



A Study of Land Distribution, Tenancy and the Land Market in a Central Indian Village

Sunit Arora

SSER Monograph 21/1



A Study of Land Distribution, Tenancy and the Land Market in a Central Indian Village

Sunit Arora



Published by
Jesim Pais on behalf of
Society for Social and Economic Research
S3/209, Saraswati Towers, Sector D6, Vasant Kunj, New Delhi 110 070, India
E-mail: office@sser.in

©SSER, 2021

ISBN: 978-81-948800-3-5

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Society for Social and Economic Research (SSER) or other institutions with which authors may be affiliated. The views expressed in this monograph are those of the author(s) and do not necessarily reflect the views or policies of SSER.

SSER encourages the use, reproduction and dissemination of material in this monograph. Except where otherwise indicated, material may be copied, downloaded and printed for private study, research and teaching purposes, or for use in non-commercial products or services, provided that authors and SSER are appropriately acknowledged, and SSER's endorsement of users' views, products or services is not implied in any way.

1 Introduction

Land is the most important means of production for agricultural households. Land ownership facilitates access to other productive assets, determines the investment and risk-taking capacity of households, and shapes the overall balance of power in the village. Along with increasing the asset base and earnings from cultivation, which directly contributes to the accumulating potential of a household, ownership of land has wider implications for the accumulation process through prospective commercial use for non-agrarian accumulation. Ownership of land also acts as a necessary collateral for rural households and enables access to formal-sector credit. Thus, an understanding of how land is owned and operated and how it is bought and sold is crucial to the study of agrarian structure as well as to understanding the dynamics of agrarian transformation. This article proposes to add to the present understanding of agrarian structure in rural India by offering insights on land structure, tenancy relations, the land lease market and land market transactions based on a village study conducted in Madhya Pradesh, a state in central India that has remained largely unexplored by scholars studying agrarian transition.

The distribution of landholdings in rural India is characterised by a predominance of small holdings and high landlessness (Basole and Basu 2011; Rawal 2013; Yadu and Sathesha 2016). NSS data on ownership and operational holdings show an increase in the share of marginal holdings from 69.63 per cent in 2002-03 to 75.42 per cent in 2012-13. Such small holdings are associated with an increase in rural households' dependence on wage labour and non-farm employment (Rawal 2014; Tyagi and Himanshu 2011).

The extreme inequality in ownership and operational holding of land in India has been captured in the literature through both macro data and micro level studies. Analysing NSS data, Rawal (2008) found an increase in inequality in the land cultivated by households between 1987-88 and 2011-12. Similarly, Sarma, Saha, and Jayakumar (2017) found an overall increase in asset inequality in rural India between 1991-92 and 2012-13, mainly driven by the rise in inequality in ownership of land and livestock.¹ Village studies across different states have found evidence of the prevalence of high inequality in ownership and operational holdings (Mishra 2011; Ramachandran, Rawal, and Swaminathan 2010; Ramakumar 2012; Swaminathan and Rawal 2015). Further, an important feature of the distribution of agricultural land in rural India is the exclusion of socially disadvantaged groups, especially Dalits and scheduled tribes, from land ownership (Bakshi 2008; Ramachandran, Rawal, and Swaminathan 2010; Ramakumar 2012). This unequal distribution of land, in some measure, points to continuing peasant differentiation in the countryside (D' Costa and Chakraborty 2017).

Tenancy remains an important aspect of agricultural production in India but for the most part it is informal and unregulated. There is a prevalence of multiple types

I would like to thank Vikas Rawal and Jesim Pais for detailed comments on the paper; Sonal Ann D'souza for helping me frame this research; Anshu Saluja for sharing constructive inputs during the writing process; Ashwitha Jayakumar for copy editing; and most importantly, the residents of Aavli who reposed their faith in me and spared the time for detailed conversations. Any errors attributable to the work are mine alone.

¹It needs to be kept in mind that NSS and other large data sets usually suffer from underreporting of land and other assets by large landowners, resulting in lower estimates of inequality.

of tenurial contracts in different parts of the country (Mishra 2011; Sarap 1998; Shrivastava 1989), but an increasing shift towards fixed-rent cash contracts has been observed in the last decade (Bansal, Usami, and Rawal 2019). This is significant, as fixed-rent cash contracts have, in some cases, been observed to weaken land markets, as the prevalence of such tenancy contracts gives leeway to the landowners by providing them a means of finance (Sarap 1998).

In the light of these key insights from the literature, this article examines land relations in the village of Aavli in the Hoshangabad district of Madhya Pradesh². It draws upon data on the socio-economic profile of households, asset ownership, tenancy, and sources of household income collected via a census-type survey in 2018–19.

2 The Study Area

Madhya Pradesh is primarily an agricultural state: one third of its Gross State Domestic Product comes from this sector, half of the state's area is used for cultivation and seventy per cent of the total workers and eighty-five per cent of rural workers depend on agriculture for their livelihoods (Madhya Pradesh Agriculture Economic Survey 2016). Even though the state of Madhya Pradesh has been identified as one of the most backward states in the country in terms of both economic and social indicators, parts of the state have nonetheless shown tremendous agrarian growth in the last decade. However, this has also been accompanied by a drastic increase in the number of farmer suicides,³ incidents of dumping of produce on the highways and in front of collectors' offices by farmers due to a sharp decline in prices, and farmer agitations at frequent intervals.⁴ This contradiction between double digit growth rates and protesting farmers points to high levels of inequality and a specific regional trajectory of agrarian transformation.

