

ECONOMIC AND SOCIAL ASPECTS  
OF LAND REFORM IN INDIA

by

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## ECONOMIC AND SOCIAL ASPECTS OF LAND REFORM IN INDIA

### INTRODUCTION:

In August, 1941 the Atlantic Charter pledged the following as the policy of Great Britain and the U.S.A.:

"They respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self government restored to those who have been forcibly deprived of them." (27, p.512)

However all through the duration of World War II demands for independence from colonial powers were pushed aside by the more pressing needs of winning the war against Fascism.

Immediately at the end of hostilities an interim government was established in India and conferences were held between Indian leaders and the various missions which came from England. The details of these talks have been well published elsewhere, hence no space is necessary to be devoted to them. Finally on August 15th 1947 India was granted independence. Following this historic day, in 1949 during November the constitution of India was adopted by the Constituent Assembly and then at the end of 1951 and during the first two months of 1952, India held its first election based on universal adult suffrage. With the completion of these elections the country had embarked towards building a sound economic structure. At this juncture, thus, it is imperative to review the economic condition of the nation.

India's post-war economic condition can best be appraised when viewed as it was related to the West.

Thus Thorner says,

"The economic problems of South Asia in the middle of the twentieth century are the product, it was generally agreed, of the extension of Western influence in the area. They are a legacy of imperialism, not so much of the older mercantile expansion of the sixteenth to eighteenth centuries as of the more systematic economic opening-up of the chief countries by modern steam transport (railways and steamship lines) roughly since the middle or latter half of the nineteenth century." (78, p.142)

Thus in 1947 India was still a predominantly agricultural nation with approximately 70 per cent of its population dependent on agricultural production. As regards urbanization and industrialization, Thorner points out, that, "Urbanization in the area has proceeded slowly, the cities have generally served only as commercial centers. There is little industry." (78, p.143) At this poverty of industrialization Buchanan, in his monumental study, exclaimed, "Here was a country with all the crude elements upon which manufacturing depends, ----- (yet) India after a century, was supporting only about two per cent of her population by factory industry." (13, p.450)

Confronted with such an economic situation one must necessarily agree with Thorner when he concludes, that, "In a word those countries which have gained independence or a new status politically have remained dependent economically". (78, p.143)



Politically India is independent, economically the nation is dependent and socially the country may be characterised as being semi-feudal. Predominantly the population is Hindu, followed by the Muslims, Sikhs, Christians and other religious groups. The Brahmanic social structure is well known for its caste system with all its implications, for example, lack of individual social mobility, endogamous marriage relationships, economic exploitation of the lower castes and the like. A majority of the population forms the "poor" social class. There is a small "middle" class, mainly to be found in the towns and cities and lastly there exists a smaller "rich" social class whose power is vastly out of proportion with respect to its numerical size. Education and literacy is mainly to be found among the "middle" class, though since independence some attempts are being made to provide mass education. In essence the social scene in present-day India may be compared to many of the Western nations when they were beginning to emerge from feudal life, and were taking on the characteristics of a capitalist economy.

The agricultural economy of the nation is typified by the small farm and farmers usually tilling the soil as tenants or laborers. Broadly speaking the nature of economic relationships can be defined by the terms feudal,

semi-feudal and in more recent years with some intrusions of capitalist enterprise. Where feudal and semi-feudal relations prevail, the following conditions are commonly found. Rents are excessive. The tiller is highly indebted and rates of interest are very high. The actual tiller is usually separated from the owner by several intermediaries - in some cases by as many as 50 persons! Very little capital is available for productive improvements, as much of the money in the hands of the tiller goes towards the maintenance and practice of social customs and functions. Productivity of the land is poor. All these together form the basis for the poor economic and social level of a large portion of the agricultural population of India. Such a situation is not due to the lethargy or ignorance of the peasant as is often erroneously assumed, but can be shown to be a function of the social system. This point will be elaborated on in the main body of this study. Equipment used by the farmer is primarily comprised of simple hand tools. The main form of traction power is the bullock or the buffalo. Modern power driven machinery is very uncommon and today is only in evidence where the government has set up agricultural tractor stations or on some large private estates. Much of the farming is carried on a cash basis, that is, to be sold in the market. This has been due to the impact of

the Western market-centered economy. Capitalist enterprise began with the rise of tea and jute plantations but now has begun to penetrate the production of other crops such as truck crops, fruits and dairying. Though there are signs of a nascent capitalist production, the reader must be cautioned that many serious obstacles exist which today hinder the full fledged appearance and development of capitalist relations of production in agrarian India.

With this broad sketch before us the nature and significance of the problem of land reform begins to take some sort of shape. Fundamentally the economic aspect of the problem is whether the current land reforms constitute a sufficient basis to increase food production and also whether they have helped in removing the social barriers which impede economic change envisaged in the process to increase the productive capacity of the nation.

The problem having been defined let us turn our attention to the method involved. Briefly stated it may be described as being historical as well as analytical. By the term historical is meant that in order to grasp the heart of the problem it is essential to observe it in the perspective of its development - the essence of such an approach becomes dynamic, focussing attention on the movement and change involved. The term analytical is used to denote the necessity of examining in detail, with the tools,

provided by general economic theory, the relationships observed in the problem as defined. The relationships referred to are those connected with agricultural production - both physical and social.

Thus the historical part of this study is not a mere collection of dates and events or what great men did, but attempts what Childe has so eloquently stated: "Scientific history makes no claim to be a sort of astrology to predict the outcome of a particular race or an individual battle for the profit of sportive or militaristic speculations. Its study, on the other hand, will enable the sober citizen to discern the pattern the process has been weaving in the past and therefrom estimate how it may be continued in the immediate future." (18, p.83) And the economic analysis is not only quantitative, that is, dealing with production, acreage or other figures but attempts an aggregative synthesis of both the quantitative as well as the qualitative changes that are taking place. Lest some skeptics may take this as a criticism of statistical analysis, it must be pointed out that such an approach is not being adopted. However as Mills so aptly puts it, a fetish of figures is avoided. (83, p. X)

These statements bring out clearly what the author believes is necessary for such a study, that is, to synthesize theoretical analysis with practical needs. The very

urgency of the problem requires such an approach and furthermore if research is to be used such an orientation is deemed the most fruitful. This relationship between theory and practice is so clearly brought out by Sommerville, that it will be quoted in full, as follows:

"Practical aims represent the tangible effects upon men and things which that thinker wishes his thought to lead to. They are a matter of what empirical modifications he wishes to bring about by means of his thought. Hence they lie close to his choice of ultimate values. Such aims are always present to some extent and may range all the way from publicity or money to the salvation of mankind. In the case of the social thinker, practical aims usually take the form of some sort of modification or reconstruction of existing social institutions and practices. Such a thinker may also have a practical method, that is, a program of action and tactics to bridge the gulf between doctrine and application. In other words, the attainment of the theoretical aims by means of the theoretical (or "Scientific") methods is a stepping stone to the attainment of practical aims. A second stepping stone is practical method. Thus there is the closest network of relationships among these different types of aim and method. The extent to which they may be distinguished will, however, clarify many of our problems." (75, p.7)

Furthermore Salter concludes his discussion of methodology by saying, "If research is seen as a process of inquiry, with problems emanating from and tested in, experience, with generalizations serving instrumentally to suggest possible causative connections in experience, and with tests dependent upon such relations in the evidence of experience, then many confusions in the traditional views of research methods tend to clear up. The conflicting claims

for each procedure find a place in the outline of a full enquiry; the methods themselves fade away. What results is a full concept of modern science; and the techniques or devices previously held as constituting a scientific method turn out each to have a function to perform in the one task of processing evidence in order to arrive at a proposed method of resolving existing problems in experience.

"In this view, an ideal of absolute perfection and absolute certainty gives way to that of intelligent judgement progressively using the results of experience to suggest actions by which intentions and results are so closely united as man can make them in an ever changing world".  
(69, p.77)

In conclusion it is necessary to point out the nature of the source material and the limitations imposed by them. In the study being attempted it is important to use primary source material as far as possible. Primary source material refers to governmental surveys or studies conducted by independent scholars at the request of the government. This type of data are most useful in chapters 3 and 4. However owing to the fact that very little of such data are available to the author, secondary sources have been relied upon. But wherever possible secondary sources have been verified with primary sources as well as other

secondary sources. Statistics of agricultural production, particularly current figures, are almost impossible to get outside India and even in India they are in many cases still not compiled. This has led to a reliance on figures which maybe, somewhat, out of date. However the broad conclusions are still valid as general economic and social conditions have not appreciably changed in the last decade.

## CHAPTER I

HISTORY OF RURAL RECONSTRUCTION AS EVIDENCED IN  
LAND REFORM LEGISLATIONPRE BRITISH PERIOD:

In broad terms this period has been divided into two parts - one may be designated as Pre-Muslim and the other as Muslim. Chronologically the pre-Muslim period may be taken as far back as man has been known to inhabit the earth and the Muslim period begins in the 7th century A. D. to the time it was consolidated in the 12th century under the so called Slave Kings.

Much of the literature available to this author on the pre-Muslim period is devoted towards a description of the economic conditions of the populace. Only a very few have given consideration to any changes that may have been occurring, or to the reasons, if there were no significant changes taking place. However covering the Muslim period a vast amount of material is available dealing with the changes instituted. Thus the purpose of this chapter will be to describe the economic structure of pre-Muslim agrarian India and attempt to show that no major changes were introduced because the material conditions of existence did not require them.

With the coming of the Muslim Kings we do not find



any attempt to radically change the social structure. However it is true that many reforms were carried out in order to reconcile some of the agrarian practices with the needs of the new conquerors. In other words the change took place with respect to the ruling groups. Thus Nehru says, "What is called the Moslem or medieval period brought another change, and an important one, and yet it was more or less confined to the top and did not vitally affect the essential continuity of Indian life. (57, p.233)

In order to understand the changes brought about in the agrarian system of India by the Muslim Kings it is essential to describe the nature of the system with which they were confronted. Thorner has given such an excellent sketch that it will be quoted in full, as follows:

"The basic land relationships were rooted in the century-old custom and usage rather than in any formal, elaborate set of statutes, legal cases, and court procedures about property. So long as the peasants turned over to the local potentates his customary tribute and rendered him the usual services, their right to till the soil and reap its fruits were taken for granted. Local rulers who repeatedly abused this right were considered oppressive; if they persisted, the peasantry fled to areas where the customs of the land were better respected. As land was still available for settlement and labor was not too cheap, local chiefs had to be careful lest they alienate the villagers.

"There was nothing in India comparable to the highly developed forms of private property in land which were the rule in late eighteenth century England. There were no landlords and no tenants in the Western sense. The right to levy the land revenue was recognized to be the essence of political power. In effect, the supreme political authority was the supreme landlord." (12, p.17)

During most of this period the country was split into many small kingdoms. The two exceptions are; one, the reign of Chandragupta between 322 B. C. and 184 B. C. (73, p.72) and, second that of Samudragupta between 320 A.D. and 450 A. D. (73, p.86) Within the Kingdoms the village was usually a unit in itself. It must be remembered that at this time production was for consumption primarily, with very little or no exchange being conducted. However some articles were traded on the basis of barter at regular intervals at locations which were similar to the medieval fair-markets. Thus O'Malley says, "In all cases the villages had an organization designed to make them self supporting and self governing. Their autonomy was part of a loosely organized system of government, in which the Sovereign power left communal and local institutions to function independently, each in its limited sphere. (60, p.4) This was the agrarian structure which confronted the Muslim conquerors.

These Kings had come from a region which was primarily agrarian, and most probably with a similar social structure as existed in India. Hence their impact was in terms of a change in the ruling group. Describing the persistency of Hindu life under the Muslim rule, O'Malley remarks that, "The Muslims were not so much colonists as rulers, administrators, and merchants. They preferred living in cities and

Punctual and full payment of the assessed amount was insisted on and enforced, if necessary, by Sher Shah. He instructed the revenue officials to show leniency at the time of assessment and to be strict at the time of collection of revenues. The rights of tenants were duly recognized and the liabilities of each were clearly defined in the Kubuliyat (deeds of agreement) which the state took from him, and the patta (title-deed), which it gave him in return. Remissions of rents were made, and probably loans were advanced to the tenants in case of damage to crops, caused by the encampment of soldiers, or the insufficiency of rain". (48, p.441) It has been popular to credit the above reforms to Akbar. He did institute similar measures which proved quite successful but it is obvious that the basis of the reforms carried out by him had already been laid. Thus under the Mughal rule though agricultural production was carried on by the age old methods and very little change was introduced in the social relations of production, we find two new and distinct trends which led to a gradual disintegration of the rural economy of India. Dealing with this question Vera Anstey points out, "---- under Mughal rule two tendencies emerged, which have since become of increasing importance, viz the change from payment in kind to payment in cash, which transferred to the peasants the risks arising from price fluctuations and

and sub infendation, or the creation of a hierarchy of proprietary and tenant rights with reference to the same piece of land". (60, p.279)

#### BRITISH PERIOD:

By this time traders from the West had already established contact along the coast of India, and with the rise of mercantilist policy there was an increasing necessity of establishing a monopoly over trade routes and the articles to be traded. Simultaneously the Muslim Empire was breaking up owing to its loose political organization as well as the deterioration of the economy. Regarding the political structure O'Malley comments, "---- The Muslims did not bring the whole of their conquests under their direct rule. There were principalities in which Hindu rulers discharged governmental functions under a varying measure of control; Hindu princes and nobles continued to administer territories and estates not in entire independence but on condition that they supplied levies of troops and were responsible for the payment either of tribute or land revenue". (60, pp.5-6) Describing the economic deterioration Majumdar states, "Beneath the surface of outward splendour and apparent prosperity, there were some grievous anomalies in the economic system of the country. The factory records of the time bear out the statement of

Bernier that the misrule of provincial governors, 'often deprived the peasant and artisan of the necessities of life.' Further, the maintenance of an elaborate bureaucracy and a large army, and the expenses incurred from the splendid architectural monuments, imposed a heavy burden upon the agriculturist, and the manufacturers, on whose prosperity depended the very existence of the Empire. Thus began a process of national insolvency, which being accelerated during the next reign, proved to be one of the potent causes of the subsequent disintegration of the mighty Timurid Empire in India". (48, pp.489-490)

Subsequently, as the Afghan power declined, we find the beginnings of the rise of British power. In order to bring the measures introduced by the British, to alter the agrarian economy, in perspective it is essential to understand what was happening within the British economy. Manorial or feudal England was passing from the stage where it was being replaced by a science that was to bring to power the era of Mercantilism and later Capitalism. The theories of Thomas Mun were widely read, which exhorted the government of England to increase its trade relations with other countries of the world, specially with the orient. With the disintegration of the feudal system we witness the rise of towns where many of the so-called freed-men found refuge. With this influx of cheap labor

and the increasing needs of the population there arose the first beginnings of the modern factory system. All these changes necessitated the importation of raw materials which were to furnish the wealth of England. (40, p.9)

The first phase of British rule in India may be roughly put between the time when the East India company first received permission to trade in India (1612-1613) to the outbreak of the Sepoy Mutiny in 1857, after which governance of India was transferred to the British crown.

