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Land Reforms in India: New Perspectives

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Abstract- In democracies, public policymaking entails balancing the interests of various self-interest groups. This is even more true when it comes to land reforms. The Indian land reform initiative had justified social and economic goals, but over time these measures appear to have generated some real economic challenges. While the elimination of land middlemen, as well as all forms of tenancy, benefited the actual tillers, placing limits on the size of landholdings did not help enhance production in Indian agriculture. The country's landholdings are unprofitable due to government policies including land limitations and inheritance rules. Private investment in agro-processing has been hindered by restrictions on corporate occupancy. As a result, existing land ceiling and tenancy laws must be relaxed to allow Indian agriculture to profit from globalization.

I. Introduction

Developing and enacting public policy is a vital part of any government. With the participation of the people in the generation of ideas, the influence of public opinion, and participation by people's representatives in policy-making through political institutions, this function takes on greater relevance in democracies. Furthermore, citizens form self-interest groups to achieve their objectives by establishing a sense of collective identity within its members. They join associations to achieve their goals, which their members can't achieve on their own, by lowering transaction costs and expanding the resources at their disposal, including voting strength. As a result, all public policy formulation in democracy becomes a complicated process. Furthermore, any policy change has various costs and benefits for different segments of society. As a result, changing a well-established policy is extremely difficult for any government. Economists have employed theoretical frameworks to analyze and explain the process of public policy development, as well as to assess the impact of these policies on various groups of people. Three analytical approaches have been widely utilized to examine the process of formulating agricultural development policies and also to evaluate the impact of various policies on farmers and other parts of society. These are 1) Neoclassical welfare economics (also known as the market failure method); 2) Marxian approach and 3) political economy approach. It's important to note that each of these approaches has a variety of models that each attempt to explain a different aspect of the process of formulating public policy. The goal is to use them as a general analytical framework rather than look at specific models under each approach.

The first approach begins with the premise that free-market forces enable the economic agents to efficiently allocate a country's resource allocation. In the presence of public goods, externalities, and industries with decreasing costs — not to mention a highly skewed income distribution — the free market is unable to function properly. Consequently, government intervention and policy formulation to reduce possible societal losses are expected under the market failure approach. This is deemed necessary to maximize the general well-being of society. Farmers are harmed by market failure due to unforeseen risk (pest attack in the absence of insurance) and uncertainty (rainfall, which cannot be covered), which results in a loss of revenue for the affected farmers, lowering the welfare of society as a whole through the multiplier effect. The government is anticipated to intervene and compensate farmers through transfer payments, driven by the goal of promoting the welfare of all sections of society.

When it comes to formulating government policies, the Marxian approach is based on the Marxian dichotomy between capitalists and the working class and assumes that capitalists use democracy to manipulate social groups to have a government that benefits themselves at the expense of those who work in it. When used to agricultural policy design, this paradigm describes the division of the agrarian economy between landowners and landless people. When it comes to government, the landowning elite manipulates both its members and those who are sympathetic to their cause. Once this is accomplished, the landowners dictate policies to the government to safeguard their interests while also exploiting workers to siphon up the land's excess yields. However, this policy does not well explain the various public policies created in democracies concerning agriculture, such as land reforms and protection vs free trade in agricultural commodities.

The third and most important technique is the political economy approach, often known as the public choice approach, which uses economic theory to comprehend and forecast political and bureaucratic behavior. It is founded on the concept that all agents, including voters, citizens, self-interest groups, political leaders, political parties, and a wide range of occupation groups, are directed by rational behavior to maximize their self-interest, either individually or collectively. Finally, the political economy approach

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emphasizes policymaking's political and bureaucratic procedures, as well as pressure group inputs, which impact the specific design and implementation of public policy.

These analytical approaches will aid us in comprehending the socio-political forces at work and how they shaped the formation of various agriculture development programs over time. It's worth noting that all three techniques are useful for examining the impact of agricultural policies on Indian farmers because the underlying logic of one or the other approach was employed by various self-interest groups in India to formulate and implement specific agricultural policies. The following section of the chapter provided an overview of important agricultural policies that have impacted farmers over the last fifty years.

II. Land Reforms: An Old Policy

The most important ingredient in agricultural output is land. As a result, to promote agricultural productivity, who owns the land and who cultivates it is just as crucial as how it is cultivated. For the vast majority of India's rural population, agriculture has been a way of life. However, successive governments only recognized its economic relevance during times of food scarcity. This was true both during colonial control and following independence. As a result, the primary goal of agricultural development has remained to achieve food grain self-sufficiency and meeting local demand for agricultural raw resources. Attempts to modify the agrarian institutional system were undoubtedly made. However, they were primarily motivated by the desire to dismantle the feudal land connections that had become entrenched in rural society, and they were also intended to boost agricultural efficiency.

