



## Transforming Agriculture

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"The article is based on **"High powered committee for transformation of agriculture should reform restrictive tenancy laws"** that published in The Indian Express on 19<sup>th</sup> August. It talks about the need for Tenancy Reforms and Land Record Modernisation to transform the Indian Agriculture."

### Context

- On 1<sup>st</sup> July 2019, Prime Minister had set up a **High Powered Committee of Chief Ministers for 'Transformation of Indian Agriculture'**.
- The nine-member committee, headed by Maharashtra's Chief Minister Devendra Fadnavis, is formed **to suggest policy measures, attract investments and raise growth in food processing**.
- Its terms of reference (ToR) pertain largely to matters related to **agri-markets**. This includes **reforming the Agricultural Produce and Livestock Contract Farming and Services Act of 2018** and the **Essential Commodities Act (ECA)** as well as suggesting measures to **reinvigorate the e-NAM scheme**.
- However, transforming agriculture in the medium to long run requires fundamental reforms in land institutions as well. This is what is missing in the new committee's ToR.

### Reforming Tenancy law

- As per official records (NSSO, 2012-13), only about 10% of the agricultural land is under tenancy, down from 20% in 1953-54.
  - However, experts believe that official estimates hugely under-report actual tenancy which may be around one-third of the agricultural land in reality.
- Liberalisation of land lease markets is the need of the hour since
  - **the size of the average land holding has been declining in India** (the average landholding size of a household is only 1.1 hectare (ha) in 2015-16, according to a survey by NABARD) which is detrimental to the farmers' income due to poor

economic viability of such tracts.

- **restrictive tenancy laws have generated oral (informal) tenancy** that is said to be much higher than formal tenancy in magnitude. This is adversely impacting land-use efficiency.
- Oral tenants **do not have legal sanction and are not recognised as farmers**. This deprives them from availing institutional credit, crop insurance, government-sponsored social benefit schemes and relief support.
- The fear of eviction from the land also disincentivises them from making long-term investments in land improvement. This results in low capital formation and hurts farm productivity.
- Even the landowners fear losing their proprietary rights, if they lease out for longer periods. As a result, many of them prefer to keep their lands fallow. Rough estimates suggest that about 17 million hectares of cultivable land in the country is lying fallow.
- China has revised its land lease laws, where farmers can lease out their land, even to corporate entities for cultivation for up to 30 years. Such a move can help attract long-term investments in high-value crops.

## Digitisation of Land Records

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- Digitising and geo-tagging of land records and linking them with Aadhaar and the bank accounts of farmers will create a centralised, transparent and easily accessible land records system.
- It can then help any class of farmers operating a piece of land to access bank credit and crop insurance.

## Practices Adopted by States

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- Only three states— **Odisha, Sikkim and Tripura** — have completed 100% computerisation of land records. Many others have computerised 80 to 95% of their land records.
- **Andhra Pradesh's Land Licensed Cultivators Act** has provided suitable channels to deliver loans, subsidies, crop insurance and relief support. It does so by issuing eligibility cards to tenants, who raise crops with the explicit or implied permission of the owners.
- **Kerala's Kudumbashree initiative** is another innovation that is making strides in poverty eradication and women empowerment. Under the initiative, women are motivated to become members of joint liability groups (JLG). They then cultivate leased land with assured access to agricultural credit from NABARD and other banking institutions, increasing their returns from farming.

## Way Forward

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- Implementing the recommendations of **Model Land Lease Act (2016)** prepared by NITI Aayog-appointed expert body headed by T Haque.
- Liberalising land lease markets, with computerisation of land records and geo-tagging of farms can give a high pay-off with enhanced capital formation. Crop insurance could also be linked to this platform.
- Andhra Pradesh and Kerala's innovative institutional experiences offer key lessons for policymakers to liberalise restrictive land leasing laws in the country, while fully protecting the land rights of the owners.
- It is high time to carry out long-pending **structural reforms in the agriculture sector** to make it achieve the faster growth rate and effectively meeting the vision of doubling farmers' income by 2022.

### ***Drishti Input***

"Transforming agriculture requires fundamental reforms in land institutions. Comment."

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