The increased cost of capital might be compared to the saving in labor to see if it falls in the category of innovation. Few innovations do not require a shift in the proportions of different factors. It is difficult, in practice for this reason, to delimit from increases in other factors a pure innovation in the use of one factor wherein the production function is altered so that for at least some level of input a greater product results than before the innovation was introduced. The problems of shifts in combinations are transcended if an innovation is defined as "such changes in the production functions...as make it possible for the firm to increase the discounted value of the maximum profit attainable under existing market conditions." Quotation from: Oscar Lange. Price flexibility and unemployment. Bloomington, Principia Press. 1952. p. 71.
an innovation. Short-term adjustment in rental payment might be one way for the landlord to share in the uncertainty involved in an innovation. As in the case of share leases the fixed-payment lease is subject to uncertainty from tenure termination and long-term contracts or compensation would tend to provide incentive for introducing innovations whose benefits mature over a long period.

Security of tenure

As indicated in Chapter 3, all leases must be for a minimum of 10 years, and are automatically renewed for another 10 years unless the landlord terminates the tenancy for personal cultivation of the land. The tenancy may be terminated at any time if 1) the tenant fails to cultivate the land personally, use the land for a non-agricultural purpose, or fails to pay the rent, injures, sub-divides or sub-lets the land, 2) the tenant voluntarily surrenders his tenancy.

Section 5 was developed on the assumption that leases were of a very short-term nature and that tenancies were affected by a large degree of uncertainty. In his speech introducing the Bombay Tenancy and Agricultural Lands Bill, the Revenue Minister said: "There was absolutely no security for tenants as regards their holdings, because they could be ousted at any time by their landlords..."

Although leases were predominantly of one-year duration many tenancies continued for generations on a year to year basis. However, from the limited information available, the length of tenancy appears to have

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1Morarji Desai, Speech introducing the bill, op.cit., p. 48.
varied considerably between areas and villages. This variation in length of tenure may be illustrated by the following selections:

Usually agreements of lease were signed for one year only. In the Bhal region we found most of the tenants cultivating the same land for a number of years. In Dhanduka, proper, however, due to the keen competition on the part of the tenants to obtain land, the landlord found it to his advantage to change his tenants every second or third year. One landlord in support of this practice said that it ensured efficiency, since a new tenant worked to create a good impression.

In Charotar region, very few tenants were found to cultivate the same land for more than three years on the average. The advent of the Tenancy Act increased the frequency of such changes.

The contract, as a rule, is annual and is normally renewed at the end of each year; there are cases of tenants cultivating under such contracts the same land for the last 20 years.

In the backward Mandavi taluka of Surat district, the tenants did not face the problem of eviction to any appreciable extent. They were found to be cultivating the same land for a number of years, sometimes since their father's time. Similar conditions with some modifications prevailed in the Kanam tract of Broach. A few exceptional cases apart, the landlords, most of them being non-resident, were content to continue the same tenant for a number of years, provided they received their rents regularly.

In Badlapur 9 tenants replied to the length-of-tenancy question. Of the 17 plots which they cultivated the average period of occupancy was 17 years for 8 plots and the tenant's father or earlier ancestor on

1Barmeda, op.cit., p. 208, 209.
2Ibid., p. 209.
3Vimal Shah, op.cit., p. 40.
4Barmeda, op.cit., p. 209.
the 9 remaining plots. Of the 9 tenants interviewed in Jaska the average length of occupancy on the 34 plots was 15.5 years. In Madhbavi the average period of occupancy was 5.7 years on the 31 plots and 15 tenants from which replies were obtained. In general long term tenancies in the first two villages appeared to be common. Tenancies in Madhbavi tended to change more frequently.

Although it appears that uncertainty due to lease termination might have been a significant factor in the decisions of part of the tenant population, short-term leases were not universal and the Revenue Minister's declaration that there was "absolutely no security for the tenants" was likely an overstatement.

Factor payments. In the case of the tenant's factors, labor and capital, the alternatives of leisure and consumption always exist even if other alternatives do not. This may be considered the problem of "incentive" as visualized in the passage of the security of tenure provisions. Section 5 will induce greater tenant input if the tenant is able to realize the full return from his resources which require longer periods to exhaust their full effect on the product. A typical long-term input of tenants is the labor expended on the construction of bunds. By treating annual repair as a current expense, the bund may be considered a totally permanent improvement. In such a case the tenant on share rent remaining even in perpetuity could not recover the full value of his input in bund-building unless the shares were altered in his favor. In view of the stickiness of rentals described under section 6, this may give additional support to the commutation of rent provision of section
8 wherein the only legal means of collecting rent is on the cash basis.¹

Under the share rental basis as long as landlord and tenant contribute perfectly substitutable factors (say, labor for labor) in the same proportions that the product is divided, each will have adequate incentive to make an input of factor consistent with an efficient resource combination. This is true as long as the tenant remains on the bunded land. In order for the tenant to make the improvement he would have to be certain of receiving the capitalized value of the return due to his labor input as compensation, should he move. The practice in Jaska varied with some landlords paying all the costs of permanent bunds and others paying one-half (one-half share was a common rental in pre-Act condition). Tenants in Badlapur, a fixed rent village, paid for field bunds (less permanent) although, in some cases, landlords contributed to the cost of permanent boundary bunds. Landlords in Madhbavi generally bore the costs of bunding both in long-term cash leases and crop-share leases.

Many areas of the Gujarat and the Deccan are very stony. Here rock-picking and the building of rock bunds represent improvements of very long-term duration. Terraces, check-dams to prevent erosion, deep

¹Crop share rentals had been commuted in several districts in the Gujarat region of Bombay. According to information secured from the Revenue Department in January 1954 the following villages had been subject to notification of commutation: 12 villages in Sabarkantha, 4 talukas in Baroda, 4 talukas in Surat, and 208 villages in Ahmedabad. Jaska was one of 35 villages in Dhanduka taluka of Ahmedabad in which crop share had become commuted to cash and accounts partly for the state of confusion and unrest there. The rate of commutation according to notification 8465/49 of 29th October, 1953, was 3 times the assessment in respect to jirayat lands and 4 times the assessment of irrigated lands. In total the area subject to commutation, although exact figures are not available, is small relative to the area of the state.
plowing, tree-planting, water channel construction, and hedge-planting are other long-term improvements of importance throughout Bombay state.

Manure is an important input the advantage of which extends over more than a one year production period. A common rule of thumb expressed by many cultivators was "one-half the benefit of manure is expired in the first year and the other half during the succeeding two years". Practice of the sharing of manure costs varies from a completely tenant expense, to sharing, to a completely landlord expense.

In Sanand taluka the landlord's contribution is confined to a share of the cost of wheat seed. In Prantij taluka and Modasa mahal of the same district, the landlord in many cases supplied manure, seed or a part of wages of the labourers, or some or all of these items. In parts of Kaira district, the landlord paid the whole cost of manuring. In Matar and Mehmedabad taluka the landlord occasionally supplied manure.

The practice of sharing manuring costs in the same proportion that the crop is shared appears to be uncommon. Sharing more often takes the form of offsets, for example, if the landlord supplies manure he also shares in the boundary grass, fodder and wood and if the tenant supplies all the manure the landlord receives only a share of the crop. The possible deleterious effects on efficiency of such practices are indicated in the second efficiency condition under factor payments in the introduction.

As an intermediate length improvement, manuring is an example of an input the expiration of which easily falls within the 10-year minimum

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1Barmeda, op.cit., p. 148, 149.

lease period specified under section 5. For tenants-at-will who were subject to eviction more frequently than, say, every three years, the Tenancy Act would be an incentive to make increased inputs of fertilizer.

Unless the tenant receives the whole return of his input in terms of its product over the entire period which the factor has an effect on the product, the tenant will apply less of the factor, either reverting his labor into leisure and capital into consumption or transferring his labor and capital into alternative uses.

From the standpoint of the importance of section 5 it is useful to divide the resources into groups according to their period of exhaustion relative to the lease period. The security of tenure provision is of relatively little importance for resources that are exhausted in, say, a single crop period. On the other hand, security of tenure may be very important if the benefits of an investment extend over many years. In this respect, the tenant cultivator has two types of resources:

1) Those expiring in the lease period, e.g., ploughing, planting, and harvesting.

2) Those extending over a period of years longer than the lease or expected tenancy life, e.g., bunding, terracing and other land improvements and other capital investments which cannot be readily transferred or reverted.

Section 5, insofar as it actually does lengthen the lease period, will induce greater inputs of the tenants' labor and capital into long-term investments. Although detailed information is not available, the first category appears to be more important from the standpoint of
non-consumption expenditure of tenants than is the second category, especially if land improvements alone are considered. However, the second type of inputs are not insignificant and, what is more important, in the development of agriculture, greater inputs of this type are needed for capital increases.

A second feature of section 5 is the renewal provision added by a 1952 amendment. Since the perogative of self-cultivation is open to the landlord at the end of each ten years, the ordinary tenant experiences a wave-like security with a trough at the end of each lease period and a peak at the beginning. The qualifications to the automatic renewal provision, i.e., agreement between landlord and tenant and/or the landlord's personal cultivation, are of sufficient importance that they provide for an easy termination of the lease at the end of ten years.

A third important feature of the security of the tenure provision is that the "protected" tenant is actually less protected than the "ordinary" tenant. Every ordinary tenant who pays his rent, does not misuse the land, and so forth, is entitled to security of tenure for at least ten years. Because of the provisions of section 34, however, the "protected" tenant is liable to eviction on only one year's notice. The relative numbers of protected and ordinary tenants may be seen in Table 17.

Uncertainty. The primary purpose of section 5 was the reduction of uncertainty arising out of tenancy termination. The problem of factor payments and incentive discussed above is, from the standpoint of security of tenure, a part of the process of discounting for uncertainty used by the tenant. Since eviction is at the discretion of the landlord, uncertainty is involved directly with decisions of the tenant only. Because
this is a tenancy act only it does not offset uncertainty due to
1) failure of natural elements such as rain or 2) changes in prices.
These sources of uncertainty would have to be dealt with through other
measures.

The tenant will tend to discount the value productivity of his own
resource inputs for uncertainty and will alter his decisions accordingly.
In the use of the landlord's factor, land, the tenant will view the rent
as a fixed share and will wish to expand the use of land to where its mar­
ginal value productivity reaches zero. The tenant realizes, however, that
certain amounts and types of his inputs can forestall deterioration of the
land factor over time (e.g., prevention of soil erosion) and therefore
input in conservation becomes one of his possibilities in production.
His level of inputs in soil conservation practices will be contingent
upon his relative returns on soil conservation and other alternatives.
The shorter the tenure expectancy of the tenant or the greater the uncer­
tainty of continuing on the land, the smaller will be the discounted mar­
ginal value productivity of his own resources in soil conservation or long­
term crops and the less will be his input.

Soil erosion in parts of Bombay state is a serious problem parti­
cularly in the Deccan and the Konkan. For example, one source states a
loss of 133 tons of soil per acre in a jowar field in the Deccan.¹

¹Chaturbhuj Mamoria. Problem of soil erosion with particular refer­
"Recent investigations have shown that in bare fallow fields in the foot­
hills of the Northern India (except properly levelled rice land) a single
storm leads to loss of soil at the rate of 1 1/3 tons per acre; while in the
Bombay Deccan there is a loss of 133 tons of soil per acre per year from
a field of jowar. . .Such scouring is specially acute along the Himalayan
(continued)
This erosion is in part due to short-term interest of the cultivator in his land. To the extent that section 5 can reduce the discounting of the value productivity of tenant resources it will induce greater inputs by tenants in investment and conservation practices.

The discounted expected value of products which take longer periods to mature, e.g., mangoes, papaya, and plantains, will increase from their reduced uncertainty discount and their production would increase relative to products with short maturing periods, e.g., food grains and fibre crops. Reduced uncertainty from tenancy termination would also enhance the tenant's evaluation of rotational crops such as tur and gram.

The size of the discount by a tenant would depend upon a number of factors—the individual's own propensity to bear risk, his capital position, variability of prices and production, expectations concerning tenure period and alternative employments, and level of living. About the first factor, individual's risk aversion, which includes attitudes of morality about taking chances, very little can be said.

The capital position of the typical Indian cultivator is very low.¹

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¹The estimated capital of the tenant cultivators interviewed in Badlapur was about Rs. 1400. This capital typically consisted of bullocks, a few cattle and/or buffalo, simple machinery and a cart. None of the farmers stated that they had savings and it is doubtful if their liquid assets in fact would much more than cover their liabilities. Even allowing for inflation since 1937-48 this figure appears very high when compared to Gadgil's Rs. 238 non-land investment in Wai taluka. D. R. Gadgil and V. R. Gadgil. A survey of farm business in Wai taluka. Poona, Gokhale Institute of Politics and Economics. 1940. p. 58.
Liquid assets above current liabilities upon which the cultivator could depend for financial reverses was very limited.

Since Independence there has been a general upward trend in prices but prices of farm crops were stabilized through government control. Rice, the final food grain to be decontrolled, was subject to free market variation for the first time in 1954. Furthermore, the effects of price variability are somewhat slower in areas where much of the agriculture is on subsistence basis. More important is the uncertainty resulting from yield variation in certain parts of the Bombay State, particularly the famine tracts of the Deccan plateau and northern Gujarat. Rainfall is perhaps the most important factor although yield variability is also significantly affected by locusts, rats and floods.¹

...it has been observed that the variability, i.e., departure of the rainfall in any year from the normal, is proportional to the total rainfall. Places having very high rainfall experience low variability and vice versa. Failure of rain is practically unknown in Konkan and Sahyadries, but it is a frequent experience in other parts of Bombay Province. This is perhaps the greatest element of instability in the agriculture of the eastern and northern parts of Bombay Province.²

In the absence of detailed information it is difficult to make an appraisal of the relative importance of the various sources of income variability. In a low rainfall area such as Jaska where some evidences of long tenancies were found, the uncertainty due to tenancy termination would be relatively unimportant. In a village, say, of the Konkan area,

¹Ibid., p. 133-140.
where a high turnover of tenants was experienced (not Badlapur), a reduction in tenant turnover would have greater relative importance.

For the large number of cultivators whose level of living is at or near subsistence, uncertainty from any source will give rise to a high degree of discount. In such cases a very high premium is placed on current consumption. Survival is the first requisite for the realization of the benefit of a long-run input. Barmeda states that "...after paying the half share and deducting the cost of cultivation hardly enough is left for the maintenance of the tenant family."¹ The extent of tenancy itself was partly an indication of the increased debt incurred by tenants.

Recognizing the very limited area of uncertainty covered by section 5, it is a measure for reducing some of the uncertainty discount on tenant inputs of long-term production maturity and as such will tend to increase incentive and shift resources to slow maturing crops. Although the long-run effect of section 5 appears to be of increasing security of tenure, brief acknowledgement should be made of tenure changes made in anticipation of the Act. Official reference to such cases is uncommon but the following quotation from the Report of the Bombay Legislative Assembly Debates mentions the case of Baroda District.² A member of the Legislative Assembly asked:

1) Whether it is a fact that in some villages of 10 talukas of the former Baroda State, as also in some other parts of the districts Khatedars who were really not the cultivators of the agricultural lands dispossessed their tenants and took possession of the land for personal cultivation in

¹Barmeda, op.cit., p. 242.

anticipation of Government's intention to apply the Tenancy Act to these parts:

2) If so, whether Government proposes to inquire about the number of such khatedars and the number of tenants so dispossessed;

Government replied: "1) Yes" and

2) It is reported that there were 18 cases in Baroda district wherein landlords had taken possession of lands from their tenants for personal cultivation. It is, however, not known whether landlords' action was actuated by the impending application of the Tenancy Act to the Baroda State territory. Government does not propose to take any action in the matter. It is for the aggrieved person to resort to the provisions of the Tenancy Act, if necessary and feasible.

Cases of pre-Act evictions and shifting of tenants to prevent their establishment of "protected" tenant rights were encountered in Jaska and Madhbavi. Ordinary tenants, comprising 1/4 to 1/5 of the tenants in Bombay, most of whose 10 years of secured tenure will terminate in 1958 and 1959 might again encounter significant adjustments if landlords en masse begin to seek personal cultivation. Subterfuges, evasions, and landlord purchases of tenancies will decrease the effect of landlords' efforts to recover their land at the end of the 10 year period.

Tenancy changes are also possible under the Act, i.e., the 10-year security of tenure provision is by no means absolute in light of other provisions:

1) Under section 34 the landlord may terminate the tenancy of a protected tenant at any time with one year's notice. The

\[1\] Nothing in section 5 precludes the landlord from inducing the tenant with a valuable consideration, from voluntarily giving up his tenancy.
landlord, however, is restricted in further transfer in that he
must use the land for 12 years for the purpose by which he was
granted the right of repossession.

2) Section 14 provides that any tenant may be evicted for failing to
pay the rent, injuring the land, sub-divide, sub-let or use the
land for a non-agricultural purpose.

3) Voluntary surrender of the tenancy by the tenant is possible
under sub-section (3) of section 5.

The extent and reasons for tenancy termination are shown in Table 11.
This table probably underestimates tenancy transfer because it represents
only the recorded transfers very few of which were indicated in the
village records in Badlapur, Jaska and Madhbavi. The "lands taken under
possession" on other grounds would include the reasons given under
section 14. Lands taken under possession for personal cultivation is as
yet small (about 1/5) since 10-year tenants had not yet come to the end
of the first 10-year period.

