

CEILING ON LANDHOLDINGS IN UP

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The period following the end of British rule and attainment of freedom in 1947 marked a watershed in the evolution of agrarian relations and development of agricultural sector in Uttar Pradesh. Land reforms have been a major influence in shaping the direction and character of agrarian change. A large number of laws relating to the agricultural sector were directed at ushering in changes in the land tenurial systems. A new institutional and economic environment was created to facilitate and promote the development of agricultural economy. Among these legislations enacted in the post-independence period the most important ones were mainly the U.P. Zamindari Abolition and Land Reforms Act, 1950 and Uttar Pradesh Imposition of Ceiling on Land Holdings Act, 1960. They exercised the most far reaching influence on the agrarian structure in the state.

The U.P. Zamindari Abolition and Reforms Act, 1950 one of the major initiative of the Government ignored the serious problem of concentration of holdings. It was true that in view of the land man ratio in the State, no amount of redistribution of land can make even the majority holdings into economic ones. The case for ceiling does not rest on equalitarian grounds alone. Land, as a factor of production, has certain peculiarities. It was fixed for all times and cannot be increased in the way in which other factors of production can be increased. This being so, it was essential

that every bit of it should be fully utilised so as to ensure optimum production.

Prof. Gadgil very succinctly put the case for the ceiling in his address to the Allahabad session of the Agricultural Economics Conference. He remarked in the following words: "among all resources, the supply of land is most limited and the claimants for its possession are extremely numerous. It is, therefore, obviously unjust to allow the exploitation of any large surface of land by a single individual unless other overwhelming reasons make this highly desirable. Moreover, whatever the economies of large scale management, they should, in the congested state of our countryside, accrue to collective or cooperative bodies of cultivators rather than an individual family."ⁱ

The Uttar Pradesh Imposition of Ceiling on Land Act, 1960 was thus passed by the State Legislature in 1961 and came into force immediately. It has been later amended number of times. The Act prohibited any tenure holder from holding any land in excess of the ceiling area applicable to him. The main was thus to make an equitable distribution of land to landless agricultural labourer and also in the interest of the community for increase in agricultural production. This will in turn improve the socio-economic status of the beneficiaries.

A major plank of land reform efforts in Uttar Pradesh was the imposition of ceiling on the size of land holdings, with the objective of making

land distribution more equitable. On this question, however, societal consensus was weak and was reflected in the extreme difficulty in implementing this programme. The present enactment aims at providing land to the landless labourers. Thus creating a new class of tenants, in respect of surplus land. The Act perhaps in substance focussed on a fourfold purpose viz. ⁱⁱ

1. To provide maximum limit beyond which no person was to be entitled to hold land.
2. To provide the acquisition of land in excess of the limit.
3. Settlement in excess of land to other persons and lastly
4. Providing land to landless persons.

The Congress, perhaps for the first time officially introduced the notion of land ceiling soon after independence. In November 1947, the AICC appointed a committee headed by Jawahar Lal Nehru.ⁱⁱⁱ It recommended, 'the maximum size of the holdings should be fixed, the surplus land over such a maximum should be acquired and placed at the disposal of the village cooperatives.'^{iv} Similar recommendations were made by the Congress Agrarian Reform Committee, chaired by J.C.Kumarappa. It submitted its report in July 1949. It also favoured a ceiling on land holdings which was to be three times the size of an economic holding.^v

The First Five Year Plan (1951-56) too expressed itself 'in favour of the principle that there should be an upper limit to the amount of land that an individual may hold'. Though the plan broadly accepted the upper limit suggested by the Kumarappa Committee as fair. It was nevertheless stated that the

exact upper limit was to be 'fixed by each state, having regards to its own agrarian history and its present problems'. Moreover it was stated that the census of land holdings and cultivation, which was proposed to take place during 1953 would give the data relevant to this decision'. Clearly, there was no immediate programme of implementing ceiling. The First Plan anticipated that 'two to three years would be necessary' to even undertake the necessary survey and setup machinery which would enforce ceiling legislation effectively.^{vi}