The Battle of Plassey of 1757 marks the beginning of direct British control over India. In the year 1765 the East India Company obtained a Dewani, which in the words of Goshal meant, "The right to collect revenue and discharge civil administration, in the three provinces of Bengal, Bihar and Orissa". (29, p.82) This act was the culmination of the change in policy brought about by the British traders in India and which had been formulated by the dire necessity of safeguarding the interests of the company. How this was to be accomplished is clearly visible in what Gerald Aungier, Successor of Sir George Oxendon as president of Surat and Governor of Bombay since 1669, wrote to the Court of Directors. He stated that, " ---- the times now require you to manage your general commerce with the sword in your hands". (48, p.638)

This change in policy was approved as can be evidenced from what Majumdar points out, that is, " ---- to establish such a politic of civil and military power, and create and secure such a large revenue to secure both ----- as may be the foundation of a large well grounded, secure English dominion in India for all time to come." (48, pp.638-639) Thus the trend was towards the establishment of greater security. Anstey describing this process states, "At first, owing to the influence of English ideas and to the fact that individual zamindar (landlords) with large holdings prevailed in those areas which first came under British rule, the object was to make a settlement with them, and so to introduce greater certainty and security". (60, p.280) Once again it is important to recall that while the above policies were being promulgated with regards to the activities of the East India Company in India, the very policies themselves were the product of a transformation that was taking place within the social and economic structure of England. This transformation was in terms of the shift in power relationships between the mercantilists and the capitalists. (45, pp. 109-120 and 29, pp. 101-105)

It is in the above context that a clear understanding of the first major measure introduced by the British can be obtained. This was the Permanent Settlement of 1793.

Anstey describes its essentials as follows, "It fixed in cash, in perpetuity, the sum payable as land revenue, on each zamindari holding, but recognised the zamindars (many of whom were mere farmers) as full proprietors and left them to make their own arrangements with the cultivators who became their tenants". (60, p.280) It is interesting to note that the above measure was instituted after many efforts had been made to assess and collect revenue in various ways. (48, pp.791-793) Furthermore the particular method involved, that is, creating a class of private landholders was accepted only after a controversy over the theoretical aspects of land ownership had been resolved by the company giving acquiescence to the idea of creating private ownership in land. (60, p.280) This was quite in accord with the ascendance of capitalism within the economic structure of England.

The above measure was applied to Bengal, Bihar, the Northern parts of Madras, and certain districts of the United Provinces (now Uttar Pradesh). At first the newly created landlords suffered as the assessment was based on a rate of ten-elevenths of the net assets, or rental values. As a sequel of the above we find a growth in the concentration of the ownership of land and also increasing poverty amidst the peasantry. Thus Dutt quotes the Report of the Collector of Midnapur in 1802 as saying, "The system of



sales and attachments has in the course of a very few years reduced most of the great Zemindars in Bengal to distress and beggary, and produced a greater change in the landed property of Bengal than has, perhaps, ever happened in the same space of time in any age or country by the mere effect of internal regulation". (27, p.216)

A further effect of this legislation was that it fixed in perpetuity the amount of revenue gathered by the British. During this period there was an increase in the area under crop production. This fact coupled with rising prices led to a situation where the revenue turned over to the British was only a small part of the actual rent collected by the landlord. Thus we find that the permanent settlement was declared as a failure and some authors went on to contend that the measure was instituted out of sheer ignorance and mistaken thinking. However Lord William Bentinck, Governor General of India between 1828 and 1835, though admitting the policy as a failure, went on to proclaim that it had decidedly brought to fruition the aim of bringing the masses of India under rigid control. (27, p.218)

Subsequent to the conclusion that Permanent Settlement had not proved a success, two other types of arrangements were established by the British. The first was a direct settlement between the government and the cultivator

which was called the Ryotwari system. The second was made by means of recognizing the entire village, as a group, responsible for the payment of revenue - this was known as the Mahalwari system. With the establishment of these systems of revenue collection the entire social structure of rural India was delivered a mortal blow. These were the culminating measures of a long drawn out process which began in 1498 with the arrival of Vasco De Gama seeking a trade route to the East and the gradual extension and consolidation of western powers with their introduction of economic and legal institutions that brought about such far reaching changes. On the one hand it is true that with the coming of the western powers the tempo of change was accelerated, however the social costs of this change are evidenced by the increasing poverty of the masses and the stagnation into which our economy has been plunged. Thorough going measures are necessary to provide a basis upon which the future economic development of India may be constructed.

Before the scope of post-Independence land reforms are considered it is both necessary and essential to describe the measures introduced after India passed into direct control of the British government and up to the first World War. For this is a period when much of the groundwork was laid for the current reforms.

With the introduction of the new types of land revenue systems and the legal enforcements we witness a gradual process of the dispossession of land from the hands of the cultivators, and hence an increasing concentration of ownership of land. Furthermore the impact of a market economy, with its impersonal forces, shattered the traditional basis of rural India. The resultant products were an increasing indebtedness, an overcrowding of people dependent on agriculture, stagnation in the productivity of agricultural commodities, and finally a rising class of landless agricultural laborers. Speaking of the increasing indebtedness during the period 1860-1880 Gadgil says, "The British had given rights of free transfer and absolute ownership - especially in the 'ryatwari' tracts to the cultivators which they had never possessed before. Again the judicial system which had been adopted gave the money-lenders a great power over his debtor, and finally the Limitation Act, making the renewal of debt bond in short periods compulsory, made the position of the debtor much worse. Thus though there was nothing in the nature of a peculiar hardship in the mere fact of an agriculturist being indebted, these other causes acting in concert had reduced the debtor, in many cases, to the position of a virtual serf." (30, pp. 32-33)

The Famine Commission reporting regards the overcrowding of agriculture said, " --- The numbers who have no other employment than agriculture are greatly in excess of what is required for the thorough cultivation of the land". (9, p.83) The following data give further evidence as regards the increasing dependence of the population on agriculture:

PERCENTAGE OF POPULATION DEPENDENT ON AGRICULTURE

<u>Year</u>	
1891	61.1
1901	66.5
1911	72.2
1921	73.0
1931	65.6

The figure for 1931 is lower because the basis of classification was changed and this is attested by what Anstey pointed out in her standard volume on Indian economics: "The apparent decline in the numbers dependent upon agricultural and pastoral pursuits between 1921 and 1931 is illusory ----- to be accounted for by a change in classification, not of occupation". (3, p.61) This overcrowding of agriculture led to an increasing diminution in the landholdings and with it the numbers of the tenants and landless laborers rose sharply. (63, p.14)

All these glaring economic anomalies were fundamentally the fuel for the mutiny of 1857. The suppression of

the Sepoy Rebellion, as the mutiny was named, marked the beginning of a new policy with respect to India. At this time England had successfully consolidated her Industrial Supremacy and hence needed extensive markets which could absorb the huge increase in production of commodities, such as textiles. In general the full impact of an expanding capitalist economy was felt. Gadgil describes the manifestations of this process by pointing out that, "It was not till 1850 that the volume of India's foreign trade began to increase rapidly as the result of the improvement of ocean steamers and the extension of roads in the interior. The fifties saw the beginnings of railway enterprise in India; the latter part of the decade witnessed large accessions to territory directly under British rule, and also the disappearance of the East India Company and the transfer of Indian Government to the crown". (30, p.15) This was also a period when the first attempts were made by the British government to introduce tenancy legislation. The first piece of such legislation was enacted in Bengal and similar provisions were made subsequently for other zamindari provinces. The central purpose of these enactments was to maintain the customary rights of inferior holders and cultivators. This was to be carried out by guaranteeing certain rights to persons who could be proved or were supposed to have held land or such rights for a

certain period of time. However tenants in all regions did not possess customary rights and even where they held such rights, the new rights being available property rights attached to persons and not to the cultivating status, they could be contracted away. Because of the chronic poverty and indebtedness of the peasant, they were so contracted away over large areas. For these reasons Gadgil concludes that, " --- the chief difficulties met with in this legislation, apart from the difficulties of counter-ing evasive practices, were that at least initially it covered a very small class and that it did not necessarily protect the actual cultivator". (31, p.87)

The next attempt to modify tenure conditions in the Zamindari areas was during the immediate period after the World War of 1914. In these policy measures only legal protections were instituted, (31, p.88), and hence the fundamental problem of providing a context in which the peasants lot could be improved was evaded. Therefore Gadgil rightly says, "So long as the right in land is divorced from the cultivating status, every person to whom the right accrues may, according to circumstances, cease cultivating land and become a rent receiver, or sell away the right and be reduced to the status of an unprotected tenant". (31, p.88) This was also the period when within India nationalism emerges. During the decade of 1920-1930 and again

1930-1940 increasing pressure is brought to bear upon the British government to institute measures to alleviate the lot of the peasantry. We witness the passage of such acts as the Agra Tenancy Act of 1926 which led to the formation "Statutory" tenants. These tenants are described by Anstey, who says "A statutory tenant has the right of occupancy during his lifetime, and his heir inherits the right for five years, after which the tenancy terminates". (60, p. 283) Also during this period a Taxation Inquiry Committee was established (1925). The Congress party itself conducted surveys in various regions of the nation and published several reports showing the distress of the farming community.

Principally all these measures carried out or suggested were aimed at changing the economic position and status of various classes in rural India. No fundamental move was made to change the structure of social relationships in rural India. Thus Bekker says, "During the 20th century, and particularly after the establishment of provincial autonomy in 1937, legislation was increasingly concerned with extending occupancy status to additional tenants-at-will. No fundamental attack on the system of land tenure itself was attempted". (10, p.320)

## CHAPTER II

### SCOPE OF LAND REFORMS

The purpose of this chapter is to describe the legislation enacted in various areas of India. Since a complete understanding of these legislative measures can only be obtained when they are viewed in terms of the systems of tenure, a brief outline of the major types will precede the description of the laws themselves. A critical analysis in terms of the economic and social consequences will be undertaken in the two chapters immediately following.

### MAJOR LAND TENURE SYSTEMS OF INDIA:

The subcontinent of India has two principal forms of tenure. However one must be cautioned that many modifications of the two main types are to be found in specific areas, but the above abstraction will hold true generally. The term tenure will be used to denote all those relationships established between human beings which determine their varying rights in the use of land. Renne lists these relationships by saying, "It deals with the splitting of property rights, or their division among various owners, between owner and occupier, between owner or occupier and creditor, and between private owners and the public; and it includes assessment of taxes on private rights, and



regulation of land use through various social control devices". (64, p.429)

The two forms of tenure are known as Zamindari and Ryotwari respectively. The former can be further divided in two forms on the basis of the length of time involved in paying land revenue - thus under what is called the permanent settlement the revenue was fixed in perpetuity and under the temporary settlement the revenue could be periodically revised. "The permanently Settled System prevails in most parts of the states of W. Bengal and Bihar, about one half of Orissa, about one third of Madras and smaller proportions of the states of Assam and Uttar Pradesh. The temporarily settled estate system prevails in Uttar Pradesh, nearly the whole of the Central Provinces (now called Madhya Pradesh) excluding Berar, about a fourth of the state of Orissa and in some areas in provinces (states) where the permanently settled estate system prevails" (39, p.11). The Ryotwari System prevails in the states of Bombay, Punjab, Madras and also in some Zamindari states.

TABLE I

## AREA UNDER VARIOUS LAND TENURES IN BRITISH INDIA (1931)

IN MILLIONS OF ACRES

Province	Ryotwari And Government Estates	Zamindari (Permanent)	Zamindari (Temporary)
Bengal (incl. E. Bengal)	3.65	39.34	3.34
Bihar	-	39.96	4.60
Orissa	5.98	9.45	5.18
Assam	29.87	3.92	1.70
U. P.	-	7.00	34.32
C.P. and Berar	9.58	-	22.50
Madras	27.65	12.84	-
Bombay	25.66	7.85	-
Punjab (incl. W. Punjab)	28.63	2.54	-
Ajmer Merwara	-	0.97	0.79
Coorg.	1.00	-	-
<b>TOTAL</b>	<b>132.02</b>	<b>123.60</b>	<b>72.43</b>

Source: Sivaswamy, K.G. Indian Agriculture -  
Problems and Programmes  
Pacific Affairs. 23:356-370. 1950

These systems of tenure have two important characteristics which differentiate them from one another. The first of the above stated characteristic is, that under the permanent zamindari tenure, settlements of land revenues were fixed in perpetuity whereas under both the temporary zamindari and ryotwari systems the land revenue settlements are revisable periodically. Usually this period varied from 20 to 40 years. The second important difference is to be found in the unit of assessment - under the zamindari, both permanent and temporary, the "estate" was the unit, while with respect to the ryotwari system, the individual piece

of land was the unit and the person occupying (not necessarily owning) was liable for the payment of revenue. In the case of zamindari types of settlement the owner of the estate was responsible for the payment of revenue and not the occupant. Under these systems management decisions such as, when to plow, what to plant, when to harvest and the like, are made by the cultivator. In most cases the seed, motor power (bullocks) and other agricultural implements have to be furnished by the cultivator. In terms of disposing the crop there is a serious limitation - since most markets are controlled and organized by the landowners or moneylenders or outsiders the cultivator is forced to sell for terms that are usually adverse to his interests.

Briefly let us examine another form of tenure - this is called the Jagirdari System and prevailed in most of the princely states. Under this system much land was held directly by the ruler and large tracts were granted to individuals as tax exempt estates. It is described as, "A system of tenure under which a district is granted to a person, as a reward, with the right to collect and retain the public revenues from it, administer the government, etc. The term Jagir can also be used to denote the revenue from such a district, or the type of tenure". (14, pp.103-104)

Glancing at the social structure of these systems of tenure reveals two types of tenancies. Bekker says, "Under all four systems of tenure two main types of tenancy can be distinguished: occupancy tenancy, and tenancy-at-will". (10, p.322) The former has certain permanent rights which border in some instances on transferable private property, while the latter holds his land at the discretion of the landlord. The occupancy-right-holder holding land under the ryotwari system pays land revenue to the Government, while the occupancy-right-holder under the other two systems pays rent to the proprietor of the estate. Both payments are similar in character in the sense that they are not determined on a purely contractual basis. The original basis of the level of rents under this system was custom, modified partly by contract in the past and largely by legislation regulating the conditions under which rents may be altered.

Before the current reforms are described it is worthwhile to acquaint the reader with the constitutional and policy background of these changes. The constitution of India provides very little responsibility for land reforms to the central government. Land reform legislation as well as most other aspects of agriculture are reserved for the state legislature. They are: land tenures including the relation of landlord and tenant, and the collection of

rents; transfer and alienation of agricultural land; land improvement and agricultural loans; land revenue, including the assessment and collection of revenue; the maintenance of land records; survey for revenue purposes, and records of rights, and alienation of revenues; taxes on agricultural income, on lands and buildings (36, p.246 and p.248) In the event of property expropriation the constitution, under the provision of Article 31 (2), stipulates, "No property, movable or immovable, including any interest in, or in any company owning, any commercial or industrial undertaken, shall be taken possession of or acquired for public purposes under any law authorizing the taking of such possession, or such acquisition, unless the law provides for compensation for the property taken possession of or acquired and either fixes the amount of the compensation, or specified the principles on which, and the manner in which, the compensation is to be determined and given". (36, p.15)

Indirectly the central government may also exercise some control through the fiscal powers under its jurisdiction. This is exercised through the terms of financing the land reform program in the various states - the central government will not provide any financial aid to the state government (10, p.331)

With respect to policy formulations there are two

documents that lend insight into the basis of all current legislative measures pertaining to land reform. These are the Report of the Congress Agrarian Reforms Committee (1949) and the National Planning Committees' brochure on Land Policy and Agriculture (1948). Both of these documents are quite similar in terms of the problems they have approached, though since the make-up of the personnel varies so do some of the recommendations. However, largely in terms of land reform the recommendations are the same, hence use will primarily be made of the Congress report.

