

Tenancy Relations in India: Observations from a field study

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Abstract

Approaches of different schools of thought to tenancy have been different for its impact on agriculture. As agriculture and allied activities have increasingly become loss making venture for more than last two decades. Farmers, especially the food crop producers, have either shifted to more profitable commercial crops or lease out land to farm workers and peasants for rent. Wage labour and peasants are rather forced to lease-in land to make up for the loss in employment days in the crop production sector. It is argued that forced tenancy of wage labour and peasants is a variant of hunger leasing and such tenants are subjected to multiple forms of exploitation by money lenders, land owners, and traders of agricultural commodities. The price fall of agricultural commodities driven agrarian distress and its culmination into massive spate of suicides is closely linked to the lease land cultivation by peasants, wage labour and small farmers.

The history of tenancy dates back to the origin and development of agriculture as a source of appropriation of surplus labour. In the literature on agrarian relations, tenancy is one of the widely debated issues especially with reference to the agrarian economies of the Third World. Often, discussions on tenant cultivation are found centered around the impact of various forms of contractual agreements, broadly covered under sharecropping, on the appropriation of surplus by way of ground rent. Private ownership of land, its concentration in fewer hands supplemented with a vast majority of farm dependent and partially or fully unemployed population are the primary conditions for surplus appropriation in the form of ground rent.

In India, tenant cultivation or share cropping have its references in the Arthasasthra of Kautilya, a treatise on state craft of the 4th century B.C. In states in which land reforms were successfully implemented, concentration of ownership of land has been significantly brought down. Kerala is considered to be one among those states where land reform were successfully implemented. However, distribution of land needs to be complemented with a handful of other requirement for farm operations, viz; adequate and timely supply of credit, remunerative price and marketing facilities for agricultural commodities. Nonetheless, policy changes in the crop production sector since 1991, have rendered tiny patches of land economically unviable and inadequate for generating sufficient income for subsistence.

In the Indian context, different dimensions of tenancy-based production system have sufficiently been explored. However, the type of tenancy which emerged during the past two decades and its impact on employment and wages remain, to a great extent, unexplored. Given the change in the nature and conditions governing tenancy, the study looks into; (i) factors governing leasing in and leasing out of land for cultivation; and (ii) to examine the impact of tenancy on employment and wage level.

The study is based on a sample survey of 300 households representing cultivators and agricultural labourers in Kerala. The samples were distributed proportionally between Travancore-Cochin (erstwhile princely states) and Malabar, which was under the direct rule of the British paramountcy. Land use policy and tenancy relations were different in those two regions. Daily wage (spot-wage) of agricultural worker is taken as the comprehensive index of relative development of a district. Accordingly, two districts representing a High-Wage and a Low-Wage were selected from each region. (Travancore- Cochin and Malabar). Depending on the size of cultivators and agricultural workers, total sample size has been distributed between those regions. Thiruvananthapuram district represented High Wage zone and Idukki district represented Low Wage zone in Travancore (South and Central Kerala) while Wayanad and Malappuram districts represented Low Wage and High Wage zones in Malabar region (North Kerala). From each district, a Gram Panchayat (GP) was randomly picked up as the sample village. Venganoor Gram Panchayat (Thiruvananthapuram), Santhanppara Gram Panchayat (Idukki), Mananthavady Gram Panchayat (Wayanad) and Tavanoor Gram Panchayat (Malappuram) were sample locales for the study. The paper is divided into four sections followed by a conclusion. In section I, major strands of thought on tenancy is discussed and section II reviews the studies on lease land cultivation in Kerala. Section III discusses the practice of leased land cultivation in sample villages in Kerala. In section 4, important factors influencing leased land cultivation are identified.

1

Theoretical Debate on Tenancy

In the early years of the theoretical debate on tenancy, the Marxian political economy approach dominated the discourse, but sooner than later, the debate was overridden by neo-classical paradigm with its thrust on efficient peasant production system. The Neo-classical proposition is founded on the basic premise of peasant equilibrium of micro-economic theory of consumer choice between leisure and income, efficiency of peasant farming and a homogeneous production function in agriculture.

Theoretical debates on tenancy are mostly centered on the practice of share-cropping as this particular form of tenancy continued to be the predominant form until very recently. Share-cropping refers to a set of contractual circumstances, which may be either written or oral, between the tenant and the landlord on the terms and conditions of sharing the value of labour between the landlord and the peasant (Pearce, 1983). Under the contractual agreement, land, capital or both are supplied by one party in return for a mutually agreed share in the produce. It is pertinent to begin the discussion on tenancy with the classical political economy as the school which has initiated the debate highlighting divergent views of major proponents of the school. In general, the commonly shared view among proponents of the British School of Political Economy was that share- cropping was a disincentive to long term investment in infrastructure development and productivity-enhancing measures in agriculture as the infrastructure created by the tenant would be appropriated by landlord, resulting in a hike in rental income. Smith's question on tenancy focused on the impact of product-sharing on labour effort and its implications on improvement in agriculture. Smith compared sharecropping with a production system based on serfdom (metage) and placed the former as an advanced stage in production

relations in agriculture (Pearce, 1983). It was advocated that share-cropping provided a better incentive to efficient allocation of labour time and unlike the slave-labour based production system, share-cropping enabled poor peasants to bargain for a larger share of the produce resulting from increased application of labour. On the contrary, J.S.Mill, another proponent in the British Political Economy School, argued that sharecropping, in due course, would prove to be a big disincentive for investment by the tenant farmer as the contractual agreements enable landlords to appropriate the surplus generated by the tenant employing additional labour inputs on the land. It would breed discontent among workers, an inevitable outcome of share-cropping. In the light of the historical experience of development of agriculture in Western Europe, British Political Economists, excluding Smith, subscribed to the view that tenant cultivation was the root cause of stagnation in agriculture and that it bred poverty. The insecurity of tenure caused agricultural stagnation, which Mill perceived in the light of the experience of the agrarian situation in France and suggested fixed rent as an alternative and a better option. The theoretical base of the fixed tenure system proposed by classical economists was based on the postulate that both the tenant and the cultivator would shy away from investment, thus resulting in sub-optimal level of equilibrium output in agriculture.

