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Structural Change in Pakistan's Agriculture

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STRUCTURAL CHANGE IN PAKISTAN'S AGRICULTURE

Preface

PAKISTAN'S land-tenure system, which has evolved over several centuries, has been characterized by inherent inequities. By the same token, it has tended to hinder rapid modernization of Pakistan's agricultural sector. Like a chameleon, the system has often changed colours to deceive, even charm, the bewildered reformers; but nothing very substantial has happened since 1948. The *zamindars*, with the "unballasted wits" of class interest, have fought to obstruct land reforms of any kind. Even the 1959 land reforms which paid due attention to their interests were opposed by them. As a result, the land reformer's labour of love has been rewarded with no more than a modicum of success. True, repeated attempts at a restructuring of tenurial relationships in Pakistan since Independence have produced some ripples on the calm, unchanging surface of rural society. The worst features of the *zamindari* system that prevailed before Independence have been removed, at least in law if not always in practice. But the land-tenure system has not been rid of the high degree of land concentration, absentee landlordism, insecurity of tenure for sharecroppers, and the extortionist cesses of the landlords on their tenants. The tenants, though secured against the most extreme indignities of the pre-Independence period, are still, to a significant degree, deprived of the fruits of their labour. In fact, there is still the need to reform the system to satisfy the dictates of equity and rapid agricultural growth.

The policy-makers, because of their ideological predilections, have tended to subscribe to two major schools of thought concerning land reforms. One school has advocated the abolition of tenancy contracts and their replacement by a system of peasant-proprietorship as the only acceptable form of a land-tenure system. This has been referred to as the "ideal" solution. The other school of thought has, instead, argued for making significant adjustments in the tenancy contracts to provide greater security of tenure to tenants and to reduce the burden of extortionist extra-legal cesses. The adherents of this school do not consider the system based on peasant-proprietorship feasible and argue for a

“reformed” tenancy system. This alternative can be referred to as a “compromise” solution, because the proponents of this view consider it to be a fruitful compromise between the ideal and the reality. It appears that the majority of the reformers in Pakistan have accepted the private ownership of land, and believe that a “reformed” tenancy system emerging from the cathartic process of land reforms should be economically viable and ethically acceptable. However, there has been a consensus among the post-Independence reformers that structural changes in the rural sector must be brought about through meaningful land reforms, and that conscious efforts must be made to accord priority to the interests of the cultivators over those of the non-cultivating *zamindars*. That such efforts have not borne fruit yet bespeaks our tragic failure to carry out our historic duty to implement a structural change in the rural society.

The introduction of modern technology, the greater rural-urban and international mobility of labour, and a significant increase in the degree of monetization of the economy have, however, changed to some extent the “nature” of land reforms. *First*, the increasing mechanization of agriculture and the introduction of high-yielding varieties of seeds have already pushed the effective ceiling on land-holdings much lower now than it was in 1948! Indeed, the average size of the “most preferred” operational holdings in Pakistan was only 7.5–12.5 acres in 1980. (See Ch. 10). To prescribe now a ceiling of 150 acres for irrigated land and 450 acres for unirrigated land, as recommended by the Muslim League Agrarian Committee Report (1949), or even the somewhat lower ceilings prescribed in the 1972 and 1977 land reforms introduced by the Pakistan People’s Party, would be to err on the side of excessive, and unwarranted, generosity. *Secondly*, the concern of almost every land reform commission with the enforcement—through legislative measures—of an economic size of landholding to prevent land fragmentation also appears to be misplaced in the present context. With greater mobility of labour and monetization of the rural economy, the market forces now automatically set the lower limit on operational holdings. The data on landholdings show clearly that a lot of small landholders, especially those owning less than 5 acres of land, sell out land to owners of more than 5 acres. *Thirdly*, the new phenomenon of agrarian transition has witnessed a significant increase in the tendency, on the

part of the landowners, towards self-cultivation (*khud-kasht*). (See Ch. 12) The greater prosperity of the small farmer, plus the easier availability of state-provided credit, have made him less dependent on the large farmers for capital, seeds, etc. Furthermore, there is ample empirical evidence—about Pakistan and many other countries—to show that small farms are significantly more efficient than are large farms. (See Ch. 3). *Fourthly*, the many considerations just mentioned point to the (gradual) adoption of a system of universal peasant-proprietorship in place of a reformed tenancy. While we recognize that a lot more empirical evidence, not hitherto available, is required to settle the issue one way or the other, we do feel that in these matters ethical arguments carry at least as much weight as economic considerations. We also feel that breaking the hold of deeply ingrained traditions and cultural habits requires that social change gather a minimum speed and momentum. Obviously, the gradualistic approach adopted so far to reform the tenancy system has not provided that momentum.

The analysis presented in this book builds on our earlier work, which reproduced, with a longish historical overview, edited versions of the reports of various committees and commissions set up in Pakistan since 1940s for the purpose of formulating land-reform proposals.¹ These two works together, indeed, should be treated as companion volumes. We have been inspired in writing this book by the belief that the promises made at the time of Independence to create a just rural society in Pakistan have yet to be fulfilled; and that the present land-tenure system, though better than the one prevailing in 1948, still leaves a lot of room for improvement and reform. Recognizing that “the web of our life is of mingled yarn, good and ill together”, we should seek to minimize the “ill” part of life in rural Pakistan.² We are convinced that, with greater courage of conviction, the dreams of the visionaries to bring joy to the withered lives of the voiceless millions can still be realized. We do not wish to prescribe for the policy-makers what they should be doing; but the analysis presented in this book should highlight the still living challenge of land reforms. We also indicate the most promising line of advance to meet this challenge.

¹ See Naqvi, Khan and Chaudhry (1987).

² The quotation is adapted from William Shakespeare's *All's Well That Ends Well*.

We owe a great debt of gratitude to many persons who helped us in writing this book. Special mention must be made of Mr Ghulam Ishaq Khan for his constant help, encouragement and advice when he was Chairman, Senate of Pakistan.³ He was kind enough to read an earlier draft of this book and to make many helpful suggestions. We are also indebted to Mr Fazalur Rahman Khan, Secretary to the President of Pakistan, for his comments. Nonetheless, the responsibility for the views expressed in the book is fully ours. The contribution of the Literary Editor, Prof. Alamgir Hashmi, greatly improved the quality of presentation. Thanks are also due to Mr Mir Annice Mahmood, Senior Faculty Member, and Mr Zafar Javed Naqvi, the Librarian, for preparing the Index. Mr Ifraz Abbasi and other staff of the PIDE's Publications Division must be thanked for performing the generally thankless job of getting the book into print. Mr M. Aslam and Mr M. Rafiq Safdar, who carried the big load of typing several drafts of the manuscript, also deserve our thanks.

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³ Mr Ghulam Ishaq Khan is President of the Islamic Republic of Pakistan.

PART I

INTRODUCTION

CHAPTER 1

Introduction

A LAND-TENURE system defines the terms and conditions that regulate the ownership and use of agricultural land. It spans the basic economic and hierarchical structure of the rural society, and relates the consumption, production and distribution behaviours of the economic agents to this structure. Through this relationship, the system exercises a profound influence on the quantum of agricultural production and the distribution of the fruits of agricultural progress. The broad contours of the land-tenure system are products of historical forces which chart out its evolutionary path. For this very reason there is an air of finality about the system, which tends to perpetuate it. Thus left to itself, history keeps on repeating itself in agrarian societies without ameliorating the hardships faced by the tenants.

Even worse, the legislative process, emphasizing evolutionary change, lays down rules and procedures which often tend to legitimize what custom has already sanctioned. While it is not always necessarily so, custom represents outmoded traditions and mores which glorify the non-cultivating landlords and degrade the peasants.

But there is nothing sacrosanct about outmoded customs and traditions — which make up rural histories — if these are shown to be unproductive and unjust. There is enough historical and empirical evidence to demonstrate that if these rules and customs are not changed in favour of the peasants, even the productivity-raising technological change tends to be de-equalizing. Public policy is needed, therefore, to restructure the existing land-tenure system; so that a fruitful matrix of

tenurial relationships is established between the principal economic agents – the landlord, the state and the tenant – with a view to satisfying the necessary conditions of equity and growth.

Land-tenure systems have been analysed by economists from, at least, the times of the Physiocrats in France. The classical writers, like Adam Smith, John Stuart Mill and Karl Marx, focused attention on the evolution of European land-tenure system based on (individual) private property.¹ Their discussions and analyses included the traditional “feudal” landlord-tenant system based on sharecropping, the fixed-rent tenancy, and the use of wage-labour by capitalist farmers. Among the neoclassical economists, Alfred Marshall did a comparative analysis of the various forms of tenancy on land, and of their impact on the development of the economy and society. Karl Marx attacked all forms of tenancy which depended on wage-labour as part of his critique of the capitalist system. To him both the feudal and the capitalist land systems, based on private property in the means of production, were inherently exploitative. These promoted class conflicts and led to an uneven pattern of development; and in the end strengthened the hold of the exploitative class on the forces of production. The general thrust of the arguments of these writers was that the sharecropping tenancy was perhaps less desirable than either a fixed-rent tenancy or a peasant-proprietorship. However, from the tenant’s point of view, wage-labour in place of tenancy was considered even less desirable. These writers also emphasized the need for assigning in the production process a central place to the peasants rather than to the landlords.

The land-tenure system, which Pakistan inherited at the time of independence, was of two dominant types which attracted the reformers’ attention.² Both these types still exist, even though their form and content have changed over time. The first type, which was quite widespread, consisted of the *zamindari* (landlord-tenant) system. In this system, the *zamindars* (landlords) and *jagirdars* (non-revenue-paying

¹ A full discussion of various land-tenures and their impact on production and distribution is given by Currie (1981). A more recent study of the classical and neoclassical ideas on land-tenure is by Jaynes (1984).

² See Chapters 2 and 5 for a detailed discussion of various elements of land tenures – e.g., *Zamindari*, *Ryotwari*, *Bhaichara*, *Pattidari*, etc.

landlords) owned vast tracts of land, which was divided into small parcels and cultivated by sharecropping tenants, while most landlords were absentee owners and lived off the rent paid by the tenants. Furthermore, the formula for dividing the total produce, known as the *batai* share, between the landlord and the tenant was based as much on the traditional power equation as on law. Notwithstanding the many legal provisions enacted from time to time to protect the tenant, the asymmetricality in the landlord-tenant relations has tended to favour the *zamindar* both in the existing contracts and in the disputes that might arise between the two parties regarding such contracts.

The second major type of land-tenure was peasant-proprietorship, under which peasants cultivated small parcels of land owned by them. They depended on family labour to cultivate land. This fact — minimizing labour cost—helped peasant-proprietors to survive in the face of competition from the landlords, who had to use hired labour on their *khud-kasht* (self-cultivated) landholdings. The peasant-proprietors, though nominally independent, were usually subjected to exorbitant revenue demands of the state.

This land-tenure system was an age-old structure rooted in the Indian society. It was shaped during the Hindu rule and the reign of the Mughal kings, and was not imposed from outside. But it was concretized by the British through a series of comprehensive 'Settlements'. The Mughal and the British systems, though sharing a few similarities, differed from each other in important respects. The similarities centred on the acceptance and perpetuation of an exploitative pattern of landlord-tenant relationship, which did not satisfy the necessary conditions of an equitable sharing of the total produce among the principal economic agents—the state, the *zamindar* and the tenants. The Mughal kings, like the Hindu rulers before them, were mainly concerned with raising enough money to finance the large expenses of administration and defence. It was this end which the *zamindari* system, embodying the inequitable division of property rights between the *zamindar* and the peasants, was meant to serve.