Immobility. Insofar as the tenant derives a vested interest in the
land he cultivates through the action of the security of tenure provision,
hewill be deterred from transferring his resources to alternative uses.
The ordinary tenant can remain for at least 10 years on the land provided
he satisfies the limited conditions of section 14. Resource transfer is
also restricted in the case of protected tenant in that the landlord has
only two alternatives, i.e., allow the protected tenant to continue or
undertake personal cultivation for at least 12 years.
Table 11. Tenants dispossessed under the Tenancy Acts of 1939 and 1943 and reasons for dispossession

<table>
<thead>
<tr>
<th>District</th>
<th>Total lands from which tenants were dispossessed</th>
<th>Lands taken for personal cultivation by landlords (acres)</th>
<th>Lands taken for possession on other grounds (acres)</th>
<th>Lands surrendered by 10-year tenants (acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banaskantha</td>
<td>244</td>
<td>27 (23.4)</td>
<td>0 (0)</td>
<td>187 (76.6)</td>
</tr>
<tr>
<td>Sabarkantha</td>
<td>1,711</td>
<td>106 (6.2)</td>
<td>1,484 (86.7)</td>
<td>121 (7.1)</td>
</tr>
<tr>
<td>Mehsana</td>
<td>205</td>
<td>---</td>
<td>0 (0)</td>
<td>48 (23.4)</td>
</tr>
<tr>
<td>Amreli</td>
<td>517</td>
<td>---</td>
<td>0 (0)</td>
<td>517 (100.0)</td>
</tr>
<tr>
<td>Baroda</td>
<td>948</td>
<td>15 (1.6)</td>
<td>588 (62.0)</td>
<td>345 (36.4)</td>
</tr>
<tr>
<td>Dangs</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>16,100</td>
<td>8,273 (51.4)</td>
<td>4,201 (26.1)</td>
<td>3,626 (22.5)</td>
</tr>
<tr>
<td>Kaira</td>
<td>3,849</td>
<td>776 (20.2)</td>
<td>1,688 (43.8)</td>
<td>1,385 (36.0)</td>
</tr>
<tr>
<td>Fanch Mahals</td>
<td>1,378</td>
<td>229 (16.6)</td>
<td>759 (55.1)</td>
<td>390 (28.3)</td>
</tr>
<tr>
<td>Broach</td>
<td>31,645</td>
<td>13,856 (43.8)</td>
<td>8,244 (26.0)</td>
<td>9,545 (30.2)</td>
</tr>
<tr>
<td>Surat</td>
<td>27,612</td>
<td>16,223 (58.8)</td>
<td>1,501 (5.4)</td>
<td>9,888 (35.8)</td>
</tr>
<tr>
<td>Thana</td>
<td>5,393</td>
<td>1,451 (26.9)</td>
<td>3,592 (66.6)</td>
<td>350 (6.5)</td>
</tr>
<tr>
<td>B.S.D.</td>
<td>61</td>
<td>3 (4.9)</td>
<td>2 (3.3)</td>
<td>56 (9.18)</td>
</tr>
<tr>
<td>Ahmednagar</td>
<td>18,839</td>
<td>2,259 (12.0)</td>
<td>1,955 (10.4)</td>
<td>14,625 (77.6)</td>
</tr>
<tr>
<td>E. Khandesh</td>
<td>67,305</td>
<td>10,426 (15.5)</td>
<td>31,843 (47.3)</td>
<td>25,036 (37.2)</td>
</tr>
</tbody>
</table>

<sup>b</sup>Original source did not separate dispossessions under the 1939 and 1943 Acts. Data for dispossession since 1951 were not available.
Table 11. (Continued)

<table>
<thead>
<tr>
<th>District</th>
<th>Total lands from which tenants were dispossessed(^b) (acres)</th>
<th>Lands taken for personal cultivation by landlords (acres) (percent)</th>
<th>Lands taken for possession on other grounds (acres) (percent)</th>
<th>Lands surrendered by 10-year tenants (acres) (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nasik</td>
<td>14,855</td>
<td>4,539 (30.5)</td>
<td>3,189 (21.5)</td>
<td>7,127 (48.0)</td>
</tr>
<tr>
<td>Poona</td>
<td>17,169</td>
<td>6,064 (35.2)</td>
<td>5,174 (30.1)</td>
<td>5,931 (34.6)</td>
</tr>
<tr>
<td>Sholapur</td>
<td>81,002</td>
<td>20,524 (25.3)</td>
<td>19,688 (24.3)</td>
<td>40,790 (50.4)</td>
</tr>
<tr>
<td>N. Satara</td>
<td>2,476</td>
<td>795 (32.1)</td>
<td>1,183 (47.8)</td>
<td>498 (20.1)</td>
</tr>
<tr>
<td>Kolaba</td>
<td>5,142</td>
<td>456 (8.9)</td>
<td>4,263 (82.9)</td>
<td>423 (8.2)</td>
</tr>
<tr>
<td>Belgaum</td>
<td>39,836</td>
<td>2,688 (6.7)</td>
<td>14,380 (36.1)</td>
<td>22,768 (57.2)</td>
</tr>
<tr>
<td>Bijapur</td>
<td>82,759</td>
<td>9,082 (11.0)</td>
<td>54,321 (65.6)</td>
<td>19,356 (23.4)</td>
</tr>
<tr>
<td>Dharwar</td>
<td>62,630</td>
<td>5,661 (9.0)</td>
<td>40,450 (64.6)</td>
<td>16,519 (26.4)</td>
</tr>
<tr>
<td>Kanara</td>
<td>4,649</td>
<td>1,865 (40.1)</td>
<td>1,700 (36.6)</td>
<td>1,084 (23.3)</td>
</tr>
<tr>
<td>Ratnagiri</td>
<td>1,568</td>
<td>446 (28.4)</td>
<td>779 (49.7)</td>
<td>343 (21.9)</td>
</tr>
<tr>
<td>S. Satara</td>
<td>5,907</td>
<td>1,404 (23.8)</td>
<td>621 (10.5)</td>
<td>3,882 (65.7)</td>
</tr>
<tr>
<td>Kohapur</td>
<td>1,587</td>
<td>3 (2)</td>
<td>263 (16.6)</td>
<td>1,321 (83.2)</td>
</tr>
<tr>
<td>Total Bombay</td>
<td>513,541</td>
<td>111,360 (21.7)</td>
<td>205,890 (40.1)</td>
<td>196,291 (38.2)</td>
</tr>
</tbody>
</table>

The provisos of section 34 place further restrictions on the ability of many landlords to terminate the tenancy of a protected tenant, viz., the landlord cannot terminate the tenancy if:

1) the landlord is cultivating more than fifty acres personally at the time of application

2) the tenant is a member of a cooperative farming society

3) unless the cultivation of the land will be the main source of income to the landlord.

The landlord may terminate the tenancy on the whole of the land of the protected tenant if the area is less than or equal to one "agricultural holding" or, if it is more than one agricultural holding, will leave the tenant with one-half the area. The resulting cultivating units must be in accordance also with the Bombay Prevention of Fragmentation and Consolidation of Holdings Act. Termination of tenancy even of protected tenants is more difficult to accomplish legally than merely giving one year's notice.

If the landlord ceases to use the land for the purpose which he stated in order to assume personal use, the landlord must restore possession to the tenant and pay compensation. The landlord must use the property for the purpose stated in the notice. For example, if he assumes the land for the purpose of self-cultivation he may not build a house on it. This was a change from the Bombay Tenancy Act of 1939 which permitted the use of land for any purpose mentioned in the section.

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1"Agricultural holding" as of January, 1954, was 16 acres of jirayat (dry) land or 4 acres of paddy land.

2Bom. 67 of 1948, sec. 37.
From the standpoint of resource transfer, section 5 will tend to have a detrimental effect on efficiency by holding factors in less than their highest use.\(^1\) Concerning the mobility of resources, Jacoby said:

Though security of tenancy has extremely favorable effects on agricultural development it may also have the less desirable consequences of keeping an inefficient farmer on the land by eliminating the normal competition between farmers. A tenancy law which does not recognize this would abuse the concept of security of tenure and actually reward the mismanagement of land.\(^2\)

It appears that competition between tenants (if that is what Jacoby meant by farmers) is not the only necessary condition for efficiency. Efficiency from the standpoint of a farmer appears to be best defined in terms of maximum return to his inputs and this being the case makes it quite possible for the farmer to employ his resources efficiently (from his own viewpoint) and not contribute optimally to agricultural development, or efficiency from a social standpoint.

By interpreting him liberally, however, Jacoby does indicate a realistic observation concerning the mobility of tenant resources.

\(^1\)In an enquiry into the working of the Hyderabad Tenancy Act of 1950, Iyengar states: "The act ignores cases of marginal and sub-marginal tenants who might not care to stay on the land, and this is the cause of the anomalous predicament of tenants leaving while the law intends their staying." S. K. Iyengar. An enquiry into the conditions of the tenantry in the agrarian economy of Hyderabad with special reference to the Hyderabad Tenancy and Agricultural Lands Act of 1950. Hyderabad, Hyderabad Economic Association. 1952. p. 30.

**Capital accumulation.** Section 5 in reducing one of the sources of uncertainty would tend to induce an increase in the discounted return expected by the tenant for inputs of his capital. A resultant increase in the marginal efficiency of his capital, other things being equal, will result in the transfer of surpluses over costs into capital investment rather than idle balances or consumption.

The landlord with reduced ability to change tenants, on the other hand, will find the marginal efficiency of his capital reduced and will tend to retract capital from his tenanted land and divert it to alternative uses, one use being consumption. The net effect on capital accumulation will depend, in part, upon the relative importance of the change in the propensities to invest of the landlord and tenant.

The other important factor will be the change in the size of the total product. If section 5 effects an increase in net return over costs there will be an increase in capital even though the propensities to invest remain the same.

**Innovation.** From the standpoint of the tenant, section 5 may be considered, in Lange's sense\(^1\) an innovation in itself. For any given input of factor in the present, the discounted expected future return is increased because of the reduction in uncertainty due to tenancy termination.

Section 5 is also important from the point of view of its effect on the adoption of new techniques with long term maturity. If tenants are better able to realize the benefits of a new technique it will encourage

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its adoption. Innovations which produce immediate savings in factors and/or an increase in output would be little affected by section 5.

Most inventions which currently may become innovations in India, are either transferable or mature in a short period. These consist principally of: steel plows and other small machinery, fertilizer, insecticides, crop varieties, improved livestock, and new cultural techniques such as Japanese paddy cultivation. Still, uncertainty limits the acceptance of the innovations necessary for economic growth.

The habituated, almost ritualistic, production process is subject to strong social pressures and a fear of the consequences of failure. One of the obstacles to the acceptance of an innovation is group conservatism fostered by the village.¹ The psychological interdependence of the cultivators living together in the village has resulted in the conservative tendencies. It has been observed that:

The story of peasant communities... is one of the ingrained conservatism and devotion to the soil to which they were umbilical. With the religious traditions more deeply woven into the texture of their lives than elsewhere, it is no surprise that the Indian peasants have preserved the ways of life formed early in the history of ancient communities.²

If the security of tenure section reduces the uncertainty involved in inputs for innovations which yield benefits over a long period, some of the reluctance to accept new techniques may be offset. However, the adoption by cultivators of the new developments in agricultural production will also require flexibility in the tenure system.

²Unchanging agriculture, Eastern Economist, op. cit., p. 1017.
Rent regulation

Factor payments. In the introduction of this chapter it was indicated that one of the principal incentives for factors to be induced into a particular use is the payment to the factor for its services. To the extent that the rent regulation fails to induce or allow optimum combinations of factors, products will be produced at excessive cost. If, for example, the Tenancy Act creates a return to labor greater than is necessary to induce the minimum supply of labor into a particular production, given output and supply of other factors, then an excess labor will flow into (or stay in) the firms that secure the advantage of legislation. If, on the other hand, the rent maximum set by government represents a closer approximation to the marginal productivity of landlord and tenant resources, then an increase in efficiency will result.

Accurate information as to the actual rents paid in Bombay State is not available, much less, data on the marginal productivities of the various factors. Fragmentary information seems to indicate that rents before the Tenancy Act ranged from $1/4$ to $3/4$ share of the crop with the $1/2$ share predominating in most of the state. The Bombay Statistical Atlas states that: "Crop share rents prevail over the greater part of the Bombay Province, and the usual proportion is half to half."1 Referring to the Konkan area in which he made a study of Tenancy, Hate found that: "Yield or money value of the crop is shared equally between the two, the landlord and the tenant."2 And about some areas in the Gujarat Barmeda

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1 Bombay Bureau of Econ. and Stat., op. cit., p. 59.
2 Hate, op. cit., p. 269.
said: "The crop share varies from 1/4 to 3/4 of the produce the intermediate fractions being 1/3, 2/5, 1/2, 3/5 and 2/3. The most usual proportion of share rent is half-share or Adh-Baag, as it is known in the Gujarat."¹

The limited field investigation in the three villages for this study supports the foregoing. The actual rent paid is subject to many variations mainly through the division of expenses and extra services. Thus the reduction of rents of 1/3 which may be implied from the above (1/2 market rate to 1/6 legal rate) would have to be qualified by the corresponding shifts in the payments of costs where landlords bear less after the passage of the Act. In the case of share leases, resident landlords customarily contributed part of the manure and half of the seed. In the fixed payment lease less of the expenses were borne by landlord and there is some evidence that the Act has had the effect of drying up these contributions also.²

¹Barmeda, op.cit., p. 150.

²In Jaska before the Act, expenses were shared on a 50-50 basis or out of the common heap. Under the present system the tenant bears all expenses including the costs of land improvements. The tenant supplies all manure. As the rent level declined, some landlords continued to make proportionate shares in the expenses but ceased to participate in the costs after the rent level fell below 1/3.

Landlord participation in expenses in Badlapur was uncommon and after the passage of the Act there was no indication of the landlord's participation in the costs of production at all. Badlapur, however, was, as far as the enquiry could determine, wholly of fixed-payment type of tenancy.
In general, it appears that the rental rate would be higher in the absence of the regulation provision. In some areas, also, there is conscious evasion of the section 6 maximum. These evasions are usually supported by tenants' ideas of "fairness" or fear that a press for lowered rent might yield retaliation from the landlord.\(^1\)

The rent regulation provision sets a legal maximum under which landlord and tenant are free to adjust the payment to their respective factors. The payment (whether in the form of a share, in kind, or cash) is limited to 1/6 of the total product for the landlord factors. This maximum is absolute at 1/6, i.e., irrespective of the level of capital that might become attached to the land. If bare, unimproved land were capable of securing a rent of 1/6 of the crop, inputs by the landlord for improvement could receive no return under the rent regulation provisions.\(^2\)

If the government has set the rental rate too low there will be a tendency for landlords to withdraw factors and for tenants to increase factor inputs in their firms. Assuming that tenants are responsible for inputs of labor and capital and landlords for land and capital, what are the possible consequences?

A laborer's time may be used for leisure or a number of alternative productive uses. An enhancement of the return to labor will tend to

\(^1\)In Madhbavi there appeared to be very little change made in the terms of the lease as a result of the Act. Rents from 1/3 to 2/3 and various expense-sharing arrangements were substantially the same as before the passage of the Act.

\(^2\)Section 12, sub-section 5, permits enhancement of the rent for improvement through the calculation of "reasonable rent" under section 7. However, such "reasonable rents" are always subject to the 1/6 maximum.
draw the labor out of leisure and out of alternative employments. Re-allocation within the firms might come about through increased inputs into labor-intensive crops. The effects here would vary with the type of agriculture. For example, in the rice tract of the Konkan, there are no very important substitutes for rice as a kharif crop, at least in terms of being more labor-intensive. The rabi crops, e.g., ragi or jowar, are roughly comparable in the nature of their factor combinations. In this area, therefore, the proportions of different crops would probably change little. In another area, however, some effect may be made on the crop pattern. For example, in the Deccan and Gujarat, cotton and wheat are substitutes in production. Cotton being the more labor-intensive of the two crops, it would tend to be favored if the return to labor were increased relative to that of land.

It can be expected that the Tenancy Act would tend to induce the tenant to devote less time to leisure and/or to make relatively greater labor input on leased lands and less on owned lands than before the imposition of the rent maximum because the returns to factors applied to rented land are increased relative to owned lands.

Figure 6 indicated the nature of inefficiencies resulting from two industries allocating their resources on the basis of different price ratios. If government specifies a new price ratio such as $\frac{P_a}{P_o}$ which yields relatively higher prices for labor in agriculture than in other industries, there will tend to be a surplus of labor in agriculture. In moving the crop share from $\frac{1}{2}$ to $\frac{5}{6}$ it appears that the rent regulation will have a tendency to induce labor to move into agriculture rather than into non-agricultural industries.
The effect on the land factor would depend upon the extent to which land is being used for consumption purposes. Unless land has some direct utility to the owner, any payment at all will bring it out of idleness. Once the land is in productive use it will tend to move where its productivity is the highest, i.e., to the production of the crop 1/6 of which yields the highest return. The full marginal product of land need not be paid to it but if there are areas nearby where the "wage" of land is its marginal product, then there will be a tendency to induce labor to flow into the area where the rent control is in effect, i.e., where there is a transfer of the "wage" of land to the wage of labor.

It should be noted that "crop" and not "total yield" was substituted at the time the Bill was before the assembly. Gupte, in his legal commentary, points out that: "Landlords are not allowed to demand a third share in the subsidiary minor crops grown such as vegetables, grass, etc."^1 A possible consequence of the definition of "crop" may be a tendency for tenants to shift more of their resources into minor crops because the relative payment for minor crops is greater than that for principal crops.

The rent limitation of the Tenancy Act will have a tendency to induce landlords to cultivate personally^2 thus collecting full value of

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^2Bom. 67 of 1948, sec. 2 reads as follows: "To cultivate personally" means to cultivate on one's own account

i) by one's own labour, or

ii) by the labour of any member of one's family, or

iii) by servants on wages payable in cash or kind but not in crop share or by hired labour under one's personal supervision on the personal supervision of any member of one's family.
"implicit" rent. "It seems that this measure \textsection 6, Bombay Tenancy Act has been adapted to make ownership of land by absentee landlords as uneconomic or unattractive, and possibly to make the change-over of ownership to tenants as easy, as possible."\textsuperscript{1}

At the same time, tenants will have less inclination to hold land if they receive part of the return to land without the need for investment or payments of costs of ownership such as taxes. Insofar as land prices become reduced because of low rentals and government land price determination such a reluctance may be offset.

\textbf{Uncertainty.} To the extent that the Tenancy Act reduced the uncertainty due to changes in the rents and thus increased the value of the discounted return to the tenant's factors, tenants might be inclined to make greater inputs of labor and capital. If, on the other hand, rents were sticky, \textsection 6 will make little effect on uncertainty. The latter appears to be the case in some regions of Bombay, at least. Hate stated that "... rents are after all customary and conventional";\textsuperscript{2} and Barmeda said: "Ordinarily the predominant share in a village or the particular share in a survey number remains constant over a long period of years, due to custom."\textsuperscript{3}

Although tenants were commonly tenants-at-will by virtue of the frequency of one year oral contracts and consequently subject to the

\begin{flushright}
\textsuperscript{1}G. D. Patel. \textit{Indian land problem and legislation.} Bombay, N. M. Tripathi Ltd. 1954. p. 266. \textsuperscript{2}Brackets own\textsuperscript{2}
\end{flushright}

\begin{flushright}
\textsuperscript{2}Hate, \textit{op.cit.}, p. 267.
\end{flushright}

\begin{flushright}
\textsuperscript{3}Barmeda, \textit{op.cit.}, p. 152.
\end{flushright}
uncertainty of tenancy termination, it appears that terms of leases were highly conventionalized within each village. This was one of the features of the tenancy arrangements noted in the inquiries made at the villages of Jaska, Badlapur, and Madhbavi.

The rent regulation provision does not deal with a primary source of uncertainty to the tenant, production variability. Inasmuch as rent levels tended to remain relatively constant, the effect of section 6 is probably unimportant from the standpoint of the discount for uncertainty.

If the rent regulation provision so enlarges the income of the tenant that he is more willing to bear uncertainty, the tenant may alter his production plans. One of the consequences might be less flexibility in the firm and greater specialization.

**Immobility.** Common causes of immobility are lack of opportunity (no alternatives to which to move), uncertainty, transfer costs, and certain sociological barriers.

The effect upon mobility of section 6 will depend upon a balance of forces. The increase of payment to tenant resources of labor and capital will tend to hold these factors in agriculture. At the same time the increased income might provide the needed means with which to effect a move. If opportunities in the non-agricultural industries more than offset the increased return in agriculture some labor may be encouraged to move.¹ Capital in its liquid form has little transfer cost. In the real asset form of bullocks or plows, capital is largely nontransferable to industrial uses.

¹In no case, however, could this movement completely offset the basic misallocation of resources caused by incorrect factor pricing.
The existence of alternative opportunities outside of agriculture or uncertainty connected with such outside opportunities is mainly a function of policies other than the Tenancy Act. The net effect of the rent regulation provision upon the movement of tenants' factors, particularly labor, into non-agricultural pursuits appears to be negative. In a practical sense the movement of land into industry does not arise. Landlords' capital will be encouraged to move out of agriculture because of its reduced return.

Sociological barriers such as kinship ties tend to reinforce the immobility of labor. Preferences for working either in particular location or in a particular occupation affect the individual's reaction to market prices for his services. New factor combinations are sometimes withheld for fear of social reaction in the community. Examples of the latter might be the destruction and controlled breeding of cattle, or the introduction of a new crop.

