

Prof Dantwala on 'The Agrarian Prospect in India'

A Note

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IN his comments on my book, 'The Agrarian Prospect in India: Five Lectures on Land Reform,' which appeared in the Indian Journal of Agricultural Economics (Vol. XI, October-December, 1956, pp. 70-73), Professor M L Dantwala has raised certain questions of fact which require clarification.

The central concern of my lectures was the relationship of agrarian structure, as modified by land reforms, to the prospects for economic development in India. In dealing with the reasons for India's agricultural retardation I argued that a number of factors endemic in the rural situation have served to constitute a "built-in depressor". The hierarchy of rights in the land which was elaborated during the period of British rule established more securely than ever before in Indian history the power of landholders to claim a substantial share of the produce of the soil. Persons who enjoyed such proprietary rights tended to become a group more and more set apart from those who actually tilled. Where owners and superior tenants subsisted primarily on rents, the portion remaining to the inferior-tenants and crop-sharers has been so small as to keep them stripped of capital; where hired labourers have been employed, they have been typically drawn from the lowest castes or tribes. Timorous, uneducated, ill-paid, and with no stake in any increase in output, these workers could hardly be expected to take interest in advanced methods or even to make proper use of better tools.

Associated problems such as insecurity of tenure, fragmentation of cultivation holdings, concentration of credit and wholesaling in the hands of local moneylenders, decline of village

handicrafts, and growing pressure of population on the land, combined with the structural features already noted to deter productive investment in agriculture—Families with superior rights to sizeable areas of land typically found it more remunerative to allow their holdings to be cultivated by others than to farm on their own account. Rather than ploughing back profits into the soil in order to obtain higher returns, they have overwhelmingly preferred to skin off as much rent as could be extracted from the customary methods of production.

Throughout most of the country, resident proprietors as well as large absentee landlords saw their advantage in the continuance on the one hand of high rents, high cropshares and high rates of interest; and, on the other, of traditional farming methods, low wages, and the sanctions of social inequality. By the effective exercise of control at the village level, these proprietary interests have frustrated many Governmental as well as voluntary efforts in the direction of rural uplift. Not unnaturally, the landlord groups, great and small, who have benefited the most from the existing set-up, look with suspicion on programmes of innovations, lest the stability of the whole structure be endangered.

A formidable block against the modernization of Indian agriculture has thus been provided by a complex of historical, economic and social factors which I have ventured to sum up under the term "depressor". Its effects may be seen in the fact that from the 1880's to the 1940's India's total agricultural output rose so slowly that we may speak of stagnation. Professor Dantwala has not dealt directly with the concept of the "built-in depressor", nor with the grave question of the extent to which it still con-

tinues to operate in the Indian countryside today. Instead, he has taken me to task for making use, in building up the thesis of the "depressor", of two widely accepted generalizations on Indian agriculture. The first of these is the statement that a substantial portion of the produce is reserved for persons who do not labour in the fields. Professor Dantwala has complained that I did not provide statistical or other evidence for this "observation". Frankly, it would appear gratuitous to me to adduce weighty support for such a commonplace. I may, however, quote from a standard introduction to Indian Agriculture to the effect that:

"It has been estimated that almost 50 to 60 per cent of the gross produce on an average is handed over by the cultivator to the landlord towards payment of rent. In more than one region the percentage goes up to 75."

The author of this handbook, which appeared in Bombay in 1949, was Professor Dantwala; he used the same figures in his article on land reforms in the International Labour Review, published at the close of 1952.

The second statement of mine, which he characterizes as "much more dubious" postulates that the primary aim of all classes in the agrarian structure has been to rise in social prestige by abstaining so far as possible from physical labour, rather than to increase income by adopting more efficient methods. As a corrective to this "distorted view of the real situation," Professor Dantwala protests that capital investment in Indian agriculture is not really low. In this connection he has taken from the Reserve Bank's **Rural Credit Survey** an estimate of Rs 420 crores for gross expenditure by rural families on capital formation in the year 1951-52, and has quoted a comment from the Survey Report to the effect

* Delhi School of Economics, University Press 1956, Delhi 8.