Lying on the southern bank of the river Narmada, Hoshangabad is one of central India's largest wheat-producing districts. It was also part of the soyabean boom in the 1980s and has witnessed a rapid increase in paddy production in the last decade. The village of Aavli lies on the state highway and is well connected to large cities like Hoshangabad, Itarsi and Bhopal, the state capital. There are frequent buses, one every half an hour, connecting the village to Hoshangabad city. With the construction of a dam in 1974 on the river Tawa, which is a tributary of the river Narmada, and the advent of canal irrigation in the Narmada Valley region, the cropping pattern in this village and its surroundings has changed from a single annual crop to three crops per agricultural year.⁵ In 2018-19 in Aavli, wheat was

²In order to safeguard the identity and ensure the privacy of the residents of the village, the name of the village has been altered.

³According to National Crime Bureau data, 1,982 farmers and farm labourers committed suicide in the state in one year from February 2016 to mid-February.

⁴In June 2017, a clash between the police and farmers resulted in police firing on and killing ten farmers in Mandsaur district, Madhya Pradesh.

⁵There is another important social aspect of the Tawa dam. Both its main canals have been designed in such a way that all their branches and channels flow northward along the river's slope. But, to the south of the two canals, there are many villages with a large tribal population that have been deprived of the benefits of irrigation, in spite of their proximity to the dam (Sunil 2013). However, this village study was conducted with the intention of

Table 1: Distribution of households and ownership holding of land across social groups, Aavli, 2018–19

Social group	Number of Households	Percentage of households	Percentage of land owned	Access Index	Landless households as percentage of all households
Yadav	100	34.0	14.0	0.4	35.0
Sahu	21	7.1	9.5	1.3	19.1
Muslims	8	2.7	0.9	0.4	50.0
Other OBC	40	13.6	3.2	0.2	67.5
SC	25	8.5	0.8	0.1	88.0
ST	4	1.4	0.0	0.0	100.0
Rajputs	85	28.9	61.1	2.1	1.2
Brahmins	8	2.7	4.1	1.5	25.0
Others	3	1.0	6.4	6.3	33.3
All	294	100.0	100.0	1.0	34.0

Source: Survey data.

cultivated on ninety-five per cent of operational holdings during the rabi season, while soyabean and paddy were the main crops grown during the kharif season and around forty-seven per cent of cultivating households also grew moong as a bridge crop in the summer months. Sixty-one per cent of village households were engaged in cultivation. Around twenty-nine per cent of households derived their income from casual wage labour either in agriculture in the village and its surroundings or in the non-farm sector in Hoshangabad city.⁶

There were 294 households in Aavli. Yadavs and Rajputs were the numerically dominant castes: 100 households belonged to the Yadav caste, which is officially classified as Other Backward Class (OBC) in Madhya Pradesh, and eighty-five households were Rajput. Twenty-one households belonged to the Sahu caste (which is also classified as OBC in Madhya Pradesh and whose traditional occupation is business). There were eight Muslim households in the village, eight Brahmin households, twenty-five Dalit households, and four households whose members belonged to Scheduled Tribes. The remaining the households belong to various OBC castes. In total, around fifty-eight per cent of households in Aavli fell in the OBC category (Table 1).

studying the dynamics and patterns of agrarian accumulation in a region, which lies in the northern side of the canal and could thus harness the benefits of irrigation from the Tawa dam.

⁶The majority of manual workers from Aavli travel to Hoshangabad city to work in construction or in the city's supermarkets, locally called 'malls'.

3 Inequality in access to land

About sixty-six per cent of households in Aavli owned agricultural land but the ownership of land was highly unequal.⁷ The Gini coefficient of ownership of land in the village was 0.581. As shown in Table 1, land was concentrated in the hands of Rajputs; their share of the total landholdings was around sixty-one per cent. Yadavs, who were numerically the largest caste group in the village, owned only about fourteen per cent of the total land. Though a numerically small caste group, Sahus have been increasing their share of land ownership in the village and owned around 9.5 per cent of the land when this survey was carried out. Table 1 also shows the access index of land, i.e., the ratio of the share of a group in total land to the share of the group in the population, for different social groups. An access index greater than one shows that the share of the group in total assets is more than its share in population. Rajputs, Brahmins and Sahus had an access index greater than one (Table 1), showing their disproportionately high share in the ownership of land. An access index of near zero for SC and ST households points to their economic backwardness.

The largest landowner in the village was the erstwhile *malguzar's* grandson.⁸ He owned 100 acres of land in this village, along with seventy acres in a nearby village. Originally from Calcutta, his great-grandfather moved to Hoshangabad, also lying in the erstwhile Central Provinces, and acquired the *malguzari* of two villages in Hoshagabad. They are an upper-caste household that does not belong to any of the commonly found caste groups in this region owing to their roots in the state of West Bengal. On account of this, I have classified them as 'others' here. The classification of this household as 'others' is the reason why the access index of land for this social group was so high.

Most of the lands owned by Muslims are concentrated in and around Bhopal, a former princely state ruled by a dynasty of Muslim rulers. It is unusual to find Muslim households in villages that own and operate large landholdings in other districts of Madhya Pradesh. Muslims in other parts of the state have traditionally been self-employed as mechanics, tailors, and fruit vendors, and this pattern is still prevalent. However, one of the largest operational holdings in Aavli belonged to a Muslim household. The patriarch owned around sixteen acres land and took another eighty acres land on lease from a temple trust in the nearby village.

⁷Agricultural lands owned by a household largely tend to be in small pieces, which, although they might be adjacent can fall in the territory of different villages. Thus, we take the sum of land owned by village households both within and outside the village's borders to be the total land owned.

