

The Nature of Cost Sharing Arrangement Under Land Leasing in Barak Valley Agriculture of Assam

Dr. Jamal Uddin,

Assistant Professor, Department of Economics, Ramkrishna Nagar College, Karimganj, Assam, India
Email id: uddinjamal2013@gmail.com

ABSTRACT

People in Assam's Barak Valley depend on agriculture for their daily survival. Tenancy is the most common kind of agricultural operation in the United States. The landowner frequently abuses the linguistic terms and conditions of tenancy agreements, putting the actual tillers of the soil at risk. Farmers, on the whole, are disadvantaged when it comes to adopting new technologies. It's as a result of this that the region's agricultural landscape is so underdeveloped. Assam's Barak Valley agriculture's cost-sharing arrangements under land leasing were examined in field survey data collected from the six (A.D.O) circles in the three district of Barak Valley.

Keyword: modern inputs, fane system, tenancy arrangement, moral hazard, choice of techniques

INTRODUCTION:

Based on Assam's 2010-11 agricultural census, the state's cultivated land is leased out in large numbers. The landowner rented land to his tenants, and because each piece was only a few acres in size, the tenants were able to operate on it. With only his family's help, it would be a challenge. In addition to providing family labour and bullock power, the tenant was responsible for all other labour needs. Traditional farming practises were employed, and the landowner and tenant split the harvest equally (Goswami,1962). Even Nevertheless, cost sharing has become increasingly crucial in sharecropping contracts in recent years (Rudra,1975;Ladejinsky,1977;Bardhan & Rudra,1980;rao,1974 etc). Other costs, including as seeds, fertiliser, pesticides, irrigation, bullock, labour, and tractors/power tillers, are also divided in part proportionally between the landlord and renter. However, there is no set structure for how landlords and tenants share costs. In fact, cost-sharing agreements vary widely not only within and across villages, but also inside the same village. In addition, the terms of the contract's input clauses can differ from one agreement to the next.

Small farmers in the Barak Valley primarily cultivate rice as their primary crop. The area has seen a large number of tenants (Roy & Bezbaruah,2002). The majority of the tenancy agreements are verbal in nature. Land ownership patterns in this region are mostly determined by tenancy, which necessitates an examination of the share-tenancy arrangements.

REVIEW OF LITERATURE:

Indian researchers have spent a great deal of time studying the nature of tenancy, cost sharing, and how it is determined empirically (Rudra,1975; Reddy and Murty,1976; Murty,1987; Bhaumik,1993;Dwivedi and Rudra,1973; Sharma and Dreiz,1996;Bhalla,1983; Chakravarty and Rudra,1973; Bharadwaj and Das,1975;Khasnobis,1994;Hunter,1982;Guha,1991;Chakravarty,1995;Gautam,1995). The majority of research indicates that several types of tenancy agreements coexist. Sharecropping and fixed-rent tenancy are two of the most common and essential of these methods. Although there is a wide range of cost and input allocations, the 50:50 split is the most typical.

Despite this, share-cropping contracts have undergone a significant structural change. This includes an increase in cost sharing, notably for supplies purchased by the landowner; a higher rental share in favour of landowners; and a greater landlord's entrepreneurial efforts on behalf of small-scale share croppers (Bardhan,1976). Land leasing is more popular among smaller renters in areas with low production hazards. According to Indian agricultural economist Murty (2004), tiny and petty peasants are not abandoning the lease market due of a large farmer bias toward new agricultural equipment adoption by large farmers. To put it another way, large farmers have a distinct advantage over small ones when it comes to their own money and access to institutional finance. The upshot is a growing interest in large-scale farming among the rural population. Rather than simply evicting tenants and taking over the land, they're also aiming to increase their holdings by leasing it out to more financially strapped owner-cultivators. Small and marginal farmers in various parts of India have increasingly been renting land from larger, more powerful farmers in recent decades, known as "reverse tenancy" (Chattopadhyay and Neogi,2006). There have been various studies on fixed-rent rental arrangements, although in the agricultural sector of less developed economies, they are uncommon. According to Eswaran and Kotwal, the