Ground rent is the base of tenancy relations. It is a concentrated expression of agrarian relations under the capitalistic mode of production. The form of rent and its mode of appropriation differ under different relations of production (Table 1). As relations of production graduates from one stage to another in agriculture, the form of surplus appropriation too undergoes changes. Ground rent under the feudal mode of production expresses the relationship between two antagonistic classes, viz., feudal land lords and legally dependent permanent labour of serfs. On the contrary, under an advanced stage of production relations, ground rent expresses the relationship between landed proprietors, lease holders and agricultural wage workers. However, significant difference exists not only in the mode of appropriation, but the magnitude of surplus extracted. Under feudalism, feudal land lords appropriated the entire surplus generated in agriculture while lease holders under capitalism enjoyed average profit. Further, under feudal mode of production, serfs were subjected to extra economic coercion while wage labourers labouring on tenant's land encountered no such coercions.

For neo-classical, ground rent originates from the concept developed by Ricardo. Ricardo argued that rent existed on account of the difference in the fertility of land. On the contrary, the Marxian approach, drawing heavily from the concept of ground rent developed by Adam Smith, perceived rent as an outcome of unequal distribution of land resulting in its concentration in a few hands, rendering the proprietors of land monopoly power. Neo-classical believed that family-labour-based farm was more efficient than hired-labour based farms and the debate was, therefore, centered on the premise that higher the family size, larger would be its subsistence requirements, leading to more intensive cultivation of land. It is an over-simplified and extended version of the Chayanovian theory of the positive association between family size and farm productivity. For the sake of brevity, the important theoretical differences between the neo-classical approach and the Marxian scheme of thought are presented in Table 2.

Table 1. Surplus Appropriation under Different Mode of Production.

Production system	Form of labour	Form of rent
Feudal production	Petty producer using family labour.	Labour
Transitional production	Dependent petty commodity production using family labour.	Product; cash
Capitalist production	Wage labour.	Product; cash

Source: Utsa, P. (1983)

Table 2. Major Theoretical Differences Between Neo-Classical and Marxian Scheme.

Sl. No.	Neo-classical	Marxian
1	A modified version of the Ricardian theory of rent is employed	A modified and developed version of Adam Smith's concept of ground rent is employed
2	Rent originates from the differences in land fertility.	Rent arises from the concentration of land in a few hands and the resultant monopoly power.
3	Pre-supposes total absence of economic differentiation among landlords and tenants or peasantry is assumed to be homogeneous	Peasantry is differentiated by their access to resources and other means of production
4	Rationale of cultivation is based on the Chayanovian framework of maximization of family consumption needs	Rationale of cultivation varies by economic class

Source: Tabulated from literature survey

Unlike Ricardo, Marx distinguished between rent and rent payment. The return or profit on rental payment refers to the investment made on land and under the Marxian scheme of thought, ground rent assumes three forms: (i) Absolute Ground Rent: Ground rent is the rent that a landlord receives in return for his monopoly power over the land. In other words, by virtue of the monopoly power on land, a landed proprietor would be able to extract surplus in the form of rent regardless of land fertility and location. This surplus constitutes absolute ground rent; (ii) Differential Rent-1: the rent that a landed proprietor receives, in return for the use of his monopoly power on land, which has high fertility and proximity to the market; (iii) Differential Rent-2: in addition to the return on the possession of land, the proprietor of land is entitled to an average profit for the investment on the land, which has been made to augment land and labour productivity. It is a fact that investment on productivity-augmenting measures on land adds to the value added from agriculture and, therefore, it gives a price per unit of production in the land over and above its social price, resulting in super-profit to the capitalistic leaseholder. This super profit will be shared between land owner and capitalist lessee in due course of time and it is the material basis of the differential rent 2 (Marx, 1984: 614-802). Marx observed further that the differential rent 2 became tangibly distinct as the capitalistic traits established its roots in agriculture. In any given stage of development of the society, the organic composition of capital in agriculture would be lower than in industry and therefore the magnitude of surplus in agriculture was naturally higher than that of the industry (Marx, 1984: 614-802). It provided the base for the absolute ground rent. A low organic composition of capital pushed up value as well as the price of agricultural products much above the level allowed by its social price. Absolute ground rent was the difference between the value of the product in agriculture and its social price. When the demand for agricultural product increased above its value, the difference between the value of the product and its market price constituted the monopoly super profit, which would be appropriated by the landlord.

Table 3. Reasons for Leasing in and Leasing out of Land.

Relations	Tenant	Reasons	Impact on agriculture sector
Leasing in	Small peasant	a) Lack of sufficient area for cultivation b) To earn subsistence for the family c) Lack of employment opportunities	a) Reproduction of the same scale of production b) Use of advanced technology or better organization of production do not take place
Leasing in	Rich peasant	a) Expansion of the scale of production b) Production is mainly for the market c) Profit maximization	a) Better use of technology and organization of production; Productivity per unit area increase. b) Development of the forces of production and moving up to higher stages of production
Leasing out	Big land lords	a) To save capital and the interest on it b) Saving or rent and interest c) Net income from agriculture may be less than that of the aggregate interest on capital invested in agriculture and income from rent.	a) Disincentive to long term investment in agriculture b) If leased out to family labour based small peasants, surplus is not generated enough for reinvestment leading to stagnation in agriculture
Leasing out	Petty owner/ small peasant	a) Lack of sufficient capital for investment b) A higher income can be obtained by hiring out labour power c) Inconvenient location of the inherited land, which are uneconomic in size	a) Disincentive to long term investment and stagnation in agriculture

Source: Tabulated from Utsa, 2000.

In spite of a vast literature on various forms of tenancy and their manifestations on production relations, seldom does one come across a comprehensive analysis of the impact of tenancy relations on employment and wages. It remains a fact that whether labour power is sold in the market or employed in the family farm for the generation of subsistence income, formation of a wage system and its level changes cannot be viewed in isolation of production relations. The issue to be underlined in this context is the scanty attention that the analysis of wage formation of rural labourers in general and labourers in the agricultural sector in particular, has received in an otherwise in-depth analysis of tenancy relations.

It has widely been acknowledged that simultaneous existence of a dual mode of production, organised on capitalistic line and characterised by the use of advanced technologies and wage labourers governed by the principle of maximisation of profit along with another consisting of petty commodity producers governed by the objective of subsistence living, is a common characteristic in the South Asian agrarian economies. Highly skewed distribution of land holdings and varied resource endowments give shape to dualistic production relations. The dual production relations are the basis of the difference in the objective conditions governing leasing in and leasing out of land by farmers and tenants placed in different economic classes. Table 3 explains the purpose of leasing in and leasing out of land.

