

# Working paper



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## Persistence of Share- cropping in Bihar

(A case study of two villages of north Bihar)

(Soham Bhattacharya, Mrityunjay Pandey)



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***A case study of two villages of north Bihar***

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## Abstract

This study analyses agricultural tenancy relations in two villages<sup>1</sup> belonging to an eastern Indian state—Bihar. The prime concern of this study is to analyse the existing forms and patterns of tenancy in these two villages in relation to the socio-economic structure of lease market participants. The broad objective is to understand the relation between socio-economic status of tenant households and its impact on land lease contract in an agrarian economy, in the contemporary Indian context. The two villages, even though they are in a similar agro-climatic setting, differ historically in terms of tenurial arrangements and distribution of land, across socio-economic groups.

## Keywords

Agricultural tenancy; Rent; Caste; Class; Peasant differentiation.

## Acronyms

Gross Value of Output - GVO

Project on Agrarian Relations in India - PARI

NSSO- National Sample Survey Office

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## **I. Introduction**

In contemporary rural India, tenancy contracts are marked by great diversity and complexity depending upon the regional and class-specific concerns. Tenancy contracts in contemporary rural India are an outcome of the complex interaction between the socio-economic status of the lessor and lessee households, and relations of productions prevailing in the countryside. Tenancy in the country has historically been associated with the practice of rent extraction by landlords, whose non-economic means of coercion are well documented (Ramachandran 2011). In case of developing economies in South Asia in general, and India in particular, share-crop contracts (as an institution within the agricultural tenancy) is often regarded as a means of extraction of rack-rent by the powerful landlord class in the countryside (Bhaduri 1975; Prasad 1975). This particular nature of contract of agricultural tenancy were found to be interlocked with control of credit and labour market by the same landed classes in the post- independence period in India. This was theorised as 'semi-feudalism', in which non-economic coercion of the previous mode of production coexists with the advancement of productive forces in agriculture and thus stunting the development of an advanced capitalist form of agriculture.

A plethora of studies in case of Indian agriculture, where the agrarian setting was often marked with low capital endowment in terms of mechanisation and irrigation has been documented under such traits of semi-feudalism.

Bihar, as a state, has historically been under the Zamindari rule during the colonial period and the system of produce-rent was mainly prevalent in Bihar. It was a vicious aspect of rent exaction from the largest group of peasants—the sharecroppers other than this, the zamindars and their rent collectors, known as '*Amlas*, extracted agricultural surplus in various other forms such as *abwabs*, and created a blatantly exploitative *begar* system. This whole structure of extra-economic coercion is based on what is documented as *Zulum*, and created a

monstrous form of landless and sectionally deprived set of labourers in the rural Bihar. Legal provisions notwithstanding, the zamindar had the first claim on the tenants' labour which was exacted ruthlessly (Hauser 1961).

At this outset, the post-independence Land reform measures implemented through Land Ceiling Act of 1962 or re-amendment of Bihar Tenancy Act in 1970s was all in vain, since there has been a fragmented attempt of public action by the consecutive state governments. A few states where the implementation of the laws has been more effective have been through certain mobilisation of peasant organisations. Similarly, the tenancy laws have also been widely violated in the state where a fairly large area of cultivated land is under tenancy. The statutory provision with regard to the payment of rent is hardly observed in rural areas and there is a severe gap between statutorily fixed and sharecroppers' actually earned rent. The system of tenancy is almost entirely concealed and informal, and hence there is no security of tenure (Sharma 2005; Yogandhar & Dutta 1995).

The contemporary agrarian economy of Bihar and the structure of this economy is marked with a preponderance of small and marginal holdings, with land ownership of less than 2 acres across the state. Around 49 per cent of households in rural Bihar are landless and around 45 per cent of rural households own less than 2.5 acres of land (NSSO 2013). Whereas these small farmers operate 53 per cent of the total land operated. In general, the share of agricultural NSDP to total state domestic product in Bihar during the previous decade was around 20 per cent. However, during 2011-12 to 2015-16, the agricultural sector grew at a negative rate of 1.2 per cent and the share of total state expenditure to agriculture is only around 1.5 per cent. When historically the agrarian economy of this State has been documented with lower share of irrigation and mechanisation in general, with growing marginalisation of land

parcels in the current period, tenancy relations are also supposed to reflect the some changing patterns (Sharma 2005).

This study contextualises and contributes to the pool of literature by analysing existing land lease markets and the process of rent extraction prevailing in contemporary agrarian setting of northern Bihar. The two prime objectives of this study are: 1) To analyse the socio-economic status and its inter-relation between lessor and lessee households; and 2) To analyse the existing structure of tenancy contracts and its relation to the process of socio-economic differentiation in two villages of North Bihar.