Capital accumulation. Reliable income statistics are not available in a form which would give an indication of capital accumulation from households and firms. In a large part of the Indian economy, however, negative savings exist. One source reported a monthly expenditure in Bombay (for food, fuel and light, rent, clothing, and miscellaneous household expenses) of approximately Rs. 156 per year per adult equivalent for tenants in rural areas.¹ Another source indicated that the value of

production in agriculture in western India was approximately Rs. 103 per person.\footnote{India Ministry of Finance. General report on the national sample survey. New Delhi, Ministry of Finance. 1952. p. xxxviii.} If these figures are comparable it would mean that either there is a net transfer of income from the non-agricultural sector to agriculture of Rs. 53 or that agriculture is consuming its capital.\footnote{It is interesting to note that Gadgil in a survey of farm business in 21 villages of Wai taluka in 1937-38 that net profits averaged minus Rs. 99. Gadgil, op.cit., p. 89.}

The rent regulation provision, to the extent that it is enforced, will tend to transfer income from landlords to tenants. Whether a net capital accumulation will result will depend upon the relative propensities to consume and invest of landlords and tenants. In general, a reduction in rent can be expected to drive landlords' capital away from land improvements and, if alternative investments are not available, into consumption. Tenants, upon receiving a larger share are in a position to enlarge their savings. Such savings could be used for productive assets. The most universal opinion is that a substantial portion of the landlords did not contribute greatly to land improvements so the Tenancy Act would not affect this form of capital accumulation.

In Gujarat and for that matter in India. \ldots it is uncommon for a landlord to invest his capital either for long-term or short-term improvements. Nor is he found to supply stock or implements.\footnote{Barmeda, op.cit., p. 147.}

Among the mass of peasants whose yearly income does not exceed, say, Rs. 200 per year and whose expenditure on food runs over 75 percent of their budget\footnote{Telang, op.cit., p. 15.} it can probably be assumed that the propensity to consume is...
relatively high. If these conditions exist then the Tenancy Act would largely transfer consumption from landlords to the tenants and would not increase capital accumulation.

Innovation. The introduction of new techniques usually requires new combinations of factors. If a new technique requires an increase in capital it is possible that section 6, for the reasons above, could frustrate an innovation.1 The effect of section 6 appears to depend upon whether the innovation is factor-saving or output-increasing in the Lange terminology and, perhaps more important, the requirements of a closely limited factor such as capital.

If the innovation is labor-using and output increasing, increased payment to labor may be consistent with a new equilibrium of labor-using enterprises. An example of such an innovation might be the Japanese method of paddy cultivation which requires greater amounts of labor in weeding and fertilization than the indigenous method. If the innovation is land-using and output increasing, increased payment to labor may be inconsistent with a new equilibrium of land-using enterprises.

A high return to tenant factors may induce tenants to undertake new methods if they feel that the innovation might increase profit and they do not offset the expected increase in profit with a greater discount for uncertainty. The value to the tenant of the maintenance of a habit or

1An example of an innovation which would require no greater outlay of inputs would be utilization of grass, leaves and manure for compost rather than burning as "rab". Rab-burning consists of gathering field and forest materials during the winter months and burning the materials in the sun-hardened fields. Long before cultivation of the field, the ash either blows away, or if any remains, is washed away by the monsoon. The result is an expenditure of large amounts of labor and raw material for no increase in yield.
custom must also be considered in terms of how much of money income he may be willing to forego.

Prohibition of sub-division and sub-letting

One of the principal land problems in the Bombay State is that of small, fragmented cultivating units. Although the amelioration of this problem is mainly the task of the Bombay Prevention of Fragmentation and Consolidation of Holdings Act of 1947, the Tenancy Act places a prohibition on tenants with respect to sub-letting, sub-division and assignment. Section 27 states that sub-division, sub-letting or assignment by the tenant of his interest is not valid and is grounds for termination of the tenancy.

Exact information as to tenant-operated units of fragmented land is not available. Some indication of one source of tenanted land is that in the holdings of widows, government servants, teachers, and minors. Most of this land is cultivated by tenants. The number of plots of less than 1 acre of bagait (bagayat or garden) and plots less than 3 acres of jirayat (dry) land\(^1\) are given in Table 12. In some districts, for example, Surat, Broach and Satara, widows, government servants, teachers, and minors, account for a substantial amount of small units percentagewise as well as in absolute terms. Indirectly, this would tend to indicate a

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\(^{1}\)Patel, Indian land problem, op.cit., p. 232. The Bombay Government in calculating a "standard area"; below which is a fragment, uses the following areas:

1) for bagayat land, 5 gunthas to 1 acre
2) for jirayat land, 1 to 4 acres
3) for kyari (paddy) land, 1 guntha to 1 acre
4) for warkas (grass) land, 2 to 6 acres.
Table 12. Plots of bagayat land under 1 acre and dryland under 3 acres by ownership classes, 1948

<table>
<thead>
<tr>
<th>District</th>
<th>Plots of bagayat land</th>
<th>Percent owned by Class I</th>
<th>Percent owned by Class II</th>
<th>Plots of dryland</th>
<th>Percent owned by Class I</th>
<th>Percent owned by Class II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaira</td>
<td>240,838</td>
<td>14.0</td>
<td>86.0</td>
<td>211,349</td>
<td>15.3</td>
<td>84.7</td>
</tr>
<tr>
<td>Panch Mahals</td>
<td>71,349</td>
<td>10.0</td>
<td>90.0</td>
<td>209,150</td>
<td>11.4</td>
<td>88.6</td>
</tr>
<tr>
<td>Broach</td>
<td>228,844</td>
<td>13.2</td>
<td>86.8</td>
<td>15,002</td>
<td>20.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Surat</td>
<td>15,002</td>
<td>18.5</td>
<td>81.5</td>
<td>32,416</td>
<td>6.9</td>
<td>93.1</td>
</tr>
<tr>
<td>Thana</td>
<td>73,027</td>
<td>22.3</td>
<td>77.7</td>
<td>173,027</td>
<td>12.2</td>
<td>87.8</td>
</tr>
<tr>
<td>B.S.D.</td>
<td>237,272</td>
<td>10.1</td>
<td>89.9</td>
<td>173,027</td>
<td>12.2</td>
<td>87.8</td>
</tr>
<tr>
<td>Ahmednagar</td>
<td>151,750</td>
<td>11.4</td>
<td>88.6</td>
<td>32,416</td>
<td>6.9</td>
<td>93.1</td>
</tr>
<tr>
<td>East Kandesh</td>
<td>32,416</td>
<td>6.9</td>
<td>93.1</td>
<td>32,416</td>
<td>6.9</td>
<td>93.1</td>
</tr>
<tr>
<td>West Kandesh</td>
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<td>6.9</td>
<td>93.1</td>
<td>32,416</td>
<td>6.9</td>
<td>93.1</td>
</tr>
<tr>
<td>Nasik</td>
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<td>12.2</td>
<td>87.8</td>
<td>173,027</td>
<td>12.2</td>
<td>87.8</td>
</tr>
<tr>
<td>Poona</td>
<td>464,006</td>
<td>15.8</td>
<td>84.2</td>
<td>464,006</td>
<td>15.8</td>
<td>84.2</td>
</tr>
<tr>
<td>Satara</td>
<td>712,388</td>
<td>25.1</td>
<td>74.9</td>
<td>712,388</td>
<td>25.1</td>
<td>74.9</td>
</tr>
<tr>
<td>Sholapur</td>
<td>73,456</td>
<td>18.6</td>
<td>81.4</td>
<td>73,456</td>
<td>18.6</td>
<td>81.4</td>
</tr>
<tr>
<td>Belgaum</td>
<td>248,672</td>
<td>13.2</td>
<td>86.8</td>
<td>248,672</td>
<td>13.2</td>
<td>86.8</td>
</tr>
<tr>
<td>Dharwar</td>
<td>128,250</td>
<td>14.1</td>
<td>85.9</td>
<td>128,250</td>
<td>14.1</td>
<td>85.9</td>
</tr>
<tr>
<td>Kanara</td>
<td>75,076</td>
<td>17.4</td>
<td>82.6</td>
<td>75,076</td>
<td>17.4</td>
<td>82.6</td>
</tr>
<tr>
<td>Kolaba</td>
<td>359,800</td>
<td>10.7</td>
<td>89.3</td>
<td>359,800</td>
<td>10.7</td>
<td>89.3</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>109,040</td>
<td>---</td>
<td>---</td>
<td>109,040</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Bijapur</td>
<td>45,018</td>
<td>---</td>
<td>---</td>
<td>45,018</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Ratnagiri</td>
<td>282,555</td>
<td>---</td>
<td>---</td>
<td>282,555</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

a Bombay Legislative Assembly, Legislative Assembly debates, official report, 10 September, 1948, p. 37.

b Bagayat land is garden land. See glossary.

c Included in Class I owners are widows, government servants, teachers and minors.

d Residual assumed to be land owners "other" than those included in Class I.

e Data incomplete.
small unit problem in tenant-operated land. Further indication of small holding and fragmentation in Bombay is given in Table 4; but these figures draw no distinction as to the relative size of owner-operated as against tenant-operated holdings or plots. However, as Patel has said, "...the phenomenon of fragmentation is not associated with any particular form of land tenure or ownership. ...It is found in areas of tenant farming and in those where the proprietor works his own land."\footnote{Ibid., p. 231.} Tenant operation of small cultivating units appears to be at least of sufficient importance to deal with section 27.

From the standpoint of production there appears to be at least two direct advantages to consolidation, 1) the elimination of boundary bunds and other plot demarcations which occupy land that might be available for production,\footnote{For example bunds 1 yard in width which divide a 1 acre field into 40 single guntha plots would occupy over 6 gunthas or approximately 1/7 of the area.} and 2) the prevention of fragmentation into scattered plots which require additional outlays for transportation from one plot to another. A third and no less important factor is that some units of resources such as laborers and bullocks are imperfectly divisible. The imperfectly divisible factors give rise to the phenomenon of increasing returns to scale. In the case of very small cultivating units if one cultivator farming 1 guntha with a pair of bullocks and plow combines with his neighbor who operates with equal quantities of factors and their total...
product is greater than the sum of the two operating individually, increasing returns to scale appear to exist. Much of the hoped-for increases in production stem from this scale characteristic.

Sub-letting and assignment as specified in section 27 do not necessarily involve sub-division but may if the land is sub-let or assigned to more than one party. Sub-division, however, refers directly to the creation of small units. Such sub-division by a living tenant is forbidden. At least 2 qualifications place important limitations on the effectiveness of section 27, i.e., 1) this section does not affect the rights of permanent tenants and 2) the heirs of a tenant may partition and sub-divide the land subject only to the minimum acreage requirements set by the state government. Although section 27 will have the effect of slowing down the rate of sub-division, its qualifications render it inoperative in reversing the trend.

Factor payments under factor limitations. The criterion of efficiency when resource allocations are subject to factor limitations was stated in the introduction as an employment of the resource wherever the net addition to total product was greatest. That is, when a gap remains between MVP and MC (e.g., at some point such as X2 between MVP and MC in Figure 4) because the amount of available factor (OX2) is exhausted, resources will be moved into the uses where the gap between MVP and MC is largest. This gives the criterion of efficiency when the factor limitation condition exists but the implication is that a gap between MVP and MC still remains, i.e., that the employment of greater amounts of the resource could result in an addition to the total product.
Consolidation (or conversely, prevention of fragmentation) thus could have the effect of making a greater quantity of resources available for production, e.g., shifting resources out of extra boundary bunds (waste) into paddy production. Consolidation might also have an effect of changing the resource productivities through the "scale effect" referred to above.

Section 27 appears not to be directed at changing the relative shares of income to the landlord and tenant factors but rather as a deterrent to less productive factor combinations. If, in the sense above, greater output results from greater use of land for productive purposes rather than in waste such as borderlands and from greater use of labor and capital in productive use rather than in transportation, then the prevention of fragmentation can be an improvement in efficiency, i.e., a greater product is produced with the same resources.

Since section 27 deals only with the prevention of fragmentation and not consolidation of already sub-divided or fragmented plots, this provision is an "improvement" in the sense that it lessens a tendency toward inefficiency.

Capital accumulation. If the improvements in production efficiency discussed above create additional product and unless the marginal propensity to consume of the receivers of the increased income is 1, there will be a surplus available for capital and the net effect of section 27 will be a tendency to increase the supply of capital.

The productivity of the capital applied to larger, contiguous units may also increase so that the total product from a given quantity of capital is greater. This greater return is another source of income.
available for capital. The greater product from the same quantities of land and capital, if no increase in labor is made, has the effect of an innovation.

**Innovation.** The ability to effect certain forms of innovation may be improved by larger cultivating units. Particularly in the dry land tracts of the Deccan and the Gujarat, tractors, and other forms of mechanization, could be employed with increased plot size.

Consolidation in itself is perhaps best viewed as an innovation from the standpoint of, say, a cultivator or a village. Although there may be no increase in the total labor, capital, and land employed, the new method of applying the labor and capital creates a larger product.

Section 27 has a favorable effect on innovations in the reverse sense of preventing further sub-division and fragmentation of present land or land that may be consolidated in the future.¹

**State management**

Government may assume management of an estate because of neglect by the landholder, dispute between the landlord and the tenant or, whenever it appears necessary to the government for the full and efficient use of the land.² When state management is declared all legal processes are suspended, no suit can be brought in a civil court against the estate, and the holder of the estate is debarred from making any leases, contracts


²Bom. 67 of 1948, sec. 44.
Table 12. Plots of bagayat land under 1 acre and dryland under 3 acres by ownership classes, 1948

<table>
<thead>
<tr>
<th>District</th>
<th>Plots of bagayat land</th>
<th>Percent owned by Class I</th>
<th>Percent owned by Class II</th>
<th>Plots of dryland</th>
<th>Percent owned by Class I</th>
<th>Percent owned by Class II</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Kaira</td>
<td>240,838</td>
<td>14.0</td>
<td>86.0</td>
<td>71,349</td>
<td>15.3</td>
<td>84.7</td>
</tr>
<tr>
<td>2. Panch Mahals</td>
<td>28</td>
<td>0</td>
<td>100</td>
<td>209,150</td>
<td>11.4</td>
<td>88.6</td>
</tr>
<tr>
<td>3. Broach</td>
<td>6,926</td>
<td>40.0</td>
<td>60.0</td>
<td>228,844</td>
<td>13.2</td>
<td>86.8</td>
</tr>
<tr>
<td>4. Surat</td>
<td>20,594</td>
<td>18.5</td>
<td>81.5</td>
<td>15,012</td>
<td>20.0</td>
<td>80.0</td>
</tr>
<tr>
<td>5. Thana</td>
<td></td>
<td>9.7</td>
<td>90.3</td>
<td>374,650</td>
<td>12.6</td>
<td>87.4</td>
</tr>
<tr>
<td>6. B.S.D.</td>
<td>124</td>
<td>9.7</td>
<td>90.3</td>
<td>385,720</td>
<td>10.1</td>
<td>89.9</td>
</tr>
<tr>
<td>7. Ahmednagar</td>
<td>78,700</td>
<td>12.6</td>
<td>87.4</td>
<td>237,272</td>
<td>10.1</td>
<td>89.9</td>
</tr>
<tr>
<td>8. East Kandesh</td>
<td>13,759</td>
<td>9.5</td>
<td>90.5</td>
<td>151,750</td>
<td>11.4</td>
<td>88.6</td>
</tr>
<tr>
<td>9. West Kandesh</td>
<td>33,725</td>
<td>29.9</td>
<td>70.1</td>
<td>32,416</td>
<td>6.9</td>
<td>93.1</td>
</tr>
<tr>
<td>10. Nasik</td>
<td>93,126</td>
<td>10.6</td>
<td>89.4</td>
<td>173,027</td>
<td>12.2</td>
<td>87.8</td>
</tr>
<tr>
<td>11. Poona</td>
<td>140,941</td>
<td>18.8</td>
<td>81.2</td>
<td>464,006</td>
<td>15.8</td>
<td>84.2</td>
</tr>
<tr>
<td>12. Satara</td>
<td>176,151</td>
<td>30.2</td>
<td>69.8</td>
<td>712,388</td>
<td>25.1</td>
<td>74.9</td>
</tr>
<tr>
<td>13. Sholapur</td>
<td>38,248</td>
<td>24.8</td>
<td>75.2</td>
<td>73,456</td>
<td>18.6</td>
<td>81.4</td>
</tr>
<tr>
<td>14. Belgaum</td>
<td>25,711</td>
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<td>91.2</td>
<td>248,672</td>
<td>13.2</td>
<td>86.8</td>
</tr>
<tr>
<td>15. Dharwar</td>
<td>5,776</td>
<td>10.5</td>
<td>89.5</td>
<td>128,250</td>
<td>14.1</td>
<td>85.9</td>
</tr>
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<td>18.9</td>
<td>81.1</td>
<td>75,076</td>
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<td>82.6</td>
</tr>
<tr>
<td>17. Kolaba</td>
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<td>86.0</td>
<td>359,800</td>
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<td>89.3</td>
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<tr>
<td>18. Ahmedabad</td>
<td>610</td>
<td>---</td>
<td>109,040</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>20. Ratnagiri</td>
<td>45,333</td>
<td>---</td>
<td>282,555</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>


b Bagayat land is garden land. See glossary.

c Included in Class I owners are widows, government servants, teachers and minors.

d Residual assumed to be land owners "other" than those included in Class I.

e Data incomplete.
### Table 13. Estates taken over by government under section 44 to January, 1954

<table>
<thead>
<tr>
<th>District b</th>
<th>Number of estates taken over by government</th>
<th>Number of estates assumed due to disputes between landlord-tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Taken over</td>
<td>Terminated</td>
</tr>
<tr>
<td>1. Banaskantha</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>2. Sabarkantha</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>3. Amreli</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>4. Baroda</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>5. Ahmedabad</td>
<td>8</td>
<td>1</td>
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<tr>
<td>6. Kaira</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>7. Broach c</td>
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<td>0</td>
</tr>
<tr>
<td>8. Thana</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>9. Kolaba</td>
<td>5</td>
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<td>0</td>
</tr>
<tr>
<td>11. Bijapur</td>
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<td>0</td>
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<tr>
<td>12. Dharwar</td>
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<td>1</td>
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<tr>
<td>Total</td>
<td>68</td>
<td>5</td>
</tr>
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</table>

aAdapted from: Bombay Revenue Department. Estates taken over by government. 1953. [Mimeo report] and Revenue Department files to 13 January, 1954. These data may not be used without express permission of the Bombay Government.

bDistricts not listed had no state-managed estates.

cNot included in the summary but found in files.
Table 14. Fallow lands in 1948 and 1949 due to disputes, and lands assumed for management by government under sections 44 and 65 of the Bombay Tenancy Act as of March, 1951.