However, the right to land was not permanent. Under the Mughal

kings, these property rights could be revoked overnight by an imperial decree if the *zamindar* did not provide enough money to the Treasury (and enough manpower to the Imperial Army), or if the peasant did not cultivate the land. The British legitimized the prevalent system to serve their needs of money and manpower to consolidate the colonial administration. Even as the British preserved the exploitative character of the existing land-tenure system, they defined more clearly the property rights in land and the tenurial relations between the *zamindars* and their tenants. While the *zamindars* were made more secure in their possession of land, the peasants, including the occupancy tenants and the tenants-at-will, were no longer forced to cultivate the same land. Instead, with a dramatic change in the land-man ratio, eviction from the lands they cultivated became the principal threat for the tenants-at-will.

It may be noted that progressive opinion since the mid-1940s, notwithstanding the differences of outlook, has converged on one crucial objective of land reforms in Pakistan: *to break up the high concentration of land-ownership in the hands of those who are the least motivated to maximize agricultural production and improve significantly the condition of the tenants*. There has also been a universal agreement that the traditional *zamindari* system, based on absentee landlordism and *batai* shares, is both inefficient and unjust; and that this system needs to be replaced by one that revolves round the peasants, and *not* the landlord. However, these reforms, carried out through purposeful state intervention, have been usually premised on an acceptance of the principle of private ownership of land. The differences in the outlook of the reformers have centred on the exact strategy to get 'there'.

Concerning the strategy of land reforms, there have been two schools of thought in Pakistan.³ One school has advocated the total abolition of the *zamindari* system, and its replacement by a system of peasant-proprietorship as the only acceptable form of land-tenure. This prescription, referred to as the "ideal" solution, is based on two arguments. One argument is that, given the uneven nature of relations between the tenants and the landlords, the *zamindari* system tends to be

³For details of the various land-reform measures taken in Pakistan since the creation of Pakistan, see Naqvi, Khan and Chaudhry (1987).

unproductive and unjust to the tenant. The other argument is that the existing system offers few incentives to either party to raise productivity. In contrast, the peasant-proprietor system contains all the productivity-raising incentives, which can be strengthened further through appropriate state intervention.

The other school of thought has argued instead for diluting, not abolishing, the *zamindari* system by making significant adjustments in the tenancy contracts to provide greater security of tenure to tenants, and to reduce the burden on them of extortionist cesses, which were locally called *abwab* and *haboob*. The adherents of this school did not consider feasible a system based on peasant-proprietorship. This is because (a) there is not enough land to redistribute to all tenants, (b) the redistributed parcels of land will be too small to be economically viable, and (c) a large-scale redistribution of land will cause a major dislocation in the social and economic structures of the society. Furthermore, the system of peasant-proprietorship also excludes from its purview small landowners, like widows and orphans, who can usefully rent out their land to tenants without exercising any coercive powers over the latter. The main thrust of their argument was that the *batai* system could be rid of its exploitative content if the ceiling on private landholdings was lowered significantly. Coupled with a compensation formula that keeps the rate of compensation substantially lower than the market price of the resumed land, the prescription of a sufficiently low ceiling on landholdings should rectify the power imbalance in the landlord-tenant relations. The position of the tenant *vis-à-vis* the landlord would be strengthened further if the revenue courts were empowered to adjudicate all disputes. This alternative can be referred to as a 'compromise' solution, because the proponents of this view considered it to be a fruitful compromise between the ideal and the reality to achieve the related objectives of social justice and economic progress.

The main exponent of the first school was Mr M. Masud, whose *Minute of Dissent* became one of the best-known documents on the subject.⁴ Reacting to the extreme conservatism of official thinking at the time, he insisted on a system of peasant-proprietorship as the ideal solution of the problem. The long-run measures recommended by the

⁴ See Chapter 6 for details of this document.

Muslim League Committee, led by Mian Mumtaz Muhammad Khan Daultana, also considered peasant-proprietorship as the ideal system for Pakistan's economy.⁵ The Muslim League Committee's short-run measures, however, reflected the second strand of thinking, which preferred the compromise solution. The 1959 Land Reforms Commission Report also advocated a 'reformed' tenancy system as a suitable object of land reforms.⁶ But the minority viewpoint of Mr Ghulam Ishaq Khan sought to minimize the difference between the ideal and the compromise solutions in terms of their impact on equity and growth. He proposed separate ceilings on individual and family land-ownerships, and rejected the idea of granting many exemptions to the prescribed ceilings. The Pakistan People's Party also enacted the 1972 land reforms, which were made more radical in 1977, in keeping with the second line of thinking. No distinction was made between individual and family holdings but the ceiling on the former was significantly lowered, and the many exemptions allowed in earlier land reforms were disallowed. Yet the tenancy system was, by and large, accepted as a workable proposition.⁷

While the extremities of the traditional land-tenure system have been eliminated by a series of land reforms since Independence, the fact remains that the *zamindari* system has outlived these land reforms and the perpetuation of this system has impeded the development of an efficient and equitable rural society in Pakistan. The acceptance by society of the superior interests of the non-cultivating *zamindar* on land has been detrimental to agricultural growth, if only because the system relegates to a subordinate position the real cultivators of land. The traditional superiority of the *zamindar* in the rural hierarchy has also helped him to reduce the *batai* share of the tenants significantly below the legally allowable limits through a variety of prior deductions. Even more important, the *zamindari* system has engendered a power structure in society which not only coerces the sharecropper but also the peasant-proprietor, who must struggle just to survive.

The structural imbalance, between the powers of the landlord and

⁵ See Chapter 7 for a detailed analysis of the Muslim League Committee's Report.

⁶ See Chapter 8 for an analysis of the Report of the Land Reforms Commission (1959). The minority views of Mr Ghulam Ishaq Khan, now the President of Pakistan, are also analysed in this chapter.

⁷ See Chapter 9 for details of the 1972 and the 1977 land reforms.

the tenant, is as manifest in the marketplace as it is evident in the relative advantage enjoyed by the big landlords in acquiring the subsidized inputs and services from the public sector. The recent phenomenon of agrarian transition, often mistaken as a substitute for land reforms, has strengthened the necessity for establishing tenurial relationships on the basis of justice. This is because technological change, if not associated with timely reformative action, tends to widen inequalities of income and wealth even as it raises the level of overall prosperity. Furthermore, the spread of 'capitalist' agriculture and the introduction of tubewells, tractors, and better seed, etc., may put the big landlords in a better bargaining position *vis-a-vis* the growing numbers of landless wage-earning labour, which tends to replace the poor sharecropping peasants.

The case for land reforms in Pakistan thus rests on the need for promoting equity and agricultural progress by removing the inequities of the existing *zamindari* system. This can be done only by explicitly recognizing the superior interests of the cultivators, and by abolishing the traditional *zamindari* system, which entails much more than the practice of sharecropping. Once this is done by reducing significantly the size of landholding and by enhancing the share of the cultivators to a socially acceptable level, the sharecropping system may also work advantageously if not optimally. But the main focus of public policy should be to widen gradually the coverage of the peasant-proprietor system by redistributing land from large landowners to the landless tenants and small landowners, who must then be helped by the government through the provision of credit and agricultural inputs at reasonable rates.

Looking back on the history of land reforms in Pakistan, it can be justifiably asserted that the reformer's vision has not been translated faithfully on the real world's canvas. The concentration of landownership in families still remains too high from a social point of view; the uneven power relations between the *zamindar* and the tenant continue to be unacceptably uneven; and there is some evidence that many a protective legislation is honoured more in the breach than in observance.⁸ Yet, the fact remains that the reformist action taken so far

⁸ According to the Census data for 1960, 1972 and 1980, land concentration for operational holdings, measured by the Gini coefficients, has remained practically unchanged over the years. The values of Gini coefficient for these years are 0.62, 0.52, and 0.53 respectively. The land-ownership concentration ratio varied from 0.64 in the Fifties to 0.55 in 1976 and 0.53 in 1981.

paints a picture of the land-tenure system which, in some respects, is significantly different from that in 1947. *Jagir* and *Inam* (grant) lands were totally abolished after the 1959 land reforms; the hereditary tenants became full owners; and the worst features of feudalism like the imposition of extra-legal cesses — *haboob*, *abwab*, etc. — and the widespread practice of *begar* (unpaid) labour have been abolished in law if not in practice. The contractual arrangements between landlords and tenants — e.g., *batai* — have been redefined in a manner that makes them look more even-handed; and the eviction of tenants is no longer dependent entirely on the will of the landlord. Even more important is the lack of tolerance, at the intellectual plane, for the outrageous feudal practices that the reformers had protested against in the past. But a lot remains to be done to satisfy the necessary conditions of agricultural growth and to introduce a modicum of social justice in landlord-tenant relations. The issue of land reforms, thus, continues to be of central importance from the social, political and economic points of view.

In defining the matrix of social values, within which the task of reforming the structure of tenurial relationships must be done, the acceptance of the individual's property rights in land as in the other means of production has been the dominant sentiment in Pakistan. Much as it may be tempting to argue for the abolition of private land-ownership, or for the nationalization of land in Pakistan, there are formidable cultural, social and religious barriers to seeking a collectivist solution in Pakistan to the problem of the existing land-tenure system. The dominant ideology, buttressed by the sanctions of Islam — which are accepted by a majority of peasants — and the existing social structure, is against the abolition of private land-ownership in Pakistan. *The central challenge of land reform thus consists in regulating the existing tenancy system and pushing it towards the long-term ideal of 'universal' peasant-proprietorship based on equity, while maintaining intact the right of private property in agricultural land.*⁹

The present study examines the question of land reforms in Pakistan

⁹ The question of land-tenure has been debated in Islamic jurisprudence since the early days of the Muslim state, although no consensus seems to have emerged about its precise form. Most scholars, however, agree that while agricultural land may be owned privately, the tenancy cannot take an aleatory or exploitative form. A detailed study of the early ideas is by Haque (1977).

in a historical perspective and evaluates its impact on the rural economy. It traces the evolution of the land-tenure system that Pakistan inherited in 1947 and analyses the nature of the land reforms attempted so far. It also highlights the emergence of capitalist agriculture known as agrarian transition, while providing an assessment of this reformative action on the rural economy. Further, it emphasizes the need to complete the unfinished agenda of structural reforms by proposing abolition of the existing system and its replacement by a peasant-proprietor system, to fulfil better the demands of agricultural efficiency and equity in Pakistan.