II

Tenancy Relations, Employment and Wage Level

It is pertinent in this context to examine the relationship between employment, wages and tenancy relations under Marxian and neo-classical paradigms. Even though the Classical Marxian tradition treated tenant cultivation as a source of disincentive to long term investment in productivity-enhancing measure in agriculture, production relations in agriculture is expected

to assume a faster pace of development under commercial leasing as compared to peasant farming. The underlying logic of commercial leasing is that the capitalist farmer employing wage labour and producing for the market should operate in a large scale than family-labour-based peasant farm. In terms of development, a peasant farm based on family labour is expected to continue with the same scale of production and therefore the productive forces would remain underdeveloped. The association between leased land cultivation and hunger leasing assume significance in this context. In the present context, especially with reference to those states in which reverse tenancy has been gaining momentum for some time, hunger leasing cannot be discussed in isolation of usury capital. In the classical tradition, usury is often characterized as a pre-capitalistic form of surplus appropriation and petty producers and small peasants are major victims of usury capital (Marx, 1984: 614-802). Usury or interest-bearing capital sucks dry the petty or small scale producers as the capital in the form of interest robs the entire surplus comprising profit, interest and ground rent, leaving only the barest minimum of subsistence to peasants. The usurer, in the process of expropriation, acquires possession of the very condition of labour which would never be intended under a capitalist mode of production. The primary difference between capital in usury and productive capital is that the former does not alter the mode of production or subordinate labour by itself, but paralyzes the productive forces and perpetuates miserable condition in which social productivity of labour remain underdeveloped (*ibid*). In a production system dominated by usury capital, partial or full loss of the means of production of small peasants drive them bottom down of the debt trap and from that entanglement, disentangling has historically been proved to be an uphill task.

There were cases in the history of development of agriculture in which rental income, which was non-proportional to the value produced from the land, co-existed in advanced capitalistic production system notwithstanding the fact that rental income would not bear any relation with the yield from the soil. Similarly, there could be small peasants who were forced to work on the land and had to satisfy themselves with a wage or profit less than the average. The net effect of the rental payment, which bore virtually little or no relation with the yield and value of production, would leave a profound impact on wage levels and living standard of landless labourers and small peasants, who had leased in land. As peasants and agricultural labourers were self-employed in leased land cultivation, even though they appeared to be employed for almost all days, the imputed wage meant for them merely the basic minimum of subsistence requirements. Part of the wage of farm workers, who were destined to take land on lease, would go to the landlord in the form of rent, and another part as interest to the usurer. The scenario could be considered as typical situation in which the usurer and the landlord together squeeze peasants and agricultural labourers.

In an advanced production system, landed property is expressed in terms of ground rent. For the ground rent to exist, production should be organised on market norms capitalistic lines and the tenant should necessarily be a capitalistic farmer. The rationale of tenant cultivation is that generation of surplus, over and above the cost incurred covering rent for the landlord and nominal interest for the capital invested, which compel the farmer to push outward the production possibility frontier through better organisation of production. It means the much-established classical Marxian tradition had not visualised the possibility of gradual degeneration

and extinction of petty producers engaged in lease land cultivation with borrowed capital from village moneylenders notwithstanding the fact that they produce for the market. The rationale of tenant cultivation is that generation of surplus, over and above the cost incurred covering rent for the landlord and nominal interest for the capital invested, which compel the farmer to push outward the production possibility frontier through better organisation of production. It means the much-established classical Marxian tradition had not visualised the possibility of gradual degeneration and extinction of petty producers engaged in lease land cultivation with borrowed capital from village moneylenders notwithstanding the fact that they produce for the market. On the contrary, if the tenant is a small peasant, he would not be able to generate adequate surplus to pay the ground rent because the peasant would be working on a lower production frontier. In such cases, a part of the profit or the surplus labour produced would be siphoned off to pay the nominal wage for agricultural labourer or for the subsistence of the peasant. A tenant of the category with inadequate possession of land would be forced to employ more units of his family labour into the tiny piece of land to meet the subsistence requirements for his family. Intensive application of labour in a given unit of land dampens the marginal productivity of labour and therefore, family labour would receive a wage rate below the market rate.

The petty producer would not be in a financial position to push outward his production possibility frontier by making use of the available know-how and also by bringing in technical and organizational change in the production process. The option left before the poor peasant was the borrowing of working capital, which would include the consumption requirement of his family while on own farming, It would, in turn, intensify exploitation by the creditor by way of interest. The point that needs to be emphasized in this context is that even if a peasant or an agricultural labourer produces on the leased land, the extent of development of agriculture is determined by dependence on the usurer and the landlord, who jointly appropriate not only the entire surplus but a part of his imputed wage also. However, an important aspect of the issue left un-addressed in leased land cultivation of annual crops for the market is the forced linkage of the small tenant to the usurer whose number multiplied in many parts of rural India, particularly since the mid 1980s. The theoretical difference between neo-classical economists and the Marxian political economy is evident here. A poor peasant putting in intensive use of family labour has been considered in the neo-classical paradigm on `efficient mode of cultivation (Utsa, 2000). On the contrary, Marxian political economy treated such intensive use of labour as an inefficient mode of resource allocation necessitated by economic duress and was thought to be an outcome of unequal distribution of, and unequal accessibility to, means of production. The net income accruing to peasant families putting intensive use of labour in a tiny patch of land would be much below the physical requirements of the family and the economic and social living conditions of such peasants would be worse than full time wage labourers. It is indicative of the fact that intensive application of labour has the inherent limitation of poor peasants to traverse new set of production possibility frontiers for want of sufficient surplus for reinvestment. As a result, the production per unit area obtained by a capitalist farmer would be higher than that of a petty commodity producer, who was under social and economic pressure to work hard at the expense of lowering labour productivity.

III

Emerging Tenancy Relations in Kerala

Studies on tenant cultivation in Kerala may be viewed against the backdrop of changes in the cropping pattern since the early 1980s. The area under paddy cultivation in the state registered a decline from 0.95 million hectare to 0.20 million hectare between the period 1975 and 2013. A considerable part of the paddy fields has already been reclaimed and planted with coconut. The rest of the paddy field, except in Palakkad and Alapuzha districts (where conversion is rather difficult on account of geographical attributes), is now being reclaimed for the cultivation of other crops. The property holders of paddy lands are neither big land lords nor rich peasants, most of them being marginal or small peasants who stopped growing rice as they found rice cultivation economically unviable on account of the following factors: (i) rice, the staple food of Keralites, became available in the open market at a lower price than its production cost in own land mainly on account of the deregulation of the movement of essential commodities by the Government of India in 1974; (ii) rice is a labour-intensive as well as a seasonal crop, the operations of which including harvesting, need to be performed in time; (iii) daily wage rates of rural labourers including paddy field labourers registered manifold increase while the price of rice remained unchanged or changed insignificantly since the second half of 1970s; (iv) size of holdings and profitability of rice cultivation were not adequate to promote mechanization, thereby forcing farmers to reclaim paddy land or to lease it out; (v) agricultural labourers who were engaged in paddy field lost their regular employment and left with no alternative but to lease-in paddy land for the cultivation of crops such as banana, vegetables and tapioca for the market. There were many instances of land owner himself working as wage labour in his own leased out land.