<table>
<thead>
<tr>
<th>District</th>
<th>Land fallow as result of disputes in 1948</th>
<th>Land fallow as result of disputes in 1949</th>
<th>Land assumed for management under section 65 to 1951</th>
<th>Land assumed for management under section 44 to 1951</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(acres)</td>
<td>(acres)</td>
<td>(acres)</td>
<td>(acres)</td>
</tr>
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<td>366</td>
<td>366</td>
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<td>---</td>
<td>81,142</td>
</tr>
<tr>
<td>Mehsana</td>
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<td>---</td>
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<td>---</td>
<td>---</td>
<td>24,469</td>
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<td>Baroda</td>
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<td>---</td>
<td>---</td>
<td>1,869</td>
</tr>
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<td>Dangs</td>
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<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Ahmedabad</td>
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<td>50</td>
<td>1,000</td>
<td>47,706</td>
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<tr>
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<td>5</td>
<td>---</td>
<td>5</td>
<td>697</td>
</tr>
<tr>
<td>Pach Mahals</td>
<td>7</td>
<td>4</td>
<td>43</td>
<td>---</td>
</tr>
<tr>
<td>Broach</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>2,112</td>
</tr>
<tr>
<td>Surat</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>281</td>
</tr>
<tr>
<td>Thana</td>
<td>105</td>
<td>105</td>
<td>31</td>
<td>9,457</td>
</tr>
<tr>
<td>B.S.D.</td>
<td>---</td>
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</tr>
<tr>
<td>Ahmednagar</td>
<td>5,573</td>
<td>3,678</td>
<td>4,164</td>
<td>---</td>
</tr>
<tr>
<td>E. Khandesh</td>
<td>348</td>
<td>348</td>
<td>24,586</td>
<td>---</td>
</tr>
<tr>
<td>W. Khandesh</td>
<td>2,098</td>
<td>368</td>
<td>11,011</td>
<td>---</td>
</tr>
<tr>
<td>Nasik</td>
<td>852</td>
<td>980</td>
<td>122</td>
<td>---</td>
</tr>
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<td>Poona</td>
<td>3,485</td>
<td>2,433</td>
<td>328</td>
<td>---</td>
</tr>
<tr>
<td>Sholapur</td>
<td>240</td>
<td>---</td>
<td>1,997</td>
<td>---</td>
</tr>
<tr>
<td>N. Satara</td>
<td>214</td>
<td>206</td>
<td>136</td>
<td>---</td>
</tr>
<tr>
<td>Kolaba</td>
<td>2,091</td>
<td>877</td>
<td>71</td>
<td>4,108</td>
</tr>
<tr>
<td>Belgaum</td>
<td>2,902</td>
<td>2,688</td>
<td>145</td>
<td>1,905</td>
</tr>
<tr>
<td>Bijapur</td>
<td>24</td>
<td>24</td>
<td>140</td>
<td>4,413</td>
</tr>
<tr>
<td>Dharwar</td>
<td>22</td>
<td>22</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Kanara</td>
<td>42</td>
<td>42</td>
<td>35</td>
<td>---</td>
</tr>
<tr>
<td>Ratnagiri</td>
<td>---</td>
<td>83</td>
<td>2</td>
<td>---</td>
</tr>
<tr>
<td>S. Satara</td>
<td>78</td>
<td>78</td>
<td>130</td>
<td>---</td>
</tr>
<tr>
<td>Kolhapur</td>
<td>26</td>
<td>34</td>
<td>22</td>
<td>---</td>
</tr>
</tbody>
</table>

Notes:
- Bombay Legislative Assembly, Debates, 18:1542, 1543, op. cit., p.1543.
- Information on fallow lands since 1949 was not available. Where column (4) exceeds column (3), land has been fallow since 1949 and where column (3) exceeds column (4), all the fallow land had not been assumed by government.
or mortgages and from accepting rents or profits. The manager receives all the rents and collects revenue due to the government. The manager pays all expenses of management and repairs, pays the rent, the costs of certain necessary improvements, and an allowance for the maintenance of the holder as determined by the collector. The manager has the power to rank and fix interests on liabilities, and to dispossess a mortgagee in possession. After the manager has liquidated the liabilities of the estate, he may sell or grant on lease all or any part of the estate.

Sections 44 and 65 providing for state management will be dealt with briefly because they have been exercised to a very limited extent up to the present. Only 63 estates, 25 of which are in a backward area of Sabarkantha district, were under government management up to 1954. The distribution of managed estates by districts is given in Table 13.

The determination of "full and efficient use" of the land is left to administrative discretion. In determining full and efficient use, Tarey says:

No strict proof is necessary. The State government can act on the report submitted to it by the revenue authorities\(^1\). The notification of assumption is conclusive; No appeal or revision lies against the order of assuming the management.\(^2\)

In respect to state management, the Act as it is worded gives the administration wide discretionary powers. By certain standards, for example considering available techniques, very little land in Bombay is

\(^1\)G. S. Tarey. The Bombay tenancy and agricultural lands act. 2nd ed. Erandol, M. D. Kale. 1953. p. 211.

\(^2\)Ibid., p. 212. (Brackets own)
used efficiently. The *Eastern Economist* indicated the very broad powers under the Tenancy Act, by stating that:

The Bombay Tenancy Bill: In investing the Provincial Government with authority of such a far-reaching character, it would have been thought that the Bill would specify with precision and exactitude the purposes and manner in which that authority would be exercised. But, this is exactly what the Bill fails to do. As the relevant section stands at present, it will be open to the Provincial Government to assume management of estates with the object of acquiring them subsequently as part and parcel of an undeclared but all the same settled and deliberate policy of extinguishing special tenures, or large landed estates of any kind. The government will also be free to employ powers vested in it under this section to acquire estate lands for redistribution among tenants, or landless agricultural labourers or any other group of interests.¹

Factor payments. The effect of state management on relative payments to factors is probably small because of the provision of section 45 which states that "...the tenant holding lands on lease comprised in the estate shall...continue to have the same rights and be subject to the same obligations..." The principal change is the imposition of a government manager.

To the extent that the landlord performed any management function, that is, had any control over resource combinations, it is transferred to the government manager. Management decisions were typically very few, consisting primarily of whether or not to follow the customary practice. The tenants performed a major share of such decisions. Division of management depends upon individual leases, but tenancy arrangements involving cash leases and/or absentee landlords generally leave the whole of

management with the tenant. If state management were widely used, there would be additional management factor applied to the land as well as a substitution for displaced landlord managers.

State management is presumably undertaken either because of some tenancy dispute or because an insufficient input of management relative to other factors existed in the firm or firms of the estate.

If it can be assumed that management is the limiting factor in the landlord-tenant firm, then increased efficiency and a greater output can be expected as a result of the increased management input. A necessary condition for state management to be considered efficient from the standpoint of economy would be that the increase in output was greater, in value terms, than the manager's salary. Revenue department officials indicated

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1In Badlapur, where fixed-produce rents predominated, the function of the landlord in management was negligible. Normal operating decisions were made by the tenants who would probably also be responsible for the introduction of innovations.

In the village of Jaska, however, there was, from what could be determined of pre-Act conditions, participation of both landlord and tenant in the management. At least some of the leases provided for the landlord's selection of crops, although it was usually the tenant who actually made the decision. Since the Jaska reaction to the Tenancy Act, the landlord does not participate in the management.

The payment of all expenses in the cash leases of Madhbavi was very extensive, even to the payment of the land revenue in some cases. The cash leases usually leaves the management entirely with the tenant. In the case of share rent leases, the landlord would participate in decisions which went beyond customary operations.

2By a limiting or limitational factor is meant a factor of which insufficient quantity is available to the maximizing unit to reach a combination efficient in terms of the conditions specified at the beginning of the chapter.
that only the most serious cases of mismanagement have been subject to state management under sections 44 and 65. In these cases there is probably a sufficiently wide range before other factors become limitational and, in this sense, state assumption of the estate would be efficient. The range of available quantities of other inputs is important because unless sufficient resources are available with which to combine the state manager input, there may result a greater inefficiency from "too much management", i.e., more management than other factors can accommodate. This might be shown in Figure 4 by some management input $X_4$ beyond $X_3$ which accounts for an MC, in excess of MVP, or perhaps even a negative MVP. Excess management might arise because of the non-divisibility of the state management input. This might explain the tendency of the state to take over only relatively large estates, and only those under conditions of severe mismanagement. If management were the limitational factor and, as a consequence, some of the non-management factors such as land were underemployed, implementation of section 44 would tend to work to the advantage of the tenant. Since most rents are historically above $1/6$ of the crop, the operation of state management would tend to favor the tenant as against the landlord. The cost of management represents no added cost to the tenant, although the tenant receives $5/6$ of the benefits of the manager's inputs. The incentive for tenants and landlords to make greater factor inputs will depend upon the lease. So long as the additional input of the party to the lease yields a return above its cost measured, say, in terms of its alternative opportunity, there will be incentive to make the increased input. The manager is permitted to make improvements subject to approval of the collector.
Section 53 states, "...the manager after the liquidation scheme... shall have power to sell or grant on lease all or any part of the estate under the management." Sale and lease at government determined rates can thus be effected by state management.

1) The government can assume management if it feels that the estate is not being operated efficiently

2) The government can liquidate the obligations of the estate

3) After the claims are paid, the manager may sell or grant a lease on the estate.

Since it is also within the power of the Government, through the Agricultural Lands Tribunal or Mamlatdor to determine the "reasonable price" for the land, the price is also determined. This law, operating outside the Civil Courts, could effect a land redistribution power over landlord held estates.

Uncertainty. Since the tenant receives the same terms after the assumption of management by the state, the uncertainty of tenure would remain unchanged except in the cases of assumption due to landlord-tenant disputes, i.e., the first cause under section 44. From Table 13 it can be seen that about 1/4 of the government-managed estates were assumed because of disputes. The uncertainty of tenants with respect to tenure would probably be reduced in these cases.

If the government should begin large scale assumption of land management, there would tend to be an increase in the uncertainty of landlords.

1For sale or lease for more than ten years the manager must receive permission of the collector whose decision is final.
with respect to the ownership of their estates. It would produce a dis-
inclination to invest for fear of having the benefits cut off. On the
other hand, there may be cases where state management could reduce uncer-
tainty of returns to their land factor, e.g., where tenants are in a
superior bargaining position:

Cases are not wanting where landlords are harassed by their
tenants; where landlords are not paid anything at all by the ten-
ants; where they avoid payment on one pretext or the other. The
management will be taken up in such cases so that all causes of
disturbance of the peace or for harassment of any section of the
peoples are removed.1

Unless the assumption of management by the state becomes more wide-
spread than at present, it is unlikely that sections 44 to 62 will affect
the uncertainty of either landlords or tenants to any great extent.

Capital accumulation. If, under the conditions given above, the
state management does result in an increase in total product greater than
the cost of the manager without increases in the other factors or using
unemployed factors, there will be additional income available for cap-
ital in the leasing firm. Whether the quantity of capital in the whole
economy is increased will depend upon the relative productivity of the
time spent by the manager on the state-managed estate or in some other
employment. If an increased total return does result from the assump-
tion of management by government and the propensity to invest is greater
than 0, there will be an increase in total capital.

Information is not available which would indicate the effect of
state management on production. The effect of state management on

1Gupte, op.cit., p. 216.
capital accumulation will probably be small because 1) most of the state managers are Mamlatdars who act as managers of government estates as only one of their duties, 2) the Act leaves the tenants with most of their original rights and responsibilities which include retention of their management function and 3) government managed estates are very few in number.

Innovations. "Under the Court of Wards Rules, 1908, generally a person qualified by character, merit, industry and knowledge is appointed a manager."1 If the last-mentioned characteristic is true, there will be a tendency to increase the adoption of new techniques. Innovations which require mutual consent of landlord and tenant are not likely to be forthcoming when the tenancy is in dispute. Government management undertaken for the first cause of section 44, i.e., disputes between landlord and tenant, would tend to increase the adoption of new techniques.

The State is authorized to assume management for land which lies idle for two consecutive years. The 2-year minimum fallow period does not imply that all land must be cultivated and, if in the eyes of the state, it would not be profitable to bring the land into crop there is no requirement in the law that the land must be assumed.

Cultivable land that continues to lie idle probably has received little of the attention required for the innovations currently available. Implementation of section 65 might be one way of removing some of the obstacles to adoption of innovation that arise out of tenancy arrangements, e.g., the state management might settle a dispute about the 

1Ibid., p. 229.
relative shares of costs and returns involved in the adoption of an innovation. Under such conditions the possibility for innovation, at least, is improved.

As in the case with the other conditions which induce a movement toward the economic objective, innovations, thus far, have been affected very little by the state management provision because of its limited implementation.

**Tenant purchase, ownership, and transfer restrictions**

Several sections of the Tenancy Act are concerned with the transfer and ownership of land. The effect of these sections is to favor the tenant, particularly the tenant-in-possession, in the ownership of land and encourage the ownership of land by agriculturists. The analysis which follows is made in terms of sections 32, 43, 63 and 64.

**Factor payments.** To the end of 1950, 9,706 protected tenants had purchased lands as a result of the enforcement of the Tenancy Act. Their purchases amounted to 43,089-27½ acres.¹ These figures, even if correctly collected by the Revenue Department, would represent only recorded transfers. No estimates are available as to the number of unrecorded transfers although some evidence in the village of Jaska, Badlapur and Madhbavi appears to support the general belief that such transfers exist in significant numbers. Because of the discrepancies in Table 15 the exact ratio of government-settled transfers to transfers by mutual

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¹Bombay Legislative Assembly. Legislative Assembly debates, official report. 21 August, 1951. 19: 216. 1951. p. 216. These figures include only protected tenant purchase under section 32 and do not represent all transfers from superior-right holders to inferior-right holders as in Table 15.
Table 15. Lands sold to tenants and condition of sale, 1949^a

<table>
<thead>
<tr>
<th>District</th>
<th>Lands sold to tenants^b (acres)</th>
<th>Lands valued by Revenue Officers^b (acres)</th>
<th>Lands sold by mutual consent^b (acres)</th>
<th>Number of cases and reasons for tenant failure to purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banaskantha</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>None</td>
</tr>
<tr>
<td>Sabarkantha</td>
<td>1,671</td>
<td>29</td>
<td>1,642</td>
<td>2 cases: finance</td>
</tr>
<tr>
<td>Mehsana</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>None</td>
</tr>
<tr>
<td>Amreli</td>
<td>152</td>
<td>---</td>
<td>152</td>
<td>None</td>
</tr>
<tr>
<td>Baroda</td>
<td>1,311</td>
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<td>3,111</td>
<td>None</td>
</tr>
<tr>
<td>Dangs</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>None</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>1,499</td>
<td>48</td>
<td>1,451</td>
<td>None</td>
</tr>
<tr>
<td>Kaira</td>
<td>5,180</td>
<td>19</td>
<td>5,161</td>
<td>23 cases: finance</td>
</tr>
<tr>
<td>Panch Mahals</td>
<td>1,330</td>
<td>17</td>
<td>1,313</td>
<td>35 cases: tenant refusal</td>
</tr>
<tr>
<td>Broach</td>
<td>397</td>
<td>6</td>
<td>427</td>
<td>19 cases: finance</td>
</tr>
<tr>
<td>Surat</td>
<td>1,100</td>
<td>---</td>
<td>1,084</td>
<td>116 cases: 36 finance, 80 tenant refusal</td>
</tr>
<tr>
<td>Thana</td>
<td>4,303</td>
<td>45</td>
<td>4,258</td>
<td>141 cases: finance</td>
</tr>
<tr>
<td>B.S.D.</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>None</td>
</tr>
<tr>
<td>Ahmednagar</td>
<td>8,801</td>
<td>41</td>
<td>8,340</td>
<td>1,263 cases: 481 finance, 777 landlord did not offer, 5 others</td>
</tr>
<tr>
<td>E. Khandesh</td>
<td>1,763</td>
<td>172</td>
<td>1,611</td>
<td>80 cases: finance</td>
</tr>
<tr>
<td>W. Khandesh</td>
<td>5,514</td>
<td>27</td>
<td>4,884</td>
<td>15 cases: finance</td>
</tr>
<tr>
<td>Nasik</td>
<td>6,280</td>
<td>325</td>
<td>5,360</td>
<td>593 cases: finance</td>
</tr>
<tr>
<td>Poona</td>
<td>6,560</td>
<td>12</td>
<td>6,548</td>
<td>83 cases: finance</td>
</tr>
<tr>
<td>N. Satara</td>
<td>4,018</td>
<td>10</td>
<td>4,018</td>
<td>None</td>
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<tr>
<td>Sholapur</td>
<td>5,953</td>
<td>142</td>
<td>5,812</td>
<td>185 cases: finance and tenant refusal</td>
</tr>
<tr>
<td>Kolaba</td>
<td>3,398</td>
<td>81</td>
<td>3,318</td>
<td>12 cases: finance</td>
</tr>
<tr>
<td>Belgaum</td>
<td>8,420</td>
<td>259</td>
<td>8,161</td>
<td>10 cases: finance</td>
</tr>
<tr>
<td>Bijapur</td>
<td>13,801</td>
<td>471</td>
<td>10,920</td>
<td>136 cases: finance</td>
</tr>
<tr>
<td>Dharwar</td>
<td>10,450</td>
<td>113</td>
<td>16,659</td>
<td>803 cases: finance</td>
</tr>
<tr>
<td>Kanara</td>
<td>730</td>
<td>51</td>
<td>675</td>
<td>8 cases: finance</td>
</tr>
<tr>
<td>Ratnagiri</td>
<td>925</td>
<td>11</td>
<td>925</td>
<td>None</td>
</tr>
<tr>
<td>S. Satara</td>
<td>4,752</td>
<td>1,302</td>
<td>4,371</td>
<td>2,941 cases: finance and tenant refusal</td>
</tr>
<tr>
<td>Kolhapur</td>
<td>1,337</td>
<td>64</td>
<td>1,273</td>
<td>59 cases: finance</td>
</tr>
</tbody>
</table>


^bAcreage figures rounded to nearest acre. Discrepancies between the figures in the first column and the sum of the second and third columns are unaccounted for by the original source.
consent cannot be derived but if the data can be assumed to show general relationships it appears that most of the recorded transfers resulted from agreement between landlord and tenant rather than government pricing. These transfers should perhaps not be considered entirely voluntary, however, because the rent regulation and other restrictions reduce the income from land and thus tend to cause a reduction of the value of land as a factor of production. The direct effect, therefore, of sub-section 3 of section 32 which provides for price determination by the Tribunal, is relatively unimportant because of the infrequency of its use. Knowledge of this provision by landlords and tenants probably exerts a downward pressure on prices arrived at by bargaining, however.

In Jaska, for example, an enquiry was made on the value of land before the Act. The figure agreed upon by the group\textsuperscript{1} of tenants was about Rs. 300 per acre for good cotton-wheat land. Two tenants gave the prices of lands which they had purchased since the passage of the Tenancy Act as Rs. 175 and 150 per acre. When asked why they did not become owners when the price of land fell, the tenants indicated that land prices would be set lower in the future and that government would make them owners anyway.

Section 43 limits the right of the protected tenant to personal cultivation of the land which he has purchased. The land may not be sold, given away, exchanged, leased, mortgaged or assigned. These

\textsuperscript{1} The tenants in Jaska refused to be interviewed individually so were interviewed at group meetings. This compromise was necessary because of distrust of the tenants both of the interviewer and other tenants, and reflected the disturbance in landlord-tenant relations at the time of the enquiry.
reductions will tend to reduce the value of the real estate to the protected tenant hence the price which he is willing to offer for the land.

Where the landlord initiates a land sale he must do so only at a price determined by the Tribunal and then make offers only to prospective buyers in a special priority. For example, suppose party A is the tenant on the land and party B is a person cultivating land adjacent to that being sold. The Tribunal sets the price at Rs. 300 per acre. Party B may value the land at Rs. 500 per acre but unless party A forgoes the opportunity to purchase the land at the Tribunal's price, party B will not be able to purchase the land regardless of how valuable he may feel it to be. The allocation of the land factor therefore depends not upon the appraisal of its value by competitive bidders but upon 1) the price set by the Tribunal and 2) the rank of buyers in the priority. Under section 64, therefore, there is no assurance that the land will be combined with labor and capital in the most efficient manner with respect to different agricultural firms. Should the land become adaptable to some other non-agricultural use and the landlord cannot, or does not wish to, utilize the land himself under section 34, the land or the use of it cannot be transferred to a non-agriculturist because of the restriction of section 63, except under certain very limited cases.