CHAPTER

2

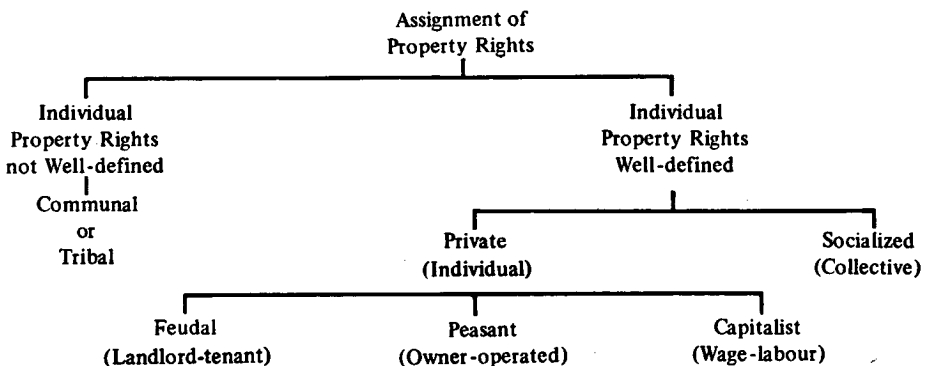
Land-tenure Systems: Some General Considerations

IN order to understand the existing land-tenure system and the nature of land reforms in Pakistan, it may be of interest to review briefly the structure of the various prevalent land-tenures, and to recapitulate the equity and efficiency arguments for creating appropriate land-tenure structures.

A. TAXONOMY OF LAND-TENURES

A land-tenure system defines the ownership and control of land by economic agents in the form of specific assignment of individual property rights. On this basis, land-tenure systems fall into two broad categories. These are: (1) tenures where individual property rights are not well-defined, as in primitive tribal or communal societies; and (2) those where individual property rights are well-defined, as in all other societies. Based on this dichotomy, the contemporary land-tenure systems can be schematized as follows.

A Schematic Presentation of Land-tenure Systems



(i) Communal or Tribal Tenures

The communal or tribal land-tenure system is still prevalent in many African countries. Under it, the individual property rights are defined only with reference to the rights and interests of the tribe. The collective (tribal) rights, endorsed by custom, are regarded as supreme. The households of a tribe have access to the use of tribal land almost in perpetuity. The right to use and transfer land within the tribe is customary and regulated by the tribal chiefs and councils. One of the serious problems of these tenures has been the management of the common landed property.

As long as good land was available, and the pressure of population on land remained moderate, these tenures served a useful purpose. But the customary, tribal tenures in Africa have changed due to (a) the encroachments of Europeans since the 19th century; and (b) the deliberate legal interventions of the African states since the 1950s. As a result, a private land-tenure system now coexists in these countries with tribal tenures, which are disintegrating under the joint pressures of new technology and the rural-urban migration of labour.

Communal tenures were also prevalent in the Indo-Pakistan sub-continent before independence. These were called joint *zamindari*, *pattidari*, and *bhaichara* (brotherhood). Joint *zamindari* tenures were those in which the whole of the land was held and managed in common with joint responsibility of payment of land revenue. By contrast, *pattidari* tenures were those where all the lands were divided and held in severalty by the proprietors according to ancestral or other customary shares. Although the proprietors were individually assessed for payment of land revenue, they became jointly responsible for payment in case anyone of them defaulted. *Bhaichara* tenures were also held in severalty. But the customary and ancestral shares have all but disappeared. Instead, the portion of total revenue that an individual pays is the sole criterion for his proprietary rights (and liabilities). In imperfect *pattidari* or *bhaichara* tenures, part of the land is now held in severalty and part on the basis of commonality. Although more or less similar, the two tenures can be distinguished from each other on the basis of their operation in actual setting. "In a *pattidari* tenure, the customary share regulates the revenue payable, but in a *bhaichara* tenure the revenue payable regulates

the share”¹. In the absence of joint responsibility, a *pattidari* or *bhaichara* tenure would be akin to the *ryotwari* system.

(ii) Private or Individual Tenures

Private or individual land-tenure systems assign property rights to the individual. Such systems are known by several variants.

The simplest variant of the individual tenures, practised in many countries of Asia and Latin America, is that of peasant-proprietorship. Small parcels of land, individually owned, are cultivated by family labour with very little capital. In some countries, the peasants pool their resources, including labour, in a cooperative venture to maximize output. A modern version of the peasant farm is the family-farm based on family-labour and borrowed capital. Family-farms are quite dominant in several industrially advanced capitalist countries.

The second variant of the private land-tenure system consists of landowners who depend on the “attached” or “free” labour of others (outsiders). The landlord-tenant system is the most ancient form of tenure which relies on attached labour. Under this system the landowner (landlord) gets his land cultivated by sharecropping tenants; and the sharecropping tenant is attached to the land. The landlord also makes extra-economic claims on the tenants. Such claims have the effect of enhancing the share of the landlord in total produce. The landlord-tenant system has been prevalent in several Latin American and Asian countries, including Pakistan, India and Bangladesh.

There is a third variant of the private land-tenure. We can call it the capitalist tenure. It originated mainly in Britain and other West European countries in the late 18th century. The capitalist tenure has taken mainly two basic forms. The first of these forms consists of a fixed-rent tenancy, in which the landowner, or landlord, enters into a leasing contract with the tenant on the basis of a pre-determined cash rent. The tenant in this case takes all the risk involved in the production process. The tenant may use his own labour or may hire wage-workers to cultivate the rented land. The tenant is like a capitalist farmer, who

¹ The distinction made is noticeable, but “it is neither complete nor of much practical value”. See Douie (1908, p. 70).

organizes production with capital and wage-labour. The capitalist tenancy, found in many underdeveloped countries, is gradually replacing the feudal tenancy described earlier in many developing countries, including Pakistan. The second, a more advanced form of the capitalist land-tenure is one in which large tracts of land are operated as a single unit (farm) by the landowner or capitalist-tenant with the help of wage-labour and heavy doses of capital in the form of machinery, etc. Capitalist farming in this form is practised mainly in the U.S.A.

(iii) Collective or Socialist Tenures

The collective or socialistic land-tenures are practised in those countries in which the right of ownership is defined with reference to the society (state). There are three variants of such collective tenures. In the first variant, large tracts of land are organized into collective or commune farms, in which the peasants pool their family-labour and the capital is advanced by the state. These units enjoy a fair degree of autonomy, but are required to deliver a part of their produce to the state. The other part can be used by the members of the collective farm for future investment, their own consumption, and sale in the "private" farmers' markets. The second variant is the state-farms, with large units of land managed by the functionaries of the state (managers), and with labour hired on wages. This is similar to the state-owned factories in the industrial sector. The third variant is the peasant-households which, as independent units, are given long-term leases (15 to 20 years) by the state to use small parcels of land. These households may be members of a commune at the same time while they enter into contract with the state for their land parcels. They have access to the required inputs and services through the state. They must deliver a part of the produce as rent (tax) to the state, but can do whatever they want with their own share. This system has been prevalent in China since 1979, particularly in those regions in which the communes have been dissolved.

B. LAND-TENURE SYSTEMS: THE EFFICIENCY AND EQUITY ARGUMENTS

Since most of the developing countries draw their sustenance mainly from agriculture, and since the development of agriculture is still the key to rapid economic development, the question of who owns and controls agricultural land has occupied the centre-stage of the

debate about an appropriate institutional agrarian structure.²

(i) The Efficiency Argument

The land-tenure system can provide powerful incentives to, or be a major barrier in the way of, fulfilment of the goals of agricultural development. It definitely obstructs economic development where the social and political structures of a country come to be dominated by non-cultivating landlords, and when the rights of the cultivators in total produce are not defined clearly and explicitly. Even more important, the land-tenure system defines the social and political structures of a society; and virtually decides the course of economic development and the distribution of income and wealth.

The evidence about the relative merits and demerits of various land-tenure systems has been documented in economic literature. A part of this literature supports the argument for land reforms; but an important part of this literature is in the neoclassical vein. It uses the ideas of asymmetrical information, market segmentation and interlinked markets to explain the existence of various private land-tenures in underdeveloped countries.³ The empirical studies, especially those done about the Asian and Latin American countries, have focused on estimating the costs and benefits of sharecropping, on the practices of owner-cultivators, and on analysing the effects of large and small farm units on output, employment and income distribution.⁴ In other words, the size of the farms, as defined by the dominant land-tenure system, is the major variable whose impact has been analysed in relation to the efficiency of inputs, the adoption of new technologies, the productivity levels, marketable surpluses, employment levels, and the distribution of income. Since in most underdeveloped countries the state plays an active role, these studies have also focused on the question of access to inputs and

² A full discussion of various types of land-tenures and their impact on production and distribution is given in Currie (1981). A more recent study of the classical and neoclassical ideas on land-tenures is by Jaynes (1984). The role of land-tenure reforms is explained well by Raup (1963) and Warriner (1969).

³ See Binswanger and Rosenzweig (1984).

⁴ There are several studies on this issue. They have been summarized well by Berry and Cline (1979). A more recent study by Prosterman and Riedinger (1987) has brought together a wealth of data from a number of countries on the relations of tenure and size with productivity and income distribution.

markets, price support and subsidy programmes, etc.

Most studies show that small-size farms, operated by landowners and based mainly on family labour, meet the goals of efficiency better than either the large-scale farms or the small-scale farms operated by the sharecropping tenants. They also show that as long as the landlord-tenant system, which is typically represented by sharecropping and large-scale farmers, coexists with the small-scale owner-operators, the incentives for an efficient and equitable agriculture get greatly distorted in the absence of appropriate state intervention. This conclusion is based on the evidence that the competition for resources is highly imperfect and biased in favour of the large landowning farmers. An equally serious problem of misallocation of resources exists when in the production process the relatively scarce land and capital are emphasized at the expense of the relatively abundant labour.

(ii) The Equity Argument

The demand for land reforms has also been premised on the need to restructure the individual's property rights in land so that the structure of property rights does not perpetuate the exploitation of the poor by the needy. Many underdeveloped countries—like Pakistan—are dominated by rigid hierarchical structures which seriously compromise the productive capacities of the economic agents. The “feudal” landlord-tenant relations and the unproductive distribution of farms by size are essential elements of such agrarian structures. Land reforms have been considered *a necessary, though not a sufficient, condition* for promoting rapid and equitable development, by making the existing agrarian structure more ‘fluid’ and more responsive to economic incentives.⁵

C. ANATOMY OF LAND REFORMS

A definition of what specifically constitutes land reform depends on the given social context. For one thing, there is the question of the

⁵Berry and Cline (1979) use some of the evidence in their study. However, several specific studies may also be mentioned here. For Latin America, see Dorner (1971), Eckstein *et al.* (1978), de Janvry (1981). For South Asia (India and Pakistan), see Herring (1983). For Taiwan, see Cheng (1961) and Koo (1970). For Japan, see Hewes, Jr. (1971) and Voelkner (1970).

right to own land privately or collectively. The other problem has to do with the size of the production unit or farm. There is also the question of dividing the surplus between the landlord and the cultivator if they are not the same person. The property and tenure relations in a socialized (collectivized) land system are simple and straightforward, although the intended farm differences in the unit of cultivation can differ widely. The concept of a socialized land-tenure is consistent with the Marxian view of private property in the means of production (e.g., land), and with its impact on the creation and appropriation of surplus value. Reform of the existing land-tenure system for the purpose of establishing a socialized system of land-ownership has not been effected outside the communist countries.

As pointed out in the previous chapter, the argument for land reforms in Pakistan can be reinforced by the experience of other countries in which a peasant-proprietor system has been strengthened by redistributing land from large landowners (landlords) to the landless tenants and small landowners. In view of the administrative problems entailed in creating an appropriate structure of property rights of the tenants, arguments have been made to abolish the sharecropping tenancy altogether. The landlord would have no right on the lands his tenants have cultivated, but he could retain the self-cultivated (*khud-kasht*) portion of his holding subject to a very low ceiling. To ensure efficient implementation, the land reforms programme has been premised on the principle of paying adequate compensation to the landlord — and imposing a levy on the new landowners. Attempts have also been made to regulate a fixed-rent tenancy, with long-term leases and support for the tenant through the credit institutions.⁶ These and other matters are discussed in the following chapters.