Notwithstanding the prohibition in force on any form of tenancy in Kerala, ever since the promulgation of the ordinance of Land Reforms in 1959, land leasing on an annual contract is prevalent in all regions in Kerala. Wet land leasing re-emerged and became widespread particularly since the second half of the 1980s. The incidence of tenancy in Kerala defined in terms of the area leased in as a percentage of the operational holdings was 6.7% and the area leased in as a percentage of operated area constituted 2.6% in 1981-82. The corresponding figures at the national level were 15% and 9% respectively for the same year. The latest data available for the year 2003 (NSS, 59th round) revealed that 6.6 % of farmers cultivated leased-in land during the Kharif season and 5.3 % of the farmers cultivated leased in land during the Rabi season. These figures seem to be apparently on a higher side when compared to those in 1981-82. A study based on a randomly selected 125 tenants growing betel vines, banana and tapioca and 80 landowners cultivating coconut, rice, betel vines, rubber and tuber crops from three Grama Panchayats in Pathanamthitta district, reported that 62% of farmers in the sample entered into a contract on land leasing in the 1990s. These findings are indicative of the fact that tenancy became wide spread in Kerala in the 1990s (Omana, 2003). The study revealed further that most of the lessees were tenants of the pre-land reform period of the 1950s and the 1960s. Analysis of the socio-economic profile of lesser households divulged the fact that 80 % of them possessed less than 2 hectare of land and their main source of livelihood was income from non-agricultural sources. A sample survey of 400 vegetable growing tenant farmers in

Kottayam district in Kerala found that prevalence of tenancy, defined as holdings leased in land as percentage of total cultivated land was as high as 61% (John, 2004). It was also found that over the years, average size of land owned by tenant farmers declined from 52.30 cents to 17 cents between 1970 and 2000 (John, 2004). Further the average size of the area leased in recorded a fall by 11 % during the same reference period. It is indicative of lack of financial strength of poor peasants to lease in large area as their credit worthiness to borrow from moneylenders has significantly declined over the years. An important observation made by sample studies on tenant cultivation in districts viz., Ernakulam (Rene 1999), Pathanamthitta (Omana 2003), Kottayam (John 2004); Wayanad and Thrichur (Latha and Madhusoodhanan 2004) was the fact that proportion of pure tenants had varied between 46 % and 70 % across districts in Kerala. These studies reported further that between 35% and 48 % of the tenants were agricultural labourers, growing mainly banana, vegetables, tapioca and ginger. The tenure of contracts in normal course was 12 months. Ground rent for wetlands varied between Rs 3,000 and Rs 11,000 per acre, with notable difference across crops and districts.

Table 4. Mode of Payment of Rent in Different Districts in Kerala

District	Crops	Rent	Mode of payment	Duration of contract
Pathanamthitta	1. Betal vines	1. Rs 11000/acre	1. Cash	1. One year
	2. Banana	2. Rs 9000/ acre	2. Cash	2. One year
	3. Tapioca	3. Rs 3500/ acre	3. Cash	3. One year
Kottayam	1. Banana	1. Rs 12 per plant	1. Cash 50 % at	1. One year
	2. Vegetable (crop rotation)	2. Rs 4000 to Rs 6000 per acre	planting & 50 % at	2. One season-
	3. Vegetable (without crop rotation)	3. Rs 16000 to Rs 20000 per acre	harvesting	3. One year
Trichur	Banana	Rs 12 to Rs 15 per plant	2. Cash at planting	4. One year
			3. Cash at planting	
Wayanad (fixed rent)	1. Banana	1. Rs 15 per plant	1. Cash. 50 % at planting	1. One year
	2. Ginger	2. Rs 6,000/acre	& 50 % at harvesting	2. One year
	3. Tapioca	3. Rs 3,000/acre	2. Cash at planting	3. One year
Wayanad (crop share)	1. Banana 2. Ginger 3. Tapioca	1.50 % of the produce.	3. Cash at planting	
			1. Produce after harvest	One year

Source: Nair and Menon, 2005; 15.

Important questions on tenancy relations are the terms of the contract and net income from cultivation on tenant's land. Table 4 shows the terms of land leasing contracts in different localities as revealed by different studies (Cherian, 2004). It was observed that profit on the cultivation of Betal vines was as high as 430% of the cost of cultivation and the income from banana cultivation was 145% higher than its cost of production (Cherian, 2004). John (2004) found that profits of banana cultivation were as high as 59 %, bittergourd 56.90% and snake guard 23.80%.

In the item-wise break-up of cost, cost B includes interest on land value for rice in the season, which is as high as Rs 29,633 per hectare in 2003-4. It accounted for 57 % of the total cost. For

a hectare of coconut field, interest on land value accounted for 1.72 lakh, constituting 88 % of the total cost of production in 2004 (Government of Kerala, 2005). It is found that all crops including rice are found profitable under the assumption of no interest on land value. However, the estimation of the cost of cultivation of banana appears to be far from reality because banana is cultivated mostly in wetland (leased in). The rental payment for wet land varies between Rs 10 and Rs 15 per plant costing Rs 2,500 and Rs 3,000 per 14 cents or one purah. 2007-08 in Kerala. Moreover, the interest on borrowed working capital by poor peasants and agricultural labourers from village money lenders at an exorbitant rate of interest normally varied between Rs 5 and Rs 7 for a principal sum of Rs 100 per month. These two aspects of the cost factor are yet to be figured in the cost estimation of banana cultivation on leased land. The findings that the banana cultivation fetched about 145 % profit could perhaps be arrived at by excluding the abnormal interest that farmers part with not only from the profit but from the subsistence wages, to village money lenders.

The use of hired labourers has always been relatively high since 1960s in Kerala. In rice cultivation, 89 % of the total labour requirement is met by hired labourers. On account of specificities of the work performed by women labourers in paddy field operations, hired women labourers supply 71 % of the total women labour requirements and the use of hired labour is as high as 81 % in coconut cultivation. It is important to note that the proportion of hired labour is the lowest in pepper (58 %) followed by banana (69 %). Relatively lower use of hired labour in banana cultivation shows that poor peasants or wage labourers are engaged in the cultivation of this crop. It is worth mentioning in this context that small holdings (0.20 ha) accounted for 45.39 % of the total operational holdings in banana cultivation while the respective share for tapioca is 23.78 % and of coconut is 9.09 %. The average size of small holdings in banana cultivation is as low as 0.16 hectare.