Economic, social, and political factors all play a role in land reform policy. The economic aspect of land reforms entailed the ownership of property by a small group of people who did not really cultivate the land but instead exploited the actual tillers, who were tenants and agricultural laborers. In terms of the sociological dimension, historically, the upper castes were landowners, while the lower castes were tenants or agricultural laborers. Even today, we don't see the lower castes possess the land and the upper castes work as tenants or agricultural laborers in India. The social inequalities were exacerbated by this social dimension. In terms of politics, it should be highlighted that landowners have historically been supporters of governments in power. During British dominance in India, this was considerably more obvious. The erstwhile zamindars and later landlords relied on the government for protection due to their numerical minority status and economic control over the tenants (thus promoting their self-interest). At the same time, the government was reliant on them for its survival as long as tenants, despite their huge numbers, did not band together to oppose exploitative political and social structures. Almost every country that has confronted agrarian challenges has had this experience. The British instituted a permanent land revenue system in India, which became known as the zamindari system over time. Those who agreed to pay a specified amount of land income to the British government regularly became the owners of designated lands under this system of land settlement. They, in turn, collected whatever land revenue they desired from their actual tenants, the tillers. The zamindari system engendered one of India's most exploitative land relations and bolstered the feudal socioeconomic system. Zamindars in India became ardent advocates of British rule. The Congress party, which was mobilizing the Indian masses against British rule, was enraged by this. In one of its annual sessions, the Congress party declared that following independence, it would support the dismantling of the zamindari system. The zamindari system was abolished after independence by the Congress government, led by Jawaharlal Nehru. However, because Article 19 of the Constitution safeguarded the right to property, the zamindars petitioned the Supreme Court, which determined that the policy of abolishing the zamindari system infringed the right to property and was thus unconstitutional. The Constitution was amended by the Congress government to limit the scope of the right to property. By removing the zamindari system of land relations, a huge institutional/structural achievement was made. This strategy benefited farmers in general, as well as zamindars' tenants in particular.

The eradication of tenancy, which had existed under the older zamindar landowners as well as the ryotwari and inamdari systems of land relations, was the next land reform step considered. To begin, efforts were made to give tenants security of tenure and to set a fair rent that the tenants would pay to the landowners. During the 1950s and 1960s, these policies dominated land reform efforts. These tenancy reform initiatives were driven by the desire to protect the interests of a significant number of tenants who made up the Congress party's vote bank. The institution of tenancy, however, was eliminated in the 1970s.

Following the abolition of tenancy, there was another policy inspired by the philosophy of achieving a socialist pattern of society, namely the policy of capping landholdings, which was no doubt consistent with the policy of capping private investment in industrial activity under the Industrial Policy Resolution of 1956. The Planning Commission proposed a nationwide program of land reforms in the 1960s and early 1970s, with a key component being the imposition of size limits on landholdings. The national govt granted funding to states to help them maintain adequate land records to make the policies of land ceilings and surplus land

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distribution easier to implement. Even though land and agriculture-related policy issues are state subjects under the Constitution, the central government, in consultation with the Planning Commission, proposed a ceiling of 4.05–7.28 hectares for irrigated land with two crops, 10.93 hectares for irrigated land with one crop, and 21.85 hectares per family for drylands. (There is no record of the central government's rationale for setting the ceiling limitations.)

III. New Approaches to Land Reform

The major goal of the government agricultural development strategy under the liberalization program should be to restate the importance of agricultural growth, both in terms of driving the agricultural sector toward higher growth and in terms of boosting the income levels of individuals who rely on agriculture. It may appear odd to emphasize the need of encouraging agricultural development with such a solitary goal of generating faster growth to raise the income levels of those who rely on it, especially while its relative contribution to GDP is rapidly dropping. However, there is still a socioeconomic basis for prioritizing agricultural growth because agriculture and related activities employ roughly 60% of India's workers. Given that economic liberalization and new industrial policies, including foreign trade liberalization, may not provide enough job opportunities to absorb the growing workforce, it would be prudent to allow agriculture to develop into a commercial enterprise that encourages the flow of private investment and cutting-edge technology, resulting in increased job opportunities. There has been some resistance to encouraging and promoting the commercialization of Indian agriculture in the aftermath of economic liberalization. This opposition stems mostly from concerns that the commercialization of agriculture will result in a major shift in cropping patterns away from cereals and toward commercial crops, potentially resulting in a food grain scarcity. Furthermore, it is suggested that agricultural commercialization will result in the influx of corporate investment into the sector, resulting in the eviction of traditional agricultural classes, notably small and marginal farmers, from their land. These anxieties are undoubtedly justified, and any attempt to promote the commercialization of Indian agriculture must take care to avoid a decrease in food grain output and the loss of land ownership by the cultivating classes, whether small, marginal or even big farmers. Private corporate investment in agricultural processing and exporting businesses are currently unrestricted. However, because of the lack of a reliable supply of high-quality raw materials and primary agricultural products, these activities have not attracted much private investment. Some multinational corporations have begun agro-processing operations in certain regions by supporting contract farming of the necessary primary crops. Even so, without sufficient revisions in state land reform legislation, contract farming is seen as a risky proposition. To facilitate the flow of corporate investment into agro-processing and export activities, some amendments to land reform legislation would be required. To legalize the hiring in and hiring out of small pieces of land for agriculture, relevant provisions of state land reform legislation would need to be amended. Allowing corporations to lease (but not own) property is also important to provide a steady supply of raw materials for agro-processing industries by having their horticulture, floriculture, and aquaculture farms. All of these concessions are in line with the exemption rules established by the Planning Commission in 1956. As a result, tenancy regulations must be changed to encourage the leasing of land for productive use. The current land ceiling constraints should be increased (if not removed) to allow for the cultivation of horticulture and floriculture products. Indian agriculture will be unable to take advantage of the opportunities that will be created under the WTO framework without such reforms in tenancy and land ceiling legislation.

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