prevalence of unique tenurial contracts in rural areas can be explained by two unmarketed resources: "management" and "supervision" (1985). Different contracts have been utilised to demonstrate the different ways of integrating unmarketed producing units. When landlords and tenants alternate in managing and supervising the property, a share cropping contract is signed, and the earnings are divided. "Moral hazard" and "limited liability" phenomena can be used to explain the rise of the share cropping system in agriculture, according to Basu (1992). Share tenancy is less common when farming isn't solely reliant on rain. Contrary to popular opinion, share cropping contracts with limited liability are frequent in less developed nations like India. According to Sengupta (1997), the widespread adoption of share cropping agreements as opposed to fixed leasing contracts cannot be explained just by the moral hazard theory. Prior research revealed that fixed rental contracts were more popular in wealthy countries like the US. An alternative approach offered by Sengupta includes the tenant's moral hazard in the choice of effort, as explained by Basu (1992).

Researchers have also made empirical discoveries about the persistence of agricultural share tenancy, including: (I) that yields on farms farmed under share cropping are sometimes higher than those on fields otherwise farmed (Rudra, 1982; Chattopadhyay, 1985; Chattopadhyay and Sengupta, 2001). Share-cropping is more common in situations where there is a greater risk of production failure (ii) (Rao, 1971; Pant, 1981). Productivity can be greatly enhanced by better crop shares and more secure tenure for share tenants. (iii) the authors of the 2002 paper by Banaerjee Gertler and Ghatak

Multiple scholars have claimed that there are multiple agricultural tenurial contracts, as is seen from the debate above. Some of the current study's hypotheses were aided by this data, which was used to conduct field surveys on the agricultural land lease market in the Barak Valley of Assam.

DATA AND METHODOLOGY:

A total of 281 farm households were randomly selected from three Barak Valley districts, Cachar, Hailakandi, and Karimganj, as part of an agricultural development officer (ADO) survey that was conducted in six ADO circles in Barak Valley: Fakira Bazar, R.K.Nagar, Narshingpur, Salchapra, Banskandi, and Hailakandi. In each of these districts, at least one village had irrigation facilities available from 24 villages. The information provided by departmental officials was used to classify farm households and other types of households.

RESULT AND DISCUSSION:

Terms and Period of Tenancy Contract:

The most widespread form of tenancy in the studied communities is that of share cropping. In accordance with Table-I, 73.21% of sharecroppers receive half of the gross crop production without landlords bearing any of the costs. Sharecroppers receive half of the produce with equal cost sharing from both the landlord and tenant. To put it another way, a share cropper receives one-half of the farm's gross output (on a 50:50 share crop basis). This technique of sharing the produce is known as Bhag Chash. In contrast, people who receive a 50/50 crop split with cost sharing are vastly better off than those who only receive a 50/50 crop split. This is obviously true. In our study, there is a considerable demand for crop sharing 50:50 without cost in our location. Because most tenants are unrecorded and share cropping agreements are often verbal, this practise is prevalent among those who aren't. As a result, leases in the research industry are not governed by any defined rules.