Lease Land Cultivation in Sample villages in Travancore (South Kerala)

A preliminary analysis of the cropping pattern in the state assumes significance for an understanding of the relevance of selected sample districts and Grama Panchayats. It is found that seven crops, viz., coconut (30.41 per cent), natural rubber (16.19 per cent), rice (9.73 per cent), pepper (7.33 per cent), vegetables (5.85 per cent), banana and other plantains (3.63 per cent) together accounted for 65.81% of the total cropped area in the state.

As mentioned elsewhere, tenancy relations and its impact were examined from four districts in Kerala. The purpose of selecting sample villages from different wage zone is to understand how tenancy is governed under diverse social, historical, political and economic scenarios. A preliminary analysis of lease land cultivation indicates the fact that prevalence of tenancy varied significantly across sample districts and villages. A major determinant of tenancy is the type of land available for cultivation.

The practice of land leasing gathering momentum by the early 1980s need to be analysed in the context of broader changes in the cropping pattern in the state. Leasing out of paddy fields became rather prominent in Kerala by 1980s. Prior to the 1980s, in the crop interval period between February and June, green gram, black gram and vegetables were cultivated mostly by

owner cultivators. In the regular crop seasons, agricultural labourers were employed in ploughing, bunding, planting, weeding, harvesting, threshing and winnowing. A considerable part of the work in the paddy field was performed by women labourers, who were drawn mostly from socially vulnerable groups in respective regions. Banana and fruit trees such as mango, jack fruit and other wild trees were grown in garden land and family labour was the major source of labour power for cultivation in garden lands in the marginal and small farmers.

By the end of the 1980s, farmers with other non-farm source of income started leasing out land for rent. It is important to note that lease land cultivation have been practiced since the mid 1980s need to be distinguished from the type of land leasing prevailed earlier in villages in South Kerala. Land leased out for the cultivation of banana, tapioca and vegetables was for a year and the land was brought back to rice cultivation after the crop in the 1980s. Since the 1980s, rice fields were converted and eventually reclaimed making reversion of the land to rice cultivation unfeasible. Alongside, rice fields have been reclaimed forever by planting coconut and by the second half of the 1980s, tapioca cultivation have entirely been shifted to paddy land. There was demand for wet land by erstwhile agricultural workers for tapioca cultivation along with banana and vegetables as wet land was more productive for such crops. Table 5 compares incidence of tenancy defined as the percentage of area under tenant cultivation to total area under cultivation. It is found that 50 % of farmers and 31 % of labourers leased in land for cultivation. Incidence of tenancy in Venganoor village was as high as 68.89%. It is important to note in this context that the incidence was the highest in Venganoor GP. It is worth mentioning in this context that male labourers in the younger age groups were absorbed in the construction sector while middle aged agricultural labourers, particularly from Scheduled Castes encountered considerable fall in working days since the mid 1980s.

Wet land leasing for crops like banana, vegetables, tapioca and such crop specific tenure is prominent in Vengannor Grama Panchayat (GP) in Thiruvananthapuram district (high wage zone in Travancore- south Kerala) while dry land is leased in and leased out for a period ranging between 5 and 10 years in Santhanppara GP in Idukki district (low wage zone in Travancore-South Kerala). In the light of the observed differences in lease land cultivation across sample villages, it is important to examine the characteristic features of leased land cultivation in sample villages as well as the material conditions governing land leasing.

Table 5. Incidence of tenancy in sample villages.

	Travancore				Malabar			
	Venganoor- High wage zone		Santhanppara- Low wage zone		Tavanoore High wage zone		Mananthavady- Low wage zone	
Type	% of people leased in land	Wet land leased in as % of total wet land Cultivated	% of people leased in land	Incidence of tenancy (dry land) (in %)	% of people leased in land	Wet land leased in as % of total wet land Cultivated	% of people leased in land	Wet land leased in as % of wet land cultivated
Farmer	50	55.82	54.54	12.43	13	4.38	18.75	06.20
Labour	31	85.80	5.63	17.14	10	67.97	36.36	32.27
Total	36	68.89	8.30	12.45	11	8.90	30.61	15.71

Source: Primary survey

Leased land cultivation is rather prominent in Santhanpara GP. As there exists little wet land or rice fields in the GP, only dry land leasing takes place under two different conditions: (i) landowner pledges land with the standing crop to borrow from village money lender. On returning the borrowed sum, the lessee would release the land to the lesser. The standing crop is the interest for the sum borrowed. Popular type of tenancy in the Santhanppara GP is the leasing in and leasing out of uncultivated land covered with thick bush and wild trees. The tennur is between 7 and 10 year. Dry land leasing-in is mostly for the cultivation of cardamom and the lessee is expected to clear the land for cultivation. On the termination of the contract, (usually 7-10 years), the land with the standing crop would be returned to the owner. Ground rent per acre of land ranged between Rs 2500 and Rs 3500 for a period of seven years. In this case, the basic condition of the contract is the return of the land with the standing crop for which the land was originally leased in. Such land leasing is prevalent in Santhanpara GP as considerable part of the land in the GP still remains uncultivated and covered with bushes and wild trees, clearing of which requires substantial investment as labour cost; (ii) another type of tenancy in Santhanpara GP is the forced tenancy defined from the land owner as well as the tenant's side. The tenant farmer of all types, especially of small and marginal, may not be in a position to borrow capital for investment on land and therefore makes little investment to augment the productiveness of labour leading to fall in productivity, production and income. The lessee or the land owner is unable to take the land back from the tenant for want of sufficient liquidity. It is observed that neither the tenant nor the owner-farmer is in a position to continue with cultivation and the tenant farmer finds himself in greater difficulty as he finds it impossible to pay back either the abnormally high amount of interest accumulated on his debt or even return the principal to the village money lender. Such an impasse became rather rampant during the price crash phase of commercial crops in the international as well as domestic market during the 2000s. Price fall of agricultural commodities particularly for cardamom and coffee in the international market during the 2000s has impacted heavily on tenant cultivation in dry land in Santhanppara GP. Tenant farmers, who had leased in land in the 1990s when prices ruled high for cardamom found it difficult to maintain the crop during its trough phase. In the village, land leasing took place mostly for cardamom cultivation, the predominant crop in the area. Declining productivity resulting from reduced fertiliser application coupled with fall in price, eroded the profit level compelling the lessee to return the land to its owners for the return of sum advanced by them. The land market was slackened as there was few buyers of land in a remote area like Santhanppara GP.