It was a matter of surprise that despite early intentions and recommendations, not much progress took place on the question of ceilings in the initial years of independence. This was recognised by the Congress and AICC in its session in Agra in 1953. It was urged that the state governments should take immediate steps in this regard. They were asked to collect requisite land data and to start the process of ceiling on land holdings. The excess land had to be redistributed and the maximum possible should go to the landless workers.^{vii} The ceiling issue however dragged for almost fourteen years after the idea was first mooted. In 1960, 'U.P. Imposition of Ceiling on Land Holdings Act' was presented in the U.P. assembly. It was later passed and implemented in 1961.

According to the Act ceiling was imposed on the family. The family was defined as consisting of husband, wife, dependent mother and father, sons and grandsons (if they do not own land in their own names) daughter-in-laws, unmarried daughters and grand- daughters.^{viii} It was however changed later by an amendment to the Act in 1973. The definition of family was changed to include only the tenure holder, wife/husband (except a judicially

separated wife or husband) minor sons and minor daughter (other than married daughters).

For the purpose of fixation of ceiling the Act originally classified the land into three classes: good quality, second grade and third grade. Good quality land was defined as one whose hereditary rate of rent was more than Rs.6.00 per acre. Land with a hereditary rate of rent between Rs.4.00 and Rs.6.00 per acre was classed as second grade. The third grade was defined as the land with a hereditary rate less than Rs.4.00 per acre.

The ceiling for different categories of land was fixed as follows: good quality land – 40 acres for a family of five plus 8 acres for each additional member subject to a maximum of 24 extra acres. The Second grade land – 60 acres for a family of five plus 12 acres for each additional member subject to a maximum of 36 extra acres. The third grade land – 80 acres for a family of five member plus 16 acres for each additional member subject to a maximum of 48 extra acres.^{ix} Thus the ceiling for eight or more members came to 64, 96 and 128 acres for good quality, second grade and third grade land respectively. This level of ceiling was decidedly very high. The ceiling therefore was reduced substantially in 1973 through an amendment to the Act. It also did away with the scheme of classification of land adopted earlier. The ceiling was fixed to the maximum of 33 acres of land by this amendment.

There was however difference of opinion amongst various economists regarding what constitutes an economic holding in the given conditions of agricultural technique in this State. An official study in farm management in U.P. shows that the highest output per acre was on farms below 5 acres and lowest on

farms above 20 acres. The output per acre declines as the size of farm increases although the input also declines per acres as the size increases. Dr. A.M.Khusro in his study came up with the conclusion that a farm of 10 acres was sufficient to give optimum work for an average agricultural holding.^x Dr. Baljit Singh, on the basis of the official Farm Management Studies in U.P. (1954-55) concludes that 'a land holding of 10 acres would perhaps represent the point of optimum.'^{xi} However ceiling limit in the State as mentioned above was much higher than the limit suggested by various economists keeping in view the condition prevalent in the State.

Exemption from ceiling has been provided to land held by the Government – Central or State – or a local authority, Government Companies and Corporations, educational institutions imparting education in agriculture, Universities, banks and the Bhoodan Yagna Committee.^{xii} Certain other land, which the tenure holder used for the purpose of Pan, Keora, Bela, Chameli and Gulab, were also exempted from the operation of present Act.^{xiii}

All land declared surplus under the Act were to be vested in the State Government and the collector was empowered to make settlement on its behalf.^{xiv} In the Act there was a provision for temporary allotment of the surplus land to the original tenure holders so that agricultural productions would not suffer. In effect this meant that people who possessed land in excess of the ceiling could continue to enjoy its fruits. This provision could be easily misused, especially by the rich and powerful sections of the rural society. This provision was misused which later led to the amendment in 1969, which made

resumption of land to the Government after the expiry of the lease.