⁸Hoshangabad was a part of the Central Provinces of British India. Under the land revenue settlement of the Central Provinces, the *malguzar* functioned as the middleman between the government and the cultivators and the position was conferred by grant. In Powell's words: the *malguzar* or the middleman 'is, more or less fully, the proprietor and holds the Settlement' (Powell 1907: 150). In the mid-nineteenth century, these *malguzars* were hit hard. A 'combination of high assessments [of revenue], coercion and failing seasons' pushed many of them into severe indebtedness. These cumulative pressures brought about 'constant transfer of *malguzari* leases' in the Narmada valley. 'In the region as a whole, 25% of all villages changed hands for indebtedness between 1834 and 1863.' The chief beneficiaries of this were the new capitalists and moneylenders who were able to acquire a large number of transferred *malguzari* leases (Baker 1991: 517-19). It is likely that *malguzari* of Aavli changed hands in a similar fashion.

After his death, the household's land was divided among four co-sharers, resulting in four households each owing four acres land. However, the son of the eldest brother continues to lease eighty acres of land from the temple trust, such that his operational holdings amounted to eighty-four acres.

3.1 Landlessness

Landlessness in rural India is closely tied to livelihood insecurity, economic vulnerability, and poverty. It both stems from and strengthens existing power hierarchies and inequities.

Around thirty-four per cent of households in Aavli owned no agricultural land. Most of these households lived in an extension of the main village, called the 'colony' by the villagers. Houses in the colony were far more congested than those in the main village and were located on the side of a muddy lane that is frequently flooded because of lack of drainage facilities.⁹ Before this land was allocated to the households that presently occupy it, it was used by the villagers as a garbage dump. As one of the residents complained, "The revenue inspector told us that we can build homes here. This used to be a garbage dump and this land was useless. We had to clean it ourselves and then we built our houses here". Initially, the colony was largely made up of Scheduled Caste, Scheduled Tribe, and Muslim households. However, as families have expanded, several economically weaker Yadav and Rajput households have also moved to the colony from their parental homes.

Landlessness as an economic characteristic tends to get passed on to the next generation due to the inability of landless households to undertake the investments required to give their household incomes and asset ownership any kind of major boost. Most landless households trace this deprivation through generations.

The spread of landlessness was highly uneven across various social groups. All four Scheduled Tribe households and twenty-two out of twenty-five Scheduled Caste households in the village were landless. Among the prominent caste groups in the village, landlessness was least prevalent among the Rajputs and the Sahu. Out of the eighty-five Rajput households in the village, only one household was landless; this household sold their agricultural land a few years ago to repay accumulated debts. Four out of twenty-one Sahu households were landless whereas thirty-five out of 100 Yadav households were landless. Also, since the majority of Yadav and Sahu households owned some land, landless households in these social groups fared better compared to others who were landless due to caste-based solidarities in some social and economic negotiations. Two out of eight Brahmin households owned no agricultural land. However, these were salaried households and had stable incomes. In fact, these households held high economic status even among the large landowners in the village because of high incomes from government jobs.

Similar to the distribution of land, landlessness in Aavli was also associated with social disparities.¹⁰

⁹This is in contrast to the village, where roads were built in 2015 under the Gram Sadak Yojna of the central government.

¹⁰Similar evidence showing a correspondence between social status and landownership emerges from field studies in Andhra Pradesh (Ramachandran, Rawal and Swaminathan 2010), Orissa (Mishra 2011), Maharashtra (Ramakumar 2012) and Rajasthan (Swaminathan and Rawal 2015).

Table 2: Distribution of ownership holdings of land, by size class of holding, 2018–19

Size class of ownership holding	Percentage of households	Percentage of ownership holding	Average size of ownership holding in acres
Landless	34.0	0.0	0.0
Up to 2.5 acres	25.5	8.3	1.7
2.5-5 acres	15.3	11.3	3.9
5-10 acres	11.9	17.6	7.9
10-25 acres	10.2	30.0	16.4
More than 25 acres	3.1	33.2	52.8
All households	100.0	100.0	5.4

Source: Survey data.

3.2 Inequality in ownership of land

Land ownership across classes based on the size of ownership was characterised by the small size of the majority of holdings and high inequality in the distribution of land (Table 2). One-fourth of all village households owned holdings less than 2.5 acres in size and another fifteen per cent owned small holdings of between 2.5 acres and less than five acres. Thus, forty-one per cent of households had holdings smaller than five acres in size and their share in total land owned was less than twenty per cent. Around twenty-two per cent of households owned holdings of between five acres and twenty-five acres and accounted for almost fifty per cent of the total land ownership. The ten largest land-owning households made up three per cent of the total number of farmers and had a thirty-three per cent share in the total landownership. Among these ten households, the lowest holding was thirty acres and the largest was 100 acres. In comparison, for the state of Madhya Pradesh as a whole, about sixty-five per cent of farmers owned less than 2.5 acres of land and accounted for only 17.5 per cent of land owned; only one per cent of farmers owned more than twenty-five acres but they accounted for thirteen per cent of total land ownership (NSSO 2013). A comparison of the distribution of ownership holdings in the village with the NSS data pertaining to the distribution of operational holdings in Madhya Pradesh shows that:

1. the proportion of marginal farmers in the village was lower than that in the state but the proportion of landless households was much higher, and
2. the concentration of ownership holdings with large farmers owning more than twenty-five acres in the village was much higher than the state average.

Inequality in ownership holdings comes into sharper focus by comparing the average size of ownership across various size classes. For the smallest class, this value was 1.73 acres and went up to 52.80 acres for the biggest class.

Of the largest landowners in the village, i.e., the ten households that owned more than twenty-five acres, seven were Rajput households, two were Sahu

Table 3: Distribution of operational holdings of land, by size class of operational holding, 2018–19

Size class of operational holding	Proportion of households	Proportion of operational holding	Average size of operational holding
Landless	39.1	0.0	0.0
Up to 2.5 acres	21.4	6.0	1.8
2.5-5 acres	11.9	7.2	4.0
5-10 acres	12.2	14.8	8.0
10-25 acres	8.8	22.2	16.6
More than 25 acres	6.5	49.9	51.0
All households	100.0	100.0	6.6

Source: Survey data.

households and one was the household of the erstwhile *malguzar*. With the exception of the latter, the others had all added to their landholdings in the last five years.