The incidence of tenancy is relatively less in Santhanppara GP as compared to Venganoor GP because only dry land cultivation existed in the former. The capital required for cultivation in dry land is much higher and therefore farmers with sufficient capital or credit worthiness to borrow from the market could afford to do lease land cultivation in Sanathanpara GP. Average incidence of tenancy in Santhanpara GP is 17.25 %. Tenant cultivation among farmers was 14 % and tenant labourers constituted only 10 %. Among sample farmers, 54.54 % and among labourers, 5.67 % are engaged in tenant cultivation in Sanathanpara GP. On an average, 8.30% of the sample farmers and labourers taken together are found to have engaged in leased land cultivation. Tenant cultivation by labourers in the village is the minimum on account of two factors: (i) many of the labourers are migrants from Tamil Nadu and they work mainly to eke

out a living with an intension to return to their hometown after a while; (ii) asset base of agricultural labour is too fragile to make any effective investment for a period extending for a decade; (iii) unlike in Venganoor GP where labourers lease in land to grow banana, tapioca or vegetables, crops grown in Santhanppara GP take four to five years to harvest; (iv) farm workers are employed in cardamom and coffee plantations and therefore regular income and employment is assured.

Lease Land Cultivation in Malabar-North Kerala

Two districts selected for the study from the Malabar region are; (i) Wayanad and (ii) Malappuram districts representing low wage and high wage zones respectively. Tenancy pattern in Mananthavady GP in Wayanad district (low wage zone in Malabar-north Kerala) is to, a certain extent, comparable to Venganoor GP in Thiruvananthapuram district, while lease land cultivation in Tavannoor GP in Malappuram district (high wage zone in Malabar-north Kerala) is rather different from other three sample villages. Tavannur GP in Malappuram district did not report tenant cultivation in any significant scale. Incidence of tenancy in the village is as low as 8.90%, the lowest among sample villages. There was little demand for leasing in land for cultivation notwithstanding the fact that there were sufficient rice fields with water availability and agro-climatic conditions for the cultivation of banana, tapioca and vegetable in Tavannoor GP as in the case of Mananthavady and Venganoor GPs. Among farmers, incidence of tenancy is only 4.38 %, indicating that farmers are, in general, not interested in lease land cultivation. It is important to note that incidence of tenancy among labour was as high as 67.97 % and that the higher incidence was attributable to lack of cultivable land with laboring poor (Table 5).

A word is in order about type of tenancy existing in Tavannoor GP. If an agricultural worker would want to cultivate annuals, rice fields are available aplenty from erstwhile farmers free of cost. In Tavannoor GP, rice land accounted for 50 % of the total area and rice is grown once in a year and for the rest of the period, the field is left fallow. However, it is a worthwhile exercise examining why the demand for wetland cultivation is less popular and prevalent in Tavannoor GP, a high wage zone from Malabar region.

Mananthavady GP in Wayanad district is the low wage zone in the Malabar region-north Kerala. Though tenant cultivation in Mananthavady GP is not as widely practiced as in Venganoor GP, it has been in practice for some time. The incidence of tenancy is 15.71% in Mananthavady GP. On an average, 30.61% of the agrarian population (farmers and farm workers) is involved in tenant cultivation. The striking similarity between Venganoor GP and Mananthavady GP is that rice field (paddy land) is leased out mainly for the cultivation of banana, ginger and vegetables. As observed in Venganoor GP, paddy land is leased out by those whose main source of livelihood is income from non-agriculture. In Wayanad district, fall in the price of pepper and coffee forced small and marginal farmers to engage in leased in wetland cultivation. Small and marginal farmers are involved in tenant cultivation and a notable difference between Venganoor and Mananthavady GPs in lease land cultivation is that fall in the price of cash crops driven distress farmers do lease in wet land for banana cultivation to make up for their income in dry land cultivation in venganoor GP.

Determinants of Leased Land Cultivation

In this section, an attempt has been made to answer why certain farmers and labourers lease in land and why not certain others in spite of the fact that the asset base and other conditions in the labour market remain the same. Table 6 shows the average land area leased in by farmers and labourers of different size class in sample villages. In Venganoor village, it was found that farmers, on an average, leased in 88 cents or 0.35 hectare of wet land and the area leased in by labourers, on an average, was 82 cents or 0.33 hectare of land. It is on a higher side by the existing level of the size of holdings in Thiruvananthapuram. It was noted that 54.54 % of farmers and 5.63 % of labourers leased in land in Santhanppara village. As mentioned elsewhere, tenant cultivation was not found to be popular in Tavannur village as only two farmers leased in land and the average area leased in was 100 cents. In Mananthavady, leased land cultivation was found to be as popular as in Venganoor. Average area leased in was 136.60 cent. Unlike Tavannur and Santhanppara, more labourers were found to have involved in leased land cultivation.

Table 6. Average area leased in by farmers and labourers by size of holdings.(Area in cents)

Size class (in cents)	Venganoor		Santhanppara		Tavanoor		Mananthavady	
	Farmers	Labourers	Farmers	Labourers	Farmers	Labourers	Farmers	Labourers
Landless	Nil	36 (1)	Nil	Nil	Nil	Nil	Nil	0
1 to 25	24 (2)	68 (9)	Nil	100(2)	Nil	40 (2)	Nil	35(4)
26 to 50	69 (3)	37 (2)	Nil	100(1)	Nil	50 (1)	Nil	50(2)
51 to 75	150 (1)	112 (1)	Nil	Nil	50(1)	75 (1)	100(1)	75(2)
76 to 100	120 (2)	Nil	125 (1)	Nil	Nil	150(1)	Nil	27(2)
101to200	150 (1)	200 (1)	Nil	Nil	Nil	Nil	85(1)	15(1)
> 201	Nil	Nil	260 (5)	Nil	150 (1)	200 (1)	250(1)	750(1)
Average / Total	88 (9)	82 (14)	237.5 (6)	100 (3)	100 (2)	85.88 (6)	136.60 (3)	100.83 (12)

Note: 1. Figures in the parenthesis indicate number of farmers and labourers
2. In Venganoor Panchayat, land leasing is confined to wet land.