⁶ See the studies cited above on Taiwan and Japan. Similar examples are now available from the states of Kerala and West Bengal in India. They are cited in Prosterman and Riedinger (1987).

PART II

**FUNDAMENTAL
CONSIDERATIONS**

CHAPTER

3

Farm Size, Agricultural Productivity, Resource Use and Income Distribution

THE policy of maximizing the growth of agricultural output has been followed by the majority of developing countries with considerable variation of the strategies employed for the purpose. The strategies have ranged from the purely “technocratic options” – which emphasize the need for raising rapidly the use of modern inputs like chemical fertilizers, insecticides, improved crop varieties, and agricultural machinery – to the “institutional approach” to land reforms that aims at restructuring the production relations in the farm sector. According to the latter view, the technocratic approach would not succeed in achieving the egalitarian objectives of alleviating rural poverty if it is not accompanied by a conscious attempt to rearrange the production relations in such a manner as to focus on enhancing significantly the position of the peasants and reducing sharply the non-cultivating interests on land. Thus, from the vantage point of the institutional approach, land reforms have been considered as a necessary, though not a sufficient, condition for agricultural development.¹

In this chapter, it is shown that reduction in the average size of farm, by and large, induces a significant improvement in the efficiency of input use, productivity, employment and income distribution. The economic gains from this source may be considered as potentially the approximate contribution that effective land reforms would make to the relevant macro-variables in the agricultural sector. This chapter is divided

¹Myrdal (1968) and Todaro (1977) insist that land reforms hold the key to agricultural development and social justice in Asia.

into three sections, dealing with the impact of the reduction of farm size on agricultural output, resource allocation, and employment and income distribution, respectively.

A. FARM SIZE AND PRODUCTIVITY

An impressive body of evidence has accumulated to suggest an inverse farm size-productivity relationship.² Even more important is the suggestion that the reduction in farm size is likely to lead to the promotion of techniques that are consistent with the resource-endowment pattern of the great majority of developing countries. This is because the small farmers follow labour-intensive techniques which are land-saving and capital-saving. Thus a reduction in farm size should add significantly to gainful employment and help alleviate the growing pressure on capital and land resources in the labour-abundant and land- and capital-scarce economies of the less developed countries like Pakistan.³ While the impact of reducing the size of landholding may largely be positive, its magnitude is likely to vary from country to country. One of the most important factors that explains this inter-country variation is the degree of unevenness in the size of landholdings among various classes of the society. In a study of 15 underdeveloped countries, it is shown that the observed inverse land size-productivity relationship tends to be less marked in countries where the distribution of agricultural land is relatively even to begin with.⁴

Theoretically, a reduction in farm size may affect land productivity in a variety of ways. If land is redistributed from large to small farmers and tenants, and if the security of tenure is guaranteed to them and their share in the total produce is fixed at a reasonable level, the income of the poor may rise and may have a significantly positive effect on the incentive to invest in irrigation infrastructure, drainage, fencing and land-levelling, etc.⁵ Also, the rise in the incomes of the tenants and small farmers may be translated into improved access to better nutrition and

²The issue has been discussed in a large number of studies. The important ones are Berry and Cline (1979), Cornia (1985), Dorner (1972), Dörner and Kanel (1971), Johnston and Tomich (1985) and Ruttan (1969).

³See Dorner (1972), Eckholm (1980), and Johnston and Tomich (1985).

⁴Cornia (1985).

⁵Gillis *et al.* (1987).

better education. Both these factors have been universally acknowledged as conducive to raising agricultural productivity.⁶ Evidence is also available to show that these measures may compel large farmers to cultivate land more intensively in order to maintain their income, after the land reforms, from a reduced size of holding.⁷ Finally, the redistribution of land into smaller farm units may add to land productivity if there are diseconomies of scale or if the small farmers make an efficient use of available resources.⁸

B. THE INTER-FARM DIFFERENCES AND AGRICULTURAL PRODUCTIVITY

The aggregate productivity impact of a reduction in farm size can be approximated by a careful analysis of the productivity differences between small and large farms. Such an analysis is best conducted on the basis of *ex-ante* data. This is because the *ex-post* productivity data would also reflect the effect of several factors — e.g., the greater application of inputs, government policy and institutional reforms — on agricultural productivity.

The studies undertaken during the late Sixties and early Seventies showed a positive farm size-productivity relationship because a disproportionate share of the benefits of the many output-raising factors — e.g., technological breakthrough, the government's price support, input subsidy programmes and the provision of bank credit—probably accrued mainly to the large farmers.⁹ However, recent empirical investigations show that land productivity has varied inversely with the size of operational holdings.¹⁰

The relevant information on the productivity of small and large farms is reported in Table 3.1, which draws on three major sources of

⁶Cheema and Malik (1985).

⁷Herring and Chaudhry (1974). Productivity increases may also follow from land legislation that abolishes *begar* and releases the tenants from unproductive chores to engage in productive work on the farm.

⁸Cornia (1985).

⁹Falcon (1970), Gotsch (1976), and Griffin (1974).

¹⁰Berry and Cline (1979), Chaudhry (1982), Chaudhry, Gill and Chaudhry (1985), Herring and Chaudhry (1974), and Khan (1981). The only exception has been the study by Mahmood and Nadeem-ul-Haq (1981) which postulated a *U-shaped* relationship.

Table 3.1

*Gross Productivities per Unit of Farm and Cultivated Areas
for Small and Large Farms in the Selected Years*

Years	Value of Output in Current Rupees				Value of Output in Constant (1965-66) Rupees			
	Per Farm Acre		Per Cultivated Acre		Per Farm Acre		Per Cultivated Acre	
	Small Farms	Large Farms	Small Farms	Large Farms	Small Farms	Large Farms	Small Farms	Large Farms
1965-66	363	205	363	214	363	205	363	214
1966-67	515	250	517	261	461	223	463	234
1967-68	561	230	564	241	499	205	502	214
1968-69	552	250	554	267	512	232	514	248
1969-70	657	349	660	375	587	312	589	330
1970-71	700	332	705	354	596	283	600	302
1973-74	526	303	565	492	284	164	305	266
1981-82	1719	1031	1870	1543	397	238	432	357

Source: The data for 1965-66 to 1970-71 are taken from the Punjab Board of Economic Enquiry (Various Issues); while for 1973-74 and 1981-82 the estimates are based, respectively, on the Integrated Rural Development Survey published by the Pakistan Institute of Development Economics (1976) and the PIDE's Wheat Market Survey (1981-82). The received data per cultivated acre for 1973-74 and 1981-82 have been multiplied by the respective land use intensities of 1972 and 1980 to arrive at gross incomes per farm acre.

Note: Small Farms include all farms under 12.5 acres and Large Farms mean farms with farm area exceeding 25 acres.

cross-section data; namely, *Farm Accounts and Family Budgets of Cultivators* (FAFB) in the Punjab from 1965-66 to 1970-71, *Integrated Rural Development Programme* (IRDP) survey of 1973-74, and the PIDE Wheat Market Survey of 1981-82. It may be noted that the sample size and coverage of these sources of data differ widely. For example, the FAFB data are restricted to the Punjab, with a sample size of 55 observations. By contrast, the IRDP survey for 1973-74 and the PIDE Wheat Market Survey of 1981-82 are based on a countrywide survey, with sample sizes of 53,000 and 1,143 respondents respectively. The main

message of the table comes through clearly: gross productivity of small farms is invariably higher than that of the large ones. This result holds true irrespective of the time-period or the sample size involved.

In Table 3.1, the gross value of output per unit of land has been used as a measure of productivity. Net productivity defined as gross value of output minus the variable cost is probably a better productivity measure since it minimizes the distortions arising out of the changes in the cost of variable inputs by farm size. While it has not been possible to base comparisons on net productivity due to the non-availability of time-series cost data, it is worth mentioning that large farms tend to incur higher costs than small farms because of the high capital intensity of their operations.¹¹ There is some evidence to support this finding in Pakistan as such.¹² In view of this evidence, it follows that the use of the gross productivity measure probably understates the small farm productivity margin over the large one, and that the use of net productivity is likely to accentuate the inter-farm differences reported above.

Apart from the understatement that results from the above-mentioned sources, the productivity potential of land redistribution is also underestimated because, due to the limitations of the data, the analysis has been based on the differences of productivity between the farm size categories of 12.5 acres and 25.0 acres. Assuming that the inverse size-productivity hypothesis holds, our estimates of the productivity increase resulting from a reduction in farm size should have a considerable downward bias.

The positive impact of a reduction in farm size needs to be qualified on at least two accounts. In the first place, the potential productivity increases may not be realisable in the short run due to the disruptive effect of structural changes brought about by land reforms. Secondly, a fear is sometimes expressed that a reduction in farm size might reduce the marketed surplus of agriculture as the large farms market a higher proportion of output than the small farms.¹³

¹¹ Dorner (1972).

¹² Chaudhry (1982).

¹³ Parsons (1973).

C. FARM SIZE, RESOURCE USE AND EMPLOYMENT

Apart from its contribution to agricultural output, a reduction in farm size may also contribute significantly to an economical organization of agricultural production and to employment generation. Although the inverse size-productivity relationship may also be explained by reference to the diseconomies of scale, it has been remarked that agriculture in South Asia in general, and in Pakistan in particular, is characterized by constant returns to scale.¹⁴ In the absence of the diseconomies of scale, the higher productivity of smaller farms must largely be explained by a more efficient and intensive use of a large number of physical inputs at their disposal.¹⁵

(i) Use of Mechanical Inputs

Before embarking on an analysis of input use, it is important to note that the differences in input intensities between small and large farms spring mainly from their relative resource endowments. Most of the small farms suffer from the existence of the low-paid surplus labour and the scarcity of land. In view of financial constraints, small farmers supplement the use of traditional inputs by modern inputs. By contrast, large farmers, because of their sound financial position, are better equipped to invest in costly and indivisible capital inputs like tubewells and tractors. This could lead to heavy concentration of ownership of such inputs in the hands of large farmers.

The relative differences in the physical ownership of capital inputs may not be uniquely related to inter-farm differences in productivity levels and the efficiency of resource use, for at least two reasons. First, the use of these inputs may not always be positively related to ownership patterns. This is because the practice of selling tubewell water and the institution of contract-ploughing at competitive rates can go a long way toward increasing the small farms' access to tubewell and tractor services. Second, the smaller scale of their operations can easily be supplemented by a massive use of traditional inputs, such as human labour and animal power, to ensure a better organization of production. While, historically, animal power and human labour have been used for obtaining draft

¹⁴ Cornia (1985) and Khilji (1986).

¹⁵ Chaudhry (1982), Chaudhry, Gill and Chaudhry (1985), and Cornia (1985).

power and for tapping underground water, small farms in Pakistan still seem to have ample access to both these resources.

In spite of the concentration of tubewells on large farms, there is no evidence that they irrigate more land than is irrigated on small farms: only 65 percent of large farms' crop-land was irrigated in 1972 and 1980.¹⁶ By contrast, small farms, despite their limited access to underground and surface water resources, had more than 79 percent of their area irrigated by all sources of irrigation. These differences in the proportions of the area irrigated are significant enough to point to the higher efficiency of small farms in the use of the scarce water resources.