Further, sixty per cent of Rajput households owned more than five acres of agricultural land whereas only twenty-four per cent of Yadav households owned more than five acres. Around forty per cent of Yadav households owned holdings less than 2.5 acres in size. In fact, Yadav households constituted fifty per cent of the farmers owning and operating holdings smaller than 2.5 acres in the village and no Yadav household owned more than twenty-five acres. Thirty per cent of Sahu households owned landholdings more than five acres in size and around thirty per cent owned holdings between 2.5 acres and five acres in size.

3.3 Distribution of operational holdings

Inequality in the distribution of operational holdings in the village was even higher than inequality in land ownership, indicating that landowning households were further leasing in land. The Gini coefficient of operational holdings in the village was 0.608. Even though sixty-six per cent of households owned agricultural land, land was operated by only sixty-one per cent of village households. Around a third of village households operated holdings less than five acres in size and accounted for only thirteen per cent of the total operational holdings. Around 6.5 per cent of village households operated holdings more than twenty-five acres in size; these households operated almost fifty per cent of the land. The largest operational holding was eighty-nine acres and it belonged to a single household that owned twenty acres and leased in the rest of the land. The average size for the smallest size class was 1.83 acres and was around fifty-one acres for the biggest size class.

Table 4: Extent of leasing in and leasing out land, Aavli, 2018–19

Indicator	Per cent
Land leased in as a proportion of total operational holdings	28.8
Tenant households as a proportion of all households	12.9
Tenant households as a proportion of all cultivator households	21.2
Land leased out as a proportion of total ownership holdings	7.4
Lessor households as a proportion of all households	7.5
Lessor households as a proportion of all landholding households	11.3

Note: These data are for the agricultural year starting with the kharif crop in 2018.

Source: Survey data.

4 Tenancy

In 2018–19, fifty-eight households entered into tenurial contracts in Aavli. Around twenty-nine per cent of operational holdings were leased in and 7.5 per cent of ownership holdings were leased out. Thirteen per cent of households leased in land whereas 7.5 per cent households leased out land (Table 4).

There were two kinds of tenurial agreements in the village: fixed tenancy in cash or cash rent and shared tenancy. The latter had been on the decline over the past two decades, and only five households in the village leased in land on a shared tenancy basis in 2018–19.

4.1 Fixed tenancy in cash

Fixed tenancy in cash or cash rent, locally known as *sikmi/khot*, was the predominant type of tenurial agreement in the village and its surroundings. The land was leased in for one year and a fixed rent was paid at the beginning of the contract. All decisions regarding cultivation, including the choice of crop, rested with the lessee. Usually, the terms of the contract were decided in the month of May and notarised on a sheet of stamp paper. As most farmers in the village sold their wheat to the state government agencies, notarised contracts were crucial to be able to register to sell produce at the minimum support price (MSP) to the state government. The contract began from the month of June, and covered the kharif crop, the next rabi crop and the following short duration summer crop. A few households were found to have leased out land for either the kharif season or the summer months because they were unwilling to invest in growing paddy or moong, but the annual lease was the most prevalent tenurial arrangement in the village.

The price of sikmi land in the village ranged between 15,000 and 20,000 rupees per acre, but in a couple of cases the price was as high as 25,000 rupees per acre. For plots of land that did not have tube wells and bunds for cultivating paddy, the price hovered around 15,000 rupees per acre. Land that was properly levelled, had bunds prepared for paddy cultivation and had access to tubewell irrigation was rented out for 20,000 rupees per acre for one year. In some cases, the rents were slightly lower because the land was leased to a kin.

Table 5: Distribution of leased-in land across size classes of operational holdings of tenants, Aavli, 2018–19 (per cent)

Size class of operational holding	Land leased in
Landless	0.0
Up to 2.5 acres	1.7
2.5-5 acres	4.3
5-10 acres	6.8
10-25 acres	11.6
More than 25 acres	75.6

Source: Survey data.

4.2 Shared tenancy

Share tenancy, locally known as *batai*, was the other form of tenurial contract prevalent in the village. In this type of agreement, both the cost and the output were shared between the two parties. Expenditure incurred on seeds, fertilisers, irrigation, and harvesting was shared equally whereas all other expenditure, including the cost of using manual and machine labour, was paid by the tenant. All small repairs had to be managed by the tenant but any capital expenditure, for example in laying of new pipes or installation of a new motor, was done by the landowner. The produce was shared equally between the landowner and the tenant, either in the form of the output or in value terms, as agreed by the parties at the start of the contract. The incidence of *Batai* contracts has been on the decline in the village.

4.3 Profile of lessees

As shown in Table 5, farmers who operated more than twenty-five acres of land who accounted for three-fourths of the land leased in. The smallest farmers, that is, those who operated less than 2.5 acres, mostly cultivated their own land. Of the total land area leased in, less than five per cent was leased in by those who operated between 2.5 and five acres land.

Table 6 shows the social composition of households involved in the land lease market as lessees. About forty per cent of households that leased in land were Rajput and around twenty-nine per cent were Yadav. Of the total land area leased in, around forty-two per cent was leased in by Rajput households and thirty-three per cent by Yadav households. One of the Muslim households, as mentioned earlier, was among the largest lessees, leasing in eighty acres. Scheduled Tribe households in the village, which are all landless, had not leased in land. Similarly, none of the Scheduled Caste households had leased in land.