Table 7 shows caste composition of lessee in sample villages. The position of lessee and lasser in the caste hierarchy assumes special significance in determining their bargaining strength. In Venganoor village, two dominant farming communities are Nadars and Nairs. Farmers from Nadar community is mostly engaged in vegetable and banana cultivation in wet land and among farmers who have leased in wetland in Venganoor, 44 % belonged to Nair community and 56 % are from Nadar community. In the same village, among labourers cultivating on lease land, Nadar community constituted 36 % of total labourers engaged in lease land cultivation and Nair community accounted for 57 %. In Santhanppara, the important castes are Chettiyar, Devankar, Thevar, Ezhavas and Nairs.. Farmers belonged to *Nair*, *Devankar* and *Ezhava* castes. Lease land cultivation was practiced by *Chettiyars* and *Devankars*. In Mananthavady, farmers belonged mostly to Nair caste and Christians, to a certain extent, and Muslims. Lease land cultivation in Mananthavady is mostly practiced by Nairs, Christians and Ezhavas. The major share of the labour force in the sample villages in Mananthavady is supplied by Adivasi or Scheduled Tribes , but their absence in lease land cultivation is near total.

Table 7. Percentage Distribution of Lessees by Caste.

Caste	Venganoor		Santhanppara		Tavanoore		Mananthavady	
	Farmer	Labo-ur	Farmer	Labour	Farmer	Labour	Farmer	Labour
SC	0	7	0	0	0	72	0	0
ST	0	0	0	0	0	0	53	76
Nair	44	57	20	25	0	0	21	10
Nadar	56	36	0	0	0	0	0	0
Panikkar	0	0	0	0	25	0	0	0
Kanakkar	0	0	0	0	0	28	0	0
Chettiar	0	0	0	25	0	0	0	0
Devankar	0	0	20	25	0	0	0	0
Ezhava	0	0	0	0	0	0	5	10
Others	0	0	60	25	75	0	21	4
Total	100	100	100	100	100	100	100	100

Source: Primary survey.

Employment, Wage and Lease Land Cultivation

In a scenario of low demand for labours, wage rate, which is considered to be reasonably high, does not make much meaning from labourer's point of view. In the absence of other sources of employment and livelihood, poor peasants and agricultural labourers would be left with little alternative but engage themselves by intensifying their labour on the land leased in. Lease land cultivation impacted directly on the labour market notwithstanding the fact that the land is being leased in to supplement the subsistence requirement of the lessee's family or find employment at an imputed wage rate far below the market rate. However, unemployment does not appear to be a sufficient explanation for the emergence and operation of a market for leased land cultivation. For the land to be leased in for the cultivation of commercial crops, factors need to work from both the supply and the demand sides. Supply side factors are: (i) there must exist a class of people who own land, but do not want to invest in land as the average profit from investment is far less than that of the next best avenues of investment; (ii) uneconomic size of production units, which prevents farmers, who have other sources of income for livelihood, from venturing into agriculture as their primary occupation. Important factors operating from the demand side are: (i) existence of a labour market - for a labour market to function, labour should not possess any means of production except labour power to sell in the market. On the contrary, for a leased land market to develop, labourers should possess some means of production to approach money lenders, in the capacity of a producer. (Members of the Adivasi community in Mananthavady and Scheduled caste labourers in Santhanppara reported that they had not gone in for lease land cultivation as neither they possessed adequate credit worthiness to borrow working capital from Bank nor they were able to approach money lender who charged usurious rates of interest; nor could they find own funds for investment; (ii) In Santhanppara, in spite of the prevalence of high rate of unemployment reported, labourers were not found engaged in lease land cultivation despite the fact that as they know that they would be fully engaged throughout the year. In other words, to persuade farmers and labourers to take land on lease, unemployment should be structural in character caused by macro-

economic policy changes such as fall in the price for cash crops like pepper, coffee and cardamom; (iii) Since early 2002, labourers and poor farmers were forced to lease in wet land to cultivate dry-land- crops to supplement their subsistence income; (iv) Land is leased in for the cultivation of a crop, which can yield in the shortest possible time (annually or half yearly-such as banana, vegetables and tapioca) because the staying power of labourers is short. Such crops can be grown only in wet land. The observed regional differences in lease land cultivation may be viewed against this backdrop.

The foregoing discussion shows that the incidence of tenancy did differ not only across sample regions but within the same regions as well (see Table 8). It is therefore important to examine factors which influence the decision of farmers and labourers to lease in land for cultivation for the market. Factors likely to influence the decision of a household to lease in land are: (i) size of holdings under possession; (ii) size of family labour available for farm work; (iii) available days of employment. The general model takes the following form :

$$E_n = \hat{a} + \beta X_{it} + \tilde{u}_{it}$$

Where

E_n is the area leased in

\hat{a} is the constant

X_{it} is the array of predictor variable

\tilde{u}_{it} is the error term, which is expected to follow the classical assumptions:

Independent variables

Y_{AGL} - Number of days of wage employment for agricultural labourers or labour days hired out;

L_{OWND} - Cultivable land under possession;

LSY - Size of family labour available for farm work;

Two hypothesis tested in the regression with labour households are:

1. A positive association between area under possession and area leased in.
2. An inverse association between available days of wage employment and area leased in.

The hypothesis can be expressed as follows;

$$\frac{\Delta Ln}{\Delta Y_{AGL}} > 0 : \frac{\Delta Ln}{\Delta L_{ownd}} > 0$$

As available days of employment are an important variable, land leased in by farmers and labourers need to have an alternative specification because farmers who lease in land do not hire out their labour power. In the first set of specification, area leased in by labourers are regressed against: (i) average days of wage employment, (ii) area under possession and (3) size of family labour.

Table 8. Terms and Conditions of Land Leasing in Sample Districts (2006)

Region/Village	Terms of contract	Duration of contract	Crops growth	Remarks
Travancore				
Venganoor	1. Rs. 10 per banana plant. 2. Rs. 1500 for 14 cents of wet land for vegetable cultivation 3. Rs. 1000 Rs. 1500 for 14 cents of land	12 months	Banana	Even if the tenure of the contract fixed is for a year, the same tenant is found continuing cultivation of banana in the same land for years. The advantage of not ending the contract with in a year is that the tenant farmer can grow high valued plantain items which requires more than 12 months (red fruit plantain- <i>kappa vazha</i>). In locations where water is available in plenty, rent varies between Rs. 2,000 and Rs. 3,000 for 14 cent of paddy land.
Santhanppara	Rs. 2500-3500 per acre of dry land	7-9 years	Cardamom	It is for the uncultivated land. For the land with crop, the amount varies from year to year depending on the price of cardamom.
Malabar				
Tavanoore	Land leasing is not popular			
Mananthavady	1. Rs. 8 to 10 per banana plant. 2. Rent is paid in advance	12 months	Banana	Even if there is crop loss, landlord does not grant concession in rent. For other types of tenancy, there is cost sharing and crop sharing. In 2003, the price of banana registered a rise which attracted many land owners to cultivation of banana. As a result, the ground rent for the wet land did escalate and the area and production of banana too did expand. Banana grown in Wayanad district fetches a lower price because it is considered to be an inferior quality. The increased production in 2004 did push down the price of the crop considerably leaving many of the tenant as well as owner farmers in distress.

