**General Studies-3: Topic: Land reforms in India**

**Agricultural Land Leasing**

**Introduction**
- Land leasing is a commercial agreement in which the user or lessee acquires the right to use the land in lieu of certain amount of payment.
- Land leasing activity is very less in India or if exists it is unregulated.
- Therefore, there is a need for reform in land leasing.

**Present Landholdings**
- The average size of farm holdings declined from 2.3 hectares in 1970-71 to 1.08 hectares in 2015-16.
- The share of small and marginal farmers increased from 70% in 1980-81 to 86% in 2015-16.
- The average size of marginal holdings is only 0.38 hectares (less than one acre) in 2015-16.
- The shrinking size of farms is a major factor responsible for low incomes and farmers’ distress.
- The viability of marginal and small farmers is a major challenge for Indian agriculture.

**Need for Land Leasing**
- The miniscule returns farmers get from fragmented landholdings prevents mechanization and investments in agriculture and its profitability.
- In the fear of losing land and in the absence of long-term tenancy laws the agriculture land lease are limited to one year.
- The tenant is not sure of regaining tenancy next year. Therefore, there is no incentive for capital investment in agriculture.
- Changes in the occupational structure in rural areas and increasing cases of fallow land.
- Emergence of informal and underground land lease market and this creates a need for regulation.
• The presence of informal tenancy puts tenants at the risk of exploitation because of no legal security and high rents.
• Consolidation of land holdings to gain the benefits of size, can help in reducing agrarian distress.

Benefits
• Benefits in the form of enhanced investments, economies of scale in use of capital, machines and other inputs.
• Enhanced social mobility as non-farmland owning groups or castes can benefit by taking land on lease can generate more income.
• Those with small landholding can lease out their lands and migrate to other occupations and therefore will reduce the burden on agriculture land.
• Help corporate farming under which corporates can take large chunks of land on lease and do cultivation.

Concerns / Challenges
• It will prevent redistribution of land through transfer ownership as people living outside the area will prefer leasing instead of selling.
• Land leasing will promote absentee landlords.
• It may lead to a situation where individuals with big pockets will control agriculture by taking large chunks of land on lease.

Way Forward
• Modernization and digitization of land records will reduce litigation related to the land leasing and land pooling.
• Established of independent regulator for the sector to resolve the disputes.
• The standardization of lease agreements and dispute resolution mechanisms should be developed.
• Modernization of the agriculture marketing so that informed decisions regarding leasing and pooling can be made.
• Enhancing credit and insurance facilities for agriculture.
• Transformation of agriculture as a business – cum – livelihood activity so that investments are planned based on long term strategies and hedged from market and environmental risks.
• Proper awareness and education among the rural folk about the benefits that land leasing can bring to their household income and life.
• Overall land leasing and land pooling will be of great help to Indian agriculture which is reeling under stress.