Although the high concentration of tillage equipment, like tractors and tractor-drawn implements, should enable large farms to cultivate land more intensively, they follow extensive land cultivation practices, which result in a wasteful use of tractors and agricultural land. By contrast, small farms make a more judicious use of agricultural land as they cultivate it more intensively. According to the 1980 Census of Agriculture, the average land-use intensities for small and large farms were 100 and 60 percent, respectively. Similarly, small farms had a cropping intensity of more than 150 percent, which compared favourably with the 88 percent cropping intensity of the large farms.¹⁷ It follows that *the creation of small-farm units should significantly shift the production-possibility frontier outward.*

(ii) Biological and Chemical Inputs

There are no known differences between small and large farms in the adoption of high-yielding varieties (HYVs) of cereal crops and in the use of chemical fertilizers. Although the leading role of large farms in the adoption of HYVs cannot be denied, there is substantial evidence that the differences in the adoption rates between small and large farms had largely disappeared by the early Seventies.¹⁸ It may be interesting to note that while the rate of adoption of the HYVs in the case of wheat for small and large farms was nearly 68 percent in 1980, the former devoted nearly 54.0 percent of their rice area to the HYVs of rice in

¹⁶ Government of Pakistan (1975) and (1983).

¹⁷ Government of Pakistan (1983).

¹⁸ Chaudhry (1982).

contrast to the 44.0 percent devoted on large farms.¹⁹

Not very different is the experience with chemical fertilizers. There were wide differences in the rates of fertilizer application on large and small farms in the Sixties.²⁰ These differences, however, narrowed down gradually to insignificant levels in the Seventies (Table 3.2).

Table 3.2
*Rates of Fertilizer Application for Various Crops
by Small and Large Farms: 1976-77 to 1980-81*

Crops	Nutrient Pounds of Fertilizer Applied per Acre							
	Small Farms				Large Farms			
	1975-76	1977-78	1979-80	1980-81	1975-76	1977-78	1979-80	1980-81
Cotton	77.5	96.5	93.5	81.5	83.0	85.0	114.0	95.0
Rice	50.0	81.0	77.5	70.5	44.0	102.0	101.0	76.0
Sugar-cane	131.0	—	156.0	131.5	122.0	—	151.0	141.0
Maize	90.0	—	112.0	102.0	98.0	—	77.0	74.0
Wheat	74.5	103.5	107.5	107.0	73.0	106.0	113.0	110.0

Source: National Fertilizer Corporation of Pakistan Ltd. (1981 and 1981a).

It is clear from Table 3.2 that, for most crops, small farms compared very favourably with large farms from the mid-1970s to late 1970s. However, in the period that followed, small farms lagged behind in the application of chemical fertilizer, especially in 1980-81. The reason, perhaps, lies in the adjustment process, which was necessitated by the rapid increases of fertilizer prices in 1980-81 and the poor financial position of many of the small farms. By contrast, the large farms appeared to be in a better position to adjust themselves to the price-increase shock because of their financial superiority.

¹⁹ Government of Pakistan (1983).

²⁰ Chaudhry (1982).

It may, however, be inferred from the evidence just cited that even the differences between the small and the large farms with regard to the level of fertilizer use in 1980-81 were not all that significant and could be reduced considerably or eliminated through a higher manurial input on small farms. The observation has been made that, on the average, small farms use twice as much farmyard manure per acre as is used by large farms.²¹ With a normal four-ton dose, the use of farmyard manure on small farms tends to exceed by two tons, the amount used by large farms. Given the chemical composition of farmyard manure, the additional two-ton application on small farms means an additional input of 24 nutrient pounds of nitrogen, 6 pounds of phosphorus and 18 pounds of potassium. Thus, although the small farms might have used less fertilizer than the large farms in 1980-81, the higher manurial input would enable the small farms to secure a higher and better soil-nutrient balance than that obtained by the large farms.²²

(iii) Labour Input

In view of the rapid growth of population and the inability of the industrial sector to absorb the increases in labour force, land redistribution has become all the more important in this respect as well. There is ample empirical evidence to the effect that the labour input per unit of land tends to decline systematically as the farm size rises.²³ The recent empirical evidence on the differences in labour input per unit of land between small and large farms is given in Table 3.3. These data show that dramatic changes in employment can be induced by reducing the farm size.

The data reported in Table 3.3 support the view that the size of farm and labour inputs per operational area are inversely related to each other. In spite of the district-to-district and year-to-year variation, the labour input per unit of land for the small farms, in most cases, is at least twice as much as that for the large farms. The average labour input of the small farms varied between a maximum of 88 man-days in the District of Jhang and a minimum of 13 man-days in Khairpur District. For the large farms, the variation in labour input per unit of

²¹ Chaudhry (1982).

²² Chaudhry (1982).

²³ Chaudhry, Gill and Chaudhry (1985), Herring and Chaudhry (1974), and Khan (1981).

land amounted to 38 man-days in Jhang and 5 man-days in Khairpur.

While the potential contribution of the reduction in farm size to employment must be based on the labour input differences between the small and the large farmers, the data in Table 3.3 point to an annual additional gain of employment ranging between 8–45 man-days of labour for each redistributed acre of land. It should, however, be remembered that the above figures possibly underestimate the potential impact of a reduction in farm size on employment.

Table 3.3
*Labour Input (in Man-days) per Cultivated Acre by
Farm Size for Selected Districts and Years*

Districts	Years	Man-days of Labour per Cultivated Acre on		
		Small Farms	Medium Farms	Large Farms
		Below 12.5 Acres	12.5–25.0 Acres	25.0 Acres and Above
Gujrat	1978-79	82.1	79.4	37.9
	1979-80	76.4	66.9	37.9
Jhang	1977-78	87.5	53.1	59.5
	1978-79	76.2	50.4	58.7
Bahawalpur	1975-76	36.3	31.2	18.5
Nawabshah	1981-82	28.9	14.7	—
Khairpur	Average 1982-83			
	to 1983-84	13.0	8.6	4.5

Source: Ministry of Food, Agriculture and Cooperatives (Planning Unit) (Various Issues).

D. REDUCTION IN FARM SIZE AND INCOME DISTRIBUTION

Reduction in farm size is also likely to affect income distribution in the rural areas in some or all of the following important ways. In the first place, the redistribution of a basic wealth resource like land entails the redistribution of a permanent source of income. Secondly, the redistribution of land promotes equality of social and economic power, which redistributes opportunities and access to available jobs. Finally, the reduced size of holdings induces improvement in productivity, land use, and employment.

The effects of the redistribution of landed wealth – in a more or less equitable manner – on income distribution would be the largest if land is taken from the landlords without any compensation and redistributed among the tenants and small farmers without any charge.²⁴ By contrast, if the beneficiaries are required to pay the landlord the full market-value of the land received, the distribution of wealth in the society will remain unchanged. The tenant will receive land, but he will also be burdened with indebtedness equal to the value of the land. On the other hand, the landlord will surrender land but will acquire another asset of equal value. To the extent that in all major attempts at the reduction of farm size the government has paid compensation to the landlords at less than the market-value of land, land reforms must have had a favourable impact on the distribution of both income and wealth.

Even when full compensation is paid, the redistribution of land may have desirable income-distribution effects. This is because a redistribution of economic and social power may raise productivity and employment in agriculture. In a predominantly feudal society, the ownership of land is not just another economic asset. The concentration of land-ownership entails, in general, a concentration of social and economic power in the hands of the privileged few. A redistribution of land would, therefore, normally lead to a relatively more egalitarian distribution of such powers.²⁵ Although the resulting redistribution of political and social power will take effect only with the passage of time, the distributional benefits that flow from additional productivity and the employ-

²⁴ Gillis (1987).

²⁵ Herring and Chaudhry (1974) and Warriner (1969).

ment gains may come about even shortly after land redistribution.

It should be clear from the data in Table 3.1 that each acre redistributed from large to small farmers and tenants is expected to add nearly Rs 363—Rs 1719 to the income of the latter group and cause a reduction of Rs 205—Rs 1031 in the incomes of the large farmers, depending on the year under consideration. The income of the landless agricultural workers is likely to be multiplied manifold, due to the increased employment opportunities and the consequent increase in agricultural wages, following a successful implementation of a land redistribution policy.

The positive effect of land redistribution on the incomes of the poor is by no means a once-and-for-all change. For example, small farmers and tenants, witnessing a rise in their incomes in response to the redistribution of land and productivity, would tend to make greater investment in key agricultural inputs like fertilizers and insecticides. This would, in turn, make a permanent addition to agricultural output. An improvement in labour income, through better nutrition and health, would most likely raise the physical productivity of labour.²⁶ The rise in the incomes of small farms should also release for investment elsewhere the public resources earmarked for agricultural credit, as well as open up opportunities for greater employment and income generation.

²⁶ Cheema and Malik (1985).

PART III

**EVOLUTION OF THE
LAND-TENURE SYSTEM
IN PAKISTAN**

CHAPTER

4

The Land - tenure Systems in Undivided India

THE land-tenure system that Pakistan inherited in 1947 had evolved during the last four hundred years or so.¹ Many of its major features had already been formed during the period of the Mughal kings but it was crystallized in its present form during the British rule in India. To put the analysis in a historical perspective, we review briefly the evolution of the land-tenure system till 1947.²

A. THE GENESIS OF THE LAND-TENURE SYSTEM

There is much controversy in the literature about the structure of land-tenure in India before the British started their "Revenue Settlements" in Bengal from late 18th century. The controversy revolves round the nature of *ownership* and control of agricultural land during the Mughal period.³ A popular view is that the present *zamindari* system originated in the British period and had no basis in the Indian society. According to this view, the British were also responsible for destroying a benign peasant-proprietor system, which had flourished before them. This view was most forcefully advocated in the Report of the Agrarian Committee of the Pakistan Muslim League, which asserted that the "zamindar [a mere functionary of the State] did not emerge as the legal owner of absolute rights of proprietary in the soil till after the

¹ According to reliable historical research, the term *zamindar*, meaning the holder of land, first came into vogue in India sometime in the 14th century. For an excellent historical account of the land tenures in undivided India, see Baden-Powell (1892).

² It may be noted in passing that the constituent territories of Pakistan were brought under British rule between mid-19th and late 19th century.

³ This controversy has been reported by Embree (1969).

permanent settlement of 1793". Even more pointedly, the Agrarian Committee Report claimed: "The whole basis of economic relationship in land was completely rooted out of the past context of the Indian History, transformed and disastrously transformed by theory and practice of British administration after 1793"⁴

This view of the genesis of the land-tenure system in undivided India, however, rests on questionable historical foundations. True, the British had legislated and legitimized a land-tenure system which did not always satisfy the conditions necessary for agricultural growth and equity, but the claim that the system, especially the *zamindari* system, was entirely exogenous and had no roots in Indian society cannot be sustained. It is also questionable if, in pre-British India, the peasant-proprietors really enjoyed property rights in the modern sense of the word.

The fact is that most of the essential features of the *zamindari* system had been established long before the entry of the British on the scene.⁵ As opposed to the occupancy tenants, the word *zamindar* came to be associated with a *person*, not with a peasant; with the village, and not with the field. The *zamindar's* right on land was held "superior to that of the peasant; it had originated independently of the imperial power [and was historically created] and it implied a claim to a share in the produce of the soil which was completely distinct from, though it might be laid side by side with, the land revenue demand of the state".⁶ Thus the property rights of peasant-proprietors, or of the *zamindars*, were not defined in the modern sense of the term.