Under the section of the summary of the report and its recommendations we find the following measures recommended:

"Elimination of all intermediaries between the state and the tiller". In order to implement the above, the following measures are deemed necessary, -

" ---- in future, subletting of land will be prohibited except in the case of widows, minors and other disabled persons. To cover the period, however, the Committee has recommended a set of rights for the actual tillers who are themselves not owners of land. Those who have been cultivating continuously for a period of six years should in the opinion of the committee, automatically get full occupancy rights. In case of other the committee has recommended that the owner may have the option, up to a certain

period, to resume the holdings for personal cultivation subject to certain well-defined conditions. Only those who put in a minimum amount of physical labor and participate in actual agricultural operations would be deemed to cultivate land personally. The owner will have the option to resume the holding to the extent to which it is necessary to make his self-cultivated holding economic. He can, however, resume more land, up to the maximum prescribed if thereby he does not reduce the tenants holding at a reasonable price to be determined by regional Land Tribunal. The tenant should be assisted by a suitable financial agency in purchasing the holding". (64, pp.7-8)

Furthermore the committee suggested that evictions should be prohibited and in order to facilitate such measures, a preparation of the records of rights in land is necessary. The various Land Tribunals will establish reasonable rents and may set up provision for the commutation of rents in kind into cash. Keeping this brief background in mind let us focus attention on the features of the various state-wise measures. (21, pp.239-243 and 10, p.331)

Though most of the States of India have introduced bills concerning land reform, few of them have actually been implemented. Principally the delay has been due to the question of whether such acts are constitutional or not and the subsequent legal channels into which most of these measures have been pushed. Thus though what will be

described is the intended policy of the present government, it is in no way to be assumed that it is being carried out. However, in some cases the measures have passed the test of legality and hence are in the process of implementation.

BIHAR:

LAND REFORM BILL (1949)

(a) Empowers the state government to acquire the rights of proprietors and tenure holders, including sub-soil mineral rights.

(b) The compensation to the expropriated zamindars (landlords) is to be estimated on a sliding scale based on the net annual income. The range is between 3 times as much for the largest incomes and 20 times as much for the smallest. Payments will be either in the form of bonds or cash - the former being either negotiable or non-negotiable.

(c) Proposes the establishment of a provincial Land Commission whose task will be to advise the government on the implementation of the plan.

In the month of March, 1951, the above bill was challenged for its constitutionality and so far as this author's information is concerned it has not passed the stage of legal testing. Reported in the section "Developments of the Quarter" we find, "The high court of Bihar State



declared unconstitutional the local law for the abolition of Zamindari, or landlordism, on the grounds that it deprived Landlords of equal treatment under the law with other citizens". (10, p.340)

#### MADRAS:

Three pieces of legislation have been passed -

- (a) Prohibition of Alienation Act.
- (b) Reduction of Rent Act.
- (c) Abolition of Estates and Conversion in Ryotwari Act.

The first act was enacted with the purpose of restricting the transfer of land. The second primarily to commute most rents in kind into cash rents. The third proposes to liquidate zamindari (landlord) and other estates.

Compensation for expropriation is not based on the net annual income, but in terms of the rent received. The prevailing rent in zamindari (landlord) areas was lowered to the level existing in ryotwari (peasant-proprietor) areas, and then one third of this amount was considered as a legitimate amount.

#### UTTAR PRADESH:

##### ZAMINDARI ABOLITION AND LAND REFORM BILL (1950)

The bill proposes to acquire the interests of all

superior holders of land, above the cultivator, on payment of compensation amounting to eight times their net annual income. In addition a rehabilitation grant will be given at a graded rate to zamindars (landlords) paying annual land taxes not exceeding Rs. 5000 (approximately \$1000)

The total amount necessary for compensation is 1.4 billion rupees.

This amount is to be collected on a voluntary basis from tenants, who are asked to pay ten times their annual rent in return for full occupancy rights. The tenants when they have acquired an occupancy status, will pay taxes amounting to one-half of their present rates.

#### WEST BENGAL:

So far no action has been taken, although a bill for the abolition of intermediate rights was drafted before partition in 1947.

#### ASSAM:

##### STATE ACQUISITION OF ZAMINDARS BILL (MARCH, 1949)

(a) Provides for acquisition of proprietary rights and tenure-holder rights in land and "other" interests in the permanently settled areas and certain other estates.

(b) Compensation for expropriation is based on net annual income. It varies from three to ten times the net

income - the former for the largest whereas the latter for the smallest.

CENTRAL PROVINCE (MADHYA PRADESH):

ABOLITION OF PROPRIETORY RIGHTS BILL (1949)

Bekker describes the bill, as follows, "---- in Madhya Pradesh where zamindaris (landlord estates) account for only a small part of total holdings, but where the mahalwari and jagirdari systems present parallel problems, the reform laws similarly re-enforce the various types of occupancy rights to a point where the cultivator has an inheritable and transferable claim to the land, but lacks some of the rights implied in the concept of private property". (10, p.327)

The above has been a description of measures introduced in those states which have zamindari type of tenure. The following is concerned with the protection of tenants and cultivators in those states which have the ryotwari system. Dantwala says, "Most of the states in India have passed legislation embodying these features in varying measure. Yet there are millions of cultivators who are excluded from the benefits of these acts and who are still at the mercy of intermediaries. Even those who are eligible for protection cannot compel adherence to the law because of their desperate need for some land to provide food and a basis for credit". (21, p.242)

BOMBAY:

## TENANCY AND AGRICULTURAL LANDS ACT (1948)

- (a) Forbids creation of tenancy in any land for a period of less than 10 years.
- (b) Maximum rent for irrigated land not to exceed one quarter of total yield.  
Maximum rent for other than irrigated land not to exceed one third of total yield.
- (c) Tenants who have held land continuously for not less than 6 years have the following rights -
  - 1. Tenancy cannot be terminated except when the landlord needs the land for his own use, either for cultivation or other purposes.
  - 2. Tenants may purchase land provided the holding of the landlord is not reduced below 50 acres or increase that of the tenant beyond 50 acres.
- (d) Transference of land by sale, gift or exchange and lease prohibited in the case of the non-agriculturist.
- (e) Priority in land sale will be as follows -
  - 1. Tenant.
  - 2. Person cultivating adjacent land.
  - 3. Cooperative Society.

4. Any other agriculturist, or a person who has obtained from the regional authority a certificate to the effect that he intends to pursue farming as an occupation.

(f) The state has the right to assume management of any landholders estate if it is deemed necessary for the purpose of improving the economic and social conditions of the peasants and ensuring the full and efficient use of land for agriculture.

#### CENTRAL PROVINCE (MADHYA PRADESH):

##### AGRICULTURAL RYATS AND TENANTS ACT (MAY 1950)

It provides only safety from eviction for tenants.

#### WEST BENGAL:

##### BARGADAR'S (SHARE-CROPPERS) BILL

Establishes conciliation boards with jurisdiction over -

- (a) division and delivery of produce
- and (b) termination of tenancy and restoration of land to share-croppers in case of wrongful eviction.

#### MADRAS:

No protection for tenants in ryotwari areas.

UTTAR PRADESH:

- (a) Restricts leasing of land to widows, minors, and persons suffering from disability.
- (b) Existing sub-tenants given security of tenure for 5 years, after which they can purchase occupancy rights by paying fifteen times their hereditary rents.

PUNJAB:QUASI-PERMANENT ALLOTMENT OF LAND IN PUNJAB (1950)

Bekker says, "The solution attempted provides that tenancy relationships shall in no case be re-established. Instead the type of tenure held by the refugee in Pakistan as well as the quality of the land he lost are taken into account in translating his former holding into "standard acres". In this process, the share of the tenant ranges from 5/16 to 13/16 of the claim and that of the landlord varies in inverse proportion. Allotments are then made on a graduated scale, with areas up to 10 acres cut by one-fourth, and areas over 1000 acres cut by 95 per cent. A holding of 10 standard acres thus is reduced to 7.5, and one of 5000 to 376.5 acres". (10, p.327)

### CONSOLIDATION OF HOLDINGS:

Let us now examine some of the measures being enacted in order to consolidate fragmented holdings. (34, pp.1-ix)

These measures can be viewed with respect to the method adopted for attaining the objectives and the extent of the problem which they aim to cover. The methods adopted are either voluntary or compulsory. They either address themselves only to the consolidation of existing holdings, leaving the possibilities of further fragmentation untouched, or they may be more comprehensive in scope.

Among the voluntary and limited in scope we find acts passed in Uttar Pradesh (1939) and Madhya Pradesh (1928, as amended). The Bombay Prevention of Fragmentation and Consolidation of Holdings Act (1949), the East Punjab Act of 1948 and the proposed bill in Hyderabad are examples of the compulsory and more comprehensive acts.

The Madhya Pradesh act is drafted along cautious lines and was to be applied at first to a limited area. Every further extension being subject to the issue of notification, which has to be laid before the Legislative Council. Under section 6 of the Act, two or more permanent holders having not less than a certain minimum area of land (generally 100 acres of land), are considered to be genuine applicants for consolidation under the Act. The U. P. Act provides initiation of consolidation proceedings under

Section 3 on the application of the proprietor of a village or mahal, or the lambardar (headman), or cultivators of more than one third of the cultivated area of a village, and under Section 6, by the collector. Under the Bombay Act, the initiative comes from the government, which notifies its intention to make a scheme for consolidation of holdings in a particular area. In the Punjab Act, consolidation proceedings can be instituted either by the government on its initiative or on application made by owners in this behalf.

The class of persons whose holdings come under the scope of the Acts are as follows. Under the Madhya Pradesh Act such a class is described by the term permanent holder, and persons entitled to be called permanent holders. A tekhedar with protected status is deemed the proprietor of Sir and Khudkasht land held by him. The U. P. Act covers persons called "cultivators". A cultivator is defined as a person other than a sub-tenant or a tenant of Sir, who cultivates a holding and includes a person who has leased the whole or any part of his holding to a sub-tenant or a tenant of Sir. The Bombay and Punjab Acts use the term "owner" who is defined as the occupant in the case of unalienated land and the mortgagor in case such land has been mortgaged, and in the case of alienated land the Superior holder.



The implementation of the measures is to be carried out by three stages -

In the first stage, the village land is divided into different blocks according to the productivity of the soil, and holdings of similar productivity are exchanged where possible. Equal areas are brought together in three grades, Superior, Medium and Inferior, and are entered in one corner of the map. Valuation of fields in annas (16 annas equal 21 cents) is recorded on the map. Consent of the landowner is obtained to this valuation.

In the second stage, the individual holdings are traced out according to the above classification and an attempt is made to give each cultivator land suitable for the principal crops grown in the village. The valuation of the holdings allotted to him is equal to the valuation of his original holdings. If, however it is impracticable to allot land in this way, the cultivator who gets land of higher value is required to pay compensation to the person who is affected adversely.

In the third stage, the possession is redistributed and the holders are allowed to take over new plots from an agreed date or from the beginning of the new agricultural year. The new holdings carry the same rights and privileges, as also the mortgagor liens and encumbrances as were attached to the original holdings. The holder of a

mortgage, lien or encumbrance can seek compensation. No scheme is finally confirmed till the question of compensation is settled.

Costs of consolidation are calculated in a prescribed manner and sometimes the whole of it is recovered from the right-holders whose lands are consolidated on the basis of acreage or rental value. Generally, however, only a part of it is recovered, the rest being borne by the state government.

Prevention of the recurrence of this problem is attempted by designating "standard" sizes in various parts of the country. Any fragmentation of less than this standard size is illegal. Transfer or lease of such fragments is prohibited, except when they become merged with contiguous survey number, or a recognized sub-division of a survey-number.

#### AGRICULTURAL CREDIT:

Another feature of the land reforms are the measures introduced to regulate money lending and credit (35, pp. i-vii). The main provisions of some of the Acts are -

- (a) the licensing and registration of moneylenders.
- (b) maintenance of accounts in prescribed forms.
- (c) furnishing of receipts and periodical statement of accounts to debtors.

- (d) fixing of maximum rates of interests.
- (e) protection of debtors from molestation and intimidation.
- (f) penalties for infringement of the provisions.

Here, the above brief summary will suffice as a examination of the variation of the provisions and their affect on the groups concerned will be presented in the next chapter.

### SUMMARY

#### Zamindari legislation:

1. Generally the various categories of landlord-tenant interests should be reduced to what is called a ryoti interest, which is a modified form of the interest of the ryotwari landholder.
2. Expropriation of the landlords to be carried out by paying compensation. The amount paid as compensation varies from state to state, however it is not unfair to the landlord.
3. Peasants who can pay, may acquire full proprietary rights in the land. If they do acquire proprietary rights, a reduction in rent occurs.
4. The landlords are allowed to retain their "private" holdings variously known as Sir, Khudkasht, Khas,

Seri and the like.

Ryotwari legislation:

1. Present leases to be allowed to continue, though there is restriction on new leases.
2. Existing rates of rent to continue; further enhancements are not permitted.
3. Right to buy the rights of the landlord in the land, by paying the market price.
4. Government may assume management of those holdings which are not being managed efficiently. It may also take over uncultivated land.
5. Encourage the cooperative movement.

## CHAPTER III

ECONOMICS OF LAND REFORM

In their introductory chapter Garver and Hansen define economics as, "---- a study of the price and value aspects of human activities and institutions". (32, p.5) Elaborating on this outline they go on to say, that, "The methods by which man satisfies his wants depend upon the social organization under which he lives, the kinds of natural resources existing where he lives, and the technical knowledge of which he is master". (32, p.5) A discussion of the economics of land reform will, thus, focus attention on the changing inter-relationship of the social organization, natural resources and the techniques that are available to utilize the resources. This inter-relationship will be evaluated in terms of whether the land reforms, instituted in the various states, are sufficient to fulfill the fundamental goal - increase in total production, more equitable distribution and whether they help toward the building of a sound foundation on which economic development may take place. The last part, of the fundamental goal, will be discussed in Chapter V and hence no effort will be made to elaborate on it in this chapter.

In order to place such an approach in perspective it is imperative to set forth data on agrarian India. It will

be remembered that this was done, in a general way, in Chapter I (pp.3-5). Here a more detailed picture is presented.

The first question usually raised is in terms of acreage. Describing this, Lalwani states, "Of the total area in India (including Pakistan and excluding native-princely-states) 35 percent was cultivated, 7 percent was current fallow, 13 percent was forest, 23 percent was cultivable waste, and only 22 percent was unfit for cultivation. Of this, double cropped area was 35 million acres, making the gross cultivated area 267 million acres ----". (42, p.49)

The following table gives an indication of the amounts of acres utilized for the production of food:

TABLE II

## LAND UTILIZED BY DIFFERENT CROPS IN INDIA (1939-1940)

CROPS	ACREAGE
Rice	74,278,000
Wheat	34,009,000
Sugarcane	3,640,000
Cotton	21,580,000
Tea	832,000
Jute	5,669,000
Rope & Mustard	6,113,000
Linseed	3,715,000
Castor Seed	1,005,000
Ground nut	8,410,000

Source: Lalwani, K. C. Agricultural economics, Calcutta, Artha Vanijya Gabesana Mandir, 1951. p.50.

