

UPSC Content Builder Series

A BILL TO 'CORPORATISE' FARMING



Our Interests

- ▶ Agribusiness corporations.
- ▶ Devastating consequences for peasants in the State.
- ▶ GS III - Land reforms in India (*)



- ▶ THERE is no doubt that agricultural land leasing laws in India should be amended to make land leasing lawful and easier
- ▶ The NITI Aayog Report (2016) proposed, on the grounds of efficiency and equity, a formal model law on leasing (Model Agricultural Land Leasing Act, 2016) and even a model land leasing agreement.
- ▶ The draft Punjab Land Leasing and Tenancy Bill, 2019, seeks to open up the land lease market in the State.
- ▶ The Bill, once enacted, will replace six laws, pertaining to tenancy, occupancy rights of tenant, security of tenure, and colonisation of government land, which were enacted during the 19th century and the 1950s.



- ▶ Although prima facie one would have no issues with such a law, the context of Punjab and the nature of the Bill raise concerns.
- ▶ The Bill does not even, unlike NITI Aayog's model land leasing Act, 2016, give the rationale for the drastic change of regulation from a ban on tenancy and ceiling on landholdings to a "free for all" land leasing system.



Reverse Tenancy

- ▶ It is common knowledge that leasing happens on a large scale in Punjab, although illegally or informally.
- ▶ Punjab is also known for **reverse tenancy** where, unlike most of the rest of India, large and medium farmers lease in lands of marginal and small farmers, who then become landless labour.
- ▶ Reverse tenancy, according to a recent research by H.S. Shergill (2019), can be seen in the fact that the average size of tenant landholding, including one's own land, was double (17 acres) that of the pure owner average landholding (8 acres).
- ▶ Further, on average 48 per cent of the tenant farm area was on leased land. Moreover, 82 per cent of the leased area was with those owning more than 10 acres each (those who are officially termed medium or large landholders in India)



- ▶ Such holdings accounted for 55 per cent of the total operated area of the State.
- ▶ Small and marginal farmers leased in only 5 per cent of the total leased area.
- ▶ Significantly, 83 per cent of the lessee farmers had tractors, 78 per cent had electric tubewells and 56 per cent employed permanent labour.



- ▶ Further, the overwhelming proportion of the tenancy in Punjab—95 per cent—was cash rent based meaning rent by means of Cash Only not part of Crop produced.
- ▶ This is an additional stress as one has to sell the crop first (which may not yield good price in market)
- ▶ Punjab is one of the five States in India, along with Haryana, Tamil Nadu, Telangana and Andhra Pradesh, where cash rent tenancy accounts for more than half the number of all lease deals.
- ▶ This makes it even more significant to examine the provisions of the Bill.



- ▶ It is shocking that the Bill does not set any **limit or range** on leased area and the **amount** of rent per acre, that too when rents in Punjab are exploitative, especially in the case of small lessees who cannot compete with large land lessees.
- ▶ Further, the landless trying to lease in their share of panchayat lands have suffered from an unfair competition even though they have to pay one-third of the actual rate for general category bidders when bidding for such lands.
- ▶ The NITI Aayog's model Act at least suggested limits on leasing by corporate entities by setting ceilings on land ownership in each State.



- ▶ The Bill exempts from its purview land owned by the Central government, State government, urban local bodies and panchayati raj institutions, including land owned by a gram panchayat.
- ▶ The move to keep outside the scope of regulation any land owned by trusts, religious institutions such as temples and those owned by panchayats does not appear to make sense.
- ▶ If groups and agencies can lease in, why cannot groups and institutions lease out? In fact, most institutional land has been kept out of the ambit of the proposed law.



- ▶ Like NITI Aayog's model land leasing Act, this Bill allows an unwritten lease agreement, which goes against the very intention of the Bill.
- ▶ The Bill justifies this on the pretext that unwritten leases have been there for many years.
- ▶ If an oral lease can be legal, then why should a written lease agreement be prescribed?
- ▶ The Bill does not even provide a model agreement, unlike the NITI Aayog model Act.



- ▶ The proposed legislation will also have adverse consequences for contract farming and direct purchase of produce from farmers.
- ▶ Once companies have access to leased land, they will engage in corporate farming rather than deal with hundreds of small and medium contract and non-contract farmers for their raw materials or other produce requirements.
- ▶ That will only mean accumulation without dispossession.



- ▶ Finally, it is important to remember that marginal and small farmers cultivate only 8 per cent of the land in Punjab.
- ▶ If this Bill—a caricature of the NITI Aayog model Act—is passed into law as it is, it would result in the elimination of small and marginal farmers in Punjab.
- ▶ For Reference I will make one small PPT on NITI Aayog model Act 2016



Courtesy

- ▶ *An article by Prof. Sukhpal Singh from Indian Institute of Management-Ahmedabad published in Mint Online News portal*
- ▶ *PRS India*
- ▶ *Wikipedia*

Time to Share, Care, Like & Subscribe

- ▶ Thanks for Watching ...
- ▶ You can leave topic suggestions at **info@calendarstudy.com**