These matters are discussed in some detail below. We shall describe first the evolution of the land system since the pre-Mughal period upto the end of the British Raj, and then give an account of the type of land-tenure system that supported the property rights in the pre-Mughal period.

B. THE NATURE OF PROPRIETARY RIGHTS IN LAND SINCE THE HINDU PERIOD

One important point that has clearly emerged in the relevant

⁴ See Naqvi, Khan and Chaudhry (1987).

⁵ See Alavi (1980, pp. 359-399).

⁶ Habib (1969, p. 182).

literature is that the central issue about the land-tenure system in India, before and after the Mughal rule, was of "interests" and not of "ownership".⁷ The notion of private property in land did not arise in India, as it did in Europe, as a reaction against feudalism. In Europe, jurists and philosophers (including political economists) had come to regard private property like personal liberty. It was an inalienable right of the individual, subject only to the limit that it did not impinge on the rights of other individuals. Private property was seen, e.g., by John Locke and James Mill, as the basis of a civil and prosperous society.

A similar debate about the sanctity of the individual's right did *not* take place in India, not even during Muslim rule. While the Islamic law allowed private property in land, Muslim rulers of India elected to follow, instead, the existing customs, which for centuries had governed inheritance and other matters in Hindu society. Muslim rulers did not concern themselves with the question of ownership of land, but maintained their right to demand and get a share in its produce. If the ruler, or his agents, applied force or compulsion on peasants to cultivate land, the reason was that the ruler did not wish to be "deprived of his just interest when the land was not worked".

In the ancient Hindu law, and the practice which followed for centuries, there was a bilateral relationship between the King and the peasant.⁸ It was the King's duty to provide protection to the peasant. In return, it was the peasant's duty to cultivate land and give to the King the agreed upon (lion's) share in the produce. *The King's primary interest was not in land per se but in the produce from land.* The question was not whether the King or the peasant owned land, but that the peasant cultivated the land. In fact, the peasant's right to own land depended solely on his ability and willingness to cultivate land. There is some evidence that heritable and transferable rights in particular parcels of land existed, but the right of the King to transfer land parcels between peasants took precedence over any existing property rights. The method by which the ruler siphoned off the peasant's produce, and the severity with which it was employed, depended as much on the King's power as it did on the structure of the village hierarchy

⁷ Embree (1969, p. 47).

⁸ Moreland (1929, Chapter 1).

defined by the Hindu caste system.

By the time Muslim rulers came to India, they found intermediary agents collecting the King's share and retaining part of the produce for themselves. Many of them were Hindu chiefs (known in the local parlance as *Rai*, *Rao*, or *Rana*), who in practice had become sovereign owners of the land in their own right. They paid tribute to the new rulers (Muslim kings), but retained their previous jurisdiction over the peasants. At the beginning of Muslim rule in India, these chiefs were designated as *zamindars* (landholders or landlords). Land was not the property of these *zamindars*, but they had the jurisdiction and the coercive power to extract, forcibly and arbitrarily, the King's share in total produce from peasants who, like serfs, were not allowed to leave the land they cultivated. *Zamindars* were landlords, not landowners, and the peasants were attached to the land.⁹

Hamza Alavi has argued that, in Mughal India, the institution of private property in land was not based on the notion of "dispossession" of the peasant: "The 'property' in land during the Mughal period was, as we have seen, a right to a share in the surplus that was extracted from the peasant, who was himself in possession of the land".¹⁰ The *zamindar* was the "kingpin" of the land-tenure system and took away an unfair share in total produce from the peasant through the "fusion of economic and political power at the point of production". They "ruled the land, as much as they owned it". The *zamindari* villages, in which the chiefs and headmen were the masters and the peasants their subjects, were essentially "feudal" in structure. In the *ra'iyati* (peasant-proprietor's) villages, where the *muqaddams* (the village chiefs) had not acquired the power of a *zamindar*, and the organization was basically communal, the peasants acted like the proprietors of land, subject to the payment of the King's share to his functionaries.

But the question arises: were the peasants the owners of the land they cultivated? In other words, was peasant-proprietorship the basic tenure system in the Mughal times? There is strong historical evidence

⁹ "At the same time, in view of the shortage of cultivators, the *zamindars* enjoyed the right to restrain the tenants from leaving their lands and to compel them to cultivate all arable land held by them". See Hasan (1969, p. 28).

¹⁰ Alavi (1980, p. 371).

that during the reign of the Mughal kings, especially that of Emperors Akbar and Jahangir, the occupancy rights of peasant-proprietors (*maliks*) were made inviolable. Clear instructions had been issued to government officials to respect the inviolability of the occupancy rights of the tenants. Also, these rights were hereditary. *But these rights were not alienable*. And, as in the Hindu period, the proprietary rights in land were secondary to the primary rights of the King to get one-third to one-half of the produce from peasants, whose duty it was to cultivate the land. The peasant was not allowed to leave the land he cultivated, or refuse to cultivate the land he occupied.¹¹ The village officials were especially instructed, in the reign of Emperor Aurangzeb, "not to allow any cultivator to leave his place". Thus, "if in one sense, the land belonged to the peasant, in another sense the peasant belonged to the land".¹² Indeed, there is a record of the many expeditions mounted by the Mughal kings against those *zamindars* who gave refuge to truant cultivators. Thus, in this respect, the peasants were more like the serfs in the middle ages who had to sow the land they occupied.

C. THE EVOLUTION OF THE LAND-TENURE SYSTEM FROM THE MUGHAL PERIOD TO THE BRITISH PERIOD

(i) The Mughal Period

As pointed out above, the early Muslim rulers maintained the position that land was held (occupied) at the pleasure of the King. The position of the *zamindar* "was a matter of politics rather than of law". Thus the *zamindari* rights on land in the Mughal period, though recognized as an article of private property (which was heritable and could be freely bought and sold), could be resumed, or conferred, at the will of the imperial government.¹³

For collecting the King's share in total produce, the Muslim rulers divided the agricultural lands into *khalisa* and *jagirs*. *Khalisa* were the "crown" lands, from which revenue was demanded and collected for the King's Treasury. *Jagirs* were lands from which the revenue was assigned

¹¹Habib (1963, p. 47).

¹²Habib (1963, p. 48).

¹³Habib (1969) quotes Bekas as saying that [during the reign of Emperor Jahangir] "an official (*hakim*) of a day could in a moment remove a *zamindar* of five hundred years and put in his stead a person who had been without a place for a whole of lifetime". (p. 115).

to a *mansabdar* (the holder of a *mansab* or rank), who provided civil or military service to the King; and to *inamdars* (holders of *inams* or grants), or institutions (*Madrassas*), or privileged individuals—called variously as *Qazis*, *Syeds*, etc. These two classes were called *jagirdars* (holders of assigned lands). Both *khalisa* and *jagir* lands were controlled by at least two types of *zamindars*: the first type was the autonomous chiefs (*Rai*, *Rana*, *Rao*, *Rajah*, *Nawab*, etc.), and the second type consisted of the village headmen (*Muqaddam*, *Chaudhary*, *Patel*, etc.). At the bottom of the hierarchy were the peasants (*ra'iyat* or *ryot*), who were usually somebody else's tenants (*muzaraeen*). There is considerable evidence that *zamindars* transferred land by inheritance and sale, but a land market in the modern sense did not exist.

There is now a general agreement that the agrarian structure in India during the Mughal rule was characterized by multiple "interests" in agricultural land. The Indian class hierarchy was accepted without question, and the King enjoyed a pre-eminent position in this class hierarchy. His claim to a part of the produce from land was imposed by law, even by force. According to available historical evidence, the imperial share in total produce, paid mainly in cash, was exorbitant.¹⁴ It varied from one-third to two-thirds, and averaged about one-half of the total produce. The *zamindar* then had his own share but it could not be very large, because the imperial share would already have pushed the share of the peasant to the margin of subsistence. The imperial sway over agrarian interests was supported by a network of *zamindars* and *jagirdars*, whose right on land was held superior to that of the peasants, including the occupancy tenants. These rights, created through a historical process, and not through a royal decree, were not based on the fact of cultivation but entitled their holders to a permanent income called *malikana*, the normal rate of which was 10 percent of the total revenue collected.

Jagirs were temporary and non-transferable. This was certainly true of *mansabdars*. The *inamdars* could maintain or transfer *jagirs* to their rightful heirs. The *zamindars*, autonomous chiefs and village headmen, could transfer landholdings by sale, inheritance, etc., as long

¹⁴ According to Haig and Burn (1987, p. 454), "... throughout the Muslim period cash payment was the practice..."

as they paid to the King his share of the produce. All peasants were not necessarily tenants of either the *zamindar* or the King, although most of them were. Peasants had the duty to cultivate arable land with family-labour. Whether or not their right to alienate land existed, the peasant did not have to worry about any threat of eviction from land. No such threat existed. Indeed, the peasant craved for freedom to leave the land he did not wish to cultivate. A relative scarcity of peasants, coupled with an abundance of cultivable land, made the peasant a prisoner of the land he cultivated.

It is important to correct at this point the misconception created by some historians that the Mughal state was "a mere incubus sucking the lifeblood of the peasantry", or that "rural society in Mughal India was an undifferentiated mass of pauperized peasants"¹⁵. There is much direct and indirect evidence to show that the protection of the *ryot* (peasant), including security of tenure, was considered important and their exploitation was not in general accepted by the Mughal kings. *Zamindars* were not allowed to convert the land cultivated by peasants into land cultivated by the hired and dependent labour of the former. The *zamindars* and other agricultural classes with superior rights on land benefitted a great deal more, because not "all that was extracted from the producer was drained away from the countryside". A reasonably large part of the agricultural surplus was left in their hands for consumption and investment.

At least two important incentives were provided in the land revenue system for expanding agricultural production: (a) differential rates of assessment were given to the high value (price) crops and (b) lower rates were allowed on fallow land, subject to enhancement when it was brought in use. The first factor induced the growth of commercial crops; and the second one helped in extending the area of cultivation. Both these incentives were designed to leave a part of the surplus with the producer. Furthermore, the system of collecting land revenue mostly in cash must have led to an exchange economy, although it is not clear whether this system always benefitted the peasants. Furthermore, the

¹⁵ A detailed discussion of the Mughal land system is given in Raychaudhuri and Habib (1982, Volume I, Chapter 7).

nobility invested considerable sums in the creation of rural infrastructure and on the development of horticulture.

A fair assessment of the Mughal period would, therefore, require balancing the evils of an imperial system, which depended heavily on the agricultural sector for its support, with a reasonable expectation that the rulers were rational enough not to cut the bough on which their system rested. A series of steps were taken to promote the growth of the agricultural sector, presumably to extract an increasing surplus to support large Mughal armies. Also the reign of tranquility, and of political stability which the Mughal rulers had ensured, must also have helped agriculture. However, this reasonable concern of the rulers to keep the peasantry satisfied could not always be translated into practice – certainly not sufficiently to give birth to an equitable system of peasant-proprietorship, as asserted by the Agrarian Committee of the Pakistan Muslim League. Indeed, Emperor Aurangzeb has been quoted as saying that the most tragic failure of his life was his inability to protect the small peasant.

