

LAND REFORM

4

"KALJEE"



FORUM OF FREE ENTERPRISE

SOHRAB HOUSE, 235, D. NAOROJI ROAD, BOMBAY-1

LAND REFORM

By
"KAEJEE"

After the merger of the Indian Princely States, the abolition of zamindaris and large proprietary landholdings of a feudal age was an inevitable sequel. But the Congress party is now on the brink of a last fling—liquidation of all landholdings by individuals. The first step towards this end is about to be taken by the fixation of a ceiling on individual landholdings and farming through cooperatives of land thus excised from large holdings.

This contemplated measure is euphemistically termed agrarian reform to solve the acute land problem. But what is proposed is not a reform of the agricultural industry but an agrarian revolution where the very concept of ownership of land is destroyed, and legislative compulsion will be applied to make the present owners to part with the whole or part of their lands.

If a uniform tenure of land is proposed for the whole country to regulate the relationship between the State and owners of land, it will be within the ambit of constitutional democracy. If minimum wages and hours of work are regulated for agricultural labour, as in the case of industrial labour, it will be within the purview of a social-welfare Government. But compulsory alienation of land from existing holders to acquire land for cooperative cultivation is going far beyond the limits of a benevolent democracy.

In order to justify this itch for reform, the bogey of land problem has been produced. And what exactly is this problem ?

There is only one problem connected with land in India; it is lack of it, which no amount of reform,

"People must come to accept private enterprise not as a necessary evil, but as an affirmative good."

—Eugene Black

President, World Bank

cooperative farming or ultimate collectivisation, can do away with. India has now a population of over 38 crores, and the entire land area of the country, mountains, and rivers included is 81 crores of acres, giving a per capita land area of 2.1 acres. When we eliminate the topographically unusable area like mountains, hills and plateaus, the usable area is reduced to about 50 crore acres; out of this, cultivable area is of the order of 30 crores, giving a per capita cultivable area of about 79 cents.

China with a population of 60 crores has a total land area of 240 crores of acres giving per capita land area of over 4 acres. The United States of America has a land area of 190 crores acres for a population of 15 crore and U.S.S.R. 590 crores for 19 crores. These are figures to ponder over before applying remedies that might have been useful elsewhere to Indian conditions.

Emotionalism and sentiment have been conjured up in recent times over the hapless lot of the landless. The landless are in the same category as the homeless, workless, clotheless and moneyless, whether in villages or towns. The aim of social welfare Government within the ambit of democracy is to improve their lot by social welfare legislation like free education, free medical facilities, old age pension schemes and so on, financed ultimately by the haves by way of taxes. But distribution of property to these by confiscation of such property from others who have it today is definitely not a social welfare scheme of a democratic Government. A Government cannot take from one by denying his right to his property merely to create another vested interest, whether the latter is an individual or a co-operative. The Communist Government is not inhibited by these nice distinctions which a democracy has to observe; Communist ideology starts with the concept that all property vests in the State, and all its people are only workers. As a logical sequel, the Communist State also accepts responsibility for education, medical facilities, and old age pension.

The present expropriation policy of the Congress Party is based on democracy without principles, and Communism without responsibilities. In India, there is no problem of land ; there is only a problem of men. And land reforms of any sort cannot solve this problem.

According to the census of India 1951, out of nearly 36 crores total population, 29.5 crores lived in rural areas. But out of these, the census report classifies as many as 17.39 crores as non-earning dependents. They do not take any part in procuring their own livelihood. In the main, the non-earning dependents consist of women and children, and the too old, but this figure does not include those women and children who take part in the cultivation of land as unpaid family workers. About 351 lakhs are earning dependents in villages, who have some income from other sources to meet part of the cost of their maintenance or who are unpaid family helpers in cultivation or other business like handloom weaving. The rest, 860 lakhs are self-supporting persons in the villages. Out of these, only 710 lakhs are agriculturists.