TABLE – I
TERMS AND FORM OF TENANCY

CIRCLES TERMS OF TENANCY	FAKIRA BAZAR		R.K. NAGAR		NARSHINGPUR		SALCHAPRA		BANSKANDI		HAILAKANDI		ALL	
	No. of recorded tenants	No. of unreco- rded tenant s	No. of recorded tenants	No. of unreco- rded tenants	No. of recorded tenants	No. of unreco- rded tenants	No. of recorded tenants	No. of unreco- rded tenants	No. of recorded tenants	No. of unreco- rded tenants	No. of recorded tenants	No. of unreco- rded tenant s	No. of reco- rded tenants	No. of unreco- rded tenants
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Crop share 50:50 without cost share	2	18	13	24	1	27	1	30	2	23	2	21	21 (41.18)	143 (82.68)
Crop share 50:50 with cost share	0	3	-	4	1	2	0	1	0	5	1	6	2 (3.92)	21 (12.14)
Fixed rent (Cash/kind)	5	0	0	0	6	4	5	2	7	3	5	0	28 (54.90)	9 (5.20)
Total	7	21	13	28	8	33	6	33	9	31	8	27	51 (100.0)	173 (100.0)
Period of tenancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seasonal less than 1 year	0	3	0	6	0	7	0	8	0	10	0	5	0 (0.0)	39 (22.54)
1 year	0	11	0	18	0	15	0	21	0	12	0	13	0 (0.0)	90 (52.02)
More than 1 year but less than 3 years	0	5	0	3	0	6	0	3	0	9	0	7	0 (0.0)	33 (19.76)
Above 3 years	7	2	13	1	8	5	6	1	9	0	8	2	51 (100.0)	11 (6.38)
Total	7	21	13	28	8	33	6	33	9	31	8	27	51 (100.0)	173 (100.0)

Sources: Field Survey,

Note: Figures in the parentheses indicates percentages of the total.

The security of tenure: 22.54 percent of unrecorded renters face seasonal or less than one-year evictions, 52.02 percent had a one-year tenure, and 19.76 percent are in a little better position because they have a tenure of 1 to 3 years. In addition, 6.38 percent of those surveyed had been employed for over three years. Tenants who have worked with the same landowner for more than three years have a more stable job than tenants who have just been there for a year or two. Unrecorded tenants' tenure tends to be shorter than that of documented tenants, a finding that has been confirmed time and time again by researchers.

NATURE OF COST SHARING ARRANGEMENT:

In most of our sample villages, the landlord and tenant agree to split the cost of various inputs, such as seeds, fertiliser, pesticides, irrigation, bullocks, labour, tractor / power tiller costs, etc. However, there is no set structure for how landlords and tenants share costs. In fact, there are vast variances in cost sharing contacts within and within villages. There are also a number of differences in the contract's input clauses.

Cost of ploughing / draft power: In our sample of farm residences, tenants are responsible for ploughing. It is not uncommon for tenants to plough their leased land with their own bullocks or cattle. Due to the fact that the tenant does not own any livestock, the landlord is providing this bullock or cattle as a service to the renter. A buffalo or two oxen and a plough are exchanged for a season's worth of rent by the landlord. System known as "fane" by residents. A "fane" consists of five mounds of paddy (2.5 quintals). In exchange for one mound of paddy grown on each bigha of land, the landlord may offer the tenant a bullock or a herd of cattle (apart from crop share). This is the second time that the landlord receives free labour from the tenant in exchange for using his bullock or animals on the leased property. This analogy is sometimes used to compare the life of a bullock or a bovine to that of a man. Many people avoid renting out their livestock because they are concerned about overwork and mistreatment of their bullocks or cattle, even though it is legal to do so. The person who hires a bullock or cow handler from the landowner will have to pay extra for ploughmen. With no bullock or cow, but enough family labour to plough, the cost of ploughing for small farmers climbs dramatically. It's possible that renters who don't own cattle or bullocks aren't the only ones who make use of hired animals. Some tenants who own cattle or bullocks also occasionally use hired animals or bullocks. Farmers typically have trouble getting and maintaining the number of bullocks and calves they want because they may only be acquired as a single unit. Because of this, there may be a discrepancy in desired farmland size between what bullocks or cattle can plough and what they can. It is possible for farmers to lease in or out bullocks or cattle in order to correct the herd imbalance. Based on the foregoing, it is evident that the renter is responsible for paying for all of the ploughing. Tractor and power tiller use is still in its infancy in our sample. When renting a power tiller, the renter is responsible for the cost of the rental. There were only a handful of cases where the landlord and the tenant shared the cost equally. The way people split up the costs varies widely throughout the villages we studied. Additionally, in Table-II, the sharing propositions of various inputs are provided.