(ii) The British Period

After the death of Emperor Aurangzeb in 1707, the power of the central government had eroded substantially in several parts of the Mughal Empire. This weakening of the central authority accelerated the tendency among *zamindars*, *jagirdars* and autonomous chiefs to lay claims on land and its produce even without the sovereign authority. As the struggle for power intensified, partly in the face of internal strife and partly due to invasions from abroad, productive activity in the agriculture sector sagged considerably. The revenue administration broke down and the traditional rights of possession and cultivation of land lost much of their meaning and importance. In many areas of India, non-cultivators strengthened their claims on land and tightened their hold on the peasants. This was the period in which conflicting claims about the ownership of land came to surface.¹⁶

¹⁶Shelvankar (1969) summed up the situation rather well: "What Indian agrarian development created was thus a multiplicity of simultaneous and coordinated claims on the land. They were broadly of three kinds: the customary claims of the peasants in the village; the delegated or derivative claims of the intermediary; and the superior claims of the sovereign. Private property in land, as ordinarily understood, can only arise when this triple claim has been systematized and unified in some form or another". (p. 150).

When the British started to annex various parts of India, they regularized the *de facto* claims on land and also created new claims by transferring the "crown" lands to landowners as long as they paid revenue to the colonial regime. Like the Hindu or the Mughal rulers, the British were mainly interested in a (large) part of the produce. As it happened, their interests were better served by introducing the European idea of private property in land. The British abolished the petty sovereignties of the chiefs and *zamindars* by separating the economic from the political power. The colonial state assumed the political and legal power, and the owner of a piece of land was transformed into a landlord, enjoying vast powers to rule over the peasantry.

The most important motive of the British in supporting and spawning the existing land-tenure system was "to find friends among enemies". They could not afford to alienate the politically dominant and influential individuals (and families), so they readily yielded to the demands of the claimants. As time passed, the new property rights granted to the former revenue-collectors and farmers got widely accepted. Similar rights were granted in the new settlement schemes to those who had not performed the traditional services in the Mughal period: these new claimants were, naturally, loyal to the British Crown. The new land-tenure system recognized the intermediary rights of *zamindars* to own vast tracts of land and to receive rent from peasants (cultivators), who were now their tenants. With a dramatic change in the man-land ratio, the threat of eviction from land replaced the earlier practice, in the Mughal times, to restrict the freedom of peasants to move to other lands.

The British, through a series of Revenue Settlements, solidified the fragmented *zamindari* (and *jagirdari*) system they had inherited from the Mughal kings. A Permanent Settlement was established in Bengal in 1793. *As before, the British settlements protected the rights of zamindars, who contributed nothing to production, while the peasants remained condemned to total dependence on the new landowners.*¹⁷ The financial and social hardships of the tenants were compounded with the passage of time by a rapid growth of population and increasing

¹⁷ However, in all fairness to British rulers, it may be said that by the beginning of the 20th Century, the state's demand on the tenants had been moderated to some extent: despite a substantial rise in the value of land, the income from land revenue declined to about 25 percent at the beginning of the present century. See Dodwell (1932, p. 316).

demands of landowners in the form of rent – *abwab*, *haboob* and *begar*. In addition, the introduction of cash demand by the state drove many a small landowning peasant into the hands of the moneylenders to repay their debts, turning the moneylenders into landowners. The ownership was concentrated in the hands of even fewer absentee landowners, and a majority of peasants were reduced to the status of tenants-at-will. The system was even more repressive on *jagir* lands, because the *jagirdars* paid no revenue to the state and additionally imposed *muqaddams* on the tenants. The rural society was thus afflicted with the great divide between the landowner and his tenants: the former enjoyed unrestricted power to extract the fruits of labour of the latter. The power of the landowner resided in his claim to the ownership of land, buttressed by the laws of the state. And the tenant, despite the enactment of certain legislations, could not in practice protect himself from the many and insidious excesses of the *zamindar*. He gained the freedom to alienate land, but this freedom mostly took the form of the landlord evicting an ‘unreasonable’ tenant from the land.

The Revenue Settlements in the areas that now constitute Pakistan varied a great deal from province to province. The British conquered Sind and retained, by and large, the existing *zamindari* system. They assigned vast areas as *agirs* to the friends and families of the former *Mirs*.¹⁸ The revenue was collected from each landowner by the functionaries of the state. Most of the Revenue Settlements were established first on an *ad hoc* basis in the 1850s; and by the 1870s they were further reviewed and systematized.¹⁹ Punjab was annexed after Sind, and the British took into account the existing claims of *zamindars* and *jagirdars* on large tracts of land, provided the landowners were friendly to the British. In fact, land-grants were made mainly to those families who had supported the new rulers in a significant way. The British used the village as a unit (*mahal*) to collect their revenue through the headmen (*lambardars*). It may be added that, after the development of surface irrigation in the 1890s, land was allotted in small parcels in the new

¹⁸ A good account of the history of land-tenure in Sind is given by Ahmed (1984, pp. A-149-164).

¹⁹ Some of these *ad hoc* settlements were made as follows: Gujranwala was settled in 1856, Gujrat in 1859, Sialkot in 1863, Rawalpindi in 1864, Shahpur (Sargodha) in 1866, Jhelum in 1864, Multan in 1859, Hazara in 1874, Peshawar in 1876, Bannu in 1878, D.I. Khan in 1879, and Kohat in 1883.

(colonized) areas to those from the agricultural class who were regarded as prospective yeomen farmers. However, most of the land in the Punjab was divided into private estates among landowners, whose sharecropping tenants usually cultivated it in small parcels. A large part of the N.W.F.P. and the entire province of Baluchistan were left to local tribal customs, and the British made no claim to their lands. In fact, in many areas of Baluchistan, there are no land records to this day and the use of land is regulated by tribal *sardars* (leaders). The lands in some districts of the N.W.F.P. were brought into the Revenue Settlements mainly after the region was made a province in the 1930s. The land-tenure system in the N.W.F.P. was similar to the one in the other two provinces in that much of the land was owned by the non-cultivating, absentee landlords and cultivated by the sharecropping tenants.

CHAPTER

5

The Land-tenure System at Independence

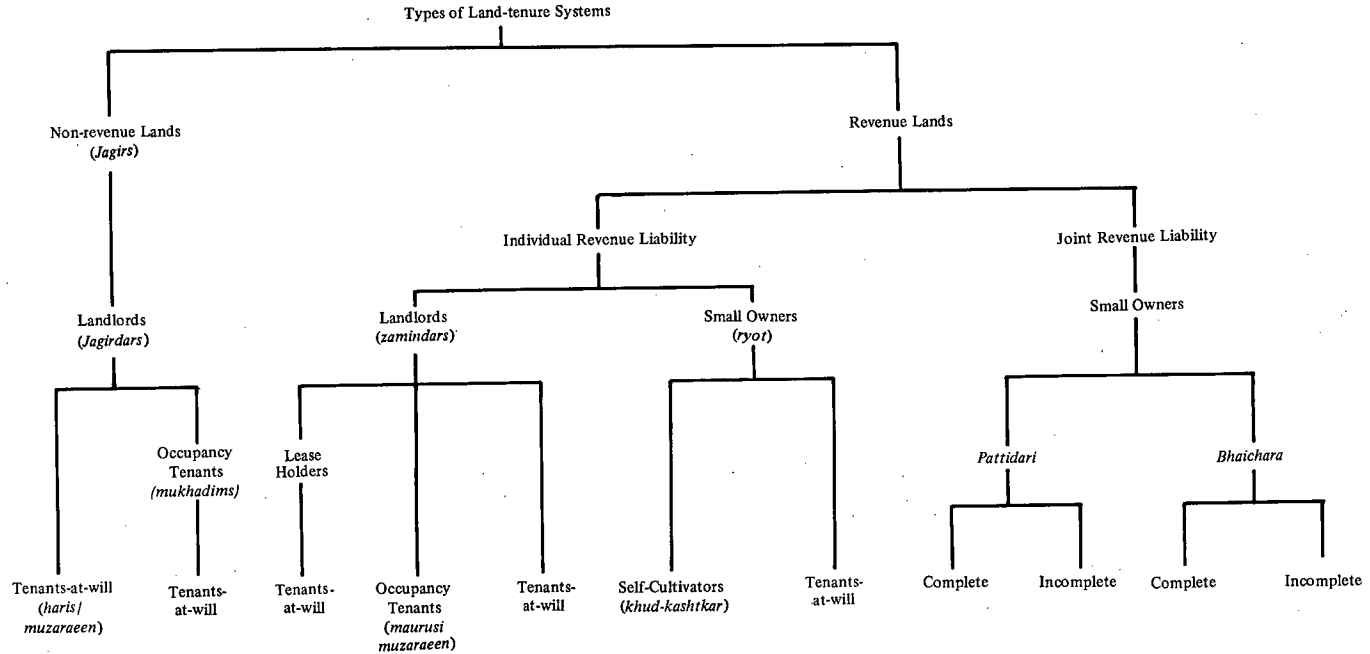
AS discussed in the previous chapter, Pakistan inherited from the colonial era essentially two land-tenure systems, with regional variations in tenurial arrangements. These systems differed with respect to the locus of land-ownership and the degree of land concentration. The *zamindari* system was the more dominant of these two systems. The other system was of peasant-proprietors or small occupancy tenants. In the present chapter, we describe in some more detail the basic elements of the land-tenure system that existed in Pakistan on the eve of its creation.

A. THE LAND-TENURE SYSTEMS

A schematic presentation of the land-tenure system, as it existed in 1947, is given in Chart 1.¹ The *zamindari* system recognized as legal, even beneficial, the existence of a *zamindar* class, whose claim to ownership did not actually derive from any position as the cultivator of land. Land was cultivated instead by tenants and sharecroppers. The *zamindars* were of two categories. The first group consisted of those who paid no tax to the state, because most of these estates were granted to them by the British as a reward for their services to the Crown. These revenue-free grant-lands were called *jagirs*, and their owners *jagirdars*. The *jagirdars* collected part of the produce from occupancy tenants or *maurusi muzaraeen* (also called *mukhadims* in Sind). These *maurusi*

¹Most of the material in this chapter is taken from three sources: Pakistan Muslim League (1949), Government of West Pakistan (1959), and Khan (1981). The details of the issues involved are now available in a more recent book by Naqvi, Khan and Chaudhry (1987).

Chart 1. Land-tenure System in Pakistan (1947)



Note: The terms in parentheses are local terms, and are defined in the text.

muzaraeen had acquired permanent, heritable and transferable rights to cultivate the *jagir* lands. In many areas, they did not cultivate the land themselves but engaged tenants-at-will — called *haris* in Sind — who had few, if any, legal rights. The second group of *zamindars* paid part of the produce as revenue to the state. They used both occupancy tenants and tenants-at-will to cultivate their lands. *The zamindari system, created over the centuries through the interplay of historical forces, had all the trappings of an exploitative feudal system.*

The other land-tenure system was of the peasant-proprietor, or *ryotwari*, type. The cultivating peasants enjoyed the proprietary rights and used family-labour to cultivate the land they owned. The land could be owned individually or jointly (within the family or by community). Similarly, land revenue was paid by these owners directly to the state, either individually or collectively, at the village level. There were two major variants of the village tenures, called *pattidari* and *bhaichara*, in several areas of the Punjab and the N.W.F.P. These villages were established and settled by a single landlord (or a single family) long before the arrival of the British. The *pattidari* village community was characterized by an unequal distribution of landholdings based on ancestral or customary shares. In the *bhaichara* villages, landholdings were distributed according to the contributions made by the members at the time of settlement of the village. But it should be noted that in these two types of tenures the type of land-ownership is derived from the mode of sharing revenue liabilities of the holders of land (see Ch. 2). While these types of communal land tenures existed in Pakistan at the time of independence in one form or another, they were not of much significance due to several reasons.² For example, it was noted in 1908 that *pattidari* tenure was of rare occurrence in major parts of Pakistan. Although *bhaichara* was a common tenure in the N.W.F.P., it has been observed that joint responsibility of the village for payment of land revenue was rarely, if ever, enforced. According to Baden-Powell, the joint tenure systems of India could not survive the cult of individualism promoted by the property rights movement under the British rule.³

² For the changing significance of the joint tenures see Douie (1908), and Baden-Powell (1892).