Often, platform oratory has conjured a picture before the public of a vast bulk of the land being owned by absentee landlords living in rich mansions in urban areas, living on the blood, sweat, and toil of the hapless tillers of the soil; side by side, these landlords are depicted as hereditary barons who have acquired their lands through the accident of birth from generation to generation. Both these theories are based only on fertile imagination.

The census report again tells us that out of the 710 lakhs classed as self-supporting agriculturists, about 80 per cent live in villages. Out of these 710 lakhs, non-cultivating owners of land and other agricultural rent receivers are 16 lakhs, a bare 2.3 per cent of all agriculturists and 1.6 per cent of all self-supporting persons. Cultivators of land, wholly or mainly owned number 457 lakhs or about 64.4 per cent of the agriculturists; 88 lakhs of persons are cultivators of land wholly or mainly unowned, more or less tenants of

non-cultivating owners, and 149 lakhs are cultivating labourers who have no lands.

Thus, figures do not support the thesis that any considerable section of the present owners of land neglect the lands by absenteeism. A mere redistribution of land from the haves to the have-nots cannot lead to a greater absorption of labour and the reduction of the pressure of the non-earning dependents on the agricultural as well as urban families.

The real crux of the problem of poverty is the enormous number of dependents on every earner—now in the ratio of two dependents to every self-supporting wage-earner or worker. No planning or reform, which cannot provide additional avenues of employment to relieve this drag, can hope to raise the standards of living of the people in the country ; no chimerical land reform proposals can lead to a full utilisation of the bulk of the agricultural population on the available land in the country.

On the contrary, improved methods of cultivation or the application of modern scientific principles and machinery to agriculture will inevitably lead to a considerable shrinkage of the labour force required for agricultural operations, throwing out a greater surplus of manpower.

It is interesting to note that the Congress has given up the slogan of land for the landless. In the latest discussions at Nagpur, the agrarian resolution involving fixation of ceilings on holdings and joint cooperative farming of land thus released are justified on the ground that cooperative farming can lead to greater production by the use of modern machinery in gradually increasing scales. But use of modern machinery will, as we have seen, lead to shrinkage of manpower required; and the history of the Central Tractor Organisation of India is not very cheering even in the hope of large-scale mechanisation being possible or economic in Indian conditions of agriculture.

Granted that methods of cultivation could be improved by use of modern machinery, it is equally clear that such

application needs bigger landholdings to make it economic and even feasible. Thus fragmentation of holdings, by the imposition of a ceiling, is the very negation of the argument for consolidation of holdings through cooperatives to facilitate modern methods of cultivation.

To achieve this end, the party and the Government will be wiser to pass laws for anti-fragmentation of lands by fixing a ceiling below which division of lands cannot be allowed, and make a beginning in cooperative farming by facilitating the formation of farmer cooperatives among small holders whose holding fall below this ceiling. By pooling these lands and resources, mechanisation on a small scale can also be tried, with or without capital assistance from the Government or agricultural credit societies. By the very pressure of such reforms, the bigger landholders will have to fight competitively to improve their means of production and increase production to survive.

A step along these lines by the Government today will smack more of democracy, and will be less of a gigantic and disastrous leap into the dark. But the basic problem will still remain—namely the utilisation of surplus labour. This problem can never be solved by either cooperatives or the inevitable and eventual collective farms. Such cooperative farming could lead to collectivisation in Russia, and regimentation and compulsory movement of labour could be resorted to in the Communist concept. In that country, such absorption and utilisation of labour was feasible and even necessary for the tremendous industrialisation that was going on elsewhere and for the powerful war machine that was being built up. In India, this industrial and war potential is just non-existent. Until this potential is created, the pressure of population on land cannot be relieved.