It may be noted from Table 15 that a frequent cause of tenants' inability to secure land is lack of adequate finance. It is of small importance to the protected tenant under section 32 that a provision in the Act allows purchase of the land which a protected tenant cultivates if it is not possible to secure the necessary finance. The Act itself appears
to place at least two obstacles in the securing of finance: 1) the limitations on mortgage as in sections 43 and 63 and 2) the conditions of payment of section 32 which specify that the protected tenant must complete the payment in ten or less installments and in not more than fifteen years and further that:

... until the deposit of the entire amount is made in a lump sum or until the deposit of the last of the installments is made, the liability of the protected tenant to pay the rent due in respect of the land shall continue and shall not be affected.¹

Therefore it appears that the main obstacle to tenant purchase is finance and the permissive proviso of section 32 is not what most affects the ability of protected tenants to secure land. As time goes on and the dependence of government-determined land prices on historical market prices for land diminishes, it may be possible to so price land that the tenants can easily make purchases. This, of course, involves the abandonment of pricing in accordance with productivity and would necessarily involve Government in the problems of misallocation of resources. Referring to the Tenancy Act, Dantwala pointed out the difficulty of finance as "another major defect in the legislation..." He stated further that:

There is no provision for financing the tenant for the purchase of the land. The Revenue Minister admitted that though the provision for such purchases had been there for the last 4 years hardly any lands had been purchased under it by the tenants.

In conclusion it may be said that the intentions of the legislation appear to be much higher than the achievement is ever likely to reach. Whether that is consciously so devised or not, is anybody's guess.²

¹Bom. 67 of 1948, sec. 32.

Uncertainty. The landlord in anticipation of making improvements must, by virtue of section 64, consider the possibility of Government evaluation of improvements. Section 32 entitles the protected tenant at any time to force a sale (subject to the acreage restrictions) at a government-determined price. Inputs of capital in land for improvements are thereby subject to additional sources of uncertainty and the result is a greater discounting of their value by landlords. This appears to be consistent with the withdrawal of capital for improvements by landlords attributed to the Tenancy Act in the villages of Jaska and Badlapur and, to a lesser extent, Madhbavi.

Immobility. Land purchased by a protected tenant under section 32 cannot be transferred by sale, gift, exchanges, lease, mortgage or assignment except by sanction of state government. This restriction by section 43 necessitates that the tenant remain on the land. To leave the land would involve the sacrifice of the purchase price. The Collector may summarily evict anyone who takes possession of the land.

Through the priority stated in section 64 the tenant in possession is given preference to purchase at the government-set price. The difference between what the tenant would be willing to pay and the regulated price would be a "buyer's surplus". Other buyers, regardless of their willingness or ability to pay higher prices would be unable to do so unless other classes of buyers with higher priorities forego their opportunity to purchase.

Sections 43 and 64 represent two obstacles to the free movement of land between uses. Iyengar has commented about similar restrictions in the Hyderabad Tenancy Law: "The Planning Commission do not suggest any
restrictions on sales of agricultural land. It would be much better to allow free play of competitive conditions, and help raising the level of enterprise among cultivating peasants."¹

Capital accumulation. The two means for capital accumulation indicated in the beginning of this chapter, i.e., increased efficiency and restriction of consumption, are both affected by the sections of the Act dealing with transfers. The effect on efficiency has already been discussed above in connection with factor payments and it was seen how the priorities and government pricing might affect the allocation of resources. Certain provisions also may affect the inducement to invest.

One of the main sources of loans to the cultivator is the money-lender.² The market for the smaller village moneylender is almost exclusively in the local agriculture. Although the moneylender employed many pressures to obtain repayment of a loan, a mortgage on land was one of the principal securities. But section 63 provides that no mortgage of land or interest may be made in favor of a person who is not an agriculturist. Furthermore, according to section 43, land purchased by a protected tenant cannot be transferred by mortgage. If there is little securable property other than land, interest rates are held to a low

¹S. K. Iyengar, op. cit., p. 36.

²According to the All-India Credit Survey over 70 percent of the cultivator's supply of short-term agricultural credit is taken from various types of moneylenders. Reserve Bank of India. All-India rural credit survey. Vol. 2. Bombay, Reserve Bank of India. 1954. p. 167, 168.
level, and other investment opportunities are not readily available, there will be a tendency to drive investment surpluses into consumption.

In view of the limited extent of securable property other than land available for mortgage, section 63 and section 43, represent obstacles to capital accumulation especially by persons whose principal or only market for capital is in agriculture.

**Innovation.** The protected tenant is limited in his right to purchase lands to fifty acres of arable land. This maximum does not recognize any differential between Konkan paddy land and the light, jirayat land on the fringe of the Deccan trap. Section 36, however, does permit the Government to lower the maximum in respect to any area by notification. There appears to be no precise reason why this level was selected. The 50-acre limit is large enough in the paddy areas, in the Konkan, for example, where the average holding is about 4 1/4 acres so that size of the holding will not be an obstacle to innovation. Even in the most of the arid regions of the Gujarat and Karnatak, fifty acres is considerably above the present average holding as may be seen from Table 4. The limit on protected tenant purchase, section 32, and landlord withdrawal, section 34, are large enough to cause no serious limitation on the introduction of innovations. There is no limit to the acreage a tenant may cultivate

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1The loss in security may not be offset by a high rate of interest because of the Bombay Moneylenders Act of 1946, section 25 of which reads as follows "...the maximum rate of interest shall not exceed 6 percent per annum in the case of secured loans and 9 percent per annum in the case of unsecured loans." Bom. 31 of 1947. As reproduced in: India Ministry of Agriculture, Agricultural legislation. Vol. 1, *op.cit.*, p. 36.
except for the difficulty of acquiring it, and no limit on personal cultivation by landlords except for the difficulty of withdrawing it.

Compensation

One of the principal purposes of section 5 above was to provide the tenant with adequate incentive to make productive inputs the benefits of which were returned over a long period of time. It was seen in the discussion of section 5 also that tenure variability differed between areas and between the different landlords and tenants. Furthermore, the expiration of the benefits of inputs in different uses varied from a few months for some crops to decades for some land improvements. For ordinary tenants, security of tenure was for 10 years; for benefits of inputs in some uses this period would be inadequate, for others, more than necessary. For many protected tenants security of tenure extended for only one year. Furthermore, on the basis of section 5, tenants were required to remain on the land in order to recoup the full value of their inputs; viewed ex ante this immobility resulted in a discount of the expected value of the input by the tenant. From an over-all point of view of efficiency it meant immobility of resources and the loss in productivity resulting in having factors in less than their highest use.

1"A protected tenant whose name stands entered as an owner in the record of rights on the first day of January 1952 in respect of any land fifty acres or more in jiryat or twelve and half acres or more of irrigated land in area in addition to the land held by him on lease as a protected tenant shall not be entitled to any rights or privileges conferred on a protected tenant by the provisions of section 32 or 34." Bom. 67 of 1948, sec. 88.
Section 41 which deals with compensation for the unexpired value of an improvement made by a protected tenant, and section 19 which provides for compensation in respect to trees planted by an ordinary tenant are also involved in the incentive of tenants to make inputs the benefits from which they would be severed upon termination of the tenancy.

Section 23 will also be discussed under the heading of compensation. This section provides for government construction of protective bunds if it appears to the state government that land held by a tenant is being neglected. The costs are recoverable from the tenant or the landlord who in turn is entitled under sub-section 2 to recover the cost or share thereof from the other party.

Factor payments. According to section 19 a tenant is entitled to the produce of trees, planted by him during the tenancy and is entitled to compensation for the trees on termination of the tenancy. During the tenancy the landlord receives a "reasonable rent" in cash, the argument for a cash rent being as follows:

...the landlord must get the same rent, i.e., reasonable rent which he would have got if the land had been used for growing food crops. . . .

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1"Bunds protecting any lands are all those raised bunds or mounds of earth constructed or naturally existing in or around the land held by the tenant as a protection to the land against inundation by floods, rain water, etc." Gupte, op.cit., p. 127.

2Trees of importance that are planted and cultivated in Bombay are: plantain, mango, guava, orange, fig, pomegranate, and papaya. There is a wide difference in the length of maturity of the fruits, e.g., the mango begins to bear in the fifth year and lasts for generations whereas the papaya yields in the first year but is seldom kept over three years.

3Revenue Minister's speech in Bombay Legislative Council on 8th October 1948 in Gupte, op.cit., p. 120. (Original source not available.)
The rent cannot be fixed in crop-share because in such a case until the trees grow and begin to produce fruit, the landlord will get nothing. He will get his share only in other crops, that is why in such cases the rent is fixed in cash and not in kind.\(^1\)

The effect of the rent fixing provision is to remove the landlord from any interest or gain from planting of trees on the land. The same source quoted above states that, "...the growing of trees requires large initial expenditure and it takes a long time before they yield fruit."\(^2\) If such is the case, it appears that it might be desirable for crop-share leases to be employed so that the risks of production and the interest costs of the maturing trees might be shared. Furthermore to set the cash rent on the basis of the land's productivity in one crop such as wheat or rice is to ignore its peculiar adaptability to trees and to tend to hold land from its highest use. If the land is particularly suited for the growth of trees, e.g., plantains on light soil, it should be possible for the tenant to pay a higher rent and still make a higher return to his own factors.

For ordinary tenants the only provision for payment of the unexpired value of long-term inputs is in respect to trees in section 19. Provision for compensating for inputs in other uses is not made. The tenant wishing to plant trees may do so with the knowledge that if his tenancy is terminated against his will he may apply to the Mamlatdar for an evaluation of the compensation.\(^3\) The compensation is based on the value of

\(^1\)Ibid., p. 120.

\(^2\)Ibid., p. 119.

\(^3\)Bom. 67 of 1948, sec. 70.
the trees themselves and not upon the labor and expenses incurred by the tenant in their production.

An important qualification of section 19 is that if the tenancy is voluntarily surrendered, the tenant cannot claim compensation for trees planted by him. During the ten year minimum lease period an ordinary tenant may lose possession of the land only by voluntary surrender or eviction under section 14. Under section 19, therefore, the only way in which the tenant can receive compensation is to be evicted for non-payment of rent, misuse of land, sub-dividing or sub-letting the land, or using it for a non-agricultural purpose. The ordinary tenant is also eligible for compensation if the landlord assumes the land for personal cultivation at the end of the ten-year period. Thus the qualification of paragraph two of the compensation provision virtually nullifies its usefulness from the standpoint of expectations of the tenant.

Section 23 applies to the construction of protective bunds. Costs incurred by the tenant in the maintenance or construction of bunds are recoverable from the landlord according to his liability under local usage and custom. This section, however, does not provide for the payment of compensation to the tenant for the unexpired value of his interest in the bunds upon termination of the tenancy. Insofar as the tenant may expect to remain on the land permanently, as in the case of a permanent tenant, he will have incentive to make inputs of labor and capital for bunding in accordance with the increase in his marginal return. If, however, his tenancy is to be terminated before the full expected value of his labor and capital in bunding have expired, he will apply less of these factors.
Costs recoverable on the basis of local custom and usage may not give the tenant adequate incentive to construct the bunds. If, for example, local usage requires that the tenant pay three-fourths of the costs and the tenant estimates that he will receive only one-half the benefits, he will not be willing to construct as many bunds as he would if he were to receive three-fourths of the benefits or pay only one-half of the costs.

Section 23 also provides for government construction of bunds protecting any land held by a tenant and that the costs are recoverable from the person in possession of the land. The law is not clear as to whether this can mean off-site protection.

A protected tenant may receive compensation for a land improvement if his tenancy is terminated. Although section 41 applies to all types of improvements\(^1\) and not trees alone, it covers only protected tenants. Section 41 permits the tenant to make inputs in improvements with the knowledge that even if his tenancy is terminated the value of his input will be recovered and thus the section provides incentive to make inputs from which benefits mature in the long-run.

Within the firm the protected tenant will tend to divert more of his resources into long-term uses such as erosion-protection practices, rotation crops, bunds, and tree-planting, and out of short term uses. Section 41 provides no additional incentive for landlords to make inputs of capital for improvements except where such inputs may be complementary with tenant inputs, e.g., tree seedlings and tenant's tree-planting labor. Neither is there a deterrent to the landlord inputs since he retains the

\(^1\)For definitions of improvements see sec. 41 in Chapter 3.
benefits of his inputs remaining in the improvement. The landlord knowing that he cannot take advantage of the remaining benefits of tenant inputs will have less incentive to evict the tenant.

Uncertainty. As in the case of section 5, the compensation provisions do not affect uncertainty with respect to prices and variability in production. The compensation features are intended to reduce uncertainty surrounding the benefits of factors which mature over a long period and are subject to severance if the tenancy is terminated. The compensation provisions, sections 19 and 41, do not provide for costs of transferring resources from one employment to another nor do they lessen the effects of uncertainty of alternative employment. The cost of transference and uncertainty of alternative employment would discount the value of other employments for the tenant's resources but would not, however, affect value of inputs made in long term uses in the present tenancy. Therefore, it appears that compensation provisions, unless subject to restrictions as are sections 19 and 41, can provide the same reduction of uncertainty from tenancy termination as can the security of tenure provision, section 5, in respect to long-term inputs.

Section 34 decreases the effectiveness of the security of tenure provision for protected tenants. With the relatively unimportant exception of trees, the compensation provisions do not apply to ordinary tenants. Therefore, in respect to the uncertainty surrounding inputs of long-term maturity, the compensation provisions for protected tenants are intended to do what the security of tenure provisions do for the ordinary tenants. This alone raises the question of the usefulness of the distinction of "permanent", "protected", and "ordinary" tenant. Dantuwa states:
The first step in tenancy reform should be to recognize only one type of tenancy with occupancy rights akin to the Protected Tenancy with Bombay legislation. . . In the matter of other provisions such as those for reasonable rent, security of tenure, etc., there should be no differentiation.  

Compensation does not reduce uncertainty of the length of tenancy as such, whereas a fixed tenancy period, as in section 5, does. Compensation, however, does reduce the uncertainty of the return to factor inputs the benefits of which extend over time and so is equivalent to security of tenure in respect to factor combinations. If some other objective, such as holding the maximum number of people in agriculture, is one of the purposes of the Act, then the security of tenure provisions might be better adapted. However, it appears that the purpose of the security of tenure provision was not to hold people in agriculture but rather provide incentive for cultivators to make inputs from which the benefits mature over a long period of time. Compensation appears to provide the same incentive to make inputs as section 5.

**Mobility.** Once a factor of production is contributed by the tenant with respect to a particular plot of land, the tenant must either remain on the land or receive compensation if he is to recover the value of his input.

If the tenant does not have to remain on the land in order to recover the benefits of past inputs, one obstacle to his mobility is removed. So long as the tenant finds that the return to all the resources he owns, i.e., labor and capital, is higher in their present use than the

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return he could secure from his transferrable resources plus the compensa-
tion he could receive for the unexpired value of his non-transferrable re-
sources in some other use, he will remain. If the return to these re-
sources is higher elsewhere, he will leave.

Mobility is perhaps the principal advantage of compensation over
security of tenure as in section 5, whereas inter-firm and inter-industry
movements would be left unrestricted by the compensation provisions.
Intra-firm resource movements toward employment in long-term uses would
tend to be much the same for the compensation provisions as for the secur-
ity of tenure sections.

Capital accumulation. If tenants are assured of receiving the un-
expired value of their capital inputs which have become inseparable with
the land, the returns to the capital inputs will be less heavily dis-
counted for the uncertainty due to tenancy termination. And if the cost
of the capital, say, in terms consumption goods foregone, remains the same,
the tenants will have the incentive to make greater capital inputs. A
larger portion of tenants' net income will then be spent on investment and
less on consumption. It appears that the effect of sections 19 and 41
will be to induce tenant investment. Since the problem of recovery of
investment for improvements does not arise in the case of landlords, the
effect of these sections appears to be neutral with respect to landlord
investment.

Innovation. Innovations of the type which yield benefits over a long
period would tend to be more readily adopted if the tenant receives com-
pensation for unexpired benefits when the tenancy is terminated. The
principal difficulty in compensation for factors employed in an innovation
lies in the assessment of their value. The effect of the innovation is to make the productivity of factor inputs uncertain. Estimates for compensation would need to be made of the increased productivity of each of the resources and adjustments made in their values.

The present system of compensation for an improvement under section 41 appears to be based on a productivity principle rather than a cost of production principle for, as Gupte states, "... the tenant will not be paid for what he himself has spent."\(^1\) Instead, the "amount by which the value of the land is increased" and "the present condition of the improvement"\(^2\) are taken into consideration in the valuation thereby stressing the productivity of the factor inputs at the time of compensation rather than their original cost.

The Objective of Distributive Equitability

Chapter 3 indicated a second objective of the Tenancy Act, equitability in the distribution of income. This, the second part of the analysis, deals with the manner in which the provisions of the Tenancy Act affect the equitability objective. The separation in the analysis of the problem of economic efficiency and growth from the problem of the distribution of income does not imply their independence. However, the norm of a proper distribution does extend beyond prescriptions arising out of purely economic analysis and therefore will be dealt with separately.

\(^1\)Gupte, op.cit., p. 212.

\(^2\)Bom. 67 of 1948, sec. 41.
Alternative means to adjust the distribution of income

Income to an individual may be derived from returns to factors of production or direct transfers such as gifts, inheritances, and subsidies. The size of an individual's income, therefore, depends upon 1) the quantity of productive factors owned, 2) the return to the factors, and 3) direct transfers. Thus, if government wishes to alter the personal distribution of income, it may do so by:

1) Control of the quantity and type of resources an individual may own.¹

2) Specification or other adjustment in the payment to the resource.

3) Direct taxation or subsidization.

Although the three foregoing methods are means of affecting the distribution of income, their effects on efficiency may differ. The second means, adjustment of factor payments, has already been discussed with respect to efficiency.²

¹By ownership is meant any valuable property in the resource. Government may change the property of the individual by changing his rights in use or transfer.

²One definition of an equitable distribution of income is the distribution which results when each factor receives its marginal value product. From the standpoint of the second objective of the Tenancy Act, however, this definition does not appear very useful since it merely accepts whatever distribution results after factor payments are made and does not subject the distribution of income to variation by the responsible authority. Such a definition of equitability then becomes a specification of the status quo. From the standpoint of the second objective then, in Schickele's words, "it is no longer possible to accept the complacent assumption that the norm of optimum 'factoral' distribution can serve at the same time as the norm of optimum personal income distribution." Rainer Schickele. Optimum income distribution as a goal of public policy. Am. Jour. of Econ. and Soc. 3, no. 3:454-478. April 1954. p. 474.
The effects upon efficiency of changing the ownership of resources are more difficult to ascertain. The differences in expectations of various individuals alone would account for variation. Threats of continued changes in resource ownership would increase uncertainty. Ownership itself, however, does not prescribe conditions necessary for allocative efficiency. Whether ownership vests in one person, or ten, or in government, the same marginal conditions for efficiency would apply.

Direct transfers of income through tax and subsidy, if applied equally to the returns from all factors, would make a proportional change in the payment to each factor thereby leaving the factor combinations unchanged as between productive uses. Substitution of leisure for labor would tend to be affected by tax or subsidy so leisure would also have to be subject to the same rate of taxation as productive use of a laborer's time.

A program which seeks to maximize its attainment of two or more goals will at least exploit all areas of complementarity. If two alternative means are equally effective for the attainment of equitability but one results in a smaller loss, no loss, or an increase of efficiency it will be preferred. If, therefore, it appears that change in the ownership of resources or a direct tax and subsidy method is as an effective means of producing an equitable distribution as an adjustment of factor payments and yet does not require a sacrifice in efficiency, then the two former methods may be preferred as part of an over-all program. Applied to the distributive equitability aspects of the Tenancy Act, this would
mean that provisions which alter the ownership of resources or direct
taxes and subsidies would be preferable to provisions affecting factor
payments.

**Peasant proprietorship**

One of the stated objectives of the Tenancy Act is that of peasant
proprietorship. The aspects of peasant proprietorship which deal with
incentive are covered under factor payments and uncertainty. If, for
reasons, say, of small size of the cultivating unit, peasant proprietor-
ship results in a less productive agriculture than a system of tenancy,
then the objective of equitability may account for the encouragement of
peasant proprietorship. The compulsory sale of land to protected tenants
at government-determined prices may be viewed as a form of redistribution
of ownership of resources discussed above. Since the incentive aspects of
peasant proprietorship are covered in the economic objective and resource
ownership aspects under distributive equitability, no separate objective
is necessary for peasant proprietorship. On the means-ends scale,
peasant proprietorship is of a lower order than the economic and distrib-
utive equitability objectives, the former being a means to obtain the
latter.