Inspite of the large amounts of land being utilized for the production of food, one aspect which stands out is the low yields. This is easily demonstrated in Table III.

TABLE III

INDICES OF COMPARATIVE YIELDS IN SIX CROPS, VARIOUS COUNTRIES

COUNTRY	RICE	WHEAT	BARLEY	MAIZE	POTATOES	COTTON
British India	100	100	100	100	100	100
Siam	116	112	-	-	-	-
Egypt	241	-	-	-	-	500
China	293	152	-	-	-	-
Japan	256	180	-	-	-	-
Italy	337	154	-	-	-	-
United Kingdom	-	313	257	-	276	-
Australia	292	116	106	189	134	-
Canada	-	141	153	241	142	-
U.S.A.	161	133	131	230	146	167

Source: Davis, Kingsley. The population of India and Pakistan. Princeton, Princeton University Press, 1951. p.209.

Obviously the next question is: Why are the yields in India comparatively low? Is it due to the poor quality of the soil? Is it due to the lack of effort put forward by the cultivator? Though these statements have some validity, however, it is highly dangerous to accept them as facts and from which generalizations may be formulated. It is probably more correct to say, as Davis points out, that, "India's disadvantage in this matter is not due to the natural deficiency of the land itself". (24, p.208). If the

land is not the sole culprit, the deficient yields may be due to the lack of effort on the part of the cultivator or his "innate" conservatism. However it is worthwhile reminding ourselves what Voelcker stated about the efforts of the Indian Cultivator. He said, "---- At his best the Indian Ryot, or cultivator, is quite as good as and in some respects the superior of, the average British farmer; whilst at his worst, it can only be said that this state is brought about largely by an absence of the facilities for improvement which is probably unequalled in any other country, and that the Ryot will struggle on patiently and uncomplainingly in the face of difficulties in a way that no one else would". (27, p.206). And more recently Mann emphatically pointed out, that, "after long experience of Indian farmers in many parts of India, I think that this idea of innate conservatism among the rural classes is not correct, and possibly they are really less averse to change than a very large proportion of the farmers of western countries". (49, p.80). The answer to this apparent impasse lies in the social and economic matrix of rural India. Thus Thomas, probing the same problem, suggests that, "To answer this question, it would be necessary to enquire into the peculiar characteristics of rural economy in India". (79, p.456)

The central feature of the "peculiar characteristics",



which Thomas urges us to study, is the distribution of the various groups employed in agriculture. Table IV on page 53 delineates the groups for our examination.

The figures in this table clearly show that a large group of people engaged in agricultural occupations own no, or very little, land. Whereas a small group of people own and/or control, a large proportion of the cultivated land area. Further illustrating this point, State-wise, Siwaswamy calculates, that, "In Madras, in 1945, the 180,000 - or 2.5 percent of all landowners - who paid land taxes in excess of Rs.50 owned 25 percent (7 million acres) of the cultivated area. Of this number, 59,670 owners whose land tax exceeded Rs.100 held 4 million acres.

"In Bombay (1942-43) non-agriculturists owned 30 percent (8 million acres) of the total cultivated area. In the Central Provinces (now Madhya Pradesh), Uttar Pradesh, and Bihar, land held privately by zamindars amounted to 3.86 million, 7 million, and 3.46 million acres respectively". (72, p.365)

Such a state of affairs has not always existed. The concentration of ownership is the culmination of a process which has been working over a period of time. However, a serious result of this process is reflected in the size of holdings - they have continually been declining. "It is evident --- that in the last sixty or seventy years the

TABLE IV  
GAINFULLY EMPLOYED POPULATION OF INDIA ENGAGED  
IN AGRICULTURAL OCCUPATIONS IN 1931

Occupation		Number	Percent of Total Engaged in Agricultural Occupations	Percent of Total Gainfully Employed Population
Cultivation:	Rent Receivers (Non-cultivating proprietors)	3,257,391	2.9	2.1
	Cultivating Owners	27,006,100	26.2	17.5
	Tenant Cultivators	34,173,904	33.0	22.2
	Agricultural Laborers	31,480,219	31.0	20.5
	Cultivators of Special Crops	2,486,717	2.7	1.6
	Others (Estate Agents, Managers, etc.)	227,259	0.2	0.1
	TOTAL CULTIVATION	98,631,590	96.0	64.0
Forestry		310,492	0.2	0.2
Stock Raising		3,512,065	3.8	2.3
TOTAL	Agricultural Occupations	102,454,147	100.0	66.5
TOTAL	Gainfully Employed Population	153,916,050		

Source: Thomas, P. J. Agrarian Situation in India. International Labor Review. October, 1944. p.455.

character of the land-holdings has changed. In the pre-British days and in the early days of the British rule holdings were usually of a fair size, most frequently more than 9 or 10 acres, while individual holdings of less than 2 acres were hardly known. Now the number of holdings is more than doubled, and 81 percent of these holdings are under 10 acres in size, while no less than 60 percent are less than five acres". (27, p.195). More recently Siwaswamy, reporting on State-wise Surveys, has demonstrated that the process of smaller and smaller holdings in land has not been checked. (72, p.362)

By itself this trend may not indicate the seriousness of the problem at hand, however an examination of the Social and economic status of the people clearly brings to the fore, the effect of the above process. Thus a survey made in the State of Bihar starkly pointed out the conditions, as follows:

"Recently the Ministry of Labor conducted a few village surveys to ascertain the economic conditions of agricultural labor. The report on the village Dorwan in Bihar revealed:

"The village had a population of 496 persons. Out of these, full-time earners were only 134, or a little more than 25 percent. 40 were part time helpers.

"92 percent of families earned their livelihood from

agriculture. Only 8 percent had no agricultural employment.

"The average size of the family was 5.6 persons, out of which 1.5 were earners, 0.5 helpers and 3.6 dependents. Roughly, in a family of six there were 4 dependents.

"70 percent of the holdings were below 5 acres.

"On an average an agricultural laborer was employed for 155 days in a year. He had thus no employment for more than half the year."

The average earnings and expenditure of agricultural workers families were, as follows:

Rs	444	-	6as	7	p.	(earnings)
Rs	615	-	12as	10	p.	(expenditures)
Rs.	169	-	6as.	3	p.	(deficit)

"Out of the 16 workers families, 13 were in debt.

The average debt per indebted family was Rs.250". (74, p.2)

These, then, are the characteristics of the rural economy of India which must be used as points of reference, and they can be conceptualized, in summary form, in the words of Agarwal, who says: "Above all, we have in the country a semi-feudal land system which leaves no impetus for the tiller of the soil. Taking India as a whole, about 80 percent of the land is in the hands of absentee landlords who, under the existing land system, enjoy authority and power out of all proportion to any useful function performed

by them in the agricultural economy of the country. They lease out their lands, for purposes of cultivation, to tenants who have depressed social status and whose rights in land, as compared to those of the landlords, are of an inferior nature. Naturally this gives rise to a feeling of insecurity because of the fact that in case of any struggle the tenant is inevitably the weaker party.

"Besides suffering from a feeling of insecurity the tenant is highly rack-rented. Though the conditions of tenancy differ from place to place, ordinarily he bears himself all the cost of cultivation and gives to the landlord about 50 to 60 percent of the gross produce as rent. In a country of small holdings such proportions of rent payments are definitely high. The amount that remains with the actual tiller is not enough to maintain him and his family and to meet the needs of agriculture. As such he lacks resources to invest in agriculture ----- . On the other hand, the landlord being assured of some return from his land, does not take any interest in the land. So in this way, making any improvement in the land has become nobody's business. Neither the absentee landlord, nor the short-term tenant is interested in investing capital in land, or in adopting intensive methods of cultivation. Such is the defective land system of our country. No wonder

then that agricultural efficiency in the country is so low". (2, pp.14-15).

#### CURRENT REFORMS ON HOLDINGS AND RENT:

Recognizing these conditions the government of India is attempting to institute a series of reforms, described in Chapter II, with the object of eliminating the conditions that have shackled and plagued the nation during the past century. Though the concrete measures differ from state to state, as the systems of land relationships vary, nevertheless there are certain general principles which form the backbone of the various laws enacted. Therefore let us focus our attention on these principles:

(1) The various categories of landlord and tenant interests in land should be reduced to only one category; zamindari, jagirdari, malguzari, etc., should all be ended; so also should tenancies of various kinds like occupancy, non-occupancy and the like be abolished. In place of all these landlord and tenant interest should be created what may be called the ryoti interest, which is a modified form of the interest of the ryotwari landlord.

(2) The above reform has to be brought about through the process of extinguishing the rights of feudal landlords, paying them compensation. Though the basis on which the amount to be paid out as compensation varies from state to

state, it may be stated as a broad principle that the amount is lower than the market value of the interests that are being extinguished. The amount is however not unfair to the landlord, since if invested in industrial or commercial enterprises, it will fetch more or less the same amount of profit or interest as they are receiving to-day in the form of rent from their tenants. This is made possible because the price of land is, in relation to the actual return from it far higher than the prices of capital invested in industrial or commercial enterprises. (71, pp. 34-37). The amount of compensation as fixed above will be paid by the state either in cash or in bonds, mostly the latter. Thus the state, paying these compensation amounts, assumes the role of the landlord and collects rents from the tenants.

(3) Peasants, with cash to pay for it, can acquire full proprietary rights in land. For example the Uttar Pradesh Act provides that peasants can become bhumidars by paying 10 times their present rents in one lump sum or 12 times in four installments. In return they will get 50 percent reduction in their rents.

(4) Apart from the compensation that the zamindars get, they would also retain their home-farm lands, variously known as Sir, Khudkasht, Khas, Seri and the like.

While the above pattern of abolition of intermediaries

is applicable for the zamindari and other statutory landlord areas, the following are the principles that have emerged from the legislation in ryotwari areas.

(1) The continuation of all those leases that are in force but restriction on new leases. While the Hyderabad Act makes a general prohibition of leases after three years from the commencement of the Act, the Bombay Act prohibits only leases to non-agriculturists.

(2) A similar continuation of existing rates of rent but prohibition of further enhancements.

(3) Right of the tenant to buy the rights of the landlords by paying the market price. This however is conditioned by the provision that the landlord should have in his possession a certain amount of land - 50 acres in Bombay, and land paying an annual revenue of Rs. 250 in Madras.

(4) Wide powers for the Government to take over the management of ill-managed estates and manage them efficiently, as well as to take over lands that remain uncultivated.

(5) Positive encouragement and various concessions to agricultural cooperatives going as far as the use of compulsion against the unwilling minority in an area in which 2/3 of the small holders - those, whose holdings are below a minimum size - have expressed their willingness to form the cooperative.

A feature that is common to the legislation in



zamindari and ryotwari areas is that the machinery for carrying out their provisions is either of the form of government nominated land tribunals or the panchayat (village council). The former is entrusted with the most vital jobs - fixation of rent rates, acreage of land to be left in the possession of landlords, the purchase price to be paid by the peasant. Some Acts (for example, Bombay and Hyderabad) have no provision for setting up panchayats.

In the measures applicable to zamindari areas the central feature of the reform program is described aptly by the slogans "abolition of all intermediaries" and "land to the tiller". Superficially these slogans may convey the idea that the actual cultivator is being relieved of the main burdens borne by him, that is, high rents and rates of interest. However, the first aspect of this reform is that in many areas intermediaries have not been removed and in some instances they have increased. In Madras, the mirasdars of Tanjore district, many of whom own more than 2000 acres of wet land and the jennies of Malabar are left untouched. (74, p.13 and 50, pp.75-79). Leaving their holdings intact could have been justified, if these groups were not those where feudal conditions exist in terms of land relationships, (50, pp.75-79), but the only reason given is that technically, under the law, they are not considered a part of the zamindari tenure system. In Assam only the

areas that come under the permanent settlement are affected by this reform. When it is seen that in Assam permanently settled areas account for 3.92 million acres, in comparison to the 29.87 million acres under the ryotwari system, (39, p.72) one can scarcely help wonder as regards what will happen to the tillers in ryotwari areas. Thus, actually, the problem of sub-tenancy is not touched at all. Again in the state of Uttar Pradesh, though action is being taken to dispossess all intermediaries, yet under the provision whereby "private" holdings may be retained it is probably correct to say that problems in these areas are being left as they were before the reforms were instituted. Lest one may suppose these "private" holdings are not very large it is worthwhile to point out that these lands amount to 7 million acres out of a total of 41 million acres or 16 percent of the area. Finally, we find, that the state of Bengal has not even passed any legislation, hence, in an area which has been pointed out as the nerve-center of our antiquated agricultural economy, the evils of the system flourish while the peasantry suffer untold miseries.

Though what has been said shows glaring faults of the program yet it is undeniable that some groups, the more prosperous tenants and landlords, will benefit and as such the reforms may be said to have been an advance. To carry forward the task begun is to perform the principal

task of removing the feudal and semi-feudal interests in the form of rack-rent and excessive interest rates. What has so far been done can hardly be adequate and forces one to agree with Siwaswamy, whose examination of the problem let him to conclude that, "Yet, far from tackling this essential programme, governments in India have distracted public attention from it by concentrating on the abolition of zamindari - a reform which, though beneficent, does not touch even the fringe of the problem of protecting the cultivator from exploitation by the absentee landowner. The new legislation does not affect zamindar's 'private lands' which are extensive, largely as a result of illegal seizures during the British administration. More recently land intended for the distribution to ryots has been transferred to zamindars (as in Madras), in flagrant violation of legal prohibitions against converting ryotwari land into such private holdings. In short instead of fulfilling their pledges to remove all intermediaries between the peasant and the state, Congress Party governments have retained them and in certain instances have even increased their power." (72, p.368. Italics added).

#### COMPENSATION:

The second important feature, of the reforms in zamindari areas, is that compensation is to be paid to the

landowners expropriated. At first the attempt was made to build an Abolition Fund from the voluntary contributions of the peasants who obtained the new rights in land. This proved abortive and thus the measure chosen was to issue bonds. Also an increase in income taxes were expected to pay off 4 percent of the principal. Following these methods a possible solution was suggested, as follows:

"Assuming cash payments into a Abolition Fund equal to that in U.P., the remainder of the principal and interest at 2.5 to 3 percent could be amortised over periods varying from 15 years in Orissa to 30 years in Bihar and Assam".

(10, p.331). In a period when the government is trying to control inflation, such a method of solving the problem of compensation, though curbing inflation, will, nevertheless constitute a burden on the states. Thus Bekker concludes, "As regards its fiscal effects, land reform will for a time constitute a net burden on the treasuries of the several states". (10, pp.335-336). This may not constitute too serious a problem, however, a more serious result seems to be that it burdens those very cultivators who are promised relief under the land reform measures. In order to pay the amount asked from them, and in the face of inadequate credit facilities the evils of moneylending may be brought in through the back door. Pointing out these difficulties Cliff recorded the following answer from a

peasant in the state of Uttar Pradesh:

"Balleo, a gnarled son of the soil, does not mind at all discussing his affairs with the stranger.....He has been allotted 3-1/2 acres of land he has always tilled and for which he used to pay the equivalent of £ 3 a year in rent. Compensation is calculated in U.P. at ten times the annual rental, so he was told that the land would be his when he has paid £30. 'I had to borrow money at 3 percent interest per month', he says, 'and so far I have only been able to pay the interest. I don't see how I shall ever be able to repay. On top of that I have to pay £ 2 a year to the Government. If we don't pay up, the land will be handed back to the Zemindar (landowner) although he has been allowed to keep 200 acres....." (58, p.288).