This paper is organised in three subsections: the following summarises the contemporary features of agricultural tenancy in Bihar, and in particular brings out the methodological importance for a village based study of tenancy. The subsequent section describes the basic agrarian structure of the two villages and analyses the existing tenancy contracts with respect to socio-economic status of lessee and lessor households. Finally, it analyses the impact of persisting nature of share crop contracts, processes of rent extraction through such contracts, and its relation to the process of socio-economic differentiation in the two study villages.

### **1. Agricultural Tenancy in Rural Bihar: Patterns from Secondary Database**

Tenancy estimates from secondary sources of database in India is quite scanty. Agricultural census underreports the extent of tenancy (Bansal et.al. 2018). However, NSS surveys on Land and Livestock Holding surveys provides—to some extent—a broad picture on the extent of tenancy while reporting the extent of leased-in land and leased-out land, along with the operational and ownership counterpart. Along with in several other states such as Andhra Pradesh, Punjab etc. during the decade of 2002-2013, (NSSO 59th and 70th round), Bihar also reported an increase in the extent of tenancy. Even in the NSS data, the ratio of

land leased-out to total owned land grossly underestimates tenancy because of the concealed nature of the statistic, sampling design etc. The other two estimates—land leased-in to total operational area, and the tenant household's share in cultivator household show that there has been an increase in tenancy. Table 1 provides the extent of change in agricultural tenancy in rural Bihar during the past two decades, along with the All India counterpart of the same.

Table 1: Magnitude and Change in the Incidence of Tenancy, All India and Bihar, during 2002-2013

	Bihar, 2002-03	Bihar 2012-13	All India, 2012-13
Land Leased in to Operated (%)	12.0	22.5	11.1%
Tenant HHs as % of Cultivator HHs	17.2	29.9	15%

Source: NSSO-LHS, Report 492 and Report 571.

As several studies have pointed out, this change is coupled with inter-class and inter-state variations across different cross-sections of rural India. It is pertinent to probe further into the nature of this increase. Firstly, when disaggregated across land size-class of operated area in Bihar, small and marginal land size-class (less than 2 hectares of operated area) contribute 51.6 per cent to the land leased in as percentage of total operated area. Given the nature of distribution of tenant households in rural India, we observe 68 per cent of tenant households as among all rural households are from this small and marginal category. Therefore this increase in the incidence of tenancy in Bihar is largely constituted by small and marginal holdings. Whereas in states like Punjab and Haryana, it is often argued that lease market is identified with large land size-class holdings entering

the market as lessees, tenancy in Bihar is still predominantly in a way where small and marginal farmers are lessees.

Secondly, the increase in tenancy at all India level has a second feature associated with it. The type of contract that has become prevalent in all India context is fixed money contracts. Though in the case of Bihar, the change in the type of contract has shifted towards fixed money type of contracts, yet share produce still dominates as a type of contract. It can be noted that the per centage of area leased-in under fixed money contracts has gone up from 13 per cent to 28 per cent, whereas the share produce area has declined from 64 per cent to 34 per cent (NSSO 2013).

Given such a nature of change in tenancy in the previous decade, it is pertinent to study tenancy with respect to the socio-economic class position of both lessor and lessee households. Secondary databases fail to provide any substantial evidences because of the collection of information. The following sections on analysing tenancy contracts are based on the analysis of the primary village survey data from two villages in northern Bihar.

## **2. Description of the Study Villages**

Project on Agrarian Relation in India (PARI) was initiated in 2003, with aim of studying production relations and socio-economic differentiation in the Indian countryside. It has surveyed 25 villages from 11 states. Bihar survey happened in 2011-12. It covered two villages Katkuian and Nayanagar. Katkuian is a census village of 350 households. Nayanagar is a big village with 1205 households, out of which 348 households were surveyed. The sample was selected through stratified random sampling method, where house-listing and multiplier is determined based on agriculture land ownership and caste. The reference period of the data is May, 2011 to April, 2012.



## Katkuian

Katkuian is located in the West Champaran district of northern Bihar where the agro-climatic region is notified as north alluvial gangetic plains. Major crops cultivated in the village are paddy (in Kharif season), wheat (in Rabi season) and sugarcane (an annual crop).

Table 2: Distribution of Operational and Ownership Holdings by Social Groups, Katkuian, 2011.

Social Group	Operational Land	Land Ownership	Share of Households
Kurmi	2.8	0.8	5.1
Kushwaha/Koeri/Bhagat	18.7	18.5	6.9
Muslim	5.2	2.7	17.7
NBC	14.1	11.2	34.0
Other	12.4	1.8	2.6
SC	0.9	0.3	12.0
ST	0.5	0.1	2.0
Yadav/Ahir	45.4	64.6	19.7
Total	100.0	100.0	100.0

Source: Survey data.