TABLE – II
DISTRIBUTION OF COST SHARING

Items	Percentage of the total number of tenancy contracts in which																	
	Landlords bears the entire cost						Tenants bears the entire cost						50:50 sharing takes place					
	Fakir a Bazar	R.K. Naga r	Narshi -ngpur	Salcha -pra	Bansk - andi	Hailak -andi	Fakir a Bazar	R.K. Naga r	Narshi -ngpur	Salcha -pra	Bansk - andi	Hailak -andi	Fakir a Bazar	R.K. Naga r	Narshi -ngpur	Salcha -pra	Bansk - andi	Hailak -andi
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Seeds	23.05	29.15	24.68	4.38	25.0	37.90	75.43	68.92	72.25	62.13	71.34	34.0	12.58	3.82	3.30	8.35	26.92	18.902
Manure	15.34	6.28	4.26	6.24	8.83	24.25	29.86	17.04	11.50	26.34	20.15	0	0	0	0	2.80	0	0
Fertilizer	1.90	4.88	1.40	0	4.74	0	36.38	1.35	1.20	5.34	0	1.37	0	0	0	9.95	0	0
Pesticide s	0	1.69	0	0	0	0	1.35	0	0	1.3	0	0	0	0	0	0	0	0
Hiring of Tractor	0	0	0	0	1.47	0	1.20	2.90	0	1.34	0	0	0	0	0	0	1.50	0
Hiring of Pump set	0	0	0	0	0	0	0	0	0	2.09	0	0	0	1.30	0	0	0	0
Total paid out cost	18.45	26.23	13.72	16.56	21.54	19.32	61.53	65.80	63.45	82.93	69.76	52.85	11.12	21.05	19.20	27.62	14.50	15.30

Source: Field Survey,

Seeds costs: Seed cost sharing arrangements discovered in the sample survey region fall into three broad categories, as shown by the Tabl-II chart. All costs of seeds are divided evenly between landlord and tenant in certain circumstances, whereas in others, landlords provide seeds and share-croppers provide seeds. Compared to equal seed cost sharing, the first two groups are more common. Table II reveals that around 68% of the tenants are still responsible for paying for all of the seeds they use. Nearly two-thirds of the time, landlords foot the entire seed bill. Equal seed cost sharing is confined to just 10% of the time and has no impact. Since the landowner and tenant have different bargaining positions, the amount of seeds provided under crop sharing agreements can vary widely.

Manures, Fertilizer and Pesticides: According to the data in Table-II, farmyard and green manure are the most commonly used pesticides, whereas pesticides are rarely used. In our sample farms, the usage of manure, fertiliser, and pesticides is minimal. Depending on the circumstances, landlords may be responsible for the entire cost of manure and fertiliser use, or they may share the cost equally with their tenants. Nonetheless, the landlord or the tenant is responsible for all pesticide charges. As a result, the cost-sharing contract has yet to gain traction in the study communities. Landlords still provide land, but tenants still contribute all labour, bullock / cattle, implements, and seeds. However, as agriculture has become increasingly modernised and commercialised, changes have occurred in the system. It has become more common for landlords to share the price of modern inputs such as fertiliser and insecticides. When it comes to agricultural activities in the sample villages, cost sharing hasn't yet taken off because the rented land is still being used in accordance with customary customs. Cost-sharing agreements have grown in popularity only in the last few years due to an increase in the usage of new inputs. According to an estimate of total paid out costs (Table-II), tenants cover roughly 62% of total paid out costs, while landlords cover 18% of total paid out costs. Only about a quarter of the time do landlords and tenants split the costs equally. Under the practise of share cropping, we found no correlation between cost sharing and crop sharing in the villages where we collected data. Even if the landlord does not share in the expense of the crops, 50/50 crop sharing is the norm.

