

# LARGER AND BETTER

Relevant for: Indian Economy | Topic: Land reforms in India

Even three decades ago, the issue of land and consequently land reforms used to be an important topic. The elements of land reforms — the abolition of intermediaries, regulation and stability of the tenurial system, ceiling on land holding, consolidation of land holdings — used to be hotly debated. Agriculture then accounted for a significant share of the economy, and the issue of land as a factor of production, productivity and equity was important. As the structure and composition of the economy changed, the importance of agriculture and consequently of land-related matters went down. In the last 15 years, there has not been much serious discussion about land, other than land acquisition and computerisation of land records.

However, the farm crisis is serious. Rural debt waivers, farmers' agitations, farmers' suicides, migration and reverse migration in the wake of [COVID-19](#) are some of its manifestations. At the root of these lies the issues of fragmented and uneven distribution of landholdings. The pressure on land continues to rise. The average holding size in 1970-71 was 2.28 hectares (Ha), which has come down to 1.08 Ha in 2015-16. This average masks severe regional skews in the distribution. Thus, while Nagaland has the largest average farm size, Punjab and Haryana rank second and third respectively. The holdings are much smaller in densely populated states like Bihar, West Bengal and Kerala. Curiously, the number of holdings is rising at almost the same pace as the population, as reported by Ramesh Chand and his co-authors in their 2011 EPW paper on "Farm Size and Productivity: Understanding the Strengths of Smallholder and Improving Their Livelihoods".

Even these holdings are not in one chunk but in multiple sub-parcels located at different places in a village. The plot sizes would have been significant in the past, but multiple subdivisions across generations have reduced the sub parcels to a very small size. To take the example of a family in Bihar, which held just over 2.5 Ha land. The holding consists of 32 land parcels, many of them being of about 0.05 Ha size. Consequently, it is not economic for them to invest in either wells or tube-wells. They are unable to raise plantations because the size is not substantial for them to invest in ancillary works like drip or appoint a caretaker. They find it difficult to sell the land and move out. They are also not able to dispose it to a buyer who wants to set up institutions as the task of land aggregation is left to the institution, which finds it difficult to deal with so many landholders and to arrange necessary infrastructure like road, water supply and electricity. It is for these reasons also that investment is stagnating in the rural areas in states where it is most needed, like Bihar.

There has been scepticism about whether land consolidation indeed constitutes land reform. Our policy-makers have been convinced that it does. That is why it has been legislated and pursued since the beginning of the last century. After Independence, compulsory consolidation was replaced by voluntary consolidation in almost all states. However, considering its utility, the National Commission of Agriculture has recommended that consolidation schemes should be made compulsory across the country.

In a study by Philip Oldenberg, titled "Land Consolidation as Land Reform, in India", this issue was conclusively settled. In India and several other countries, consolidation indeed constituted a reform. Oldenberg argued that it helped farmers to make investments, enabled roads and irrigation channels to be laid, reduced litigation, allowed farmers to formalise informal partitions, reduced inequity in landholdings to some extent, enhanced their autonomy and by all measures, increased production and productivity.

The work of consolidation has long been in operation and considerable progress has been made in some states. As much as 120 lakh Ha had been consolidated by the end of the Fourth Plan, while 440 lakh Ha of land was consolidated by the end of the Fifth Plan. Punjab and Haryana have almost completed the work of consolidation of landholdings. The Sixth Five Year Plan had targeted the completion of consolidation in 10 years. During its period, only 64.75 lakh hectare of land was consolidated. Progress was not uniform across the states. Rajasthan, Andhra Pradesh, Kerala and Tamil Nadu and other southern states have not even begun the task.

It has now been well established that non-farm sector employment contributes about 60 per cent to the household income in rural areas. Therefore, policies conducive for the promotion of sectors such as small industries, education, health and other service enterprises need to be made. Only consolidation can prise open these avenues for rural areas as large, consolidated holdings would make it easy for the government or private enterprises to acquire land, and for public agencies to lay the road, pipeline or electric supply.

It has now been argued by the NITI Aayog and some sections of industry that land leasing should be adopted on a large scale to enable landholders with unviable holdings to lease out land for investment, thereby enabling greater income and employment generation in rural areas. This cause would be facilitated by the consolidation of landholdings.

Sadly, consolidation does not figure on the agenda of states. At this moment, because of the advances in information technology, drone technology, and land record digitisation, we are in a much better position to advance in this direction. Given its benefit in terms of enabling more investment, reducing litigation, facilitating the setting up of new institutions and enterprises, the country must make this an important part of development and factor reforms agenda. In fact, it must also include those states where consolidation was done two-three generations ago, as the need for another round of de-fragmentation has also been felt there. This should be liberally supported by the Centre.

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