As can be seen from Table 2, Katkuian has a significant presence of Yadav-Kurmi-Kushawa or Koeri in terms of land ownership, operation and in population as well. Historically, in this village, though the Bhumihar and Brahmin households migrated, there is a significant amount of land being held by these households. Within this village, Yadavs (a caste group of OBC category)

operates 45 per cent of the agricultural land and owns 65 per cent of the same, while their population share is 20 per cent in the village. The other significant caste would be Koeri or Kushawa. With a population share of 7 per cent, they own and operate around 18 per cent of the land in the village. Households from Dalit or Scheduled caste, constitute 12 per cent of total households, whereas their share in operated land and owned land is less than 1 per cent. Similarly, Muslim households constitute 17 per cent of the population, whereas their share in land-ownership is as low as 2 per cent. It would be erroneous to equate land-ownership and landlordism, and to confer that the Yadav-Kushawa-Koeri has become the 'new landlord', since landlordism is a historical and social category as well (Prasad 1979). However the presence of these three dominant forms of OBC households in absolute number, and their share in operated and owned land has an implication while studying tenancy in the village Katkuian.

### Nayanagar

Nayanagar is a village situated in Samastipur district of northern Bihar, in the north-west alluvial- gangetic region. The major crops cultivated in village are Rabi maize, Rabi wheat and kharif paddy. Sugarcane is an annual crop. It is a large, predominately hindu village. Bhumihar are the most dominant caste in the village. The population proportion of Bhumihar and other caste Hindu is 24 per cent, while their ownership holding is 97.2 per cent of the total agricultural land. Out of total household, 30 per cent are Dalit households. , Where majority of them are landless. The share of Dalit households in operational and ownership land accounts for about 3 per cent and 0.2 per cent in the village. Many of the SC households do not even have ownership over homestead land. One stark contrast from the previous village would be the position of OBC households. .

Table 3: Distribution of Ownership and Operational land by Social Group, Nayanagar, 2011

Social Group	Operational Land	Ownership	Share of Household
Other	90.3	97.3	24.4
OBC	6.7	2.8	45.2
SC	3.0	0.2	30.3
Total	100	100	100

Source Survey Data

In Nayanagar, OBC households constitute 45 per cent of the total households. However, their command over the operational or ownership holding is scarce and limited. Only 6 per cent of operational land and around 3 per cent of ownership is contributed to by OBC households. Therefore, the caste categories in this village differ from Katkuian in the sense that, to study the tenancy relations, one needs to look into the conventional or official caste categories, whereas in Katkuian the tenancy relations are to be studied with respect to intra-caste dynamics between the sub-categories of OBC households.

### 3. Tenancy Relations in Katkuian

Katkuian, a canal irrigated village by the Triveni canal, shows a substantial amount of lease arrangements across all four major crops (namely Paddy, Wheat, Sugarcane and Rabi-season mixed crops) during 2011-12. The three conventional parameters to study the extent of tenancy in general are the share of leased-in land to total operational land, share of leased-out land to total land owned, and finally the share of tenant households in the total cultivator households. In this village, the first and third parameter shows that 37 per cent of operated land are leased-in and almost around 33 per cent of the cultivator households are tenant households. However, the problem with the other

parameter, i.e., leased-out to total owned land shows that only 9 per cent of the owned land is leased out. This is already mentioned in Bansal et.al. (2018) and Sawant (1991), leased-out land as total ownership under-reports the extent of tenancy for two reasons: first, larger landowners reporting lower amount of landownership, and secondly, often in one village the lessor or the leasing out household is situated outside the village. In case of Katkuian, the second reason becomes valid. As has been mentioned historically, Bhumihar and Brahmin households have shifted outside the village; however a substantial amount of landownership and leasing out is still done by these non-resident households. This leads to the under-accounting of the extent of tenancy by this measure.

This paper has used Bharadwaj and Das (1975) classification to categorise the households in terms of their participation in the lease market. Net lessor households are categorised into pure lessor and partial lessor households, whereas net lessee households are categorised as pure lessee and partial lessee households, based on the nature of participation. As can be seen from Table 4, two extremes of the spectrum, i.e., the pure lessor and pure lessee households, contribute in terms of both area leased-out (or leased-in) and in terms of their presence in the lease market.

Table 4: Distribution of Households and Land by Tenancy Category, in per cent, Katkuian, 2011-12

Pure lessor HHs as % of total HHs	2.57
Pure lessor as % of landowning HHs	5.52

% of Land Leased out by Pure Lessor HH	25
Partial Lessor HHs as % of Cultivating HH	12.9
Partial Lessor HH as % total HHs	6.0
%land leased out by lessor HH	75.0
Partial lessee HHs as % of Cultivator HH	35.2
Partial Lessee HH as % of total HHs	19.7
% land leased in by lessee HH	81.0
Pure Lessee HHs as % of Cultivator HH	23.0
Pure Lessee HH as % of total HH	12.9
% land leased in by Pure lessee	19.0

Source: Survey Data

Table 4 depicts that the tenancy in Katkuian is largely between the partial lessor and partial lessees. However, in terms of the pure lessee and lessee households, these two together contribute 23 per cent and 35 per cent respectively of the total cultivator households. Once we disaggregate these tenant households by socio-economic classes, it becomes more plausible to locate the socio-economic position of such tenant households.