that "this is a high figure and much higher than the usually current estimates." If we look at this sentence in its context we can see that the assertion is explicitly stated to be subject to major qualifications. Thus we are told that the data on gross capital formation "contain no indication of the large or small extent of replacement expenditure." Accordingly, "for the community as a whole, our data do not allow any basis for an estimation of net capital formation." (Emphasis mine, D.T.). Apart from particular areas which for one reason or another had prospered during the year covered by the Survey, the Report continued, "The level of the capital formation elsewhere was such as to barely allow for any net addition to capita." Roughly two-thirds of India's cultivators, the Survey sums up, "could not achieve any significant measure of net capital formation with their capital expenditure." On the contrary, they "suffered during the year at least a small deficit on capital account." (The preceding quotations are taken from All-India Rural Credit Survey, Survey Report, Volume I, Part I, pp. 710, 718, 728, and 801). Professor Dantwala has, in effect, brandished a superficially impressive figure for gross expenditure on capital items which for the great majority of cases, represents little or no net capital formation, or even some net capital loss. That Indian agriculture suffers from a low level of investment was, of course, well known to students of the subject before the publication of the Rural Credit Survey. In his 1952 article already mentioned, Professor Dantwala noted that under Indian conditions, "there is hardly any capital formation within agriculture." (International Labour Review- Vol. LXVI, Nov-Dec. 1952, p.428).

At several points in his review Professor Dantwala champions the cause of the smaller rent-receivers. He reminds us that "it is a mistake to believe that all those in India who rent out land are big and absentee landlords." To discuss the agrarian problem only in terms

of the need to dispense with the larger landlords and great absentee holders is to miss the whole point of my argument. It is precisely the persistence at the peak of the village social system of a group of small to medium non-tilling proprietors which guarantees the maintenance of the forces which depress production. The relatively petty and very much present landlords are just the ones who manage to employ labour at less than going rates, to exact the last sheaf of grain due as rent, to give loans on disadvantageous terms or with strings attached, to resist the claims of the lower castes to equal treatment, and to nullify or circumvent the exercise by others of constitutional political rights. In any case, reform laws which allow for the continuance of small rent-receivers inevitably contain loopholes through which large holders can also squeeze. Secondly, they permit the drain of capital—even if in smaller units—away from agriculture. One may indeed sympathize with the plight of those among the small non-cultivating landholders who barely make ends meet. But one must recognise that their economic contribution to agriculture is nil. That the actual tillers should continue to provide the sustenance for these economically inactive persons is, quite apart from considerations of social justice, incompatible with economic progress.

It would take more space than it is worth to deal with every one of the matters of detail raised by Professor Dantwala. In the course of a full page devoted to my treatment of the UP Zamindari Abolition Act, he charges me with many errors. He alleges, for example, that, in referring to the confirmation of former zamindars as landholders, my book "significantly omits to note that this is so only regard to a relatively small portion of land known as *unlet* *sir* and *khudkhasht*." Checking my text, I find on page 22 "the Zamindari Abolition Act of 1950 confirmed the zamindars in the possession of their *unlet sir* and *khudkhasht*." I had indicated

two pages earlier that, according to the UP Zamindari Abolition Committee, the *sir* and *khudkhasht* lands recorded as "unlet" amounted to about six million acres. In respect of this substantial quantity of land the majority of the former zamindars—only a minority had been purely absentees—were gratuitously awarded the highest type of current rights i.e., *bhumidhari*.

By contrast, second-class rights in the soil—under the name of *sirdari*—were granted by the Zamindari Abolition Act to the great bulk of the former tenants of the zamindars. Unlike *bhumidhars sirdars* cannot alienate their land; hence, in effect, they cannot mortgage it. Although the *sirdar's* right is permanent and passes at his death to his children, he cannot bequeath it by will. He pays to the State exactly the same rent as formerly he paid to his zamindar. If he wishes to become *bhumidhar* with full option to mortgage or sell or utilize his land for non-agricultural purposes and, at the same time, to be liable for a lower rent, the *sirdar* must purchase *bhumidhari* rights with a substantial cash payment.

Professor Dantwala has taken objection to my characterization of *sirdari* in relation to *bhumidhari* as an "inferior status" and suggests that it is "immensely superior to their former status." Referring to the same persons in his own 1952 article, Professor Dantwala wrote that since most of the *sirdars* would have little hope of finding enough money to buy *bhumidhari* rights, "their status as well as their financial burden may therefore remain unaltered." (International Labour Review, loc. cit, Vol LXVI, page 432.)

In regard to Bombay State, Professor Dantwala has accused me of suppressing relevant information in order to depict a land-reform prospect of unrelieved gloom. He has characterized as "at best a half-truth" my conclusion that after the passage of the Tenancy Act of 1948 the pre-independence hierarchy of landlords, perma-

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