**Landlord-tenant income and the effects of the distribution**

Underlying the distributive equitability aspects of the Tenancy Act
is the assumption that landlords as a class are in a more favorable
position incomewise than tenants. This assumption can be illustrated by
the Revenue Minister's statement at the time of the third reading of the
Bill:
It is no doubt true that the incomes of the landlords who have not been cultivating their lands personally and who merely live on rents will be reduced and reduced properly. If they have been receiving rent in the past which can be called unconscionably high, no amount of time during which they have recovered them could make the practice proper and it becomes all the more necessary that immediate steps should be taken to reduce them to an equitable level. The tenants have been put down in every way as a result of the powers, legal and illegal, which the landlords possessed in the past due to the favours they received from the ruling class and on account of those repressions, the social position of the tenants has been the lowest possible.1

Speaking further about the relative position of landlords and tenants, and using as illustration the conditions of tenancy in Ratnagiri District, the Revenue Minister said:

This is the result of the economic conditions which are obtaining at present in the matter of lands which they cultivate and it is also a result of the powers which the landlords possess in the management of those lands.2

Not all landlords, however, are wealthy. Table 10 indicates that slightly over one-half of the absentee landlords in Bombay held less than 5 acres of land. Although land holdings are not a perfect indication of income position, many of these small landholders do have small incomes. Similarly, not all tenants belong to the low income group. In Jaska, for example, two tenants indicated savings of Rs. 25,000 and 20,000 respectively, with no debt. Relatively prosperous tenants were also found in Badlapur and Madhbavi.

Taken as a group, however, landlords probably are in a higher income category than tenants. Some landlords such as the Thakurs of the Gujarat

1M. Desai, Speech, op.cit., p. 87.
2Ibid., p. 88.
held, and still hold, very large estates. In contrast is a mass of low
income tenants. Income statistics which might reveal the extent of these
disparities are not available.¹ The general appearance of homes, clothing,
and diet of families in the villages of Jaska, Badlapur and Madhbavi
indicated the superior income position of the landlord groups compared
to tenants. With recognition of the exceptions, it appears that the
assumption that landlords are in a superior income position compared to
tenants is not unrealistic.

The criterion of distributive equitability

The Tenancy Act satisfies the condition of distributive equitability
if it tends to move the distribution of income toward equality.

Analysis of provisions of the Act

Rent regulation. Jacoby² specified the regulation of rentals as one
of the two principal means by which the distribution of income is affected
in agrarian reform program. By reducing the rental payment made by ten-
ants the distribution of income can be shifted from landlords to tenants.

¹A study by Desai and Madiman of the village of Lambhvel in Kaira in
1950 revealed the relatively low income position of tenants. As a mea-
sure of their capital position, the tenants, who accounted for 47 percent
of the agricultural families, owned only 25 percent of the buffaloes and
21 percent of the bullocks. N. K. Desai and S. G. Madiman. Problems in
capital accumulation by the tenant in the ryotvari area of Kaira dis-

²"Agrarian reform measures generally aim at or result in redistri-
bution of income through one or both of the following methods: (a) re-
distribution of land. . .b) reduction of rentals." Jacoby, op. cit.,
p. 56.
Section 6 of the Tenancy Act sets the maximum legal rent at 1/6 of the crop. It was indicated earlier that unregulated share rents frequently were one-half of the crop. The difference between the legal rent and the unregulated rent thus represents the income transfer from tenants to landlords. Using the figures from Table 17 as an illustration, it might be supposed that the Rs. 168,214,154 paid by tenants represented the legal 1/6 rent. Under, say, a half-share system the rent thus would have been Rs. 504,642,462. The transfer of income from landlords to tenants thus shown becomes Rs. 117,749,908 or an average of over Rs. 155 per tenant. Such a figure, even if based on reliable data, would not show the reduction in landlord contribution toward production costs so the final income transfer would be less than Rs. 155. The actual income transfer appears to be incalculable. Information is not available which would indicate all the changes in lease types, adjustments in leases, evasions of the law, and other factors which affect the distribution of income.

The redistribution effect results primarily because of the change in payment to the fixed factors such as land and labor. The Tenancy Act in sub-section 3 of section 6 permits the landlord to reduce proportionally his contribution to the cost of cultivation thereby relieving the landlord of bearing operating costs from which he would not receive proportionate benefit.

The rent regulation applies to all tenancies, drawing no distinction between high income or low income landlords and tenants. Insofar as the assumption of the superior income position of landlords is correct, there will be an equalizing effect between landlords as a class and tenants as
a class. As such, the rent regulation is limited to equalizing between landlords and tenants and cannot alter the distribution of income within the classes.

Since section 6 deals with factor payments, the use of this provision as a means for income redistribution may, within a range, require a substitution for efficiency.

Security of tenure. Since the tenant is conferred rights of tenure in the land which he cultivates by virtue of section 5, he acquires a valuable property. The limitation on eviction by the landlord is a restriction on the landlord's property. This saleable property which results from section 5 represents a redistribution of income from landlords to tenants. Unlike the rent regulation provision, however, section 5 does not fall on all landlords and tenants equally. The right of purchase in section 32 does not apply to ordinary tenants.

Section 5 is further unlike the rent regulation in that it is more in the nature of a transfer of property rather than an alteration of factor payments.

Tenant purchase, ownership, and transfer restrictions. Under section 32 the protected tenant can force the landlord to sell to him at a government-determined price. The "reasonable" price will be below the market price; otherwise, it would be unnecessary for the tenant to use the Tenancy Act. In the short run, where the outlay for land represents

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1Gupte, op.cit., p. 58. "There is nothing in Sec. 5 (2) to prevent the landlord, if he needs possession of the land immediately from the tenant, to offer him valuable consideration for consenting to surrender his tenancy rights. . . ."
a fixed cost, the effect of the provision on the distribution of income is most nearly of the first category on page 192. Government, in effect, transfers part of the property to the tenant by way of the lowered price. In the very long run, when the purchase of land enters into variable costs, section 32 might be viewed as an adjustment in factor payments, i.e., the second category on page 192.

Section 32, in the short run, thus has the effect of a transfer of ownership from landlords to tenants. Insofar as the assumption that landlords as a class are better off than tenants, this provision will tend to move the distribution toward equality.

As a means to achieve distributive equitability through peasant proprietorship, section 32 seeks to induce tenant purchase by lowering land prices. The result will depend upon whether the "Jaska effect", i.e., where the tenants felt that the other provisions of the Act made tenancy more profitable than ownership, or tenants' expectations of the advantages of ownership tends to dominate.

The indirect effect of enhancing the tenants' bargaining position may tend to lower sale prices. As was discussed under the economic objective, however, the number of land transfers under section 32 appears to be comparatively small. Therefore, the actual direct effect is relatively unimportant.

The order of priority of sale under section 64 has the effect of creating a valuable property to those in a preferred position in the priority and placing additional restriction upon the landlord wishing to sell. Section 64 has the effect of transferring property from landlords to tenants or other persons high on the order of priority.
Size of holding. The size of holding restrictions of sections 32 and 34 apply to both landlord and tenant. Although the Act does not specify the size of holding directly, it does contain provisions which specify the range within which the Act is operative. Thus a protected tenant may force the sale of land which he operates if his landlord's holding exceeds 50 acres but he may not employ section 32 if his (the tenant's) holdings exceed 50 acres.

Insofar as income is a function of the size of holding the acreage limit will tend to favor both low income tenants and low income landlords. In this way it operates for equality in the distribution of income more directly than the foregoing measures. The size of holding clauses in section 32 do not recognize differences in the productivity of land, however. A 50-acre tract of paddy land in the Konkan would be a very large holding whereas 50 acres of jirayat in the dry area of the Gujarat would scarcely provide subsistence.

State management. The effect upon the distribution of income of government management depends primarily upon the manner in which the program is administered. Potentially the management provisions are very strong inasmuch as any estate which is not being operated in accordance with "full and efficient use" may be assumed by government. After liquidation is complete the manager may sell or grant on lease any or all of the estate.1 In this manner, it would be possible to redistribute income by altering the ownership pattern. As indicated in an earlier

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1Bom. Tenancy and Agricultural Lands Rules, op.cit., p. 6. These administrative rules limit sale to cases where there is no other means of meeting management costs and other liquidation costs.
section of this chapter, very limited use has been made of the government management provisions.

Other Objectives

Chapter 3 introduced the possibility of other objectives which may not have been explicit in the statements preceding the passage of the Tenancy Act. One such objective suggested was that of the maintenance of political preeminence by the Congress Party.

Even if the political objective could be established, the testing of the Tenancy Act with respect to its effect upon political power appears to be very difficult. An end-result test would be the proportion of seats held by the Congress in the Legislative Assembly. But the seats would be determined by the entire program of the government, not upon one enactment alone. Therefore, the effect of the Tenancy Act upon the voters is confounded with the other phases of government's program. As part of the over-all program of the Congress, however, the Tenancy Act appears not to have done great damage to the party position. Congress now occupies 268 out of the 316 seats of the Legislative Assembly, whereas during the peak of the Gandhian revolution in 1946, the Congress held 125 of 175 seats.

The other alternative for testing the political popularity of the Tenancy Act would be a "grass-roots" poll. The principal problem with this test, other than the physical difficulties of securing the data, would be that of attaching the proper weights to the replies of individuals since there appears to be little reason for supposing that the
opinions represent the respective voting strength of individuals. The limited enquiry in the villages of Jaska, Badlapur, and Madhbavi with respect to political opinion indicated the difficulty of securing useful responses.

From the standpoint of the Tenancy Act, however, one political experiment in the Gujarat appears significant in its failure. With opposition to the Tenancy Act their raison d’etre, the Gujarat Khedut Sangh (Gujarat Farmer’s Union) was organized in 1949 under the presidency of Pragji Khandubhai Desai. The Khedut Sangh at first attempted to operate as a pressure group appealing directly to Congress. Said Shri Desai: "I am making it quite clear at this stage that the aim of Gujarat Farmer’s Union is not political.”¹ In 1951, however, at the Gujarat Lok Parishad (Gujarat People’s Conference) the Gujarat Lok Paksha (Gujarat People’s Party) was formed. Its principal objective was to oppose the Congress Party in respect to land policy.

In September, 1949, the Khedut Sangh prepared a memorandum which was submitted to the working committee of the Congress in which they stated:

Your memorialists strongly feel that if the Act remains long on the statute book it will work ruin of the middle class agricultural population without doing corresponding good to the tenants whom it is intended to benefit. . .²


Your memorialists respectfully submit that there was absolutely no necessity for an Act like the above in the ryotwari districts of Bombay Presidency.¹

The Khedut Sangh took particular issue with the sections of the Act concerning security of tenure, remission and regulation of rents, tenancy termination, building sites, and transfer. They recommended that Congress repeal or substantially modify the Act.

The Khedut Sangh declared that it represented not a few large landholders but a mass of small landholders. The memorandum above stated that: "The object of your Memorialists is to safeguard the rights of the small landholders. The Memorialists have no truck with zamindars, Jagirdars and the like."²

In spite of its declared appeal to the masses the Khedut Sangh was unable to alter the Tenancy Act. The Gujarat Lok Paksha currently (1953–54) has no seats in the Assembly although a cooperating party,³ the Krishikar Lok Paksha, has one seat.

In Bombay, Congress remains the dominant party by a large majority. With respect to policies from which the benefits materialize over a long period such a majority is an advantage. Some substitution in favor of economic or equitability objectives is possible and still retain a Congress government.

¹Ibid., p. 5.
²Ibid., p. 4.
In the program of economic development for India, as outlined in the First Five-Year Plan, land reform occupies a key position. It is intended that the land reform enactments of the various states of the Union should provide the institutional framework for increased efficiency and economic growth. And although the Plan gives top priority to economic development, importance is attached also to the reduction in disparities in income.

Orientation of the Problem, Purpose and Approach of the Study

In order to move toward the objectives of efficiency, growth and equitability in the distribution of income, the states have instituted land reform measures including the abolition of overlord tenures, consolidation and prevention of fragmentation of land holdings, reclamation and agricultural development, and tenancy. In India, land reform is the responsibility of the individual states and the wide variation in tenure conditions resulting from historical differences in growth of the tenure system and wide variations in physical conditions have brought about a multiplicity of land reform measures. The study of any of these measures in any one state must be made in this context if it is to be realistic from the standpoint of the over-all objectives of the Indian land reform program.

With a recognition of its place in the over-all land reform program, the Bombay Tenancy and Agricultural Lands Act of 1948 was analyzed in terms of its objectives. The purposes of this study are to 1) test
conceptually the principal provisions of the Act in terms of their ability to satisfy the conditions necessary for a movement toward specified objectives and 2) provide hypotheses, concerning the effect of the Act with respect to its objectives, which may be tested empirically as information becomes available and 3) suggest such improvements in the Act as become apparent in the conceptual tests in the first purpose.

As part of the evolution of tenure in general the tenancy situation was influenced by several factors: 1) the decline of the economic protection of the village and the subjection of the cultivator to a market economy causing custom and tradition to work against rather than for the cultivators, 2) the revenue system which, until the latter part of the British rule, has important effects for two reasons, a) its burden and b) the variety of rights in land accruing therefrom, and 3) the reforms in tenure which began to develop in the final years of the British era.

The tenure system in Bombay prior to the series of overlord tenure abolitions was two-thirds ryotwari. The land policy of this state envisions a completely ryotwari tenure system as soon as the tenure abolition measures can be implemented.

In contrast to zamindari tenure, tenancy under the ryotwari tenure, from a legal view, is quite simple. Relationships are governed by agreement with the superior right holder (occupancy right holder in the case of first order tenants and superior tenants in the case of sub-tenants). Tenancy laws regulate the terms of agreement by setting the limits of action. The tenancy relationship is determined, firstly, by the agreement, secondly, by custom and local usage and only finally by laws and ordinances.
The tenancy situation as it existed in 1948 was an outgrowth of many technical, economic and institutional factors. Basic to problems in tenancy were the more general problems of low income due largely to heavy population pressure and the limited quantities and slow accumulation of capital. The relatively low productivity of the labor factor resulted in wide disparities in income between owners of scarce capital and land and those who contributed only labor in the leasing agreement. Low income cultivators regressed on the agricultural ladder because of debts incurred to cover cost of production and consumption. Holdings and tenancies became smaller through sub-division and sub-letting. Where there was severe competition and a rapid turnover of tenants, uncertainty tended to cause tenants to refrain from making resource inputs in uses where the benefits matured over a long period. Factor limitations also reduced inputs for improvements. Custom and tradition were obstacles to the adoption of new techniques as well as to flexibility in leasing arrangements.

The problems attributed to the tenancy system included, but extended beyond, the leasing arrangements themselves. From the limited available information it appears that from 40 to 50 percent of the cultivators in Bombay were tenants at the time of the passage of the Act. Lease types included crop share, fixed produce, cash and service rents. Rents ranged from 1/4 to 3/4 of the crop. Shares of expenses varied between lease types, between landlord types and between areas according to local custom. Bombay represented a wide diversity in tenancy conditions and, consequently, the Tenancy Act was required to apply to the problems of tenancy under widely varied circumstances.
The objectives of the Tenancy Act were developed from statements in the Preamble of the Act, Statement of Objects and Reasons of the Bill, Legislative Assembly debates and the Congress Party declarations and programs. From these sources the over-all objectives of economic efficiency, and economic growth and distributive equitability were derived. The conditions for economic efficiency were grouped under 1) factor payments, 2) uncertainty, and 3) mobility. Economic growth required the additional conditions of capital accumulation and innovation. The criterion for equitability was a movement toward equality in the income distribution. A third possible objective, though not explicitly suggested in the sources reviewed, is that of political power. This third possible objective is speculated mainly for its importance as a substitute for the other objectives.

With the tenancy situation as stated above and the objectives toward which the lawmakers hoped to move, the Tenancy Act was enacted as the means. The means may be stated in terms of the principal provisions, viz., security of tenure, rent regulation, prohibition on sub-letting, ownership and transfer restrictions, state management and compensation. In the analysis these provisions were set against the conditions necessary to move toward the objectives.

The procedure followed in the analysis of the provisions of the Act was, first, to specify the criteria or conditions that would be required of the provisions of the Act in order to permit a movement toward an objective. This was done from the viewpoint that a reform enactment as a means is essentially restrictive rather than positive as, for example, a development project. The objective of economic development is dependent
upon efficiency in production and growth. The phases of production efficiency with which the Tenancy Act is concerned are factor payments, uncertainty and mobility. Two necessary conditions of growth are capital accumulation and the adoption of innovations. Such matters as the lack of alternative employment opportunities and the low level of literacy in agriculture, although important in their effects on the tenancy problem, are viewed as being outside the scope of a tenancy law. Similarly, efficiency in consumption and marketing of products are accepted as outside the scope of a tenancy law.

The second explicit objective is concerned with equitability in the distribution of income. With the reservation that it may be changed before it is attained, the standard of an equitable distribution is a movement toward equality. The provisions of the Act were analyzed in terms of their effect on 1) the distribution of ownership of resources, 2) the payment to resources, and 3) the forms of direct transfer of income.

The possibility of a third objective was also considered. One motivation for passing this land reform enactment might have been the maintenance of political power by the Congress Party. If the failure of the Gujarat Khedut Sangh in opposing the Tenancy Act is an indication of the political importance of the Act to Congress, then it appears that the Act has not changed the political position of the Congress.
Expected Consequences of the Act

The provisions of the Tenancy Act were analyzed in terms of their ability to satisfy the conditions of efficiency, growth and distributive equitability. Each provision was tested conceptually by utilizing the findings of other studies, information supplied by the Revenue Department, and observations in the villages of Jaska, Badlapur and Madhbavi. A summary of the results of these conceptual tests follows under the heading of the various provisions.

Security of tenure

Section 5 provides that a tenant may not be evicted before an expiration of 10 years, except under certain conditions. The landlord may recover the land at the end of the period but unless he does, the tenancy is automatically renewed for another 10 years.

Because tenants are more assured of receiving the returns from the inputs which become attached to the land, they will tend to make a smaller discount for uncertainty. As a consequence, tenants will have a tendency to increase inputs of the resources from which the benefits materialize over more than one production period. Section 5 is not intended for recovery of the value of inputs of single-season duration so the quantity of tenant inputs of resources in single-season uses would be affected only as they substitute for long long-term uses.

At the end of each 10-year period there is little restriction on the recovery of the land by the landlord. At the beginning of each 10-year period the tenant can anticipate another 10 years on the land with a high
degree of certainty. Thus tenants are subject to wave-like security, with peaks at the beginning and troughs at the end of successive periods.

The security of tenure provision does not apply equally to ordinary and protected tenants. Because of landlord recovery for personal cultivation from protected tenants under section 34, the protected tenants receive little security from section 5. Therefore, from the standpoint of a fixed assurance of tenure, the ordinary tenant is more "protected" than a protected tenant.

Mobility of resources may be reduced by section 5 in two ways. First, the tenant acquires the right of possession of the land for 10 years. He must remain on the land if he is to recover the return to long-term inputs which he might make. Second, the landlord who recovers land from a tenant must utilize the land for the purpose for which the land was recovered for at least 12 years, thus immobilizing the landlord's resources.