#### 4.1 Socio-Economic Status of Lessee and Lessor Households in Katkuian

Before proceeding into locating the households in terms of their socio-economic status, let us first define the categories relevant for socio-economic status in this village. As in any agrarian economy, land remains the foremost important factor among all the means of production. This study takes the operational land size-

class as a proxy for the economic status in the case of categorising the tenant households as well as the partial lessor households. Finally, in the case of Bihar, this economic criterion, or what can be termed as ‘interest’ should be coupled with the ‘idea’ of caste and only then the Marxian categories can be applied to study the relations of power (Sahay 2002; Betelie 1974). Hence, we use caste as a proxy for the social power to be seen, and in this context lessee and lessor households are to be cross tabulated along with these two criteria.

Table 5: Distribution of Lessee and Lessor Households by Size-class, Katkuian, 2011-12

Operational Size Class	Lessee	Lessor	Pure lessee
Large	3 (7)	4 (7)	
Medium	17(19)	2(19)	
Marginal	33 (84)	10 (84)	41 (84)
Small	16 (22)	2(22)	4(22)

Note: Figures in parentheses are total number of household in land size-class;  
Source Survey Data

As Table 5 suggests, Large and Medium farmers, i.e., farmers with more than 5 acres of operated land enter the market largely as lessor or as partial lessee. Whereas among marginal farmers, who own less than 2 acres of land, only 10 households out of 84 households report as partial lessoruesAlong with this, as can be understood in terms of ownership of land, marginal farmers with very less operated area under command still face the land hunger and lease market is still an important source for them to sustain their livelihood in terms of operation in this village.

In terms of caste category in general, the official categories of SC, ST or OBC fails to bring out the essence of caste position in this village, since the presence of OBC in absolute number often makes it impossible to do any analysis in terms of conventional caste based barriers.

Table 6: Distribution of Lessee and Lessor Households by Caste, Katkuian, 2011-12

Caste Group	SC	ST	OBC	Other
Lessor (Pure and Partial)	0	1 (8)	28 (285)	1(15)
Lessee (Pure and Partial)	5(42)	2(8)	103(285)	4(15)

Source Survey Data, Note: Parentheses: Number of households in the caste group

Land size-class distribution by caste group also suggests that 52 per cent of total OBC households belong to the small and marginal category of land operation. Therefore within OBC, the actual distribution of households by tenancy category is to be analysed.

The Yadav-Kurmi-Koeri households constitute 4 of the total 8 pure lessor households from OBC,. Similarly, among the partially lessor households, out of 20 OBC households, 11 are from the same Yadav-Kurmi and Koeri caste. Therefore, even within OBC households, lessor households are majorly contributed to by the dominant caste.

In the case of 78 pure tenant households, only 28 are from Yadav and Kurmi caste. Therefore the process of participation in lease market in this village has a

dimension where outside the official OBC category, a process of land owning and leasing out by Yadav-Kurmi-Koeri is identified.

In this village Muslim households have largely been participating in the lease market as lessees (out of 18 cultivator households, 10 households are pure lessee and 6 are lessee). From the socio-economic framework within the village, the Muslim households are located within the rural manual worker category. Therefore, they are marginalised in terms of bargaining power based on the land operation, and are more dependent on the lease market as tenant. Around 40 per cent of the leased-in area under fixed contracts are by Yadav-Kurmi-Koeri households, and similarly 50 per cent of leased-in areas are by these same caste households as well.

#### 4.2 Type of tenancy Contracts and Socio-Economic Profile of the Tenants

Fixed contracts constitute about 70 per cent of the leased-in land (188.07 acre), whereas share produce contract constitutes 30 per cent of the leased-in land (75.34 acre) in the village. Within this particular aspect, 94.8 per cent fixed rent contracts in the village are in-kind contracts.

Sugarcane, paddy and wheat are main<sup>2</sup> crops of the village. All the fixed rent contracts are made in these three crops only. 95 per cent of the contracts are annual. However—except sugarcane—all other crops are seasonal. Except three contracts, all other contracts are in terms of paddy. In that case, contracts are fixed in terms of paddy. However, for household consumption, farmers also cultivate lentil, linseed and chickling vetch in mix cropping in rabi season without payment of any rent.

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<sup>2</sup> These three crops cover 85.69 per cent of GCA of the village.