It is quite evident that the question of paying or not paying compensation is an integral part of the larger problem of improving the techniques of farming and raising the productivity of land. Hence it is suggested that compensation should not be given where it places an excessive burden on the cultivator. However, such an approach will make it possible to make slight adjustments in the case of small and medium landlords - adjustments which, though slight when looked at from the viewpoint of society as a whole, may not be slight in the case of individuals and groups concerned.

#### SIZE OF HOLDINGS:

Finally, if the reform measures are carried out it necessarily results in a transfer of land and as such it

becomes essential to consider the question of the size of holdings. So far progress has only been in the direction of encouraging discussion regarding the problem. This has been a result of the struggle between the federal and state authorities over the question of who is to decide about the size of holdings. In this connection Cliff points out, that, "There has been a tense struggle behind the scenes over the question of limiting the size of holdings. The principle was first rejected, then accepted. But the interests won the day, and the decision of the extent of holdings is passed to the states, where the power of the local owners is even greater, and debate and delay are possible....." (59, p.419). However some states have set both maximum and minimum figures and here three problems of fixing an upper limit will be considered.

First, the fixing of an upper limit tends to lump together three groups of landowners - a rich peasant who himself does manual labor and employs agricultural labor and who owns above 30 acres; an entrepreneur landowner who himself performs no manual labor, but cultivates through hired labor and who owns above 30 acres; and, finally, a feudal or semi-feudal landowner who solely collects rent and interest and who owns more than 30 acres. In a process of land transfer the last of the three categories should have all his interests in land curtailed as they

essentially form a burden on society, whereas the other groups are relatively productive and hence all of their interests may not be removed.

Second, such a limit would tend to hinder the development and application of new techniques on large scale farms. Thus it would retard an increase in productivity.

Third, and finally, it would be a gross error to put a uniform upper limit, all over the nation, without having any regard for the diversity in the fertility of the soil and other agronomic factors.

#### PROTECTION OF TENANTS:

Historically tenancy legislation was enacted in order to protect the rights of inferior holders and the measures applicable to ryotwari areas are generally a continuation of this process. In this light, the provisions included in the Act passed in Bombay state are, probably, the best. However in all these cases the root problem, that is, the relationship of persons to the land and its effect on production has not been squarely tackled. This refers to the fact, that since the bulk of land ownership is concentrated in a few hands and there is a keen demand from the land-hungry population, therefore to assure the tenants that their existing rights will be respected and

that some reduction in rents will occur, are only make-shift arrangements. At best these legal guarantees are only palliatives and at worst they have led to increasing social tension arising out of increased litigation. (61, p.10). Equality before the law thus assumes a fictitious character which hides deep-seated rural ailments. Even a preliminary analysis, such as this study is, forces one to agree with the conclusion that Bekker arrives at, in spite of the fact that he seems to think that these reforms go a long way to improve conditions in rural India. He says, "In their financial and economic effects, the current land reform laws will put an end to anomalies that can be explained historically, but not in terms of current needs". (10, p.355. Italics added).

#### CONSOLIDATION OF HOLDINGS:

Formerly this problem was tackled on the basis of voluntary methods - the results demonstrated that it was too slow and not positive in terms of the needs. (34, pp.ii-iv). Thus the current legislation is partially compulsory.

In general it is too early to determine the affects of these measures, however since many of the abolition laws themselves have not been implemented, we find that progress in consolidation is very slow and hence productivity,



by and large, has not been affected yet.

Before concluding our discussion it is worthwhile to mention a few words about the setting up of cooperative societies which will aid in the consolidation of land. Historically the cooperatives established have had limited success, primarily due to the fact that their principles were directly borrowed from the setting of Western nations. Lest cooperatives may be thought as a panacea, it is essential to bear in mind the features of rural India, and thus gauge the sufficiency of cooperative schemes. Reminding us of this fact, Siwaswamy points out that, "Thus, certain Indian economists who are so steeped in Western literature that they tend to ignore Asian conditions, are hopeful of building a strong cooperative movement as in Sweden, where the farmer is as efficient a producer, with the aid of cooperatives, as his counterpart elsewhere on a collective farm, where peasants are literate, receptive and efficient, and possess a reasonably uniform sense of cooperation and discipline...." (72, p.351)

#### AGRICULTURAL CREDIT:

Toward the close of the war, after about 1944, costs began to mount sharply and gradually overtook prices. Thus Darling says, "If black market prices are taken into consideration agricultural prices were 3 to 4 times as high as

in 1939. The big rise came in 1942-43 and conferred a sudden prosperity on the cultivator, enabling him to pay off a large amount of his debt. But by 1946-47 he was beginning to have to replace old stock at rates corresponding with those he was getting for his produce, and it was only a matter of time before he must lose most of the advantage gained by the rise. Where harvests had been poor, the high prices had already ceased to be a blessing". (23, pp.350-352). Under such conditions it is probable that the agriculturists need to borrow for current consumption as well as production is increasing. This increasing pressure for credit is to some extent reflected in the high rates of interest charged by the money-lenders. In one area of Bombay a survey shows that the, "proportion of loans subjected to high or usurious rates of interest was 58% of total loans in respect of which interest rates were prescribed in money terms." (35, p.vii). Another survey conducted in Darrang district of Assam in 1950 has indicated that in spite of the Money-lenders Act, the rates of interest, charged by the money lender, vary from a minimum of 10 percent to more than 50 percent, and that an analysis of loans has shown that the largest number bear from 30 percent to 50 percent rate of interest. (4, p.28). Furthermore, the number of licenses issued under the Acts are not very large and hence it is

probable that many traditional moneylending operations are still being carried on illegally.

The existing credit proposals offer no aid to the small farmer with uneconomic holdings and as such the measures do not touch on the problems of finance of a large number of cultivators. Thus Dantwalla says, "The problem to which no serious attention has yet been devoted is that of financing basically uneconomic low income farmers, who do not represent isolated phenomena confined to distressed areas or the result of some emergency but are coextensive with Indian agriculture. If this group is afforded no other source of credit, it must rely on the moneylender, whatever his terms, and even knowingly acquiesce the infraction of laws that have been enacted for its protection." (22, p.356).

In general, as has been revealed in the studies of the Agricultural credit department of the Reserve Bank of India, the efforts to control moneylenders have not, on the whole, been successful. Where they have been successful we find a serious contraction of credit and since the farmers have had no other place to borrow, their economic conditions have worsened.

#### PRODUCTIVITY AND TECHNIQUES OF PRODUCTION:

In order to assess the affect of the current reforms

it is necessary to discuss what has actually happened in terms of productivity in agriculture and the techniques of production. Popularly, in India, this discussion usually takes the form of whether capitalist farming is increasing at the expense of something vaguely labelled as socialist farming.

Table V gives an indication of the changes that have taken place in acreage and production of various crops.

First of all it is evident from this table that though the actual acreage of some of the important crops has increased the yields have either fallen or increased only by very small amounts. Another feature of the above table is that commercial crops such as oilseeds and sugar-cane have increased at the expense of food crops. Thus Chand points out, that, "Relatively higher prices of oilseeds and sugar-cane inevitably result in greater area being placed under these crops .....". (16, p.92). Reviewing the trend of acreage under different crops and their productivity the Eastern Economist candidly states that,

"The residue of physical expansion left over from the preceding century was soon exhausted and by the close of the first decade, the pattern of land utilization and crop production had assumed, in outline as well as in its larger details, the static form which it has substantially preserved down to the present times. The land since then has been a Procrustes' Bed, in which has been fiercely crushed every expansionist impulse or pressure, so much so that an increase of some 60 millions in the population of British India made but little impression on the cultivated area,

TABLE V

TOTAL ACREAGE AND PRODUCTION OF DESIGNATED CROPS IN INDIA

<u>Crops</u>	<u>1948-1949</u>		<u>1949-1950</u>		<u>1950-1951</u>	
	<u>Area Sown million acres</u>	<u>Yield million tons</u>	<u>Area Sown million acres</u>	<u>Yield million tons</u>	<u>Area Sown million acres</u>	<u>Yield million tons</u>
Rice	72,485	22,597	75,414	23,170	75,458	20,389
Wheat	22,342	5,650	24,114	6,290	23,983	6,590
Sugarcane	3,752	4,869	3,624	4,938	4,138	5,462
Cotton	11,293	1,767*	12,173	2,628*	13,859	2,926*
Jute	843	2,055*	1,163	3,089*	1,449	3,292*
Linseed	3,761	423	3,759	411	3,503	385
Castor seed	1,383	108	1,458	129	1,255	106

\* Millions of Bales

Source: Brown, William Norman (ed.). India, Pakistan and Ceylon.  
New York, Cornell University Press. 1951.

although agriculture still remained far and away the principal source of employment and earnings. There was no permanent change in the net area sown in British India between the years 1911-12 and 1940-41. The area varies from year to year, determined primarily by the rainfall - by its seasonableness as much as by its adequacy - but outside the range set by these variations there was no steady upward trend at all. In 1916-17 the area hit the heavens at 215 million acres; and in all the thirties, the highest level reached was only 214 millions." (54, p.31).

The same report focusing its attention on the level of techniques pointed out, that, "barring the remarkable performance of cotton and to a less extent of sugarcane, there has been no instance of any sustained improvement in the technical level of farming." (54, p.31). Elaborating on the three main aspects of the techniques of production the Eastern Economist provides the following instructive and revealing remarks:

Irrigation - "The aggregate capital outlay on state irrigation works was, in the year 1900-01, already of the order of Rs.40 crores.....Since the beginning of the century and up to 1945-46, the capital outlay has increased another Rs. 110 crores to Rs. 150 crores. It cannot be said that, having regard to the greatly varying circumstances of the years before and after 1900, this higher rate of progress in the latter period adequately represents all the greater zeal and drive that could have been possible. In fact, during all this period, the general tendency to avoid any really large commitments for financial considerations were only too frequently apparent as was well illustrated by the endless and futile consideration of the Tungabhadra Project.....All the major works that have been constructed were completed in the years 1920 and 1935.... In terms of the area irrigated by the state works, the progress has been even less satisfactory. In the years before 1875, the gross area irrigated from state works was of the order of about 10 million

acres; in the twenty-five years that followed, this area went up by about 8 million.....In other words while state works succeeded in extending irrigation to some 8 million acres in the 25 years before 1900, they have developed to serve only some 12 million acres over all the succeeding 40 years." (54, pp. 31-32).

### Plant Research and Research into Agricultural Practices:

"Of these, under Indian conditions, where the scope for improvement in technique within the limits of individual holdings is severely limited by lack of capital, plant research easily has the more important possibilities. But a quarter century of plant research in India has not appreciably extended the benefits of the epoch-making rediscovery of Mendel's work to the farmer in this land .....But even the limited results achieved in the laboratories have not been made available in any large degree to the farmers in their fields....." (54, pp.32-33).

Farm Equipment: "There has been little improvement in the level of farm equipment. A certain amount of invention has been applied to the development of water lifts and improved village implements, particularly the plough, cutting implements and the seed drill. But it cannot be said that the progress in these directions has been appreciable enough to influence either the output per man-hour in agriculture, or the wage level of agricultural labour." (54, p.33).

With such a situation confronting the nation, the efforts under the "Grow More Food" campaigns and "Self-Sufficiency" drives have not improved matters appreciably. Thus Vakil points out that, ".....even in official quarters it is generally acknowledged that the grow more food schemes have not brought any substantial results in relation to the vast amounts spent on them". (82, p.174).

Moreover he suggests that, "The Grow More Food campaign is often directed with more attention to spectacular publicity than to utility. Instead of harnessing existing resources, ambitious attempts are being made to create new resources so as to build up an impressive record of Government effort.....their positive contribution to the food self-sufficiency programme has been rather disappointing in relation to the time and money spent on them". (82, p.175).

It is this arrested state of productivity and the low level of technique which is reflected in the stagnant and obsolete social structure. A beginning has been made, with the current reforms, to change the social structure, however from our preliminary appraisal it seems that much remains to be done. At this juncture it is proper to raise the question as to why more sweeping measures were not introduced. It will be suggested that the inadequacy of the present reforms is very closely related to the social composition of the present government. This relationship is visible in two forms, one, the historical development of the Congress Government and its inheritance of power from the British. Second, within the Congress party ranks there is a predominance of the landed classes and some of the more prosperous tenants. These two points are advanced as generalized observations of this study and



it is hoped that subsequent students concentrating their efforts in restricted areas will test the validity of this hypothesis. Here the views of one study already made will be presented. Thus, with respect to the first point, Morse says, "In sum, the inheritance of the Congress Party in taking office in Independent India was a state framework which had the agencies of rule, and a tradition of activities impinging widely on Indian life, but lacked deep and firm roots among the people of the country." (51, p.238) And on the second point Morse cogently states, "...within the Congress itself there are numerous landholders, and in many areas prosperous tenants have been more strongly represented in the party than small tenants or laborers. Since Congress gained office, furthermore, the interests of the entrenched party machinery in many districts and state headquarters have tended to block any broadening of party membership." (51, p.238).

Clearly, therefore, the task is to further enlarge the channels open to the democratic forces released by Indian independence and if such an orientation is not evolved within the existing framework, then as Gadgil bluntly put it, "The time may not be far distant when the peasant in possession of a medium of political power may use it in forcing a realization of his needs on the powers that be." (86, pp.203-204).

ADMINISTRATIVE MACHINERY:

Before we close this chapter a few words are essential in terms of the administrative machinery set up to implement the reforms. The first is the tribunal, usually composed of appointed members. Nanavati and Anjaria discussing this aspect of the reforms state, that, "The administrative system, it is obvious, reflects the purpose behind the state,....The character of the present Government has inevitably been reflected in the ways of the bureaucratic machinery." (55, p.432). They further observe that the bureaucracy is evident in the long and harassing procedure tenants have to undergo to get loans in times of disaster. Also when ever any grievances are brought forward they are not usually given any attention. Thus Nanavati and Anjaria conclude, that, "The bureaucratic system we have to-day has failed to understand the needs of the peasantry. Routine and red-tape characterize official activities in all fields, so that legislative measures, passed often with the best intentions, fail to produce the desired result with the desired rapidity." (55, p.433). In effect a thorough reorganization of this administrative organ is necessary. This could be done under the direction of the government where a proper system of recruitment and promotion is followed. Also it must be seen to that on the tribunals adequate representation is

provided to those groups of the population who are affected by the decisions of the tribunals.

The second administrative organ being revived is the Panchayat. As Cox describes it, "The panchayat proper is a permanent or temporarily constituted governing body of a caste. It is seldom, if ever, composed of fewer than five members, although a larger number is not uncommon. The parishad or village panchayat, is a village council composed of representatives from the leading castes in the village. It is concerned merely with intercaste questions and questions concerning concerning which the law is silent or doubtful." (20, p.76). Thus an organization which primarily deals with matters of caste and is dominated by the upper castes is being set up to deal with a question which involves a large number of the lower castes and hence will hamper the expression of the views of the lower castes. Furthermore under the constitution caste distinctions are to be abolished, therefore such a revival, to say the least, is anomalous. Hence it is suggested that village councils should be set up with the idea of giving representation to those groups who hitherto have had no representation on these councils. This will enable a more democratic atmosphere to prevail and thus make the implementation of measures passed easier.