4.4 Profile of lessors

In 2018–19, twenty-three households leased out land. As shown in Table 7, farmers who owned between 2.5 acres and ten acres accounted for around forty per cent of the land leased out. The household of the erstwhile *malguzar* was the largest

Table 6: Distribution of leased-in land across social groups of tenants, Aavli, 2018–19

Social group	Number of tenant households		Area leased in	
	Number	Per cent	Acres	Per cent
Yadav	11	29.0	183.0	32.8
Sahu	3	7.9	23.0	4.1
Muslims	1	2.6	80.0	14.3
Other OBC	4	10.5	27.5	4.9
SC	0	0.0	0.0	0.0
ST	0	0.0	0.0	0.0
Rajputs	15	39.5	234.0	41.9
Brahmins	3	7.9	8.5	1.5
Others	1	2.6	2.5	0.5
All	38	100.0	558.5	100.0

Source: Survey data.

Table 7: Distribution of land leased out across size classes of ownership holdings of lessors, Aavli, 2018–19 (per cent)

Size class of ownership holding	Land leased out
Landless	0.0
Up to 2.5 acres	10.5
2.5-5 acres	20.9
5-10 acres	20.5
10-25 acres	9.3
More than 25 acres	38.8

Source: Survey data.

lessor. The only grandson inherited around 170 acres, out of which 100 acres were in this village. As he was the only adult male member of the family, he was unable to supervise cultivation of the entire holding and leased out fifty acres. This one household accounted for thirty-nine per cent of the total land leased out.

Table 8 shows the social composition of the households involved in the land lease market as lessors. Seven Rajput households and six Yadav households together formed about sixty per cent of all households leasing out land and thirty per cent of all land leased out. Household of the erstwhile *malguzar*, which doesn't belong to any of the major castes present in the village and has been classified in the group of "Other castes", has the largest share in the land leased out.

Table 8: Distribution of leased-out land across social groups of lessors, Aavli, 2018–19

Social group	Number of lessor households		Area leased out	
	Number	Per cent	Acres	Per cent
Yadav	6	26.1	14.5	11.2
Sahu	3	13.0	6.5	5.0
Muslims	1	4.4	3.0	2.3
Other OBC	1	4.4	2.0	1.6
SC	1	4.4	5.0	3.9
ST	0	0.0	0.0	0.0
Rajputs	7	30.4	28.0	21.7
Brahmins	3	13.0	20.0	15.5
Others	1	4.4	50.0	38.8
All	23	100.0	129.0	100.0

Source: Survey data.

4.5 Reasons behind the popularity of fixed tenancy in cash

Since the 1980s, the village has seen a decline in incidence of *batai* and an increase in tenancy under fixed-rent contracts. There are several reasons for this shift.

First, the lessors prefer it because a fixed cash rent paid in advance does away with the need to keep detailed accounts or share risks with tenants. As explained by a farmer who owned and operated seventy acres of land,

In my father's generation, *batai* was practised, but now, *batai* is no longer in use. Now, *sikmi* has become the norm. Under *batai*, one had to repeatedly tally the accounts with tenants — now, the cost is so high that one deems it better to fetch the money in one go, instead of making repeated bids to collect it. This money can then be invested somewhere.

Secondly, the system of cost sharing under *batai* was prone to disagreements between the lessors and the tenants. This became particularly problematic because of a large increase in the cost of production in recent years. It was complicated for the two parties to come to a mutual agreement on the level of input use and there was usually a feeling of mistrust regarding the tenant trying to reduce his share of the cost. Flagging this underlying tension, a young farmer, who leased in land under both kinds of agreements, stated that, “Under *Batai*, the two parties are unable to reach an agreement. Who will decide the right amount of fertiliser and when to use it?”

With fixed rent contracts, lessors were able to avoid the risks of cultivation, locking their money in the cost of production, and the accompanying hassle.

Thirdly, with expansion of irrigation, the village land became double and triple cropped. Availability of canal irrigation since 1974 and expansion of tubewell irrigation more recently helped reduce variability of yields of wheat and paddy, thus reducing risks in agricultural production. These changes attracted relatively affluent

households into the tenancy markets as a way of expanding their operational holding. With an increasing share of land being leased in by large landowners, who were able to pay cash rents in advance and did not need to share risks with lessors, fixed rents came to be favoured by tenants as well. One of the large farmers from the village who leased in land under both types of contracts compared the two as follows: “The practice of *batai* is such that we put in our labour and cultivate for others. Why should we give the produce to anyone else? Instead, we can pay up once a year”.

The few remaining instances of shared tenancy contracts in the village involved parties who have been dealing with each other for decades. Mutual trust was key to these contracts.

Reverse tenancy – contracts in which small landowners leased out their lands to large landowners – was not prevalent in the village. Due to the availability of canal irrigation and an assured minimum support price for wheat, small landowning households preferred to cultivate wheat during the rabi season instead of leasing out their land.

5 Land market

Based on data collected during interactions with the village residents, the main buyers in the land market in Aavli were households that owned around forty to fifty acres. They were counted as large landowners in the village and continue to frequently buy land in small pieces. In fact, several of them reported buying small plots of land every two or three years. The main reason, according to the eldest son of one of the largest landowners, was the division of land between the sons of the household:

In my grandfather’s generation, our family’s land got divided between two brothers. Then my father was the only brother. He inherited fifty acres of land and was the sole owner of fifty acres. Now we three brothers are cultivators of fifteen acres each, but our sons will have only 7.5 acres each to cultivate. Then, they will fall in the rank of labourers. A cultivator of six to seven acres in the village is essentially a labourer. So, we have to purchase land.

Income from cultivation continued to be the major source of livelihood for large landowners in the village. Although division of land in the process of inheritance from one generation to the next resulted in fragmentation of ownership holdings, this was compensated by buying more land.

Land purchases in the last few years had been carried out by individuals using their own finances; no household has bought land on credit. Almost all households that bought land in the last twenty years belonged to the Rajput, Sahu or Brahmin castes. No landless or small peasant household had been able to buy land, and through that achieved upward class mobility.