Table 7: Average rent paid under fixed rent contract, Rs. Per acre by Crop and Size-class, 2011-12, Katkuian

Size class	Other Rabi mixed crops	Paddy	Sugarcane	Wheat
Medium	1111	9827	16478	5600
Large		9267	9720	
Marginal	613	10127	16673	
Small		9182	11159	

Source: Survey Data

Table 7 depicts the average rent per acre paid by different operational size classes in fixed rent contract for major crops. In case of paddy, the rent paid by size class of 0 to 2.5 acre is Rs 860 per acre more than the class of 10 acre and above. In case of sugarcane, this is Rs 6943 per acre. That clearly shows striking differences in bargaining power of different socio-economic classes and deep rooted relation of land and socio-economic power in villages.

Table 8: Average rent paid under Share rent contract, per acre in Rueesby Crop and Size-class, 2011-12, Katkuian

Size_class	Other rabi mixed crops	Sugarcane	Wheat	Paddy
Large	2372	12000		8960
Medium		14557	3839	6025
Marginal	2534	9276	4237	7540
Small	2143	12833	3313	7658

Source: Survey Data

In the village, 76.71 per cent of share cropping contracts are annual. However, even in annual contracts in share cropping lessee has to share all the crops cultivated at pre-fixed ratio of 50 per cent of output. Size class of 0 to 2.5 acre has 90 contracts that is just 36 in fixed rents. It is widespread for all the crops. The main commercial crops of the village are sugarcane and wheat. These two cover 89 per cent of the total gross value of sale. Paddy is also sold by larger size class cultivators. However, it is mainly use for self-consumption crop in the village. Farmers from large size class (10 acre and above) does not have a single rent contract in sugarcane and wheat. It has 8 share rent contracts out of which 6 are in mixed crops and 2 are in paddy. One thing that is strikingly different from share rent contract from fixed rent contract is that contracts are also set for mixed rabi crops. In the village, there are few cases in for paddy land that is on fixed rent contract in kharif, and in rabi the same land is on leased to the same person on share rent contract for mixed crops.

Table 9: Distribution of Lessee Lessor Category for fixed rent contracts, Katkuian, 2011-12

Lessee category/Lessor Category	Baniya	Government	NBC	Caste hindu	Koeri	Yadav	Kurmi	Muslim	SC
Ansari/Julaha								2	
Kurmi	2				4	1	1		
Koeri		2			5				
NBC	10		7	4	10	2		3	
Caste hindu				6					
SC				1	1				
ST			1	1		1			
Yadav	12	3	4	20		7		6	2

Source: Survey Data

Historically in Katkuian, Bhumihars and Brahmins have large agricultural land holding. However, with time they move out of the village. However, they continue to own big chunks of agricultural land despite not being in village<sup>3</sup>. Due to this, they are the main lessors in the village. Out of the total land leased-in on fixed rent contracts in, 32 lessors are from caste Hindu category. Strikingly, out of these 32 contracts, 26 are given to Yadav and caste Hindu categories. Other dominant land owning caste Yadav in the village has given 7 out 11 contracts to yadav. Caste of tenants and landlords also play a crucial role in the determination of rent per acre. Caste Hindus lease out to caste Hindus at an average rent of Rs 4467 per acre, and to Yadavs at Rs 8680 per acre. Strikingly, to NBC category, they charge Rs 13493 per acre.

Table 10: Distribution of Lessee and Lessor by share rent contracts, Katkuian, 2011-12

Lessee category/ Lessor category	Baniya	Caste hindu	Kushwaha	Muslim	NBC	SC	ST	Yadav
Kurmi	2	1	3					3
Kushwaha			3		1			
Muslim		1		1	2			
NBC	8	14	10	1	16		1	15
SC	3	1	1					1
Yadav	3	30	2		5	1		14

Source: Survey Data

Table 10 shows that no caste Hindu has taken any leased-in land on share rent in the village. Here, caste Hindus have leased out 30 out of 47 contracts to Yadavs. Yadav households have given 14 out of 33 contracts to Yadav households itself. Number of leased-in contract with NBC in fixed rent is 36. That

<sup>3</sup> Those households are not part of the PARI survey.

is, 65 in case of share rent. SC has just two leased-in fixed rent contract, that is 6 in case of share rent.

Table 11: Rent paid as share of GVO under pure fixed rent plots, by Size Class, Katkuian

Size class (acre)	Rent/GVO
10 and above	0.23
0 to 2.5	0.46
2.5 to 5	0.44
5 to 10	0.44
Grand Total	0.41

Source Survey Data

Table 11 shows rent paid as proportion of GVO for different size class on pure fixed rent plots. Here, only those crops are considered for which contract is made and rent is paid. For the size class of 10 acre and above, rent as proportion of GVO is .23. For other classes, it is above .40.

Table 12: Rent Paid as share of GVO under fixed rent in mixed plots, by Size Class, Katkuian 2011-12

Size class (acre)	Rent/GVO
10 and above	0.21
0 to 2.5	0.28
2.5 to 5	0.31
5 to 10	0.29
Grand Total	0.28

Source Survey Data

Table 12 shows rent as proportion of GVO of all the crops grown on the plot leased-in. Table 11 and Table 12 clearly shows how rent as proportion of GVO reduce drastically for other classes except size class of 10 and above. The prime reason behind this is the cultivation of mixed winter crops without any rent obligation. Table 13 shows rent paid by different classes on share rent. This does not differ much. However, rent as proportion of GVO in fixed rent contract is significantly lower than share rent contract.