It is noteworthy that the Congress Agrarian Reforms Committee in 1945 rejected the idea of fixing ceiling and cooperative farming of such proprietary lands but advocated instead some experimental collective farming on

reclaimed waste lands where the sense of ownership is non-existent and mechanisation of agricultural operations may be indispensable. The Report of the Committee said: "Collective farming under such conditions may not also lead to any loss of personal freedom and incentive to production. The agricultural labourers who should be settled on such collective farms may not have acquired that attachment to land which every peasant has, however small might be his holding. On the other hand, the collective farm would improve their lot inasmuch as they would get higher wages, a share in the management as well as the profits of the farm".

It is equally instructive to recall that the Census Commissioner of India in his report in 1951 observed: "No measures of land reform will add to the technological possibilities of cultivation.

"Let us not put 'cooperative farming', 'collectivisation', 'redistribution of land' and so on in the same category as water, manures, and improved seed, and add up the target to each of them separately".

That was in relation to food production.

In Russia after the Revolution, the very success of the Revolution depended on the release of the maximum manpower from the land for building up its industrial and war potential in the minimum space of time; collectivisation and mechanisation on a large-scale was, therefore, an urgent necessity.

In China today, almost a similar urgency may be seen in the rapid industrialisation and building up of a war machine.

In U.S.A., the conditions were the reverse; there was such a shortage of manpower and such an enormous extent of virgin land potential that mere economic incentive led to the utilisation of minimum manpower and maximum production through machinery.

To transplant any of these patterns of agrarian economy into Indian conditions is to put a round peg in a square hole. India should build her own pattern of agrarian economy on indigenous lines. The future agrarian economy in India cannot also be written on a clean slate. It can only be moulded in relation to economic, political and social conditions now prevailing in India, and it should be evolved within the four corners of a democratic constitution, not only in letter but in the underlying spirit.

What is the solution to this problem of men ?

The only solution is to create the industrial or semi-industrial potential which can drain more and more of this manpower drag from the land. As labour becomes scarce wages must rise; with rise in wages, incentive to increase production to make agriculture economic is automatically created. Adoption of modern means and methods of cultivation will be the inevitable sequel.

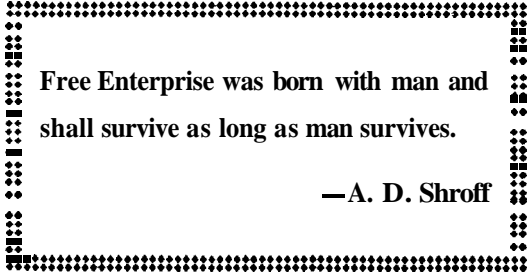
In creating this labour potential in India, it should be remembered by the planners and the party that account should be taken of the psychology of the Indian people with its roots in the family. A pattern of small-scale industries spread over the whole country, interspersed with villages, may perhaps be the best way of tempting nearby rural labour to part or full-time gainful occupation. Such industries, to be successful, have necessarily to embrace utility and consumer products to create a handy market without requiring haulage to big cities. Some of the bigger industries, now centred round big cities, in the absence of pressing economic reasons, should be de-urbanised.

Whether this pattern is undertaken by the private or the public sector, it will also not tax the resources of the nation too much as more ambitious heavy industrialisation is doing at present. Projects already launched upon cannot of course be given up; they have to be completed; but the Third Five-Year Plan should not repeat the mistakes of the First and Second Plans

or embark on such disruptive experiments, like *co-*operative farming, which can lead ultimately only to State farming and collectivisation, with its consequences of regimentation of labour, if the process does not in the meantime break down in utter economic and social chaos.

Views expressed in this publication do not necessarily represent the views of the Forum of Free Enterprise.

Reprinted with kind permission from "The Mail", Madras, dated January 19, 1959.



Free Enterprise was born with man and
shall survive as long as man survives.

—A. D. Shroff

**HAVE YOU JOINED
THE FORUM ?**

Annual Membership Fee is Rs. 10/-

Bona fide students can get our booklets
for a year by becoming Student *AS*SO-
ciates on payment of Rs. 2/-.