Source : Primary Survey

Table 9. Regression Results of the Determinants of Leased Land Cultivation.

Dependent variable = Area leased in for cultivation (in cents) - (Model- I)

Number of observations: 207.

Variable	β	t value
Number of days if wage employment available per agricultural labourer	-0.495*	-1.802
Size of family labour available for farm work	-4.33**	-2.258
cultivable land under possession	0.147**	2.778
Standard error of the estimate	30.67	
Constant	24.229**	3.622
R ²	0.377	
DW	1.86	

Note: 1. figures in the parenthesis show 't' values

* = significant at 5 % level and

** = significant at 1 % level

The three predictor variables were significant (Table 9). The inverse relationship between available days of wage employment and the area leased in was found significant at 5 % level with expected sign. The implication of the regression result is that labourers lease in land to supplement their wage employment as well as farm income. The positive association between area under possession and area leased in for cultivation indicate the much pronounced concept of hunger leasing. It is indicative of the fact that marginal and small farmers who find difficult to earn enough for their subsistence lease in more land for cultivation. However, the size of family labour available for farm work is not a sufficient condition for land leasing and further large families tend lease in less land. In the context of the sharp decline in the available days of employment in paddy fields in Venganoor and Mananthavady, farm workers were compelled to lease in wet land at an exorbitant rental rate. In Tavanoore, as average number of days of employment available for farm worker is higher, workers are not forced to go for lease land cultivation. In Santhanppara, decline in the price of cardamom and pepper on the one hand and non-availability of wet land on the other prevent labourers from venturing into leased land cultivation.

Table 10. Average Amount of Loan Outstanding in Sample Villages. (Rupees)

Category	Travancore		Malabar	
	High wage zone (Venganoor)	Low wage zone (Santhan-para)	High wage zone (Tavanoor)	Low wage zone (Manan-thavady)
Farmer	60833	187308	45531	253433
Labour	26122	30146	7303	15397
Total	36039	93372	18526	89483

Source: Primary survey

It is important to examine in this context average debt outstanding per agricultural labourer and farmer in sample villages. It has already been mentioned elsewhere that leased in land is intensively cultivated and the investment is usually made with borrowed sum from village money lenders at an interest rate ranging between 36 % to 60 %. Table 10 shows average amount of debt outstanding per agricultural labourer and farmer in sample villages. The amount of debt per agricultural labourer in Santhanppara is the highest. The per capita amount of debt per agricultural labour may be viewed in the context of decline in number of days of employment in cash crops since early 2000s. They borrowed money from village money lenders for consumption. In Venganoor and Mananthavady, labourers and marginal farmers borrow mainly for cultivation in leased in land. The amount of debt per farmer is the highest in Mananthavady and lowest in Tavanoore. The average amount of loan outstanding per farmer is higher in low wage zones.

Conclusion

Tenant cultivation is preferred to peasant agriculture as the tenant organises production in capitalistic mode leading to further advancement of productive forces in agriculture. Unlike peasant farming, a capitalist farmer operates on a higher production possibility frontier in order to earn surplus to pay for rent as well as earn wage income for the capitalist farmer as compared to subsistence farmer. Leased land cultivation or tenant cultivation does not always lead to capitalistic farming as wage labourers are rather forced to enter into tenant cultivation to

compensate for the loss in wage income. Marginal and small farmers lease in land to supplement farm income for subsistence. In those case, tenant cultivation amounts to intensified self-exploitation of peasants by themselves and do not lead to advancement in the augmentation of the productiveness of labour and increase in production. Tenant cultivation in Kerala is mostly of hunger leasing and effect little advancement in the organization of production. Tenant cultivation and its determinants and conditions of tenancy do vary significantly across villages within a district. Important factors influencing tenant cultivation from demand side are: (i) decline in wage income due to fall in area under labour intensive crops like rice; and (ii) inadequate area under possession for subsistence income. However, the ground rent and interest for the usury capital appropriate major part of the imputed wage resulting to a system in which the wage actually received by labourers are far less than that of the market wage. There is a positive association between area leased in and amount borrowed by tenants indicating that peasants and wage labour are subjected to multiple forms of exploitation under hunger leasing.

Notes

1. As the first Communist ministry assumed power in Kerala in 1957, soon after the formation of the state, the government embarked on a series of reforms in all sectors and the most notable among them were: (i) Promulgation of the ordinance of Land Reforms in 1959. Knowing its political importance, the government was dismissed by the Central Government before the Act was put into effect. The governments that followed diluted the Act in its very content and spirit and finally when the Communist ministry came to power for the second time in 1968, implemented the Act as the Kerala Land Reforms Act (Amendment) 1969, which came into effect from January 1, 1970. The said Act envisaged that rights and titles of the land would be vested with the government; (ii) The Act fixed occupancy right to *Kudikidappukars* (hutment dwellers) and conferred on them the right to purchase the land in their possession at concessional rates; (iii) Fixed ceilings on holding size and distributed lands to landless people. Under the Land Reforms Act (Amendment) 1969, 37 % of the net sown area was transferred to 1.3 million former tenants. However, it has been alleged that of the land transferred under the Land Reforms Act, 64 % of the transferred land area went to relatively large land owners who already possessed more than five acres of land and were the privileged class under the feudalistic structure. (Nair and Menon, 2005).
2. In order to chalk out various schemes in the agricultural sector and for fixing the floor and support prices, proper assessments of the cost of cultivation and the value of product are essentials. For this purpose, the Department of Economics and Statistics, Government of Kerala, has a scheme for the collection of statistics from selected farmers on cost of cultivation of important crops. The Cost of Cultivation Report brings out cost estimates for eight important crops, viz., rice, (for three seasons), coconut, tapioca, banana, pepper, areca nut, ginger and tamarind on an annual basis the latest year for which cost estimates are available is the year 2004. The cost estimation survey covers all districts of Kerala and covers 38 Taluks. However, cost estimates are available only at the state level, which restrains their usefulness for the present study. However, even the state level figures are important to make a comparison of profitability of various crops. Taluks are purposely selected from important growing centre of different selected crops. For every crop, cost is estimated by size of holdings and the holdings are categorised into small (< 0.2 ha), medium (0.2 to <.8 ha) and large holdings (> 0.8 ha).

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