Table 13: Rent paid as share of GVO under share rent, by Size Class, Katkuian 2011-12

Size class	Rent/GVO
10 and above	0.44
0 to 2.5	0.47
2.5 to 5	0.48
5 to 10	0.41
Grand Total	0.46

Source Survey Data

There are three specific findings in terms of socio-economic differentiation and existing tenurial arrangements in Katkuian. Firstly, Yadav-Kurmi and Koeri caste households owns a larger share of land agricultural land and extracts some amount of excess of rent from NBCs and SCs in the village. However, there still exists a share of Brahmin and Bhumihar, non-resident landlords, who still pose as lessors to a significant number of Yadav lessees. Second, in fixed rent contract, economic differentiation exists in terms of differential average rent paid by the small and marginal farmers while compared to large farmers in the village. Finally, share rent contracts, under which NBC households lease-in, takes away more than 40per cent of Gross Value of Output (GVO) for all the classes, for small and marginal cultivators, which is nearly 50per cent of the total GVO. The

same measure shows that only around 25per cent-26per cent of GVO is expended in terms of rent under fixed rent contracts in the village.

## 5 Tenancy relations in Nayanagar

During 2011-12, the extent of tenancy in the village Nayanagar was 14.37 by land leased-in as per-cent of total operational holding. Tenant households hold as per-cent of total number of household were 57 per cent. However, there is anomalous reporting of leased-in to total operational, where this village shows a substantial amount of leased-out being reported compared to the leased-in counterpart. Among the cultivator households, 56 per cent of the households are net lessee in the village. In Nayangar, however, the estimated non-agricultural households are the majority.

Using the same parameter of tenancy category, we find a contrasting picture in this village as well, when compared to the the previous village, Katkuian. In Nayanagar, even though pure lessors only comprise around 4per cent of total leased-out land, tenants are significantly pure tenants; 43 per cent of total leased in land is operated by the pure tenant households.

Table 13: Distribution of Households and Land by Tenancy Category, in per cent, Nayanagar, 2011-12

Pure lessor as % of total HHs	1.16
Pure lessor as % of landowning HHs	4.01

% of Land Leased out by Pure Lessor HH	3.97
Partial Lessor HHs as % of Cultivating HH	24.35
Partial Lessor HH as % total HHs	7.05
%land leased out by lessor HH	41.34
Partial lessee HHs as % of Cultivator HH	16.90
Partial Lessee HH as % of total HHs	4.89
% land leased in by lessee HH	56.66
Pure Lessee HHs as % of Cultivator HH	35.81
Pure Lessee HH as % of total HH	10.37
% land leased in by pure lessee	43.33

#### Source Survey Data

In this village, as aforementioned, partial lessor households largely contribute to the total leased-out land.

#### 5.1 Tenancy and social-economic profile

Nayanagar, as discussed in the village description, is still marred with the caste and economic differentiation in terms of owning and operating land. The same can be seen in terms of the participation in lease markets. Small and marginal farmers operate largely as pure tenants in this village, whereas large and medium farmers, whose operational holding is more than 5 acre, enter the market as either a partial lessee or a partial lessor. The caste based differences in terms of access to land therefore is reflected in the composition of the lessee category. In this village, Dalits and OBCs have a striking land hunger. With smaller operational holding, OBCs enter lease market as lessees, whereas SC households enter largely as pure lessee.

Table 14: Distribution of Lessee and Lessor Households by Size-class, Nayanagar, 2011-12

Operational Size Class	Lessee	Lessor	Pure lessee
Large	7 (20)	6 (20)	
Marginal	26 (194)	48 (194)	120 (194)
Small	11 (28)	12(28)	5(28)
Medium	15(27)	12(27)	

Source Survey Data

In terms of caste position of the lessor and lessee households, where SC households largely enter in the market as lessee, there are 19 pure lessor households and 67 partial lessor households which belong to OBC category. The land distribution structure of the village itself suggests that pure lessor households account for very less amount of land leased-out. There are 23 pure lessor households, out of which 19 are from OBC category. As Table 15 suggests, in this village, OBC households with small ownership often find it economic to lease out the land.

Table 15: Distribution of Lessee and Lessor Households by Caste, Nayanagar 2011-12



Caste Group	SC	ST	OBC	Other
Lessor (Pure and Partial)	1(359)		26 (535)	81(289)
Lessee (Pure and Partial)	61(359)		78(535)	45(289)

Source Survey Data

## 5.2 Type of tenancy contracts and Socio-economic Profile of Tenants

In Nayanagar, 62per cent of the area under lease-in is under fixed type of contracts, whereas share crop contracts constitute the rest. The three major crops are sugarcane, wheat and maize (along with some cultivators in paddy). Sugarcane, given the nature of crop, is not cultivated under the share crop contracts. However, the other three crops are cultivated in both share and fixed rent type of arrangement in the village.