SUMMARY:

1. The reforms in zamindari areas do not remove the feudal and semi-feudal burdens of rent and interest. Though many of the zamindari rights have been eliminated much remains to be done in terms of "private" holdings of the zamindars.

2. The measures in the Ryotwari areas are only extensions of the earlier measures carried out under the British government. Thus there is some reduction of rents and interest rates. However as long as the basic problem of redistributing the ownership is not tackled, the reforms in this area will not be appreciable.

3. Consolidation of holdings is being attempted, but so far very little evidence is available regarding their affects.

4. In spite of the Agricultural Credit Acts there has been little relief from high interest rates. This has been due to the fact that funds have been scarce and thus the cultivator has had to rely on the moneylender, on the latter's terms.

5. The affects of these reforms on the general economy of the nation are visible in the declining productivity and standard of living. Consequently social unrest is increasing.

6. The administrative machinery set up to implement various aspects of the reforms is either bureaucratic, or outmoded and in many cases composed of those very groups whose powers the measures intended to curtail.

## CHAPTER IV

CHANGING SOCIAL RELATIONSHIPS OF  
AGRICULTURAL PRODUCTION

As a consequence of the impact of the current land reforms there is a trend towards a general overhaul of the rural social structure. In order to assess this realignment of social groups it is imperative to delineate the classes affected and to determine what is the new relationship of these groups to one another and to the means of production. Indeed this is a "Himalayan" task and thus needs a very careful and detailed analysis of the latest statistics available.

In this study only a preliminary survey is attempted and even such a survey in many specific details for particular areas will be either obsolete or inadequate. Primarily this will be due to the fact that the data available to the author are from the last complete census of 1931 and some from more recent official, semi-official and independent studies. Statistics from the census of 1951 are not generally available in the U. S. A. Finally, in order to grasp an overall picture of the changing relationships, necessarily involves some error in the details for a particular area.

In order to carry out such an analysis it is necessary

to understand clearly what is meant by class. Undoubtedly the concept used in this study will be challenged as there is a great deal of controversy in the theory of class. However to shy clear of controversy is to render thought sterile and hence render the conclusions lifeless. Cox has given such a concise statement on this concept that it will be quoted in full, as follows:

"Social classes form a system of co-operating conceptual status entities; political classes, on the other hand, do not constitute a system at all, for they are antagonistic. The political class is the power group which tends to be organized for conflict; the social class is never organized, for it is a concept only. Although the political class is ordinarily weighted with persons from a special sector of the social status gradient, it may include persons from every position. Hence we do not speak of political classes as forming a hierarchy; they may conceivably split the social hierarchy vertically; therefore, there is here no primary conception of social stratification. In other words, members of the political class ordinarily do not have a common social status. These classes, therefore, are not thought of as social-class strata but as organizations arrayed face to face against each other. Furthermore, unlike the social class, the political class seeks to attract members to itself, and group solidarity is highly valued. Social solidarity is not a characteristic of social classes, for it is expected that persons are constantly attracted upward and away from their social position while those who fall may be allowed to sink even further." (20, pp.154-155).

Equipped with the above criteria let us focus attention on the problem at hand.

#### LANDLORDS:

The first general grouping is designated by the term

Landlord. Such a term is too broad as it includes people who own several thousand acres, for example, the Nizam of Hyderabad, and those owners who may own as little as 10 acres or less. Thus the following classification is submitted as one that does not tend to lump together categories which are different in terms of their relations to the use of land.

(a) Feudal Landlord: A person who owns land, but does not engage in manual labor or only engages in supplementary labor. The chief source of income of such a person is land rent, plus money-lending, or the simultaneous carrying on of industrial or commercial enterprises.

(b) Semi-feudal Landlord or Rich Peasant: A person who owns land and engages in some manual labor. In cultivating the land owned such a person may employ laborers. Sometimes such a person may not own his land but rent the land cultivated.

(c) Capitalist Landlord: No manual labor is performed by such a person but cultivation is primarily carried on by hired workers. Some of the land may be owned, while part of it may be rented.

These categories are to be found under all types of tenure arrangements, that is, both under the Zamindari, as well as the Ryotwari. Feudal and semi-feudal landlords are the most common and predominantly represented in the government,



thus it is in terms of these groups that the new legislation has been passed. The Capitalist landlord is a rare figure, though in many areas he does form part of the social structure.

Our preliminary study in Chapter III indicates that, although many of the feudal landlords are being expropriated, and some powers of the semi-feudal landowners are being curbed, in actuality the form of feudal relations is being changed and not its content. Thus rents will be collected by the state and the interest rates still remain high. Rent collection by the state is not necessarily a burden in itself, but it is the amount of the rents collected and the process whereby the transformation of revenue collection by landlords to the state assuming that role, that reveals the character of the burden being maintained. Some of the feudal landowners have not been affected by the legislation. In many states the laws have been challenged by the landowners and hence action is brought to naught. In effect the actual power of the landowners has not been broken and hence the changes sought in the social structure of India have been relatively few. In the last general elections Park lists three political parties which openly called themselves landlord parties. (62, p.70). However many other political groups have a large section of their membership drawn from among the landowning class - a good example being the Hindu

Mahasabha. As a result of the defeat of many smaller conservative groups in the elections of 1951-52, the tendency will be to work within the existing popular parties. Therefore it is important to dissect and study the membership of the Congress party, both on the national as well as state level. Similarly it is necessary to study the organizational membership of other parties. The general approach for such a study may be in terms of first, establishing the historical origin of the various categories of landlords, second, in what way are they related to the use of the land, third, what is the social nexus between the different groups and, finally, what political organizations they are associated with and what is their power within the organizations. It is only when such an analysis is carried through that concrete measures will be able to be developed and which will effectively deal with the complex problem at hand.

#### TENANTS:

The second group that forms an important section of the rural social structure are the tenants. Here the traditional classification will be put forward as it does help in clarifying the exact status of this group. However in most cases their relation to the land is not greatly different from the agricultural proletariat and hence

politically they may have strong tendencies to ally themselves with the proletariat. Nanavati and Anjaria provide the following figures -- "Roughly it may be said that almost all the area under zamindari and mahalwari tenure or 64 percent of the total area under cultivation in British India is being tilled by tenants..." (55,p.62).

Generally tenancy is characterised either by what is called occupancy tenants or non-occupancy tenants. While the rights of the former in land border private ownership, the latter works the land simply at the discretion of the landowner. The terms on which land is held by the non-occupancy tenant is mainly in the form of crop-sharing. Again Anjaria and Nanavati calculated that in Bengal one-fifth of the total sown area is cultivated by share croppers. In Bihar, U.P. and the Punjab the proportion of the sown area under share cropping is 20 percent, 25 percent and 50 percent, respectively. Not only is rural India characterised by such large groups of tenants but the group has been growing. Thus Sayana points out that, ".....tenancy has increased and subdivision and fragmentation of the cultivators' holdings have reached alarming proportions." (71,p.54).

The measures promulgated to deal with the tenancy problem (see Chapter III) deal with assuring the rights of the tenants and fixing the rents as they are. They

also permit purchase of ownership rights upon payment of a certain sum. In general attention has been focused on enlarging the occupancy tenants rights. Reviewing the tenancy measures Anjaria and Nanavati conclude, "Thus, several states in India have enacted legislation for protection of tenants. There yet remain millions of tenants who are unprotected and still at the mercy of intermediaries. Moreover, even those who are legally protected are not always in a position to enforce their rights because of their weak economic position." (55, pp. 506-507).

Specifically a study examining the results of land reform in the state of Uttar Pradesh concluded that, ".....landlords who are afraid of losing their land if they do not reoccupy it and work it themselves, are using every means to eject the very people the government is attempting to protect and keep on the land." (61, p. 10). Thus it seems that the problem of tenancy has not been improved, nor some of its burdensome characteristics checked. It may be that in some areas tenancy will increase and it is suggested, as part of the general transformation of the economy, that cash-tenancy will tend to replace the share-cropping type of tenancy. However such a generalization must be taken with caution until further intensive studies have been made on a regional

basis. Such studies are essential in order to assess the political orientation of this group, for the group will tend to support the program of the party which can offer a realistic solution of their problems and such a solution can only have its basis in concrete analysis.

So far most of the prosperous tenantry and to some extent the less prosperous groups have favoured the Congress party. But as one observer points out, "Since Independence the tendency has grown to expect from government more vigorous action than the Congress Party, in its present form and under existing circumstances, was politically oriented and equipped to take. In many areas a genuine disillusionment resulted." (51,p.239).

#### AGRICULTURAL LABORERS:

Finally we come to the third group in our discussion -- the agricultural laborers. The U.N. report on Agrarian reforms, reviewing the measures being adopted in various parts of India, tersely stated that, "So far, however, land reform has hardly touched the problem of landless labour." (80,p.70). Bekker in his study comes to a similar conclusion when he says, "The group which will derive the least immediate benefit from land reform is the landless agricultural labour population that has not even the tenants stake in land....." (10,p.335).

And he goes on to say that, "Like the tenants with dwarf holdings, the landless labourers cannot expect a permanent solution of their economic problems from the projected reform of the tenure system alone." (10,p.335).

Historically we have seen that this group within our rural structure has increased, such that by 1931 it formed about one-third of the agricultural population. Thus Patel says, "By 1931, the nineteenth century pattern of the occupational distribution of agricultural population was radically altered. Agricultural labourers, instead of forming less than one-seventh of the agricultural population in the late nineteenth century, assumed a commanding position of more than one-third in the second quarter of the twentieth century. They formed the largest group within the agricultural population." (63,p.17).

It may be assumed that, since there has been a large increase in the population of India this class has mainly increased due to the increase in population. However this assumption would have to base itself on an increase in other agricultural groups. Therefore Patel argues, that, "This increase in their relative proportion cannot be explained by the increase in population alone. The mere increase in population should have affected all groups constituting agricultural population in identical proportions with the result that the relative proportions of

these groups would not change at all. The changes in the relative proportions therefore indicate shifts within the groups. As a result of such intra-group shifts, other groups within the agricultural population have lost heavily to the group of agricultural labourers." (63, pp. 17-18).

What is the regional distribution of this group? Again Patel points out that, "It should be clear that the proportion of agricultural labourers to the agricultural population is uneven in different areas of India. The Southern Triangle (including Bombay, Madras, C.P., Hyderabad, Mysore, West Indian States Agency and Central India States Agency) where this proportion is close to one-half, has a little more than one-third of the total population of India; the Eastern Region (including Bihar, Orissa, Bengal and Assam), where the proportion is close to one-third, has about one-third of the total population of India; whereas the Great North (including U.P., Punjab, Sind, Baluchistan, N.W. Frontier Province and the State of Kashmir), where this proportion falls below one-fifth has a little less than one-third of the total population of India." (63, pp. 29-30). Together with this regional distribution it is interesting to see how the proportion is related to the type of tenure arrangements: "If we compare the situation in the zamindari regions with that

in the raiyatwari region, we find that the village communities disintegrated in both of them. In the zamindari region, however, the cultivator had no title to land and, therefore, there was no question of his transferring it. The raiyatwari region, with the transferability of the peasants' land showed a more rapid formation of the class of agricultural labourers. In the raiyatwari region, a dispossessed owner of the land became the labourer. In the zamindari region, however, before the landlord threw out his tenant into the class of agricultural labourers, he tried to rack-rent him as much as possible; therefore the terms of tenancy continued to deteriorate for the cultivators in the zamindari region. For each agricultural labourer in the raiyatwari region, there was a tenant-at-will and a share cropper in the zamindari region." (63,p.67).

One may assume that agricultural laborers are a homogeneous group but a close examination clearly shows the differing types. Authors discussing this problem have used varied criteria to differentiate between the types, and an excellent discussion of these views, with a critique, is to be found in Patel's study. (63,pp.69-74). Patel himself classifies four types of agricultural laborers, and these are as follows:



1. Bonded or semi-free laborers - These laborers do not have the freedom of choosing their masters or their jobs. Many types of limitations are placed on them and they or their families are forced to work for the same master to whom they have been bound by some form or arrangement. It is here that feudal conditions of work predominate and assume the worst form.

2. Dwarf-holding laborers - Under this group are the tenants-at-will and the sharecroppers. They cultivate small holdings and hence their income is not adequate. As a result they seek outside work and usually hire themselves out as laborers. It should be pointed out that the census does not classify this group within the laborers, however it is admitted that they work as part-time laborers and in some cases the sharecroppers are hardly distinguishable from full-time laborers.

3. Under-employed and full time agricultural laborers - This group has no other means of support except to hire out for wages. They are under-employed as the demand for their services is not sufficient and is highly seasonal.

4. Full time free wage laborers - "They are employed on an annual or more or less annual basis, (hence) they differ from the second type which seeks only part-time farm work, and the third type which secures

only part-time farm work. As free wage laborers, they differ from the first type which, though employed on a long-term basis, works under conditions of bondage. The full-time free wage laborers are employed by farmers who carry on agriculture as small capitalists seeking profits of cultivation, and not as absentee-landlords living off rents." (63,p.72).

These types of laborers are juxtaposed to one another such that the bonded laborer is the lowest on the socio-economic ladder whereas the full-time free wage laborer is at the top of the ladder.

Previous to the current reforms these groups, generally, formed a united front against the landlords. Thus the Congress Agrarian Reforms report stated, "So far against Landlordism and Sahukarism there was united front of the peasants and the agricultural labourers." (65,p.137). However the effect of the current reforms seems to have led to a split in the interests of the landed peasantry and the landless laborers. And the groups thus split appear to rally around communal organizations. (65,p.138). Within these communal groups there is a further tendency for the lower castes to join ranks against the upper caste. This struggle, probably, arises out of the situation where the upper castes feel that changes necessitated by the land reform tend to undermine their security. Thus, Bose

observed, "When a village showed a preponderance of upper caste men, say belonging to the powerful Brahmin caste, it was anticipated that the introduction of anything modern which was likely to disturb the existing balance between upper and lower castes would be definitely resisted by this intellectual class who lived upon the toil of others." (11,p.2). Though such a splitting of interests is visible in localized areas it must not be mistaken as a general tendency. In actuality the underlying scene, on closer scrutiny, reveals a distinct polarization of groups. To this effect Patel clearly points out that, "At the apex of the pyramid of social relationships in the agrarian society stand about four million absentee landlords living on rents. At the base are forty-two million landless agricultural labourers four fifths of whom are condemned to a status of perennial under-employment....." (63,p.149). It is this polarization that makes it absolutely essential to recognize that the organization of the landed peasantry and the landless laborer is not, necessarily, at odds with each other.

In rural India a tense drama is being staged, the pace is terrific, and at times the problems seem overwhelming. However a solution will be worked out sooner or later. If the existing institutions and the channels open through them do not satisfy the needs of the people, these

institutions will be changed. Therefore change must be welcomed, and not looked upon with jaundiced eyes, as something merely destructive, for though the change will destroy, it will be mostly what is obsolete and that which has long outlived its usefulness to the masses in India. The political groups or groups which clearly recognize this necessity and act accordingly will be borne to triumph.