Sarap (1988) classifies the reasons for selling land as follows: for consumption purposes, in which he includes the repayment of debt and other household expenditure, for marriage purposes, medical purposes, and investment purposes. He finds that “a majority of land sale transactions in the village [a village in Orissa] was due to distress sales”. In Aavli, the sellers of land mainly came from three kinds of households:

1. Households whose annual expenditure had been far in excess of their annual income over several years. In these cases, the accumulated debt of the households was much larger than what they could repay from their existing sources of income and that pushed the households to sell their land.
2. Households that were in need of a substantial sum of money, much higher than what can be managed by leasing out land. Such households ended up selling their agricultural land to meet such needs.
3. Households that sold a smaller plot of more expensive land near the main road to buy a larger plots of land in the interior of the village. Households did this to increase the size of their operational holdings. This has been made possible due to large differences in the price of land within the village depending on the availability of canal irrigation and proximity to the main road.

The land market in the village has seen four to five transactions per year in the last twenty years. Data relating to land transactions in the period 2000–2018 have been collected from the records of the *patwari*¹¹ and was verified with the help of the village *kotwar*.¹² Table 9 summarises information on land sales and purchases in Aavli obtained from the village land revenue officer. More detailed information regarding purchases of land in the last five years was also collected as part of the primary survey. During 2001–2018, there were seventy-eight transactions involving the sale or purchase of land in Aavli, but not all were made by the residents of the village. Several transactions involved residents buying land in adjacent villages, but owing to the unavailability of complete data on land transactions outside the village, only data pertaining to Aavli are presented in Table 9.

Out of the 120.43 acres transacted in the land market, around 88.89 acres were sold by the current residents of Aavli. This difference has arisen as some of the land is owned by families who have migrated to Hoshangabad as well as several households from neighbouring villages. 81.26 acres of the land which was put up for sale was purchased by village residents during 2001–2018. However, several large farmers have purchased land in nearby villages over the years. Hence, the total amount of land bought by the residents of Aavli is likely to be significantly more than the amount indicated in Table 9.

5.1 Land Prices in Aavli

According to Rajshekhar (2013), land markets in rural India have, after a period of being 'comatose', seen a massive 'climb in farmland prices' in the last two decades owing to construction of highways, urbanisation and speculative investments. The eldest son of one of the largest landowning households in the village explained the change in the land prices in this decade in the following words,

This stretch of farmland that we just purchased in 2013, its owner had come to our residence ten years ago, in order to sell it for one lakh

¹¹The *patwari* is a functionary at the village level and serves as a critical link in the structure of revenue administration. The *patwari* is tasked with keeping records for a village or group of villages.

¹²The *kotwar* is the lowest-ranking functionary in the village, working under the supervision of the revenue and police departments of the state government.

Table 9: Registered transactions of sale and purchase of land in Aavli, 2001-2018 (number and acres)

Year	No of transactions	Total land bought and sold	Land sold by residents of Aavli	Land bought by residents of Aavli
2001-02	5	9.2	3.3	4.7
2002-03	2	2.2	2.2	0.2
2003-04	7	8.4	7.4	6.4
2004-05	4	10.0	5.7	3.7
2005-06	9	27.1	19.5	21.9
2006-07	2	1.9	1.9	1.9
2007-08	9	21.3	19.3	13.7
2008-09	5	5.2	4.2	4.2
2009-10	0	0.0	0.0	0.0
2010-11	1	1.0	0.0	0.0
2011-12	7	4.4	4.1	4.1
2012-13	6	4.3	2.9	4.2
2013-14	3	8.8	7.8	7.8
2014-15	6	6.1	4.2	1.0
2015-16	2	0.5	0.5	0.1
2016-17	4	4.2	2.2	2.2
2017-18	6	5.7	3.7	5.3
Total	78	120.4	88.9	81.3

Note The data include transactions of village land. Land sold and bought by residents of Aavli outside the village is not included.

Source: Official records of the village land revenue officer (patwari).

rupees. We quoted ninety thousand rupees, but he refused and sold it to someone else. The person who bought it for one lakh sold it to us in 2018 for ten lakhs.

Agricultural land adjacent to the main road is the most sought-after owing to road connectivity and the potential for commercial use. Around the year 2000, land here was priced at four to five lakh rupees per acre. In 2018–19, the price was twenty-five lakh rupees per acre. The price of land and in the interior part of the village, which is not properly accessible to four-wheelers, increased from two lakh rupees per acre in the year 2000 to ten lakh rupees per acre in 2018–19.

The acquisition of land for a large textile plant in 2008 in the vicinity of the village as well as land purchases by large construction business groups from Bhopal and Indore on the outskirts of Hoshangabad city as part of a boom in the real estate sector in small Indian cities have resulted in the speedy upward movement of prices. Another reason behind the price rise cited by large landowners who have bought land recently is the shortage of sellers in the market owing to a change in the cropping pattern. The improvement in the yield of wheat due to canal irrigation, the

introduction of the soya bean, and more recently, paddy as a kharif crop and moong as a bridge crop during the summer months have all augmented potential income from land.

In 2018–19, land prices in the village ranged from seven lakh rupees per acre to twenty-five lakh rupees per acre. Agricultural land in the village can be broadly categorised into seven types based on market price.

Type 1: Land in the interior of the village, at the tail end of the canal and without functional tubewells was priced the lowest (Rupees seven to eight lakhs per acre) as it was not suitable for growing crops like paddy or moong. Also, plots that get submerged during the monsoon fall into this price category.

Type 2: This includes land located in the interior of the village that was irrigated by the Tawa canal. In some of these plots, water for irrigation needsd to be lifted from the canal using diesel pumps. Such plots were typically priced at about Rupees ten lakhs per acre.