Table 16 depicts average per acre rent paid in Rupees per acre under fixed rent contracts for the four major crops by different land size-class. In the case of sugarcane and maize, it is evident that larger land size-classes pay significantly lower rent per acre. In case of wheat, the larger land size-classes in the village give away more amount as rent in per acre term.

Table 16: Rent per acre paid in fixed rent contract by Size-class and crop, Nayanagar 2011-12

Land size class	Sugarcane	Wheat	Maize	Paddy
0-2.5	5734	3481.18	4123.71	0
2.5-5	3754			
5 to 10		3744.57	4058.64	1305.84
10 and above	4582	5000	3630.6	390.607

Source Survey Data

Table 17: Rent per acre paid in share rent contract by Size-class and crop, Nayanagar 2011-12

Land size Class	wheat	paddy <sup>4</sup>	Sugarcane	Maize
0-2.5	7876.62	1795.62		7653.39
2.5-5	9160.31	147.251		6546.65

Source Survey Data

The existing share rent system in Nayanagar depicts the socio-economic differentiation via extraction of rack rent in a more visible manner. In this village no medium or large tenant farmer leases-in under share rent. Therefore tenants with small and marginal holdings are under crop share contracts. Share crop lease arrangements have three major features with respect to the quantum of rent paid by tenants. First, for all three major crops, wheat, paddy and maize, per-acre rent is as high as double under fixed contract. Second, within share crop contracts for paddy and maize, within small and marginal class, there is an acreage based differential for the extent of operation. Tenants with operation of less than 2.5 acre land, pay a higher average rent per acre for these two crops. Finally, given that the village's land distribution of operational land across different social groups, it is the Dalits and marginalised households from backward castes who comprise 91 per cent of tenant households under the share crop contracts. Therefore, the rack rent is extracted largely from land-poor tenant households by the lessorues

The amount of extraction under these two contracts is depicted in a more rigorous manner when rent is seen as the share of gross value of output per acre. The size-class based disaggregation of rent to GVO shows, for crops such

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<sup>4</sup> Low rent per acre is due to huge amount of crop failure

as maize, wheat and paddy, on an average, 15per cent of GVO is expended through rent. However, one significant observation regarding sugarcane should be noted here. Small farmers under fixed rent, who cultivate sugarcane, are charged 61per cent of their GVO as rent. Large land size-class are in a position to extend the cultivation in a manner where scale based benefits are enjoyed, and thus only 11per cent of GVO is expended as rent.

Table 18: Rent as proportion of GVO in fixed rent contracts, by Size Class and Crops, Nayanagar

Land size	Sugarcane	Maize	Paddy	Wheat
0-2.5	0.15	0.14	0	0.19
2.5-5	0.61			
5 to 10		0.15	0.13	0.14
10 and above	0.11	0.14	0.15	0.16

Source Survey Data

Extending the argument to analyse the same under share rent contracts disaggregated by land size-class and crop cultivated. As has been noted in the rent per acre section, the share of rent to GVO also brings out the quantum of rent as expended out of GVO. It shows that for wheat, the share of rent for small and marginal farmers is 32per cent and 34per cent respectively. Whereas for maize, the marginal farmers expend around 36 per cent of their GVO as rent. A noted mention would be to report the share of rent to GVO for paddy, which is more than 40per cent of the total value of output is expended as rent in paddy. In contrast to this, medium and large tenants, who cultivate paddy only under fixed rent, expend around 14 per cent of their GVO.

Table 19: Rent as a proportion of GVO in share rent contracts, by Size Class and Crops, Nayanagar

size class	wheat	paddy	sugarcane	Maize
0-2.5	0.32	0.42		0.36
2.5-5	0.34	0.43		0.20
5 to 10				
10 and above				

Source Survey Data

Analysing the source of this rent differential between these two contracts, it becomes pertinent that we study the return from land plots under which such differential exists. In Nayanagar, the distribution of land under different contracts shows that—partly—there is a twofold part to this source of the differential.