## CHAPTER V

ECONOMIC DEVELOPMENT AND LAND REFORMLAND REFORM AS MEANS TO SOCIAL CHANGE:

In the context of the worldwide social tension the relationship between land reforms and economic development is often presented in the form of an alternative. Thus economic development must take place or a social revolution will occur. It is important to point out here that when the relationship is presented in the form of such an alternative the proponents do not altogether deny the function of land reforms, but here the character of the land reforms takes on an urgent importance. In other words it becomes essential to examine the exact impact of the land reforms on the economy of a country and determine whether it induces growth of factors that lead towards a growth of the economy, or are the reforms merely palliatives resulting in only a partial development, and in many cases actual stagnation. For example, a program of distribution of land now held as large estates, involves the expropriation of the estate owners, in other words the change in ownership is effected through land reform and in this process the social structure is changed such that the relationship of the various classes to each other

and to the land is simultaneously transformed. From the point of view of economic development it is important to observe how such a change effects the factors that lead to growth in the economy.

Historically such a transformation was wrought when most Western nations overthrew feudalism. One historian describes this process, "The year 1789 might well mark the end of the Middle Ages in so far as the French Revolution gave the death blow to feudalism. Within the structure of the Feudal society of prayers, fighters, and workers there had arisen a middle-class group. Throughout the years it had gained increasing strength. It had waged a long, hard fight against feudalism, marked particularly by three decisive battles. The first was the Protestant Reformation, the second was the Glorious Revolution in England, and the third was the French Revolution. At the end of the eighteenth century it was at last powerful enough to destroy the old feudal order." (33,p.160).

Another aspect of this problem is that much of the thinking directed toward land reforms is couched in nineteenth century political and economic ideas. Specifically this applies to the relationship between economic theory and public policy. Twentieth century reality demands a change in theoretical analysis that

would bear fruit in its attempts to solve our modern problems. Thus, ".....The issues of economic development from relatively primitive beginnings have increasingly occupied the minds of economists and policy makers in the West. The issues of basic economic development must clearly have for this generation a different priority than for the generations which included John Stuart Mill, Alfred Marshall, and Keynes. And all hands would agree that a fundamental analysis of economic development can neither be conducted within a short-period analytic framework nor be fruitfully carried out without a direct consideration of the inter-acting relations between economic decisions and social and political forces." (67,p.225).

Such an approach is further underscored when Earlowe points out that, "For the most part, the relationship between land reform and economic development has suffered from inadequate attention and the failure of the land reformers to really accept economic development as one of their goals. If this type of reform is to have more than an incidental favorable effect on economic development, more emphasis must be given to the integration and joint planning of these programs." (7,p.176).

The necessity of "joint planning" is clearly visible in terms of the obstacles that first have to be

removed. Perhaps one might raise the question that with economic development the structural obstacles will be removed. However since economic development can be implemented through people making up a government and if a government is weighted by the very same people who gain from maintaining the status-quo, the desired economic growth may never come about unless the power of the groups in question is broken. The obstacles which have to be removed were sharply outlined by Baran in a paper presented before the American Economic Association. He (Baran) argues, that,

"The crucial fact rendering the realization of a developmental program illusory is the political and social structure of the governments in power. The alliance of the property-owning classes controlling the destinies of most under-developed countries cannot be expected to design and to execute a set of measures running counter to each of all their short-run vested interests. If to appease the restive public, blue-prints of progressive measures, such as agrarian reform, equitable tax legislation, etc., are officially announced, their enforcement is filfully sabotaged. The government representing a political compromise between landed and business interests cannot suppress monopolistic abuses, profiteering, capital flights, and extravagant living on the part of businessmen.....Set up to guard and abet the existing property rights and privileges, such government cannot become the architect of a policy calculated to destroy the privileges standing in the way of economic progress and to place the property and the incomes derived therefrom



at the service of society as a whole."  
(6,pp.131-132 and 80,pp.15-16).

For these reasons it is suggested that land reform is a prerequisite to economic development and not as some contend an alternative. Let us now turn to the problem of economic development.

#### MEANING AND METHOD OF ECONOMIC DEVELOPMENT:

A discussion of the meaning of economic development could involve a philosophical treatise dealing with the question whether progress is good or bad, however such a scope is beyond this study. In the context of our problem it is assumed that economic development is good if it brings with it a higher standard of living and lays the basis to continually raise the level of any standard of living. On the other hand if a particular type of economic development does not provide a higher standard of living, nor a basis to raise it further, obviously it is considered as bad. Such a simple statement may be objected to on the grounds that economic development may bring with it increased amenities to a few in society and hence it is important to clearly state as to in whose interests will the development come about. This is a valid objection and may be considered an elaboration of the first abstraction. Now what does the concept standard of

living involve? For our purposes it will be as Wallbank suggests:

"One choice that confronts us is to plan the resources of our society for the whole of our peoples, whether black or white; to rid ourselves of the menace of underconsumption, that incubus which we share with the Roman Empire; to effect a more equitable distribution of wealth; and to give full scope for the employment of the new technical forces man already controls. This is a new path along which antiquity cannot light us, because it never trod that way." (84,p.84).

In order to carry through such a program, it is necessary to grasp thoroughly the interrelationships between the past traditions of any given culture and the present behavior. Thus Childe points out that, ".....It is the social traditions, shaped by the community's history, that determine the general behaviour of the society's members. The differences in behaviour exhibited by members of two societies, viewed collectively, are due to the divergent histories of the two societies.....

"Actually.....this behaviour is not innate. It is not even immutably fixed by the environment. It is conditioned by social tradition. But just because tradition is created by societies of men and transmitted in distinctively human and rational ways, it is not fixed

and immutable: it is constantly changing as society deals with ever new circumstances. Tradition makes the man, by circumscribing his behavior within certain bounds; but it is equally true that man makes the traditions. And so, we can repeat with deeper insight, 'Man makes himself'." (19,p.188).

Now what has the relation been between the social tradition and behavior in terms of the question of economic development? Nag describes it aptly when he says, "Nineteenth century Liberalism was an attempt to develop an economic order based on private enterprise uninhibited by governmental interference. Enlightened self interest working within a system of free competition was supposed to result in plenty for all.....Our grand-fathers believed that private enterprise and unrestricted competition would do all that was needed for maintaining equilibrium in economic life." (53,p.10). The most classical statement of this view was given by Adam Smith in his discussion of the regulation of trade. Smith argued, "But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic

industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends his own security; and by directing that industry in such a manner as its produce may be of the greatest value he intends only his own gain, he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention." (1,p.157). This view was quite consistent with the natural law concept first generalised by Newton in his three laws of Motion. Furthermore Deism, representing the belief of a diety who does not consciously interfere with the working order of society, had replaced the earlier religious belief. Lastly this was the period of the breaking away from feudalism with the subsequent rise of the national states. All these factors taken together contributed in the building of a theory of economic development and organisation as expressed by Adam Smith.

Yet this theory of natural harmony was soon seen to be inadequate. Listen to what Stark says:

"By the middle of the nineteenth century, the industrial revolution had done its work. Society, which a hundred years

before had seemed to develop into a peaceful community of independent peasants and artisans who, serving each other, served themselves, was now torn by violent class struggles. Instead of the hoped-for harmony, a terrible antagonism had sprung up: the antagonism between factory-owners and factory-hands, between the lucky heirs and the unlucky disinherited, between capital and labour which John Locke had fondly hoped to see forever united.

"This surely, was not the best of all possible worlds, annunciated by Gottfried Leibniz, which the classical economists had believed to be in the making! Their doctrine was disproved by the hard facts of reality: a new philosophy of economics was needed. Yet the real and ideal were no longer near to each other, and there seemed to be only one alternative: either to take up the sordid task of capitalist apologetics, or to embrace the dangerous cause of socialist revolution. Faced with this decision, the majority of modern economists resolved to shirk the issue. It became fashionable to insist that political economy was not concerned with the happiness of human kind: that it was not a social philosophy, but a physical science." (76,p.149).

But curiously enough this process itself led toward a trend that once again began stressing the need for the interference of the state in matters economic. Though it is true that the manner in which such interference was thought necessary differed in the various countries, yet the acceptance of the method was important. It was a response to the rapidly changing needs of society. Let us remind ourselves of what Lynd brought out so brilliantly in his paper read before the American

Sociological Society. He stated, "When the basic structure of a cultural system is generally accepted, its social sciences tend to focus on the analysis of how the given cultural system works, that is, on the discovery of its processes and laws, on minor remedial changes of this going system, on the charting of trends. And such a situation, playing down concern with large statements of alternatives in goal, structure, or manner of operation of the culture, encourages scientific advances in such things as quantification, methodology, classification, and restatement of refined aspects of the culture's own philosophy.

"But when the basic structure of a cultural system is thrown into question, then what was before the concern of only occasional marginal dissenters may become a necessary main concern of the social sciences," (46,p.14).

It seems increasingly since the First World War there is a tendency for the state to interfere in the functioning of the economy. Though such a view, when directly suggested as the proper one to adopt in the context of modern conditions, is not popular but as Lynd points out in times of a crisis like ours, such methods may become a necessity. Actually this tendency toward planning is only an extension of the process that has been going on within the "free enterprise" economy. Thus Lynd

points out, that, "The logical and political inevitability of economic planning is underscored by the fact that it is already the central process of intra-corporate operation in business and is rapidly spreading to inter-corporate activity.....In other words, central economic planning on a national scale is but the normal next step, the logical extension, of the central managerial technique of modern industrial society." (46,p.15). Carr also stresses the same development when he says, "Planning is therefore in one aspect simply a culmination of the long process of development which successively replaced the individual craftsman or trader by the small business, the small business by the large company, and the large company by the giant combine, so that the national economic unit is merely the greatest combine of all -- a vast agglomeration of associated, affiliated and subsidiary companies or enterprises of all shapes and sizes, pursuing the same general policy under the same general direction at the centre." (15,p.31).

At this juncture it is probably valid to question that though planning may be necessary in the industrially developed areas, such a necessity does not arise in the areas which are underdeveloped as they should be able to tread the same path taken by some of the Western nations. Such an objection assumes that the path taken by the West

is the only one available to the underdeveloped areas and also that it is the most appropriate in terms of resource use. As regards the first point that it is the only path it is sufficient to say that planning has been demonstrated to be a real alternative and hence at least there are two possible methods. The choice hinges on the answer given the second part of the objection and the answer can only be given in terms of the context of Indian economic development that has occurred so far. The emphasis placed by South Asians on centralized public planning may well be questioned. This emphasis, however, must be seen in the context of South Asia's conditions. Although precise data are not available on the disposition which private business in India makes of its profits and savings, it would appear that for some years these sums have been devoted more to speculative, short-term trade, conspicuous consumption, purchase of gold bullion and the like, rather than expansion of industrial plant. When it is realized that the problem at hand requires urgent attention and that resources are not available in enormously great quantities such slow and clearly wasteful methods must patently be rejected.

Now if planning is considered the effective method of economic development, the questions which at once appear are planning for what, by whom, and how? In a



sense, as Riemer points out, "...a considerable amount of actual planning has been part of our economic system since the first days of the Industrial Revolution. This was true, however, in a limited sense of the word only. It was planning for profit. The concrete ends of economic pursuit were left outside of consideration, and behavior was guided by the abstract mechanism of the price system. In this 'adjustive' market economy the full possibilities of social planning could never be realized." (44,p.432).

With the type of "planning" described by Riemer there has occurred a particular order of resource development which is important to consider in terms of whether the same is necessary in the current development of "underdeveloped" areas. Dobb sketches the process in the following words:

"In the capitalist economies of the past the order of development has generally been the more gradual one; investment first being directed towards agricultural or extractive industries, then to lighter consumer-goods industries, especially textiles, and only at a later and more advanced stage towards heavy industry producing capital goods. Evidence of this is seen in the fact that the most highly developed capitalist countries like U.S.A. and Britain which have the richest inherited endowment of capital show the greatest development of capital goods

industries; while younger capitalist countries often have no industry to speak of, or at any rate a heavy industry that is little developed compared with other sectors of the economy." (26,p.53). Such a situation traditionally has been considered as the normal and "natural" order of development. Some economists have even gone on to contend that this was a result of the international division of labor. This argument has often been in the form that countries endowed with a high ratio of capital to labor should specialize on "capital intensive" industries; and that, conversely, countries with a high ratio of labor to capital should specialize on relatively labor-using industries. But this is a purely static argument as it focuses attention on the given amount of capital in various countries and not on how and at what rate the capital endowment of any country may be changed, which is essentially the crucial question at issue in discussing policies of economic development. Thus the order of development that has taken place in the West is dismissed as being "normal" or "natural" in the context of the present problem of economic development in "underdeveloped" areas.

The planning envisaged necessary can be summed up in terms of what may be called (a) assumptions which allow the drawing up of a plan and (b) the requisites that enable the plan to be implemented. (8,pp.423-24). The

assumptions are:

1. The formulation of the aims pursued by the plan.
2. The existence of planning machinery.
3. The knowledge of what 'exists', that is, of the conditions prevailing at the start, of their elements and interdependence which will serve as a basis for the plan.

4. The drafting of the plan, that is, the embodiment of the general aims in concrete tasks, the fulfillment of which will result in the plan itself being fulfilled.

The requisites are:

1. The decision of the authority in power to carry out the proposed plan, that is, the official approval of the plan and the issue of instructions and orders to put it into effect.

2. The means of enforcing the execution of the plan, which must include the possibility of controlling the course of its fulfillment and of imposing penalties for failure to carry out orders issued by the planning authorities.

An important distinction between planning and control is made by Baykov when he points out that, "Planning, in the full meaning of the word, is a reality when the execution of the plan is effected by means of direct orders and instructions. If, however, the planned

aims are achieved by applying indirect measures, this cannot be regarded as planning, but should be termed control." (8,p.424). Someone may suggest the difference is merely in terms of what words are used and that control is also a form of planning. However the crucial aspect of the difference is that control is accomplished by manipulation of prices and thus assumes a continuation of a market economy, whereas planning in the sense described here does not assume the continuance of the market economy. Thus, though prices are not done away with, their role and function assume a different character.

Before we pass to the question of industrialization a word or two is necessary to clarify that direction of economic affairs by the state is not alien to the traditions of Indian life. To this effect Subba Rao was quite explicit when he pointed out that, "State action of a comprehensive kind in economic matters is not foreign to the genius of the people, and a study of ancient Indian political thought shows that the principles of laissez faire had no place in it, while the practice of the rulers was always one of detailed intervention in the economic life of the people." (77,p.181).

INCREASE IN AGRICULTURAL PRODUCTION AND INDUSTRIALIZATION:

The question of industrialization as a goal of the "underdeveloped" areas is no longer, barring a few exceptions, an issue as controversial as how industrialization will be accomplished. This is clearly the meaning of Hawkins when he says, "The issue is not whether industrialisation should be promoted but how this should be accomplished." (28,p.789).

As a general observation most industrialized nations today utilize a relatively small labor force in the agricultural sector of the economy. By and large such a situation did not always exist and has taken place over a period of time, during which time the standard of living of these countries has risen in conjunction with an increase in the per-capita productivity. Thus Warriner says, "As industry expands and the farm population moves into industry, the amount of land and capital per head of the rest of the farm population increases, and the productivity of labour rises. The movement out of agriculture is in fact a sign of increasing productivity and a high rate of capital accumulation. (85,p.6). Clearly, therefore, economic development hinges on a continually expanding industrialization. And industrialization, if it is to take place, involves very substantial investments of capital.