Types 3, 4, 5 and 6: The price of land in these categories ranged from Rupees twelve to twenty-two lakhs, with the price being determined by the availability of tubewells (useful for paddy and moong cultivation), whether paddy could be grown on the land,¹³ distance from the main road, and whether it could be easily reached using four-wheeled vehicles. Type 3 land was priced at around Rupees twelve lakhs per acre, Type 4 between Rupees fifteen and sixteen lakhs per acre, Type 5 at around Rupees eighteen lakhs per acre and Type 6 at Rupees twenty to twenty-two lakhs per acre.

Type 7: As the village was on the state highway, the most expensive land in the village was that which lies on the main road. Such plots were also well irrigated by the canal and three crops were grown on them in a year. In some of the recent transactions involving parcels of such land, the price was set at Rupees twenty-five lakhs per acre. Proximity to main road meant that these plots could be potentially used for commercial purposes; this was a major determinant of high prices of such plots. Even though the land continued to be used for agriculture, owners had identified various ways in which their land could be turned to commercial use, including the construction of large warehouses, marriage halls, and petrol stations. One household in the village had applied for a license for setting up a petrol pump on a plot adjacent to the state highway.

Distribution of total land owned by households in Aavli across different types of land is provided in Table 10.

Only two per cent of land in the village was of Type 1 and 7.60 per cent of land was of Type 2. These together make up the lowest end of the price spectrum (between Rupees seven and ten lakhs per acre). Around ten per cent of the agricultural land in the village was Type 7 (the most expensive at Rupees twenty-five lakhs per acre) and 13.75 per cent land was Type 6 (between Rupees twenty and twenty-two lakhs per acre). A quarter of the land was Type 3 and twenty-nine per cent of the land was Type 4 (between Rupees twelve and sixteen lakhs per acre). These two types of land accounted for more than half of the agricultural land.

¹³In order to make land suitable for paddy cultivation, land levelling and bunding is required which involves a large one-time investment.

Table 10: Proportion of different types of land in total land owned by households resident in Aavli, 2018–19

Type of land	Percentage of the total agricultural land
1	1.96
2	7.60
3	26.59
4	29.02
5	10.66
6	13.75
7	10.43

Source: Survey data.

Table 11: Distribution of ownership holdings of Type 7 (most valuable) land, by size class of ownership holding, 2018–19

Size class of ownership holding	Share in ownership of Type 7 land
Up to 2.5 acres	8.02
2.5-5 acres	2.47
5-10 acres	6.17
10-25 acres	18.52
More than 25 acres	64.81

Source: Survey data.

Table 11 shows the distribution of ownership holdings of Type 7 land, by size class of ownership holding. The concentration of high-priced land among large farmers and the inequality in the distribution of such land can be understood from the following statistics: around sixty-five per cent of Type 7 land was held by the ten largest landowning households in the village. Seventy-three per cent of land of Type 6 and Type 7 was held by the thirty-nine households that owned more than ten acres each. Though a large share of this land was inherited land of the large landowners, the possibility of commercial use had also encouraged many of them to purchase plots of land adjacent to the road as and when such plots became available. All of them envisaged diversion of such plots for commercial purposes in the coming years. This concentration of the most expensive land among the largest landowners is an important aspect of the process of agrarian accumulation.

In many transactions over the last few years the sellers were small farmers owning small plots of Type 7 land adjacent to the road. These small farmers sold their plots of land in prime locations, mostly plots of one to two acres but in some cases even 0.70 to 0.80 acres, for around twenty to twenty-five lakhs per acre and bought four to five acres of land either in the interior of the village or in a nearby village. One farmer used a part of the money from the sale of two acres at twenty-five lakhs per acre to pay back accumulated debt and then bought four acres of land in a neighbouring village. In all transactions involving land adjacent to the main road,

the buyers were large farmers from the village, which led to further consolidation of the most valuable land.

6 Conclusions

Distribution and ownership of land have a fundamental role in shaping the production relations as well as the dynamics of capitalist accumulation taking place in rural India. The data presented in this monograph bring out the inequality in the ownership and operation of land in Aavli village in Madhya Pradesh, and point to the increasing inequality in access to land, with biggest landowning households belonging to the dominant caste groups. This is in keeping with the trend at the national level seen in data from large-scale surveys as well as in village studies conducted in other parts of the country.

An important finding of this study is that the most expensive lands in the village have been increasingly accumulated by the richest households through speculative investments owing to the commercial potential of such lands.

The study also finds an increasing marginalisation of landless households and small farmers in the tenancy markets. This is also consistent with trends seen in NSS surveys on landholdings. In Aavli, with larger landowners using land leasing to increase their operational holdings, fixed rent tenancy in cash has replaced other tenurial arrangements. The study found no instances of reverse tenancy in the village.

Persistence of social disparities in access to land in Aavli reflect dismal performance of land reforms in the state.

References

- Bakshi, Aparajita (2008), "Social Inequality in Land Ownership in India: A Study with Particular Reference to West Bengal", *Social Scientist*, 36 (9–10), pp. 95–116.
- Baker, David (1991), "Colonial Beginnings and the Indian Response: The Revolt of 1857-58 in Madhya Pradesh", *Modern Asian Studies*, 25 (3), pp. 511-543.
- Bansal, Vaishali, Usami, Yoshifumi, and Rawal, Vikas (2018), *Agricultural Tenancy in Contemporary India: An Analytical Report and A Compendium of Statistical Tables based on NSSO Surveys of Land and Livestock Holdings*, SSER Monographs 18/1, Society for Social and Economic Research, New Delhi, URL:<http://archive.indianstatistics.org/sserwp/sserwp1801.pdf>.
- Basole, Amit and Basu, Deepankar (2011), "Relations of Production and Modes of Surplus Extraction in India: Part I-Agriculture", *Economic and Political Weekly*, 46 (14), pp. 41-58.
- D' Costa, Anthony P and Chakraborty, Achin (2017), Introduction to *The Land Question in India: State, Dispossession, and Capitalist Transition*, Oxford University Press, pp.1-15.
- Harriss-White, Barbara (2017), "Constructing Regions Inside the Nation Economic and Social Structure of Space in Agrarian and Cultural Regions", *Economic and Political Weekly*, 52 (46), pp. 44-55.
- Kumar, Richa (2016), *Rethinking Revolutions: Soyabean, Choupals, and the Changing Countryside in Central India*, Oxford University Press, New Delhi.

