



EMERGING PERSPECTIVE AND LAND POLICY ISSUES OF AGRICULTURE IN INDIA

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ABSTRACT

Agriculture is considered as the backbone of the Indian Economy. More than 70% of our total population earns their livelihood from agriculture. Most of the world's extreme poor depend on agriculture for their livelihood. Agriculture has strong backward and forward linkages to the rural and non farm sector, purchasing inputs such as seeds and implements, supplying raw material for agro based industries and generating demand for local goods and services such as housing, furniture and clothing. Agriculture growth increase income of the people both directly through increased population and additional demand for farm labor and indirectly through linkages with non Farm productive activities. Developing countries like India need certain policy instruments for development of agriculture. These policies are to be initiated and implemented in such a manner that they not only create Macro Economic stability but also promote balanced development. In this direction the main purpose of this paper is to find out emerging perspective and land policy issues regarding Agriculture in India.

Keywords: Non farm sector, Farm labor, Non Farm productive activities, Macro Economic stability, Balanced development.

INTRODUCTION:

It is against the background of the last four decades experience that the need to reformulate the land policy of India should be considered. Even persons emotionally attached with land reform programs agree that the scope for improving implementation through legislative measures is now very limited. They pointed out the socio economic and political environment in which these programs were introduced have changed dramatically, that it would be almost impossible to carry out the reforms. Appu described the changed environment as follows:

"..... If the political will in favor of meaningful land reform was weak at independence and weaker still later on, it is non –existent today. Land reform has practically disappeared from the agenda of most political parties. This, in my view, is the inevitable consequence of the



great changes that have place in the social and economic fields. With the abolition of intermediary interest the erstwhile superior tenants belonging mostly to upper and middle castes acquired a higher social status. Rise in agricultural productivity, rising land values and higher incomes from cultivation have added to their economic strength. Substantial landowners who yield great authority in rural India are bitterly opposed to ceilings on agricultural holdings. They are able to have their way because no serious efforts have been made to organize the land less and the land poor and enlist their support in favor of reforms. As for tenancy reform is concerned, there is a certain commonality of interest between all landowners – large, medium, small and even marginal. They are all landowners attached to their land and all of them are opposed to conferring benefits tenants. In the first round of land reform only the intermediaries were adversely affected. They were few in number and were politically weak. They also made themselves with the colonial power. So it was easy enough to abolish intermediary interests. And it was done without hunting them much. But injuring the interests of the present class of landowners is an entirely different proposition. No political party that wishes to win election and come to power, and with a modicum of political will the reform could have been implemented. But now it has almost impossible to carry out the reforms.”

Dramatic changes have also taken place in agriculture. A fundamental and dynamic process of change with far reaching consequences was introduced was introduced in Indian agriculture in 1965. This significant development was the introduction of modern scientific inputs of high-yielding seed varieties, controlled irrigation, chemical fertilizers, plant protection and mechanized power in tested management packages. The deeper significance of a technologically dynamic agriculture is that provides opportunity to move from subsistence to viable economic farming and creates new political for accelerated economic growth well beyond the agricultural sector. To exploit fully the potential created by this new environment in Indian Agriculture. Dandekar argued that the structure of production should be changed. He observed with concern:

“..... That the policymakers did not see that a concomitant change in the relationship of production was needed was deplorable. In fact, they thought that the new technology had made even a smaller farmer viable so that the ceilings on landholdings could be further lowered. They missed two points. First, even with improved productivity, there is a limit to



the population a given land can support at a minimum subsistence, the expectation about which it changes over time, as it should and leave behind a surplus for investment. Second, a new technology by itself does not change static agriculture into a dynamic agriculture. It requires that the dynamism be passed on to the farmer, the essence of which is an opportunity to grow as a farmer. A ceiling on his landholdings denies him such an opportunity. The same is true of the present tenancy laws which have practically abolished lease market in land."

Dandekar was forthright in making the policy prescription: "Hence the first(emphasis added) item on the agenda of future agricultural policy should be the existing ceilings on landholdings and tenancy laws, they should be removed altogether or should be relaxed in stages. " Dandekar was aware of the criticisms which his policy recommendations might invite but, he dismiss them as ideological. But, where would they go? Hangover hypocrisy. He wrote:" If this is done, enterprising farmers will enlarge their holdings by buying or leasing in lands of small and marginal farmers, for whom it is not worth staying in agriculture. Consequently, landlessness will increase, as well employment of hired in agriculture. There is a strong aversion to this development and it is argued that it be avoided at all cost, that the population presently, kept self-employed even if on small and marginal farms. The view is held on two different ideological grounds. One is that self employment is a value and, whatever be the level of subsistence it may be provide, it should be preferred to wage employment whatever be the wage. One would respect this, as one should respect all moral values, were not the fact that the exponents of it are almost all salaried and not employed persons. The other ideological ground is that this will read to 'capitalist 'farming, and to inevitable exploitation of labor. The prerequisite condition of capitalist agriculture is that it brings in capital into agriculture which essential for adoption and exploitation of new technology. If the capital is generated within agriculture, that is, 'surplus value' in Marxian terminology which is at the bottom of what Marx called 'exploitation' of hired labor. But if the workers would not leave any 'surplus value' behind for sloughing back into production, the economy would stagnate.