Traditionally the problem has been discussed in terms of the financial aspect, that is, since capital investment was necessary for industrialization hence the sources of capital were focussed upon. Furthermore such resources can come only from the surplus of total production over necessary consumption; and in a poor country this margin will be a very narrow one. Moreover, full use may not be made even of the potential savings-fund which exists, because an undeveloped economy lacks the financial institutions and methods whereby these potential savings could be mobilised and canalised into industrial investment. Thus from this point of view the available and mobilisable savings-fund of the community is the crucial bottleneck which sets limits to the possible rate of economic development. But to speak of development as being limited by the size of a basic savings fund in the sense in which we have just spoken of it, only makes sense on the assumption that the margin between production and consumption can only be enlarged by lowering consumption and cannot be enlarged to any appreciable extent by enlarging total production.

A program envisaging an increase in total production must assume a two-fold character. One aspect deals with a change in the social structure, which has already been discussed. The second deals with the question of

priorities in terms of industrialization; that is, whether heavy and basic industry is to be given preference or the consumer goods industries.

In India we find that a significant portion of the rural population is either under-employed or unproductively employed. This may be termed as a potential or actual reserve of labor. If such is the case then certainly labor cannot be termed as a factor that limits the rate of construction and that to this extent the employment of labor in industrial production or constructional activity will not be competitive with the production of foodstuffs. For example let us suppose that a program of building a railroad or a series of power stations is launched. Then if all the active labor of the community had been previously employed productively upon land, labor could only be transferred to construct the railway or the power stations at the expense of a fall in the output of agricultural products, and consequently a fall in consumption per head. In this sense "saving" whether forced or voluntary on the part of some section of the community would be a necessary condition of investment in constructional work. If, however, there had previously been a surplus of labor in agriculture, lacking employment on the land (or at least employed very unproductively) then the transfer of labor to building a railway or a power station would involve no

reduction (or at most a negligible reduction) in agricultural output; and the capital construction could take place without any necessary fall in consumption per head. It is moreover, worth noticing at this point that, not only will investment in industry in such circumstances be non-competitive with production in agriculture, but within a fairly short time it may become actually complementary. This it will become in the degree to which the growth of industry can provide the means for improving the technique and the productivity of agriculture.

The other side of the coin of the rate of investment is the question of the order of development. Decision upon such matters necessarily depends upon complex political and socio-economic factors, but in its purely economic aspect one can say that the problem is reducible essentially to this: that in all decisions about investment three dimensions are involved. What is usually termed the rate investment involves a decision to devote a given quantity of resources to constructional work over a given period of time. In short it is a question of the time-dimension of the investment. Thus it is generally the case that a given investment in lighter industries will yield speedier fruit than will investment in heavy industry. If the more quickly yielding forms of investment are chosen, then the consumable income of the near



future will tend to be larger to the extent that new clothing factories, etc., come into operation and begin to pour their products into the shops. On the other hand, the rate of future development will be restricted by the limited capacity of the industries producing machines and equipment. By contrast, if the constructional program is initially geared so as to give priority to the production of capital goods, then the flow of consumer goods in the first few years will grow more slowly. But future development can be much more rapid, since the basis for producing machinery and capital equipment for industry in general has previously been enlarged.

Three important qualifications should be stated, as they may offer some limitations to the course of the type of development discussed here.

First, though there will not be a shortage of labor in general, but, qualitatively, skilled labor will certainly be scarce. This will necessitate training schemes, and development of industry itself will help in decreasing this shortage.

Second, in the early stages of industrialization the limiting factor may be certain types of industrial equipment. Short of foreign borrowing this import can only be purchased by an increased export of agricultural products or of the products of light industries producing

consumer goods. Here some correctness can be attributed to the traditional view. However it is always possible to turn surplus labor towards the production of things suitable for export, for example, industries requiring little capital equipment.

Third, it does not necessarily follow that as labor moves from village to town, the supply of food-stuffs made available by agriculture for the urban and industrial population will simultaneously increase. Here measures which will provide an incentive for farmers to purchase goods produced in urban areas will have to be adopted. Thus it is comprehensive over-all planning that must be adopted in order to solve the problem.

#### THE FIVE-YEAR PLAN -- AN APPRAISAL:

It must be clearly stated that this section of the study does not propose to deal exhaustively with all features of the Plan. However for our scope attention will be focussed on two most important features, that is, the question of land reform and the problem of industrialization. Limitations of such an approach are obvious, as a discussion of these two crucial factors must involve their relationship to other features of the Plan. Yet, perhaps at the expense of detail, such an abstraction hopes to sharply outline and analyse the approach adopted by the

Planning Commission. Without further introductory ados, let us first see, in general, the nature of the Plan.

The Planning Commission was set up in March 1950, as a quasi-official body, under the chairmanship of Premier Jawaharlal Nehru and after sixteen months' labor it produced the Draft Outline which was published in July 1951. Subsequently the Draft was discussed in Farliament and most State Legislatures. Besides, a large number of organizations representing all aspects of the economy, for example, industry, commerce, labor, agriculture and others expressed their views. In the course of its work, the Commission had set up a number of committees, for example, the Advisory Board, and panels on industry, transport, commerce, technical consultants, agriculture and the like. The total money cost of the Planning Commission until the submission of the final report in December, 1952 is Rs. 2,509,601 (one rupee is roughly equivalent to 20 cents) of which Rs. 73,920 have been spent after the aforesaid committees. The document is a vast one, not only in the size of its volume and pagination but also in its coverage. This, First Plan, is just the beginning of a series that ultimately aim at doubling India's per capita income over a period of 27 years, the present per capita income, according to the estimate of the National Income Committee being Rs. 255 per annum.

The final report of the Commission is divided into three parts. The first part contains an analysis of the process of development in an "underdeveloped" economy, and indicates the long term goals toward which national effort is to be directed. At the end of the first part there is a summary statement of the Plan and of what is sought to be achieved through it. The second part is concerned with administration and public cooperation. The third part outlines the various programs of development. These are grouped under three broad heads, for example, agriculture, irrigation and community development; industry and communications; and social services and employment. The broad allocation of resources between the main heads of development both in the Draft Outline and the Final Plan and their percentage to total outlay will be as follows. The figures are in millions of rupees.

	Outlay during 1951-56		Percentage to Total Outlay	
	<u>Draft</u>	<u>Final</u>	<u>Draft</u>	<u>Final</u>
Agriculture and Community Development	191.69	360.43	12.8	17.4
Irrigation and Power	450.36	561.41	30.2	27.2
Transport and Communication	388.12	497.10	26.1	24.0
Industry	100.99	173.04	6.7	8.4
Social Services	254.22	339.81	17.0	16.4
Rehabilitations	79.00	85.00	5.3	4.1
Miscellaneous	28.54	51.99	1.9	2.5

The problem of Land Reform is dealt with under the Plan in terms of (a) Intermediary Rights, (b) Substantial Owners of Land, (c) Small and Middle Owners, (d) Tenants-at-Will, (e) Landless Workers, (f) Cooperative Village Management, and (g) Information and Research on Land Reform. (38, pp. 88-94).

A detailed discussion of the question of the abolition of intermediary rights and ownership of land was given in Chapter III. It is sufficient to point out that with respect to the former the program is either stalled or has replaced the burdens of the peasantry in a different form, whereas in the case of the latter, too great a rigidity is evidenced. Discussing the problem of small and middle owners and the redistribution of land to landless laborers, it is suggested that since much land will not be available a system of co-operative village management should be evolved to solve the problem. On the surface this appears to be a sound measure. However examining the details of this type of management the Congress party's own journal The Fortnightly Economic Review bitterly reveals, that,

"This conception of ownership dividend, therefore, is the key to the system of Cooperative Village Management. But shorn of its verbiage, to what does it boil down? That owners of land, even while absent in far-away towns, engaged in non-agricultural trades and professions, are assured of

profits from land for their cultivation of which they may not raise even their little finger. But then what else is absenteeism? What else is the essence of the feudal system? We are bewildered, for the Plan has at the same time said that, 'zamindari areas the removal of intermediaries is the first step to any effective land reform'. It is impossible for us to reconcile the two ideas. Even at the risk of being accused of emphasising "sectional interests", we must confess that to us a scheme of agricultural reorganisation, which even today has a place for unearned incomes and for absenteeism in whatever garb or shape, is ill-fitted and ill-equipped to meet the challenge which our falling production, our rising population and our stagnant and decadent agriculture present to us." (74,p.15).

The land reform measures of the various states have done nothing about the problem of landless laborers. The Plan again suggests cooperative village management as a possible solution but also lays stress on the voluntary land relinquishment movement led by Acharaya Vinoba Bhave, when it points out that, "...the movement for making gifts of land which has been initiated by Acharaya Vinoba Bhave has a special value. It offers the landless worker an opportunity not otherwise open to him." (38,p.92). Banerji discussing the movement, in a sympathetic article, admits that,

".....it is clear that landlords are dividing their land less out of altruism than out of opportunism: they see a chance to save the bulk of their property by giving away a part. Moreover, if only one-sixth of the cultivable area is to be transferred by

the end of 1957, no decisive improvement in the land situation will result. The campaign will have to be started all over again with a higher target figure in order to bring the land problem anywhere near a solution. Unfortunately it is not easy to repeat a campaign, and since the small holders will have been the first to divide their land, out of a sense of solidarity with those who have even less, the second phase of the movement will be almost exclusively directed against the big landlords. Under these circumstances there is no guaranty that it will not develop into a violent class struggle. There is also the question whether moral coercion can be applied to absentee landlords or landlords owning fallow land, that is, to the great feudal lords.

"However the worst handicap of the land-gift movement is that it is unable to provide the financial and material aid that must accompany land distribution."  
(56,p.393).

In view of such a state of affairs in terms of changing the organizational structure of rural India it is not surprising to see that there has been very little or no increase in the supply of food and therefore the basis of further real industrialization being claimed as laid is quite illusory. As yet much remains to be accomplished.

Broadly speaking the program for industrial development is divided into the public sector and private sector. These are elaborated on, in order to establish the relationships between the two, which leads into the policies of control and incentives, and then into the sources of finance both domestic and foreign. Finally a

short summary is given pointing out the results after the plan being implemented for eighteen months. (38, pp.177-198).

The first aspect of the industrialization program is that a greater emphasis is placed on expanding the consumer goods sector rather than the basic heavy industries. It is argued that this is necessary in order to provide more for those who will be displaced from the rural areas and absorbed in urban industrial areas. At this point the Planning Commission is careful to state that they recognize the difficulty of accumulating capital simultaneously with a rise in consumption. Though this is not an insoluble dilemma within the framework of development envisaged it is interesting to note that the commission confesses, that, "This means that while the minimum standards of consumption of the vulnerable sections of the community must be safeguarded, the bulk of the community must keep down its consumption." (37, p.18). Undaunted by this problem the commission falls back on external financial aid, which if made available would help in overcoming the barrier to capital accumulation. But it is not likely that much foreign aid will be forthcoming unless large scale concessions are granted -- an example of such aid is the contract signed between the Indian government and the Standard Oil Company. This agreement



guarantees safeguards from nationalization for a period of 25 years, stipulates that profits can be taken out of the country, voting stock will be in the hands of non-Indians, there is no guaranty that the oil refined be sold to India, the site of the refinery is tax free and the like. It is difficult not to compare this type of investment with those the British made in their early days of colonization. Viewing this situation MacLaurin rightly comments that, "The outlook for such investment being made through the U.N. machinery and serving the charter aims was not bright. If the bold new programme meant anything in this field, it evidently meant large scale American investment under direct American control. The boldness would presumably refer to the scale of investment, the newness perhaps to some form of governmental guaranty to private investors." (47,p.305).

The second aspect of the program is the section devoted toward industrial priorities. Here we find that a four-fold attack is envisaged. Thus there will take place (a) fuller utilization of existing capacity in producer goods, (b) expansion of capacity in producer goods, (c) completion of industrial units on which a part of the capital expenditure has already occurred, and (d) establishment of new plants. In view of the rising unemployment and difficulty of disposing of current

production such an approach is anything but realistic. Thus Sardesai states that, "The most damaging condemnation of the industrial sector of the Plan is that in every single instance of the industries proposed to be aided, existing production is below existing capacity, and in a few cases like textiles, it is even below the peak production reached during the war." (70,p.29). Furthermore the commission itself says, "...an increase in the supply of consumer goods has, under present conditions, to come mainly from fuller utilisation of existing capacity. This means that the setting up of new plant machinery for these industries has in the period of the Plan a low priority." (38,pp.181-182).

Even with such a cursory examination it is difficult to conclude anything but that so far the plans as drawn up have not "delivered the goods" and it is suggested that a serious revision of the method of industrialization will be the only way any solid foundation for economic progress can be built.

#### SUMMARY:

1. Land reform is a necessary prerequisite for economic development.
2. Economic development in the context of under-developed areas takes the form of being a planned and

deliberate national effort.

3. Land reform measures as outlined under the Five Year Plan are deemed inadequate and thus there is a necessity of carrying through to completion a plan that must be carried out.

4. Industrialization as being carried out is Utopian in character and has already demonstrated that the particular course it is taking will not solve the problem found in India.

### SUMMARY AND CONCLUSIONS

In the period during which India was under the Muslim kings we find that at first there was no attempt to change the institutions of rural India. However by the time of Sher Shah and Akbar the foundations for the emergence of a cash economy were laid. With the coming of the Western powers, particularly England, India is drawn into the world market. Market economies of the West impinge on the economic structure of India, break it down and thus emerges a semi-feudal economy that characterises India today. During the British period many legal reforms are introduced bringing relief to some groups, but, with the basic relationships of land ownership and use remaining intact, the condition of the masses remained unchanged and in many cases deteriorated.

The current reforms are once again attempting to change the institutional framework with the express purpose of expecting to release the productive forces which for so long have been shackled. Much of the program has either bogged down over the question of compensation or as a result of the constitutional challenge that has been made against the laws. Examining the social composition of the present government, which in effect means the social composition of the Congress party, reveals that its ranks

are dominated by the more prosperous tenants and landowners. As such it is suggested that, perhaps, the measures introduced are, by and large, benefitting these groups. It is hoped that further intensive studies on a regional basis will clarify and make more explicit such an hypothesis. However if such an hypothesis is valid, then it is possible to infer that the measures will not give much concrete aid to the landless laborer or the poorer tenants -- who constitute the bulk of the cultivators in India.

The social groups, as a result of the reforms, seem to be polarizing. At one pole are the dwarf-landholders or non-occupancy tenants and the agricultural laborers, while at the other end are the absentee landlords. Such a situation sharply focuses on the inadequacy of the reforms and requires further changes in the laws affecting rural economic institutions. This would help in controlling the mounting social tensions and canalise them into productive spheres.

The most crucial area, where the measures of land reform are related to the economy of India, is the problem of economic development. A change in the institutional framework of a rural economy like India, through land reforms, could aid in increasing productivity and subsequently capital accumulation. Thus if the land

reforms reduced the burdens on the cultivator and aided in moving the surplus rural population off the land, it would in effect provide a basis to raise production and then accumulation of capital. In this way an increase in the productivity and a change in the nature and rate of capital accumulation are the fundamentals of sustained economic development. So far this does not seem to have occurred, except in localized instances.



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