Because of the increased assurance of obtaining the return from his investment, the security of tenure provision should be reflected in an increase in the marginal efficiency of the tenant's capital. The reduced ability of the landlord to change tenants and thus obtain the type of resources that would maximize the landlord's income, will, on the other hand, have a tendency to reduce the marginal efficiency of the landlord's capital. The net effect upon capital accumulation will depend upon the relative propensities to invest of landlords and tenants.

Most innovations currently available in Indian agriculture call for inputs which are either transferable or yield returns in a short period. The tenant, therefore, will not find it difficult to obtain the return
from his inputs in various innovations, and the effect of section 5 on the adoption of innovations by tenants is probably small.

It is possible for a tenant to terminate his tenancy voluntarily. Furthermore, there is nothing in the Act to prevent the landlord from inducing the tenant, with "valuable consideration", to surrender the tenancy. If the landlord makes such a payment to the tenant, the Act has created a valuable property for the tenant equal to the bribe required to induce him to move. This transfer of property tends to result in a redistribution of income in favor of tenants and will satisfy the condition of distributive equitability only insofar as landlords are rich and tenants are poor.

Rent regulation

Under section 6 of the Act the maximum rent payable is $\frac{1}{6}$ of the crop.

The maximum rent set by government appears to be considerably below the market rate (common share rentals were $\frac{1}{2}$ share). Because tenants receive a higher return for their inputs (and assuming the supply curve for their factors slopes forward) the effect of section 6 will be to induce tenants to make greater inputs of labor and capital in the firm, drawing these factors out of alternative employments and out of leisure and/or consumption. One result of government regulation of the factor prices may be inefficient production reflected by a supply of labor in agriculture greater than what is necessary to produce the output specified by the market.

If the market rate, say, $\frac{1}{2}$ share of the crop, did represent the value of land in production and rentals are reduced by the Act to $\frac{1}{6}$ of
the crop, landlords will be induced to cultivate personally in order to recover implicit rent. Tenants will have less incentive to own land since they receive part of the benefits of land by way of the rent regulation without bearing the costs involved in land ownership.

Rents were historically subject to little change so the direct effect on uncertainty of the maximum rent regulation is probably not of great importance. However some secondary effect on the allocation of resources might result if the tenant, through an improved income position, becomes more willing to bear uncertainty. Production plans might be altered, for example, by a reduction of flexibility between enterprises.

Mobility of tenant factors depends upon whether the increased payment to the labor factor will hold tenants in agriculture or whether the increased income to labor will provide them with the means to effect a move. Other things remaining unchanged, the increased payment to labor through the rent regulation will tend to hold labor in agriculture. In the short run at least, many of the real forms of capital are not transferable to other employments. Sociological factors also tend to create work preferences for local or traditional occupations. In view of these considerations, it appears that tenant factors will remain in agriculture. In a significant portion of the leasing arrangements landlords contributed little capital, and the mobility of land is perhaps important in only a few areas as between agriculture and non-agricultural industry. Thus the rent regulation will deter the flow out of agriculture into industry.
Since the rent regulation will tend to transfer income from landlords to tenants, landlords will be inclined to shift their capital to alternative employments or leisure. Tenants, with increased capacity to save, are in a better position to invest, but probably will not do so in view of their relatively high marginal propensity to consume. It appears that the rent regulation will have the effect of transferring consumption from landlords to tenants and will not result in an increase of capital accumulation.

If the innovation is labor-using and output-increasing, the increased payment to labor resulting from rent regulation may be the means for directing greater supplies of labor into the labor-using enterprises and thus will be consistent with an efficient resource allocation. If the innovation is land-using and output-increasing, increased payment to labor may be inconsistent with the increased requirements for land and will result in excessive quantities of labor in firms using the innovation.

The rent regulation applies to all tenancies, drawing no distinction between high income or low income landlords and tenants. Insofar as the assumption of the superior income position of landlords is correct, there will be an equalizing effect between landlords as a class and tenants as a class. As such, the rent regulation is limited in its ability to move toward the objective of distributive equitability. Section 6 can redistribute income between the landlord class and the tenant class but cannot alter the distribution of income within the respective classes.
Prohibition on sub-letting

As part of the program to prevent fragmentation of land into small, separated parcels, the Tenancy Act in section 27 forbids the sub-letting or assignment of the tenant's interest in the land. Fragmented cultivating units may limit the ability of the firm to attain an efficient resource combination because certain other factors are indivisible, e.g., bullocks or machinery. Furthermore, fragmentation increases the cost of production by requiring the transportation of the productive factors between scattered plots. Section 27 appears to be directed at these fragmentation problems and not at a change in the relative shares of income to the landlord and tenant factors. Apparently the effect with respect to a movement toward the economic objective is positive.

However, the effectiveness of section 27 is limited by two qualifications. Section 27 does not apply to a special group of tenants known as permanent tenants whose rights are almost as extensive as the rights of an owner. A still more serious qualification is that heirs are permitted to partition the tenancy down to the minimum of one standard area, so that inter-generation sub-letting is permitted.

Transfer restrictions

Land purchased by the tenant under section 32 cannot be sold, given away, mortgaged, leased, exchanged or assigned. With these restrictions on the use of the land the value of the property to the tenant purchaser is correspondingly reduced. Land sold by the landlord must be sold at Tribunal-determined prices. Generally, these prices will be below market prices. Because all land sold by the landlord must be sold according
to a priority of purchasers at government-determined prices, land values will tend to be reduced.

Under section 32, the protected tenant may at any time enforce a sale from the landlord. If the tenant finds the agreed price unsatisfactory he may request the government to determine a "fair" price which will probably be below the market price. The landlord is thus subject to greater uncertainty with respect to the returns from his long-term inputs that would be cut off by tenant purchase. This increase in uncertainty may reduce the incentive for landlords to make improvements. This reason for terminating inputs for improvements was given by several landlords in the villages investigated.

Sections 43 and 64 will have a tendency to reduce the mobility of tenant resources. From the restrictions listed above, it is seen that the tenant must remain on the land he purchases or sacrifice the purchase price. No other parties may occupy the land because they may be evicted by the Collector. Mobility is further restricted by section 64 which holds the tenant in possession on the land and holds out other buyers regardless of their willingness or ability to pay higher prices.

Information collected by the government affirmed that the principal reason for tenants' failure to purchase lands was inadequate finance. Since sections 43 and 63 place further restrictions on the ability of prospective purchasers to mortgage the land, these sections result in further obstacles to the ability of tenants to make purchases. Despite the obstacles to the financing of land purchases by tenants, there is a tendency to redistribute income in favor of tenants by lowering the purchase prices of land to tenants.
State management

Under the provisions of section 44 the state may assume management of an estate on the grounds of inefficient management.

The effect upon factor payments, uncertainty and mobility depends upon the nature of management. There appears to be no inherent characteristic of state management as such to be better or worse than private management. Contribution by state managers to management is small because most decisions are left in the hands of tenants. Managers act in the capacity of administrators of the estates rather than agricultural managers. The manager is usually the Mamlatdar who does not take personal part in the management.

Up to the present the state management provision has been exercised to a very limited extent so that it is yet relatively unimportant. Because management of estates may be assumed at any time the government feels that the land is not being used efficiently, section 44 is potentially a very strong measure and might become very important from the standpoint of some political parties other than Congress.

Compensation

Compensation for trees planted by the tenant is provided for in section 19 and compensation for improvements made by protected tenants is provided for in section 41. Since section 34 virtually nullifies the security of tenure for the protected tenant, section 41 is intended to do for protected tenants what the security of tenure provision does not ordinary tenants with respect to inputs of long-term maturity.
Since tenants may be assured of recovery of the unexpired value of their inputs, compensation will tend to reduce uncertainty connected with inputs with long-term maturity. Resource allocations will tend to be shifted in favor of more long-term uses. Compensation provisions will provide incentive to the tenant to make inputs for improvements and crops that mature over several seasons. With a reduced discount for uncertainty, the marginal efficiency of capital in the leasing firm will tend to increase. Consequently, tenants will have a greater inducement to invest.

In contrast to the security of tenure provision, section 5, a measure which provides for compensation for the expected returns from all unexpired inputs would remove the necessity for the tenant to remain on the land in order to derive the benefits of past inputs. Thus a compensation measure properly administered is capable of increasing mobility.

The present compensation provisions (of the Tenancy Act), however, are limited in usefulness because of 2 qualifications. First, section 19 does not apply if the tenant gives up the tenancy voluntarily, therefore, a paradox arises in that a tenant will receive compensation only if he fails to pay his rent, abuses the land, sub-lets the land, or uses the land for a non-agricultural purpose. Second, section 41, which deals with compensation for improvements, applies only to protected tenants.

Recommendations

The lack of information prevents the application of conclusive tests as to the actual working of the Act. However, upon the basis of the ability of the provisions to satisfy the conditions for efficiency, growth and distribution, it is perhaps possible to make certain tentative
recommendations if the change appears to induce a movement toward one objective without a diminution of another objective.

The following are recommendations resulting from the conceptual analysis. Their applicability will depend upon the qualifications and reservations as indicated in the analysis.

The rent regulation was seen to have two effects, 1) on the allocation of resources and 2) on the distribution of income. It was suggested that the distribution of income may be effected either by changing the ownership of resources or changing the payment to factors. But altering the payments to factors may affect the allocation of resources unfavorably. Therefore, it appears that the distribution of income might be adjusted with less undesirable effects to efficiency if ownership of the resources is transferred rather than a change made in the payment to the factors.

Furthermore, the rent regulation, by altering the payment to a factor, adjusts the distribution of income only between the landlord and tenant classes, and not between the rich and the poor. Therefore, section 6 will cause a movement toward a more equal distribution of income among individuals only insofar as landlords are rich and tenants are poor. Although the average income of landlords is probably higher than the average income of tenants, it is perhaps true also that their income distributions overlap over a significant range.

In view of the considerations above it may be recommended that rent regulation be abandoned except to offset the effects of imperfect competition in lease bargaining.
It may be further recommended that if a better distribution of income is desired that it be effected either 1) through the transfer of resources or 2) direct transfer of income. The ownership of some resources, e.g., labor, cannot be easily transferred. In such cases direct transfer of income may be made, e.g., through the income tax. The transfer of resources may have an unfavorable effect on expectations if carried out too often, and therefore should be utilized as a once-for-all measure.

It appears that the usefulness which the distinction between ordinary and protected tenant may have had at the time of the passage of the Act no longer exists. It is, therefore, recommended that only one class of tenant be used in the Act. This being done, all tenants could be entitled to a compensation provision similar to that of the present section 41. With all tenants assured of compensation for all inputs the value of which had not expired at the time of tenancy termination, tenants would be provided with an incentive to make inputs the benefits of which mature over a long period. This would also eliminate the need for the fixed-tenure provision, section 5, and would reduce the obstacle to resource transfers.

There is no obvious reason why the evaluation for compensation should pose problems more difficult than those involved in the current evaluations of reasonable rent and prices of land.

It is recommended that the provision which prevents the sub-division and sub-letting of land be strengthened to make it effective. To do this it is recommended that the proviso of the 1952 Amendment be so changed as to prevent the partition and sub-division of the leased land at the time of the death of the tenant.\textsuperscript{1}

According to the Statement of Objects and Reasons of the 1952 Amendment, the reason for the second part of the amendment which allows the tenant to mortgage his interest in favor of government or a cooperative society in order to secure a tagai loan. It is recommended that this clause remain unchanged.

Suggestions for Future Study

Almost a decade has passed since India's Independence. In the light of experience gained in the first 7 years of the land reform program appraisal can be made of the effectiveness of the various measures in accomplishing the objectives for which they were intended. Research, guided by the basic objectives of the reform program, is needed to indicate the necessary changes to meet unsolved problems and adapt legislation to meet changing conditions.

With respect to a complete test of the effect of the Tenancy Act this study has dealt with the conceptual phases--first, the Tenancy Act in terms of the emergence of the tenancy situation in Bombay out of the tenure development in India and the role of the Tenancy Act in the economic development and, second, the analysis of the Tenancy Act in terms of its stated objectives. Although tentative recommendations were made with respect to the Act in terms of certain conditions necessary for a movement toward the objectives, the conclusions of the conceptual analysis are really the bases of hypotheses for empirical tests of the working of the Act. The following suggestions are submitted as hypotheses relevant to the sections of the Act analyzed, which may be confirmed or rejected as

1Ibid.
information becomes available from observable consequences of the operation of the Act.

1) Although the security of tenure provision has a tendency to induce tenants to make greater inputs for improvements it has the tendency to cause wave-like security and cause the inputs to be immobile. Two possibilities concerning the security of tenure provision are that a) tenants will be inclined to shift their resources toward uses that require longer periods to mature, e.g., soil conservation and slow maturing crops, but b) tenants will be less inclined to make voluntary moves to industry and other agricultural firms where their productivity might be higher.

2) The question of whether the rent regulation section meets the condition of efficiency thus enabling a movement toward the objective appears to depend upon the relative merits of government pricing to offset the effects of imperfect competition and the demerits of changing the price ratios from that set by the market. The increase in payment of labor from 1/2 to 5/6 of the crop suggests a probable source of inefficiency. It is suggested that the rent regulation provision will tend to induce (or hold) more labor into agriculture than can be used efficiently.

3) Since state management is imposed only in cases of severe and obvious cases of inefficiency or where serious management limitations exist it appears that after the state assumes the management, output in firms will increase for the given resources employed in the estate at the time of management.

4) Because of the reduction in rental payments and the possibility of a protected tenant forcing sale of the land which he cultivates,
landlords will be less inclined to make inputs on land cultivated by protected tenants than that cultivated by ordinary tenants.

It is suggested that tenants will not make increases in land purchases because of a greater return through renting than ownership unless land prices are also reduced so that the ratio of legal rent to land price is equal to or greater than the ratio prior to the enactment.

One of the principal obstacles to purchase is finance. Because land may not be mortgaged and because tenants must make rental payments concurrently to the payment of the purchase price, little, if any, increase in purchases by tenants may be expected.

5) The pressures to reduce the size of cultivating unit are, with the exception of section 27, outside the scope of control of the Tenancy Act. The size of the cultivating unit will continue to reduce to the legal minimum, and through subterfuge, go below the legal minimum.

6) Protected tenants aware of the compensation feature will tend to increase inputs of resources of long-term maturity, and tenants that are compensated for the unexpired value of long-term improvements are more inclined to move to alternative employments than ordinary tenants whose recovery of return for inputs is contingent upon remaining on the land.

7) The effects of the Act fall upon landlords and tenants as tenurial classes not upon income classes and therefore the movement toward the objective is limited to the extent that landlords as a class are wealthier than tenants. The initial effects of the rent regulation will tend to cause the distribution of income to move toward equality.
In order to test the tentative hypotheses above or other relationships of interest that might arise from the conceptual analysis, much more information is necessary than is currently available. In the present state of knowledge two types of information are required: 1) basic, aggregative data and 2) the more specialized information dealing with certain specific relationships. The former type may be characterized as census-type data and the latter as that secured by more intensive studies employing sampling techniques.

General information is required in order to estimate the relative strength of certain effects of the Act. For example, at the time of the Act no reliable information was available even to determine the extent of tenancy. As a beginning, therefore, information is required to show the ownership pattern and the amounts and types of tenancy. Such information should be available through the Revenue Department in the records that, theoretically, are maintained in the village.\(^1\) This information is not collected on a continuing basis, so much of the information of the village is not available.

More adequate information on the income position of landlords and tenants is also required. Some income data were collected by the National Sample Survey, and Telang\(^2\) indicated current efforts of the Bombay Bureau of Economics and Statistics to make studies of the income positions of various agriculturists.

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\(^1\) For example ownership pattern can be found in the Record of Rights and type of tenancy (mode) in Village Form. VII. Anderson, Manual, op. cit.

Perhaps more important are the requirements of the more specialized information. First, are the needs for the determination of the productivity of at least certain general categories of factors such as land, labor and capital. Some information may be forthcoming, for example, from the budget studies by Driver at Poona.¹

Crucial also to much of the analysis suggested above is knowledge of the nature of the supply functions for the various factors of production and the forces that affect these supply functions. For example, there is a possibility of a backward sloping supply curve for labor if incomes are raised rapidly to a high level and tastes of the workers are not changed to include more goods and services instead of leisure.

Information is also needed on the amount and type of capital and the means of finance. The recent study by the Reserve Bank of India² can perhaps supply some of the required information.

Finally, a particularly difficult type of study is suggested by the possibility of imperfection in the factor markets in agriculture. The degree of control over the price of, say, land in the village by a landlord, although important from the standpoint of welfare policy would be very difficult to measure.

Studies of the effectiveness of the Tenancy Act are being undertaken by the Indian Society of Agricultural Economics at Bombay and the Gokhale

¹P. N. Driver. Information conveyed to the writer in personal interview at the Agricultural College at Poona, India. February, 1954.

²Reserve Bank of India. All-India credit survey. Bombay, Reserve Bank of India. 1954.
Institute at Poona in cooperation with the Central Government. These studies will attempt to indicate the effects of the Bombay Tenancy Act by field investigations in the Gujarat, Maharashtra and the Karnataka.
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The shortcomings of this study are the author's own. What merit it might have is the product of countless inputs of cooperation and assistance not only by those who were acknowledged here but by many others.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Anna</td>
<td>1/16 of a rupee.</td>
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<tr>
<td>Bagayat</td>
<td>Garden land.</td>
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<tr>
<td>Bajri</td>
<td>Spiked millet.</td>
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<tr>
<td>Batai</td>
<td>A half crop share type of leasing arrangement.</td>
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<tr>
<td>Bund</td>
<td>Narrow embankment, usually of earth, surrounding a plot of land for the purpose of retaining water.</td>
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<tr>
<td>Cess</td>
<td>A surcharge collected above rental payment.</td>
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<tr>
<td>Collector</td>
<td>Principal revenue officer in the district.</td>
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<tr>
<td>Deccan</td>
<td>The dry region of central Bombay State east of the coastal range of mountains.</td>
</tr>
<tr>
<td>District</td>
<td>Sub-division of the state.</td>
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<tr>
<td>Gram</td>
<td>A pulse, chick pea.</td>
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<tr>
<td>Gujarat</td>
<td>The region of northern Bombay State.</td>
</tr>
<tr>
<td>Guntha</td>
<td>1/40th of an acre.</td>
</tr>
<tr>
<td>Huk</td>
<td>A surcharge collected above rental payment.</td>
</tr>
<tr>
<td>Jirayat</td>
<td>Non-irrigated or dry land.</td>
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<tr>
<td>Jowar</td>
<td>Great millet.</td>
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<tr>
<td>Karnatak</td>
<td>The southern region of Bombay State.</td>
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<tr>
<td>Kharif</td>
<td>Monsoon crop (June-September).</td>
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<tr>
<td>Khatedar</td>
<td>Land owner.</td>
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<tr>
<td>Konkan</td>
<td>The tropical rain forest region west of the coastal range in central Bombay State.</td>
</tr>
<tr>
<td>Kyari</td>
<td>Land with embankments or paddy land.</td>
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<tr>
<td>Maharasra</td>
<td>The linguistic region of central Bombay State which includes both the Deccan and the Konkan.</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>Mamlatdar</td>
<td>Principal revenue officer in the taluka.</td>
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<tr>
<td>Maund</td>
<td>A weight measure equal to 82.3 pounds.</td>
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<tr>
<td>Paddy</td>
<td>Unpolished rice, the plot where the rice is grown, or the whole crop</td>
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<tr>
<td></td>
<td>(straw and grain).</td>
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<tr>
<td>Panchayat</td>
<td>Literally, committee-of-five, but usually the body of village administration of any number.</td>
</tr>
<tr>
<td>Rabi</td>
<td>Winter crop (September-February).</td>
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<tr>
<td>Ragi</td>
<td>A millet.</td>
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<tr>
<td>Rupee</td>
<td>Indian monetary standard equal to approximately $0.21.</td>
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<tr>
<td>Ryot</td>
<td>Cultivator of the land.</td>
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<tr>
<td>Sowkar</td>
<td>Moneylender.</td>
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<tr>
<td>Tagai</td>
<td>Government loan.</td>
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<tr>
<td>Tallati</td>
<td>Village accountant and revenue officer.</td>
</tr>
<tr>
<td>Taluka</td>
<td>Sub-division of the district.</td>
</tr>
<tr>
<td>Tur</td>
<td>A pulse, pigeon pea.</td>
</tr>
<tr>
<td>Vero</td>
<td>A surcharge collected above rental payment.</td>
</tr>
</tbody>
</table>
Appendix A.
Inquiries on the Bombay Tenancy Act in the Villages
Jaska, Badlapur and Madhbavi

The object of the inquiry on tenancy in three widely diverse agricultural regions of Bombay State was not to gather complete information on the Tenancy Act but to discover problems that might be missed by reliance on secondary sources or speculation alone. The inquiries in the villages also helped to indicate the nature of difficulties in obtaining information that subsequent surveys would encounter.