The families covered under ceiling land distribution programme were poor and mostly landless. The livelihoods of such families before allotment of ceiling surplus land mostly were based on earning from daily wages and to a little extent on non-farm activities. Ceiling surplus land allocation has enabled the beneficiaries to possess land of some kind and this land as an asset has increased their capability to access credit from various informal and formal financial sources. As family labour is not a constraint on these beneficiaries to take up agricultural activities, these beneficiaries have hardly parted with the land allotted and they are cultivating the same. Land development activities on ceiling surplus land too have been taken up by many families.

DEFECTS OF CEILING LEGISLATION

The implementation of ceilings law in India was far from satisfactory and Uttar Pradesh was no exception in this respect. It would, however be too early to comment on the impact of the ceiling Legislation. But there were certain defects in the legislation, which led to the amendments to be carried out in this Act later.

Major defects of the Act were due to delay in the imposition of the ceiling. It therefore, failed to deliver its basic purpose to provide land to the landless. Also the nature of the legislation ensured that the ceiling would have a very muted impact releasing little surplus land for redistribution. The larger land owner were able to evade the provision of the law. They either sold their excess land or

partitioned their holdings among family members and relatives. They even transferred their lands in the names of their servants and also took recourse to 'benami' transfer with the help of local officials. Further, the landowners also resorted to mass eviction of tenants, resuming their land at least to the ceiling limit. They often falsely claimed to have shifted to progressive farming under direct supervision. Thus, by the time the Ceiling Legislation was applied there were barely any holding left above the ceiling limit. Consequently there was a wide disparity between the original estimates of surplus implementation of the ceiling law and actual results. Thus in 1960 it was officially estimated that 14 lakh acres of surplus land would be available after the imposition of ceiling in U.P. ^{xv} But by 1980 only 2.80 lakh acres was declared surplus.

Secondly in a situation where more than seventy per cent land holding in the State were under five acres, the ceiling fixed on existing holdings of 40 to 80 acres ^{xvi} were very high. Further ceiling could be raised in the State by around 62.5 per cent in each class of land if the size of the family of landholder exceeded five. Now this limit came about 64, 96 and 128 acres for different categories of land. Thus the estimated 14 lakh acres of surplus land was never achieved as very few landed families have holdings that exceeded these liberal limits of ceiling.

Thirdly a large number of exemptions to the ceiling limits were permitted by the State in the Second Plan. It recommended certain more categories of land that could be exempted from the ceiling limit. These were tea, coffee and rubber plantations, orchards, specialised farms engaged in cattle breeding, dairying, wool raising, sugarcane farms operated by sugar factories and efficiently

managed farms on which heavy investments had been made.^{xvii} The intention was clearly to promote and certainly not to hinder progressive or capitalist farming done on a large scale. Also at the same time ending absentee landlordism indulged in by large landowners through tenants and sharecroppers. The exemption was misused by the landholders to the maximum extent possible. Like in cases of efficiently managed farm, it proved to be quite easy for large number of landholders to use such a vague criteria just by getting themselves declared efficient. Similarly, exemption to land held by cooperative as proposed by the government was also open to great misuse with landlords transferring their land to bogus cooperatives.

Fourthly, The families allotted land under ceiling land distribution programme were generally poor and major problem faced by them is finance for cultivation of land, purchase of inputs, development of land and purchase of agricultural assets. However it is noticed that majority of the beneficiaries were not effective borrowers prior to redistribution of land holding. Now the erstwhile landless labourers were facing financial problems which mean they were again getting in the trap of the moneylenders and zamindars. These moneylenders and zamindars would gradually again turn these new land holders back to landless labourers. These loans were collateral loan against the land which the labourers had acquired in land redistribution. The Government also started loans to these landless labourers but the illiterate labour found it to a

tedious job to get loans from Government institutions.