CONCLUSION:

As a result of a lack of infrastructure like irrigation, extension, and an institutional finance system, agricultural development in the region is inhibited. Although share tenancy is not intrinsically damaging to development, it serves many important objectives and cannot be abolished from a practical aspect in the Barak Valley's agriculture. It's difficult for the Valley's share croppers to adopt modern inputs because they don't have access to institutional loans. A lot of the time, they're taking a huge risk by entering into unofficial credit agreements with local businesses and landlords. But even if landowners split expenses evenly, the share costs are taken from a landowner's post-harvest output. Sharecroppers are typically the ones that foot the bill for the majority of the costs. It seems unlikely that share croppers will be able to increase their production unless credit is made accessible to them or landowners are forced by law to pay a portion of the cultivation costs in advance. Sharecroppers' inability to acquire access to financing will have an effect on the land they controlled in addition to hindering their use of modern inputs. An increase in agricultural productivity could be lost in the Barak Valley of Assam due to a lack of finances for better farming practises. Farmers who lack working money may be able to change their land holdings more easily through tenant operation if suitable credit facilities are made available to all farmers. For example, this could result in a more equitable division of operational land. Barak Valley and the entire state of Assam are home to many low-lying plots that are vulnerable to flooding and water logging. Rice HYVs are viewed as undesirable for low-lying areas prone to flooding and water logging because of their diminutive stature. There are few options when it comes to variety selection in these regions. Agricultural yields in the Barak Valley are reduced as a result of these techniques. There will be huge crop losses if flood control methods are not effective for farmers, especially the poor farmers who wish to cultivate additional land but are prevented from doing so due to low-lying areas that are susceptible to flooding. This allows for greater flexibility in how much land may be owned and how much can be used for farming.

REFERENCES:

- [1] Bardhan, P and A. Rudra (1980), Terms and Conditions of Share Cropping Contracts. An analysis of Survey Data in India, Journal of Development Studies.
- [2] _____, (1976), Variations in Extent and Forms of Agricultural Tenancy, An Analysis of Indian Data Across Regions and Overtime, Economic and Political Weekly, vol. II (38 & 38), Sept. 11 and 18.
- [3] Banerjee, A.V., Paul J. Gertler and M. Gattak (2002), Empowerment and Efficiency, Tenancy Reform in West Bengal, Journal of Political Economy, vol. 110 (2).
- [4] Basu, (1992), Limited Liability and the Existence...Journal of Development Economics, Vol. 38.