There was insufficient time to collect data in a quantity that could reveal significant information either about the tenancy structure in the state or about the implementation of the Act. These visits to the village were primarily for the purpose of revealing problems and not drawing inferences about the whole state.

In selecting the three villages, the following factors were taken into consideration. 1) The village should be at least somewhat typical of the taluka and, to a lesser extent, district in which the village is located; 2) each of the villages should represent a different type of agriculture, tenure and tenancy; 3) the villages should differ with respect to the implementation of the Tenancy Act so that problems with the Act and without the Act could be studied.

Village records were examined to determine the extent and type of tenancy, type of owner, size of village cultivating units, land transfers and other basic village information. A list of landlords and tenants was also selected by size of holding or cultivating unit and relative income,
i.e., high, medium or low, as suggested by the tallati. At the time of securing the village data the tallatis were interviewed in terms of the questions in the landlord and tenant schedules. Interviews of the tallati and one or two of the headmen of each major community in the village provided a workable outline of conditions in the smaller villages.

When village information had been obtained, interviews were arranged with tenants and landlords. Although the village information provided an over-all picture of the prevailing leasing systems in the village, interviews with tenants and landlords provided information on the individual's reactions to his leasing agreement and the tenancy legislation. These interviews also helped to indicate the nature of replies and difficulties in securing information, e.g., complicated or hypothetical questions are of limited value, and farm records are largely non-existent so inter-temporal comparisons are very difficult to make.

The 3 villages are widely separated geographically with Jaska in the north (Gujarat), Badlapur in the center (Konkan) and Madhbavi in the south (Karnatak). Jaska is located in Dhanduka, the southwesternmost taluka of Ahmedabad district. Badlapur is in Thana district, east of Bombay City. Madhbavi is located in north central Bijapur district, in Bijapur taluka.

There is no irrigation in the village of Jaska. The crops, principally wheat, cotton, jowar, bajri, reply upon the monsoon to provide the required 20 to 25-inch rainfall for the year's production. The village of Madhbavi is also in a dry land tract. With less than a 20-inch annual average rainfall Madhbavi is frequently subject to famine. Dryland methods of cultivation are employed even on the small acreage of paddy grown. Principal crops are rabijowar, rabi bajri and rabi cotton.
Badlapur is subject to rainfall exceeding 100 inches per year. Paddy is virtually the only crop grown, with the exception of a few vegetables. No rabi crops are grown.

The tenures were as varied as the physical conditions. Jaska was characterized by a large number of absentee owners holding a relatively small area and a few in village landlords holding the bulk of the land. Full tenants cultivated approximately 1/6 of the land, and part owners leased another 1/12. Before the rent commutation in late 1953 all leases were of crop share type.

Badlapur's tenancies were almost entirely of the fixed-payment produce rent with a very small number of cash leases for land on which paddy was not grown. Approximately 1/4 of the land in the village was under tenant cultivation. About 1/6 of the 1,080 acres held by landlords (holders renting out at least part of their land) were owned by absentee landlords.

Crop share rents predominate in Madhbavi accounting for over 75 percent of the tenant-cultivated land. About 2,100 of the 9,000 acres of cultivated land in the village are tenant cultivated. Cash and crop shares are also found in the village. Approximately 1/5 of the 441 landholders in the village were absentee landlords.

The reaction to the Tenancy Act varied from indifference in Madhbavi to a violent response in Jaska in which tenants were withholding the payment of rents. Generally, Badlapur was conforming to the provisions of the Tenancy Act. However, evasions and circumventions of the Act were found in all the villages.
Appendix B.
### Table 16. Tenant and owner cultivators in 1948

<table>
<thead>
<tr>
<th>District</th>
<th>Number of owner cultivators</th>
<th>Number of tenant cultivators</th>
<th>Number of Ordinary cultivators</th>
<th>Number of Total cultivators</th>
<th>Percent tenants of all cultivators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad</td>
<td>152,802</td>
<td>86,184</td>
<td>20,533</td>
<td>106,717</td>
<td>41.1</td>
</tr>
<tr>
<td>Kaira</td>
<td>118,536</td>
<td>244,043</td>
<td>109,590</td>
<td>353,633</td>
<td>74.9</td>
</tr>
<tr>
<td>Broach</td>
<td>21,881</td>
<td>29,531</td>
<td>18,752</td>
<td>48,283</td>
<td>68.8</td>
</tr>
<tr>
<td>Panch Mahala</td>
<td>58,065</td>
<td>50,354</td>
<td>18,932</td>
<td>69,286</td>
<td>54.4</td>
</tr>
<tr>
<td>Surat</td>
<td>91,483</td>
<td>77,434</td>
<td>9,594</td>
<td>87,028</td>
<td>48.8</td>
</tr>
<tr>
<td>W. Khandesh</td>
<td>51,357</td>
<td>20,567</td>
<td>10,636</td>
<td>31,203</td>
<td>37.8</td>
</tr>
<tr>
<td>E. Khandesh</td>
<td>122,763</td>
<td>39,230</td>
<td>20,631</td>
<td>59,961</td>
<td>32.8</td>
</tr>
<tr>
<td>Nasik</td>
<td>13,840</td>
<td>68,238</td>
<td>33,952</td>
<td>102,190</td>
<td>88.1</td>
</tr>
<tr>
<td>Ahmednagar</td>
<td>152,802</td>
<td>86,184</td>
<td>20,533</td>
<td>106,717</td>
<td>41.1</td>
</tr>
<tr>
<td>Sholapur</td>
<td>84,004</td>
<td>45,469</td>
<td>15,088</td>
<td>60,557</td>
<td>41.9</td>
</tr>
<tr>
<td>Poona</td>
<td>150,974</td>
<td>123,115</td>
<td>38,070</td>
<td>161,185</td>
<td>51.6</td>
</tr>
<tr>
<td>Satara</td>
<td>234,446</td>
<td>197,241</td>
<td>67,239</td>
<td>264,480</td>
<td>53.0</td>
</tr>
<tr>
<td>Belgaum</td>
<td>112,889</td>
<td>77,874</td>
<td>17,564</td>
<td>95,438</td>
<td>45.8</td>
</tr>
<tr>
<td>Bijapur</td>
<td>120,894</td>
<td>64,128</td>
<td>20,579</td>
<td>84,707</td>
<td>41.2</td>
</tr>
<tr>
<td>Dharwar</td>
<td>58,090</td>
<td>43,561</td>
<td>12,568</td>
<td>56,129</td>
<td>49.1</td>
</tr>
<tr>
<td>Thana</td>
<td>65,311</td>
<td>67,100</td>
<td>22,698</td>
<td>89,798</td>
<td>57.9</td>
</tr>
<tr>
<td>B.S.D.</td>
<td>1,308</td>
<td>1,191</td>
<td>10</td>
<td>1,201</td>
<td>47.9</td>
</tr>
<tr>
<td>Kolaba</td>
<td>82,425</td>
<td>98,815</td>
<td>14,164</td>
<td>112,979</td>
<td>57.8</td>
</tr>
<tr>
<td>Ratnagiri</td>
<td>299,915</td>
<td>222,709</td>
<td>31,957</td>
<td>254,666</td>
<td>45.9</td>
</tr>
<tr>
<td>Kanara</td>
<td>17,653</td>
<td>57,594</td>
<td>5,931</td>
<td>63,525</td>
<td>78.3</td>
</tr>
</tbody>
</table>

Total Bombay Province: 2,011,438 tenants, 1,700,662 owners, 509,021 ordinary, 2,209,683 total

**Percent tenants of all cultivators: 47.6%**

*aAdapted from Barmeda, op.cit., p. 123.

bPre-merger Bombay does not include Mehsana, Banas Kantha, Baroda, Sabar Kantha, Kolhapur, Dangs and Amreli.
Table 17. Type of cultivator, acreages cultivated and rental equivalents*  

<table>
<thead>
<tr>
<th>District</th>
<th>Number of owner cultivators</th>
<th>Number of tenants</th>
<th>Total cultivators</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Protected</td>
<td>Ordinary</td>
<td>Total</td>
</tr>
<tr>
<td>1. Banaskantha</td>
<td>40,610</td>
<td>68,695</td>
<td>4,013</td>
</tr>
<tr>
<td>2. Sabarkantha</td>
<td>87,787</td>
<td>19,351</td>
<td>6,723</td>
</tr>
<tr>
<td>3. Mehsana</td>
<td>142,209</td>
<td>35,027</td>
<td>15,891</td>
</tr>
<tr>
<td>4. Amreli</td>
<td>19,832</td>
<td>6,760</td>
<td>1,985</td>
</tr>
<tr>
<td>5. Baroda</td>
<td>94,535</td>
<td>51,820</td>
<td>8,834</td>
</tr>
<tr>
<td>6. Dangs</td>
<td>3,322</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>7. Ahmedabad</td>
<td>45,994</td>
<td>48,931</td>
<td>14,947</td>
</tr>
<tr>
<td>8. Kaira</td>
<td>158,377</td>
<td>144,117</td>
<td>27,672</td>
</tr>
<tr>
<td>10. Broach</td>
<td>51,739</td>
<td>27,978</td>
<td>8,294</td>
</tr>
<tr>
<td>11. Surat</td>
<td>159,252</td>
<td>107,049</td>
<td>16,339</td>
</tr>
<tr>
<td>12. Thana</td>
<td>77,914</td>
<td>72,721</td>
<td>12,029</td>
</tr>
<tr>
<td>13. Ahmednagar</td>
<td>149,179</td>
<td>50,343</td>
<td>33,017</td>
</tr>
<tr>
<td>14. East Khandesh</td>
<td>197,116</td>
<td>31,880</td>
<td>27,328</td>
</tr>
<tr>
<td>15. West Khandesh</td>
<td>104,903</td>
<td>15,331</td>
<td>11,203</td>
</tr>
<tr>
<td>16. Nasik</td>
<td>142,977</td>
<td>51,600</td>
<td>33,368</td>
</tr>
<tr>
<td>17. Poona</td>
<td>147,362</td>
<td>62,234</td>
<td>32,355</td>
</tr>
<tr>
<td>19. Sholapur</td>
<td>122,131</td>
<td>40,354</td>
<td>19,515</td>
</tr>
<tr>
<td>20. Kolaba</td>
<td>74,980</td>
<td>101,553</td>
<td>19,227</td>
</tr>
<tr>
<td>22. Satara South</td>
<td>117,845</td>
<td>50,451</td>
<td>33,851</td>
</tr>
<tr>
<td>23. Kolhapur</td>
<td>125,417</td>
<td>70,488</td>
<td>11,367</td>
</tr>
<tr>
<td>25. Bijapur</td>
<td>141,707</td>
<td>55,952</td>
<td>26,660</td>
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<td>26. Dharwar</td>
<td>122,255</td>
<td>70,478</td>
<td>27,820</td>
</tr>
<tr>
<td>27. Kanara</td>
<td>30,502</td>
<td>48,748</td>
<td>12,834</td>
</tr>
<tr>
<td>28. B.S.D.</td>
<td>916</td>
<td>1,096</td>
<td>72</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,069,132</td>
<td>1,668,340</td>
<td>499,234</td>
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</table>

(Continued)
<table>
<thead>
<tr>
<th>District Number</th>
<th>Acreage&lt;sup&gt;b&lt;/sup&gt; cultivated by owner</th>
<th>Acreage&lt;sup&gt;b&lt;/sup&gt; cultivated by tenants</th>
<th>Total acreage&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>688,149</td>
<td>149,501</td>
<td>879,571</td>
</tr>
<tr>
<td>2.</td>
<td>637,549</td>
<td>72,275</td>
<td>737,650</td>
</tr>
<tr>
<td>3.</td>
<td>1,373,334</td>
<td>328,196</td>
<td>1,826,675</td>
</tr>
<tr>
<td>4.</td>
<td>373,224</td>
<td>151,330</td>
<td>555,002</td>
</tr>
<tr>
<td>5.</td>
<td>856,017</td>
<td>234,128</td>
<td>1,146,090</td>
</tr>
<tr>
<td>6.</td>
<td>24,000</td>
<td>---</td>
<td>24,000</td>
</tr>
<tr>
<td>7.</td>
<td>453,803</td>
<td>526,084</td>
<td>1,072,096</td>
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<tr>
<td>8.</td>
<td>152,237</td>
<td>382,945</td>
<td>632,732</td>
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<tr>
<td>9.</td>
<td>756,169</td>
<td>264,865</td>
<td>1,032,713</td>
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<td>10.</td>
<td>584,462</td>
<td>213,311</td>
<td>885,394</td>
</tr>
<tr>
<td>11.</td>
<td>1,012,777</td>
<td>487,012</td>
<td>1,558,660</td>
</tr>
<tr>
<td>12.</td>
<td>274,698</td>
<td>256,941</td>
<td>563,641</td>
</tr>
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<td>13.</td>
<td>2,056,047</td>
<td>350,414</td>
<td>2,649,087</td>
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<td>14.</td>
<td>1,491,596</td>
<td>195,438</td>
<td>1,851,822</td>
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<td>15.</td>
<td>1,311,509</td>
<td>159,935</td>
<td>1,578,444</td>
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<td>16.</td>
<td>1,704,026</td>
<td>298,419</td>
<td>2,222,577</td>
</tr>
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<td>17.</td>
<td>1,487,519</td>
<td>304,314</td>
<td>2,312,844</td>
</tr>
<tr>
<td>18.</td>
<td>904,743</td>
<td>156,309</td>
<td>1,325,762</td>
</tr>
<tr>
<td>19.</td>
<td>1,822,939</td>
<td>617,875</td>
<td>2,440,814</td>
</tr>
<tr>
<td>20.</td>
<td>155,865</td>
<td>190,811</td>
<td>375,978</td>
</tr>
<tr>
<td>21.</td>
<td>718,899</td>
<td>432,787</td>
<td>1,151,687</td>
</tr>
<tr>
<td>22.</td>
<td>977,582</td>
<td>289,075</td>
<td>1,266,657</td>
</tr>
<tr>
<td>23.</td>
<td>585,351</td>
<td>274,178</td>
<td>860,529</td>
</tr>
<tr>
<td>24.</td>
<td>1,638,021</td>
<td>643,604</td>
<td>2,281,625</td>
</tr>
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<td>25.</td>
<td>1,962,392</td>
<td>742,380</td>
<td>3,064,772</td>
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<td>26.</td>
<td>1,284,880</td>
<td>578,012</td>
<td>2,062,892</td>
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<td>27.</td>
<td>95,234</td>
<td>97,349</td>
<td>192,583</td>
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<tr>
<td>28.</td>
<td>2,388</td>
<td>1,692</td>
<td>4,080</td>
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<tr>
<td>Total</td>
<td>25,385,610</td>
<td>8,507,379</td>
<td>37,405,037</td>
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</tbody>
</table>

<sup>b</sup>Figures in acres.
Table 17. (Continued)

<table>
<thead>
<tr>
<th>District Number</th>
<th>Rents paid by protected tenants&lt;sup&gt;c&lt;/sup&gt;</th>
<th>Rents paid by ordinary tenants&lt;sup&gt;c&lt;/sup&gt;</th>
<th>Total rents&lt;sup&gt;c&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>515,618</td>
<td>59,143</td>
<td>574,761</td>
</tr>
<tr>
<td>2.</td>
<td>488,294</td>
<td>155,359</td>
<td>643,653</td>
</tr>
<tr>
<td>3.</td>
<td>2,478,326</td>
<td>1,117,657</td>
<td>3,595,983</td>
</tr>
<tr>
<td>4.</td>
<td>284,538</td>
<td>113,944</td>
<td>398,482</td>
</tr>
<tr>
<td>5.</td>
<td>6,129,871</td>
<td>1,370,529</td>
<td>7,500,400</td>
</tr>
<tr>
<td>6.</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>8.</td>
<td>5,020,184</td>
<td>1,078,469</td>
<td>6,098,653</td>
</tr>
<tr>
<td>9.</td>
<td>772,938</td>
<td>101,238</td>
<td>874,176</td>
</tr>
<tr>
<td>10.</td>
<td>2,944,874</td>
<td>965,141</td>
<td>3,910,015</td>
</tr>
<tr>
<td>11.</td>
<td>5,777,107</td>
<td>1,171,858</td>
<td>6,948,965</td>
</tr>
<tr>
<td>12.</td>
<td>9,884,160</td>
<td>811,336</td>
<td>10,695,496</td>
</tr>
<tr>
<td>14.</td>
<td>3,231,922</td>
<td>2,867,038</td>
<td>6,098,960</td>
</tr>
<tr>
<td>15.</td>
<td>1,855,707</td>
<td>1,243,082</td>
<td>3,098,789</td>
</tr>
<tr>
<td>16.</td>
<td>2,752,675</td>
<td>1,556,859</td>
<td>4,309,534</td>
</tr>
<tr>
<td>17.</td>
<td>2,559,308</td>
<td>1,775,451</td>
<td>4,334,759</td>
</tr>
<tr>
<td>18.</td>
<td>1,434,984</td>
<td>643,411</td>
<td>2,078,395</td>
</tr>
<tr>
<td>19.</td>
<td>3,512,081</td>
<td>2,199,734</td>
<td>5,711,815</td>
</tr>
<tr>
<td>20.</td>
<td>9,805,660</td>
<td>1,587,752</td>
<td>11,393,412</td>
</tr>
<tr>
<td>21.</td>
<td>4,852,501</td>
<td>1,026,653</td>
<td>5,879,154</td>
</tr>
<tr>
<td>22.</td>
<td>6,038,093</td>
<td>5,715,821</td>
<td>11,753,914</td>
</tr>
<tr>
<td>23.</td>
<td>18,883,264</td>
<td>1,938,107</td>
<td>20,821,371</td>
</tr>
<tr>
<td>24.</td>
<td>11,080,099</td>
<td>5,190,727</td>
<td>16,270,826</td>
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<tr>
<td>25.</td>
<td>6,696,874</td>
<td>2,890,682</td>
<td>9,587,556</td>
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<tr>
<td>26.</td>
<td>9,672,769</td>
<td>3,890,445</td>
<td>13,563,214</td>
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<tr>
<td>27.</td>
<td>4,881,812</td>
<td>1,225,270</td>
<td>6,107,082</td>
</tr>
<tr>
<td>28.</td>
<td>95,830</td>
<td>4,530</td>
<td>100,360</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>125,909,393</strong></td>
<td><strong>42,304,761</strong></td>
<td><strong>168,214,154</strong></td>
</tr>
</tbody>
</table>

<sup>a</sup>Adapted from: Bombay Revenue Department, Revenue Department file no. 8515/49II, op.cit. These data may not be used without express permission of the Bombay Government.

<sup>c</sup>Figures in rupees.