Fifthly, there are certain of land holders who could not acquire their allotted land due to their weak position especially weaker section of the society. There were number of case registered against the act which also delayed the transfer of possession of land to the actual allottees. Even after being defeated in highest government revenue body the Board of Revenue the party can again file civil suit against the order of the board. This inturn further delayed the transfer process. Further lands allotted to the landless were often of poor quality leading the land holders to take loans to fulfil their requirements both for agricultural needs and more often for other personal requirements.

Thus with these inherent defects in the Act it was very much doubtful that it could achieve its targeted goal of land redistribution. It missed the opportunity to acquire large areas of surplus land for redistribution just because of its defect and delayed ceiling laws. With the increase in population over the last five decade and the rapid subdivision of large holdings, it was very likely that a little land would remain over the ceiling limit. The ceiling legislation failed to achieve anything worthwhile. It however failed as a measure to bring any redistribution in the pattern of land holdings.^{xviii}

This however certainly ushered in a land distribution on an equitable basis. The target of these reforms was to achieve distribution of land to the landless, but it is certainly debatable whether it achieved its goal or not.

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ⁱ Kripa Shankar – *Economic Development of U.P.*, Arthik Anusandhan Kendra, Allahabad, 1970, p. 49

ⁱⁱ Sant Prakash – *Commentary on the U.P. Imposition of Ceiling on Land Holdings Act 1960*, Eastern Book Company, Lucknow. 1962, p. IV

ⁱⁱⁱ The committee consists of Maulana Azad, G.L.Nanda, J.C.Kumarappa, Sankar Rao Deo and Jai Prakash Narain. The report of the committee was submitted to the Congress President in January 1948

^{iv} Indian National Congress, *Economic Resolution, 1948*, p. 23

^v Bipan Chandra, Mridula Mukherjee and Aditya Mukherjee – *India After Independence 1947-2000*, Penguin Books, New Delhi, 1999, p. 385, - an economic holding being defined as that which would give a reasonable standard of living to the cultivator and provide full employment to a family of normal size and at least to a pair of bullocks.

^{vi} Planning Commission, *First Five Year Plan*, New Delhi, 1953, pp 188-191

^{vii} Indian National Congress – *Resolution on Economic Policy and Programme, 1924-54*, New Delhi, 1954, p. 75.

^{viii} *U.P. Imposition of ceiling on Land Holding Act 1960*, Section 2, p. 8

^{ix} *Ibid.*, section 5, p.24

^x A.M.Khusro – *An Analysis of Agricultural Land in India by Size of Holdings and tenure*, Mimeographed, Delhi, 1961, pp. 23-32

^{xi} Kripa Shankar – *op. cit.*, p. 51, also see Dr. Baljit Singh: *Next Step in Village India*, Asia publishing house, Delhi, 1961, pp. 73-76

^{xii} Sant Prakash., *op. cit.*, Section 6, pp. 26-28

^{xiii} *Ibid.*, Section 7, pp. 32-33

^{xiv} *Ibid.*, Section 15, p. 46

^{xv} B.K.Joshi and Hiranmay Dhar – *A Study of Land Reforms Transfer in U.P.*, study report, Giri Institute of Development Studies, Lucknow, 1983, p. 27, also see Dilip S. Swamy, '*Land and Credit Reforms in India*', Part One Social Scientist (Vol. 8, No. 11, June 1980)

^{xvi} Ceiling varied from State to State like in Andhra Pradesh it was 27 to 31 acres, Assam 50 acres, Kerala 15 to 37.5 acres, Punjab 30 to 60 acres, West Bengal 25 acres and so on.

^{xvii} Planning Commission, *Second Five Year Plan*, New Delhi, 1956, pp.196-197

^{xviii} More than one third of the cultivators continue to have holdings of less than an acre, owning only 4 per cent of the cultivated area. On the other hand top 3 per cent of the households own more than one fifth of the cultivated area.