- Government of Madhya Pradesh (2016), *Madhya Pradesh Agriculture Economic Survey*, Department of Planning, Economics and Statistics, Government of Madhya Pradesh, Bhopal.
- Mishra, Deepak (2011), "Behind Dispossession: State, Land Grabbing and Agrarian Change in Rural Orissa", paper presented at the International Conference on Global Land Grabbing, Institute for Development Studies, University of Sussex, Sussex.
- National Sample Survey Office (2013), *Household Ownership and Operational Holdings in India*, NSS Report No. 571, URL: http://mospi.nic.in/sites/default/files/publication_reports/Report_571_15dec15_2.pdf.
- Powell, Baden (1894), *Land Revenue and Tenure in British India*, The Clarendon Press, Oxford.
- Rajshekhkar, M (2013) "Great rural land rush: 3 to 100-fold rise in Farm Land Prices May Not Bode Well", 12 November, The Economic Times.
- Ramachandran, V K, Rawal, Vikas, and Swaminathan, Madhura (eds.) (2010), *Socio-Economic Survey of Three Villages in Andhra Pradesh: A Study of Agrarian Relations*, Tulika Books, New Delhi.
- Ramakumar, R and Kamble, Tushar (2012), "Land Conflicts and Attacks on Dalits: A Case Study from a Village in Marathwada, India", *Review of Agrarian Studies*, 2 (2).
- Rawal, Vikas (2008), "Ownership Holdings of Land in Rural India: Putting the Record Straight", *Economic and Political Weekly*, 43 (10), pp. 43-47.
- Rawal, Vikas (2013), "Changes in the Distribution of Operational Landholdings in Rural India: A Study of National Sample Survey Data", *Review of Agrarian Studies*, 3 (2), URL: http://www.ras.org.in/changes_in_the_distribution_of_operational_landholdings_in_rural_india.
- Sarap, K (1998), "On the Operation of the Land Market in Backward Agriculture: Evidence from a Village in Orissa, Eastern India", *The Journal of Peasant Studies*, 25(2), pp. 102-130.
- Sarma, Mandira, Saha, Partha and Jayakumar, Nandini (2017), *Asset Inequality in India: Going from Bad to Worse*, SSER Monograph 17/1, Society for Social and Economic Research, New Delhi, URL: <http://archive.indianstatistics.org/sserwp/sserwp1701.pdf>.
- Srivastava, Ravi (1989), "Tenancy contracts during transition: A study based on fieldwork in Uttar Pradesh (India)", *The Journal of Peasant Studies* 16 (3), pp. 339-395.
- Sunil (2013), "Tawa Baandh: Kitna Nafa, Kitna Nuksaan", *India Water Portal Hindi*, URL: <https://hindi.indiawaterportal.org/content/tavaa-baandha-kaitanaa-naphaa-kaitanaa-naukasaana/content-type-page/45715>.
- Swaminathan, Madhura, and Rawal, Vikas (eds.) (2015), *Socio-Economic Surveys of Two Villages in Rajasthan*, Tulika Books, New Delhi.
- Thorner, Daniel and Thorner, Alice (1962), *Land and Labour in India*, Asia Publishing House, New York.
- Tyagi, Ashish and Himanshu (2011), *Change and Continuity: Agriculture in Palanpur*, Working Paper 48, LSE Asia Research Centre, London School of Economics and Political Science, London.
- Yadu, CR, and Satheesha, B (2016), Agrarian Question in India, *Economic and Political Weekly*, 51(16), pp. 22-23.

This monograph examines land relations in the village of Aavli in the Hoshangabad district of Madhya Pradesh. It draws upon data on the socio-economic profile of households, land ownership and tenancy collected via a census-type survey in 2018–19.

The data presented in this monograph bring out the inequality in the ownership and operation of land in Aavli village in Madhya Pradesh, and point to the increasing inequality in access to land, with biggest landowning households belonging to the dominant caste groups.

The study also finds an increasing marginalisation of landless households and small farmers in the tenancy markets. This is also consistent with trends seen in NSS surveys on landholdings. In Aavli, with larger landowners using land leasing to increase their operational holdings, fixed rent tenancy in cash has replaced other tenurial arrangements. The study found no instances of reverse tenancy in the village.

Sunit Arora (arora.sunit@gmail.com) is a Research Scholar at the Centre for the Study of Regional Development, Jawaharlal Nehru University, New Delhi.

Key words

agriculture, land relations, land distribution, tenancy, land markets, Madhya Pradesh, India

Recommended citation

Arora, Sunit (2021), “A Study of Land Distribution, Tenancy and the Land Market in a Central Indian Village”, SSER Monograph 21/1, Society for Social and Economic Research, New Delhi (available at: <http://archive.indianstatistics.org/sserwp/sserwp2101.pdf>).



The Society for Social and Economic Research (SSER) is a charitable trust based in New Delhi, India. SSER undertakes research on a wide range of issues related to social and economic development. These include issues related to food security and nutrition, agricultural development and rural livelihoods, industrial development, employment and labour relations, discrimination and exclusion, and living conditions in rural and urban areas.