The strength of Dhandekar's argument also contains its weakness. It fails to recognize fully realities of the environment in which the proposed policy changes have to seek acceptance and a fair chance for implementation. True, the crisis that surfaced at the beginning of this



decade from the acute domestic and international economic pressure and threatened to destroy the credibility of the country in International financial market now provides a necessary environment for initiating economic reforms. But, economic compulsion alone is not enough. Social and political compulsions are also important conditioning factor in making the policy environment receptive to make Dandekar's policy prescription the first item on the agenda of future agricultural policy... Modern technology, be it for agriculture or for industry, is in general labor saving and capital intensive. Indeed, available empirical evidence shows that the employment elasticity of output in agriculture has fallen sharply in the post new technology period. Consequently, any unrestrained opportunity to grow through modernization of agriculture can only be at the cost of aggravating further the problem of unemployment. Dandekar's policy prescription is a deliberate attempt to create this situation for promoting growth in agriculture. He was in favor of building up pressure so that those who are not in a position to leave behind any surplus value for sloughing back in agriculture are forced to leave agriculture. But where would they go? Obviously, not to industry, as it is supposed to grow with labor saving, modern technology to resolve the dilemma, Dandekar made two suggestions:

- 1) To implement a minimum support price for labor, that is, " a government shall pay and employ the labor on worthwhile work".
- 2) To the extent possible, employ the unemployed "in the creation of the social and physical infrastructure necessary for agricultural development rather in the operation of cultivation".

These are valuable suggestions but, since the government in India is presently going through acute financial difficulties, it is very difficult to implement them unless efforts are made to upon up new avenues for mobilization of resources. It would be interest to visualize the situation if the existing ceiling the tenancy laws were repealed. As for agricultural income is not taxed, there would virtually be a beeline to make investments in land. Not only enterprising farmers would start enlarging their holdings by buying or leasing in land, businessman and moneyed people from other walks of life would also enter agriculture to make smashing profits .A convenient route to convert black money into white money would thus be firmly established. Luxury farm houses would come up to which rich people would repeat to spend holidays and breathe fresh air. Land prices would soar and speculators



would have a field day the problem of uneconomic holdings would no longer remain. Millions of small and marginal farmers would be squeezed out their small and tiny plots. However, in the absence of employment opportunities elsewhere they would remain in agriculture and work in the estates of big landowners, tenants or wage laborers. In short, rural India would require a modern look closely resembling the U.S and other developed countries, though it would continue to carry indirectly from agriculture. The social and political costs of giving rural India such a modern look at this juncture need to be examined, especially when the incidence of poverty opportunities to enterprising farmers and moneyed people to grow, modernization of agriculture might progress rapidly, the trickle-down effect too might provide a minimum level of subsistence to all to survive. But the distribution of income would become more skewed, the gap between the rich and the poor would further widen, and the social friction would sharply intensify. The tardy progress of policy reforms initiated under economic compulsion has also started sending warning signals. Reports of planning commission's do not provide an encouraging picture. Social tension arising from the rich becoming poorer has become a matter of serious concern. Moreover, the intense love of the intellectuals to study the poverty in India has not only emboldened them to speak with moral overtones but it has also in the process encouraged the politicians to make increasingly tall promises. The politics of competitive populism has now spread its tentacles to all political parties. Therefore the lack of political will has made implementation of land reforms legislations difficult, the politics of competitive populism, at least for some time to come, would also not allow withdrawal of these legislations.

It thus appears that the policy environment is unlikely to permit drastic changes in the existing land reforms legislations. Several measures need to be taken before considering such changes. An appropriate first step in this direction would be the imposition of agricultural income tax and agricultural holding tax. These measures fit well in the newly advocated philosophy for market friendly approach. They can also help to mobilize the much needed resources for employment in the creation of social and physical infrastructure for agricultural development. Moreover a progressive large holdings in future while at the same time, it may encourage greater efficiency of farmers who insist on relating their large holdings. At the same time, several measures should be taken to discourage farming on uneconomic holdings. Innovative schemes such as the free boring of wells provided in



eastern Uttar Pradesh should be used to encourage small and marginal farmers to consolidate their holding. However, a consolidation of holdings cannot considerably improve the real extent of uneconomic holdings. Therefore, a floor limit should be imposed on the size of holdings. Simultaneously small and marginal farmers should be allowed to lease in or lease out land with adequate safeguards, so that they could adjust the sizes of their holdings and maintain them above the floor levels. A plea is being made to relax the ceiling laws in order to encourage corporate sector to enter agricultural for commercial production of high value and processed agricultural products, and earn thereby valuable foreign exchange for the country. Rather than relaxing the existing ceiling laws, it would be better to consider the command area approach followed by sugar industry and the area based contract farming approach adopted by Pepsi. Both provide an opportunity to earn foreign exchange without any direct involvement of the corporate sector in the production of required Agricultural raw materials. The corporate sector should be welcomed as partners in the task for social and economic upliftment of rural India. They should set up agro processing units in the rural areas and help in diversifying agriculture, encourage contract farming especially among small and marginal farmers by extending extensions and marketing facilities. and also develop the required physical infrastructure support in their areas of operation. But their direct involvement in agricultural production should be firmly resisted till the workforce dependent on agriculture decline significantly to a low level.

The nitty gritty of future agriculture policy should be worked out only after fully recognizing the social, political and cultural milieu in which it has to be operate. Increasingly sophisticated technologies are now available which can dramatically push up the growth rate of agriculture. However, not all of them are acceptable and desirable in the present Indian situation.

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