- [5] Bhalla, S. (1983), Tenancy Today, New Factors in Determination of Mode and Level of Rent Payments for Agricultural Land. Economic and Political Weekly, Annual Number, May.
- [6] Bhaumik, S.K. (1993), Tenancy Relations and Agrarian Development – A Study of West Bengal, Sage Publications, New Delhi.
- [7] Bharadwaj and P.K. Das (1975), Tenurial Conditions and Mode of Exploitation, Study of Some Villages in Orissa. Further Notes. Economic and Political Weekly, Review of Agriculture, March Chakravarty, S.B. (1995), Land Reform, Report on Assam, Lal Bahadur Shastri, National Academy of Administration, Mussoorie, Government of India.
- [8] Chakravarty, A and A. Rudra (1973). Economic Effects of Tenancy – Some Negative Results, Economic and Political Weekly, Vol. 8, July 14.
- [9] Chattopadhyay and C. Neogi (2006), Transformation of Tenancy Contracts in Indian Agriculture, Journal of the Indian Institute of Economics, The Asian Economic Review, Vol. 48, No. 3, December.
- [10] _____ (1985), Conditions of Labour in Indian Agriculture, Apparent and Real, K.P. Bagchi and Company, Calcut.
- [11] _____ and A. Sengupta (2001), Tenancy Inefficiency, A Study Based on West Bengal Agriculture, Economic and Political Weekly, Vol. 36 (5 and 6).
- [12] Dwivedi, H. and A. Rudra (1973), Economic Effects of Tenancy, Some Further Negative Results, Economic and Political Weekly, Vol. 8, No. 29, July 21.
- [13] Eswaran, M. and A. Kotwal (1985), A Theory of Contractual Structure in Agriculture, American Economic Review, Vol. 75 (3)
- [14] Guha, A. (1991), Medieval and Early Colonial Assam, Society, Polity, Economy, K.P. Bagchi and Company, Calcutta.
- [15] Gautam, H.C. (1995), Agrarian Relations, A Study on some Aspects of Land Tenancy in Assam, Indian Journal of Agricultural Economics, Vol. 50, No. 4, Oct-Dec
- [16] Goswami, P.C. (1962), The Economic Development of Assam, British Book Depot, Hazratganj, Lucknow.
- [17] Government of Assam, Census data 2010-11, Basic Agricultural Statistics, Directorate of Agriculture, Govt. of Assam.
- [18] Hunter, W.W. (1982), A Statistical Account of Assam, B.R. Publishing Corporation, New Delhi. Khasnabis, Rattan (1994), Tenurial Conditions in West Bengal, Continuity and Change, Economic and Political Weekly, Vol. XXIX, No. 53, December, 31
- [19] Ladejinsky, W. (1977), Agrarian Reform as Unfinished Business. The Selected Papers of Wolf Ladejinsky (edited by L.J. Walinsky), Oxford University Press.
- [20] Laximinarayan, H. and D.S. Tyagi (1977), Interstate Variations in types of Tenancy', Economic and Political Weekly, Review of Agriculture, Vol. XII, No. 39, Sept, 24.
- [21] Murthy, C.S. (1987), Influence of Socio-Economic Status on Contractual Terms of Tenancy, A Study in Two Delta Villages of Andhra Pradesh, Economic and Political Weekly, Sept. 26
- [22] _____, (2004), Large Farmers in Lease Market....., Economic and Political Weekly, Vol. 39 (29), June.
- [23] Pant, C. (1983), Tenancy and Family Resources, A Model and Some Empirical Analysis', Journal of Development Economics, Vol. 12.
- [24] Rao, V.M. (1974), Village Lease Markets for Agricultural Land, Some Approaches for Analysis, Economic and Political Weekly, December, Review of Agriculture, June.
- [25] Rudra, A. (1975), Share Cropping Arrangement in West Bengal, Economic and Political Weekly, Sept. Review of Agriculture.

- [26] _____, (1982), Indian Agricultural Economics, Myth and Realities, New Delhi, Allied Publishers.
- [27] Rao, V.M. (1974), Village Lease Markets for Agricultural Land, Some Approaches for Analysis, Economic and Political Weekly, December, Review of Agriculture, June
- [28] Rao, C.H.H. (1971), Uncertainty Entrepreneurship and Share Cropping in India', Journal of Political Economics, Vol. 4.
- [29] Reddy, V.N. and C.S. Murthy (1976), Backward Castes and Tenancy, A Village Study, Economic and Political Weekly, July 1
- [30] Roy, N. and M.P., Bezbaruah (2002), Performance of Agriculture in Barak Valley Region of Assam from mid 1970s to mid 1980s. Indian Journal of Regional Science, Vol. XXXII, No. 1
- [31] Sharma, N. and J. Dreze (1996), Share Cropping in a North Indian Village, The Journal of Development Studies, Vol. 33, No. 1, Oct., Frank Cass, London.
- [32] _____ and A. Sengupta (2001), Tenancy Inefficiency, A Study Based on West Bengal Agriculture, Economic and Political Weekly, Vol. 36 (5 and 6).
- [33] Sengupta, A. (1991), Old Wins in New Bottles, A Study of the Impact of Land Reform in Karimganj District, Impact of Land Reforms in North East India. Malabika Dasgupta (ed.), Omsons Publications, New Delhi.
- [34] Sengupta, K. (1997), Limited Liability, Moral Hazard and, Journal of Development Economics, Vol. 52.