Table 19: Differential GVO per acre under different contract, Nayanagar, 2011-

Type of Contract/ Crop	Maize	Wheat	Sugarcane	paddy
Fixed	26990	21905	35329	2909
Share	24181	25556		2594

12

Source Survey Data

As shown in the table, the income generated per acre under the two types of contracts also suggests that plots under share rent, on an average generates lower income per acre. Controlling for all other household specific agro-climatic resources, one explanation to this differential can be referred to the low productive land. Where, for land plots with low productivity in general are leased out under share crop. This can have two different reasons: first, considering lower productivity of the land, the expected return is lower, and therefore, even

with share cropping there might be no supervision cost. Second, most importantly, given that the lessees under share crop arrangement are small and marginal in nature. Of these, 91 per cent are from Dalit and backward households; a pre-decided distribution of low income generating land plots to such tenant households from the Bhumihar landlords can explain such a differential. Therefore, while small and marginal operating farmers, being resource-poor, in terms of the application of land and other means of production, are victim of twofold extraction. At the first stage, the low productive land being leased out to them under share crop contracts. At the time of rental payments, the average amount of rent is higher which loots away almost 40 per cent of income generated from the plot, and also at same time, the Bhumihar and other large tenants, endowed with better quality land often generate more income per acre and give away a smaller quantum of rent.

## 6 Conclusive Remarks

This study emphasises on two specific aspects related to agricultural tenancy in contemporary rural Bihar. First was to understand the relation between socio-economic status of lessee- lessor households in these two villages with respect to two important factors: the land size-class to which these households belong, along with their respective caste position. Second was to understand the existing type of contracts prevailing in these villages, and to explain whether such contracts are in any way related to the socio-economic position, or rather the socio-economic differentiation process in rural Bihar.

This paper's findings can be summarised in the following manner.

First, in both the village caste plays an important role in determining the land size-class of the tenant household's vis-à-vis the lessor households. A similar study in a coastal village of Andhra Pradesh also confirms the pattern that extraction of rent through institutions of tenancy in contemporary India, still has dependence on the institutions of sectional deprivation (Ramachandran et.al. 2011). Therefore, in Katkuian, even though the traditional landlord classes of northern Bihar have moved out of the village, a significant proportion of village land is still owned by those households, and thus a presence of non-resident landlord in this village is documented. Where the Yadav-Kurmi-Koeri households as a result of the process of democratisation and mobilisation in terms of political presence gained access to land, both as cultivators and as landowners, other caste households within OBC category are still rack-rented through the lease market. This rack renting is often manifold if the household is landless, and it takes away a significant amount of gross value of output. In Nayanagar, it is observed, both the operational and ownership distribution of land is skewed towards the Bhumihar households, who pose as landowners and partial lessors, extracting rent as well as applying scale technology to expand the level of output.

Second, a striking feature of share rent type of contracts is its crop flexibility. In two villages, this plays two different roles to explain the persistence of share crop type contracts. For example, in Katkuian, the rabi crop mix is not a major marketed crop and hence there are no fixed rent type contracts, because of the pricing indeterminacy. However, all Rabi mix crops are leased-in, in terms of share rent contracts. There are two explanations to it; the expected market return is very low for the lessor for such crops and therefore, to expend on a supervision of such crops is nearly not profitable. Also, such crops have high chances of crop failure as well. Hence, share crop contracts, in both the situations, mostly help the lessor to avoid the uncertainty associated with such

crops. Similarly, in Nayanagar, Paddy as a crop is more of a consumer crop than for marketed use. Therefore, a share crop was more prevalent in paddy in this village.

Third, and more importantly, share crop contracts in both the villages show that the primarily small and marginal land size class tenants are under this arrangement. Given that the bargaining power relation is dependent on both land ownership and caste position of the household, these arrangements can often be a way to maintain the exploitative and informal nature of tenancy intact, and to extract rent by the large land owning classes. With this regard, one can view another pattern emerging within the contracts. Bihar has historically documented *Batai* and other such arrangements, which is marred with factors of caste and class position of the household. In both villages, dominant caste households, when leasing out to the same caste, maintain the fixed type of contract while at the same time leasing out to marginalised tenants under share crop contracts. These two villages, in terms of contemporary tenancy arrangements, reflect that the more economically viable contracts are between dominant caste lessor and dominant caste lessee households.

Fourth, in both the villages, fixed contracts are remunerative for tenants than the share cropping contracts, mostly for all crop specific rent paid per acre. When analysed with reference to size-class, this suggests that perpetuation of the socio-economic position is reflected in both type of contracts through average rents. In share rent this rent differential is quite high. Sharecropping operates in two villages with respect to two aspects—in Katkuan it offers a forced commercialisation of risky producible and extracts rent, whereas in Nayanagar, it simply extracts a higher share GVO.

Finally, in the post 1990s period, a section of literature regarding the process of differentiation in peasantry opined that differentiation has been stalled whereas immiseration of peasantry has substituted the process. This paper engages

with the question of tenancy contracts prevailing in an agrarian setting which can be technologically called backward and refutes the fact differentiation of peasantry has stalled. In both the villages, lease market enlarges the already existing contradictions in terms of ownership as well as operation. In both the villages, it is often share crop type contracts coupled with the caste-led dominance of landowners that perpetuates the cycle of rent extraction and at the surface it might look like one period immiserisation. However, tenancy arrangements in general, and share crop contracts in particular, aggravate the process of economic, as well as social differentiation, by reinstating both old and new forms of landlordism in these villages.



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