³ On the basis of such factors Raychaudhuri and Habib (1982) concluded that *bhaichara* and *pattidari* systems of land-tenure in their real sense had more or less vanished from the scene at the time of Independence.

While precise estimates about owners, tenants, etc., are not available for 1947, it is estimated that over 75 percent of the agricultural population consisted of peasant proprietors and tenants. It is also estimated that most farms in Sind were operated by the *haris*, who cultivated over 50 percent of the cultivable area. Similarly, over 58 percent of the cultivable area in the Punjab and the N.W.F.P. was operated by *muzaraeen* (sharecroppers). Land-ownership was highly concentrated in most areas. Owners of holdings of over 100 acres constituted less than one percent of all landowners in the Punjab and the N.W.F.P., but they owned nearly one-quarter of the land. In Sind, they were 8 percent of all landowners, but claimed more than 50 percent of the land. Landowners with over 500 acres owned 29 percent of the land in Sind, although they accounted for about one percent of all landowners. They owned about 10 percent of all land in the Punjab and the N.W.F.P.

It should be noted that most large landlords (50 to 75 percent) left a very high percentage of their landholdings uncultivated. These holdings were operated mainly by the sharecropping tenants: 75 percent in Sind, and 60 percent in the Punjab and the N.W.F.P. Peasant-proprietors, with holdings of less than 5 acres, were evidently more numerous in the Punjab (67 percent) and the N.W.F.P. (70 percent) than in Sind (30 percent). These owners had 16 percent of all land in the Punjab, 32 percent in the N.W.F.P., and only 4 percent in Sind. Most of these peasant-proprietors were in the newly irrigated and settled areas (canal colonies and central districts) of the Punjab, and in the Peshawar and Mardan valleys of the N.W.F.P.

In the *zamindari* system, landlords owned and controlled the use of all land, although they were very small in number. Tenants, though numerous, owned no land and enjoyed few if any permanent or recognized rights to cultivate the land. The *zamindars* had rights of ownership which were hereditary, partible and alienable. Only some *jagir* lands were not heritable. Most *zamindars* parcelled out their lands to tenants in small lots, ranging from 4 to 8 acres. The *zamindar* used an *ahalkar* or a *kamdar* (supervisor) to supervise his tenants. He paid to the state as land revenue about 50 percent of his net rental share in the Punjab, and 33 percent in Sind, for each matured crop. A *jagirdar* paid no land revenue to the government.

The tenants were mainly landless sharecroppers, who traded their labour and a pair of oxen for money, which in theory was about one-half of the crop output they produced on the *zamindar*'s land. While the payment of land revenue and water rates was the sole responsibility of the landlords in Sind, these cesses were borne by the landlord and the tenant in proportion to their respective shares in gross produce both in the Punjab and the N.W.F.P. In general, the costs associated with seed and hired labour were also apportioned on the basis of their shares in gross produce.⁴

The *haris* in Sind enjoyed no legal rights of tenancy: their contracts with the *zamindars* were verbal and lasted for no more than a year at a time. The situation in the Punjab and some districts of the N.W.F.P. was quite different. After the British annexation of these areas, the tenancy rights and the contracts with *zamindars* were regulated by the Punjab Tenancy Act of 1887, which was passed following passage of several *ad hoc* tenancy laws in the 1850s as well as the Tenancy Act of 1868. The Tenancy Act of 1887 recognised two classes of tenants: (a) *Maurusi muzaraeen* (occupancy tenants) and (b) *Ghair maurusi muzaraeen* (tenants-at-will). It should, however, be stressed that the conditions for the first class of tenants were by no means easy to fulfil in practice, which reduced their status to that of tenants-at-will.

B. BASIC FEATURES OF THE LAND-TENURE SYSTEM

The *zamindari* system possessed two basic features: (1) the notorious *batai* system, and (2) the institution of tenants-at-will. The *batai* system had two parts. First, there was the distribution of crop-share between the landlord and the tenant on a 50:50 or 40:60 basis. Second, a *zamindar* usually charged his tenant *abwab* and *haboob*, which ranged from five to twenty percent. On the other hand, the tenants-at-will, who held a temporary tenure at the pleasure of the landlord, were also required to provide *begar* to the *zamindar* on demand.

In the disputes arising from the *batai* system, no legal protection existed for the landless tenants in any province of Pakistan. Even in the

⁴The details of cost-sharing from time to time are given in Chapter 10.

case of the occupancy tenants in the Punjab and the N.W.F.P., where such legal protection did exist, the political influence of the *zamindar* with revenue officials at the local level determined the outcome of disputes. Like much else, the *batai* system was operated by the *zamindar* in a highly inequitable fashion. More significantly, this system of crop-sharing was unjust to the tenants, leaving little incentive for them to invest in agriculture. It did not create any pressures on the landlord to undertake any long-term investment in agriculture promoting the adoption of efficient production techniques. The system of crop-sharing also encouraged absentee landlordism, given the high concentration of landholdings. The transfer of surplus from the tenant to the landlord was ensured by the social and political powers enjoyed by the landlord in society, with the legal and administrative machinery of the government always ready to give the latter a helping hand.

Peasant-proprietors played an important role only in the newly-settled areas of the Punjab and in the irrigated valleys of the N.W.F.P. Many of these cultivators (at least in the Punjab) had lost their lands to the non-cultivating moneylenders in the earlier period when no legal protection existed against land alienation through mortgage. Those who did survive had to face an increasing fragmentation of landholdings; the adverse economic consequences of which were magnified due to the prevailing conditions of labour immobility.

PART IV

**A HISTORY
OF LAND REFORMS
IN PAKISTAN**

CHAPTER

6

Land Reforms before Independence

THE land reforms undertaken before Independence sought to change, though not radically, the existing land-tenure system. The main characteristics of the traditional system which Pakistan inherited have been reviewed in Chapters 4 and 5. In this and the next three chapters, we shall review and assess the official efforts made so far to bring about changes in the land-tenure system in order to improve the social and economic welfare of the rural masses and to raise agricultural productivity. Our narrative in the present chapter begins in the 1880s, when the British sought to readjust tenurial relations in the Punjab. It ends in 1947 with the emergence of Pakistan and India as two sovereign nation-states. Against this historical background, Chapters 7, 8 and 9 analyse the land-reform efforts made by the successive governments of Pakistan since 1947.

A. LAND LEGISLATION IN THE PUNJAB

Several legal and administrative steps were taken by the British to improve the proprietary and tenurial rights of small landowners and sharecropping tenants. The first such step was the passage of The Punjab Tenancy Act (XVI) of 1887, which also applied to the N.W.F.P. This was done mainly to defuse the growing tensions between the landlords and the tenants in various parts of Punjab.¹ This Act was supposed to

¹The Act of 1887 was preceded by several attempts at defining the rights of tenants; the most important among them was the Tenancy Act (XXVIII) of 1868. See Baden-Powell (1892), Volume II.

mark a beginning in the history of land reforms in the areas that now form Pakistan. One of its major objectives was to provide greater security of tenure to the occupancy tenants (*maurusi muzaraeen*) against evictions, and to abolish the *abwab* and *haboob* that the landlords traditionally imposed on their tenants in the Punjab. To end these practices, the Act stipulated that an occupancy tenant could assume the status of an owner if he demonstrated a continuous cultivation (possession) of a particular piece of land for 20 years. The tenants-at-will (*muzaraeen*) enjoyed no security of tenure or protection from the many extortions imposed on them by the landlords.

After the construction of the irrigation infrastructure in the 1880s, the British government allotted small parcels of land to several thousands of peasants to establish the "canal colonies" in what were, until then, "crown" (state) lands. These peasant-proprietors were seen as the primary economic agents for establishing the preconditions of a progressive agriculture in the newly-irrigated districts of the Punjab. However, these and other small peasant-operators soon accumulated huge debts owed to the moneylenders. One of the most serious consequences of the peasant's increased indebtedness was the alienation of land to the non-cultivating moneylenders, who had gradually acquired the status of landlords at the expense of the former owner-operators. It may be noted that a vast majority of the small owner-cultivators were Muslims, and the moneylenders mainly non-Muslims, who had no direct interest in the use of land. The problem of land alienation by mortgage or sale had become so serious by the end of the 19th century, in less than a generation, that the British had to promulgate The Punjab Alienation of Land Act (XIII) of 1900.² This Act disallowed all transfers of

² According to some sources, the passage of the Land Alienation Act of 1900 was facilitated by the forceful advocacy of such legislation by S. S. Thorburn (1886). But this statement is not strictly correct. The problem of land alienation had started to receive the attention of administrators in the 1850s. Campbell indicated this in 1852. Arthur Brandeth, Commissioner of Multan, was aware of the problem of agricultural indebtedness. Ommannay, Commissioner of Derajat, was also conscious of the political danger of the subordination of Muslim proprietors to Hindu moneylenders. James Douie drew pointed attention to the extent of indebtedness of, and land transfers by, Muslim peasants. A committee of eight revenue officers, appointed by the Punjab Government and consisting of Douie, Montgomery, Walker, Clarke, Dunlop-Smith, and Tupper, in the 1880s, pressed for general legislation, and Thorburn was a member of this committee.

land, by mortgage or sale, from cultivating peasants to non-cultivating landlords.

By the 1920s, the emphasis of land legislation shifted from a concern about the plight of occupancy tenants and small land-owning cultivators to a relatively minor issue from the standpoint of equity, namely, the consolidation of small, fragmented holdings. The problem of land fragmentation had become acute in several areas of the Punjab because of (a) a more rapid growth of population, and (b) a slower growth of the income-earning opportunities outside agriculture. This problem was first addressed in the 1920s by the passage of The Punjab Cooperative Society Act.³ This Act stipulated consolidation of landholdings on a non-compulsory basis. But consolidation was made compulsory through the Land Consolidation Acts – first in the Punjab in 1936 and then in the N.W.F.P. in 1946 – in those villages where two-thirds of the landowners consented to the consolidation of their landholdings.

B. LAND LEGISLATION IN SIND

Sind was separated from Bombay Presidency and designated a Province in 1936. It was at this time that the occupancy tenants (*mukhadims*) on *jagir* lands acquired hereditary rights of occupancy. The change in the political status of Sind made it possible to initiate a serious debate about the conditions under which the tenants-at-will (*haris*) were exploited through the *batai* system; the debate was as much about the practice of extracting the surplus from them through *abwab* and *begar* labour. The Sind Hari Committee, a peasant organization formed in 1930, played a prominent role in the vanguard of the reform movement.

(i) Distribution of Sukkur Barrage Lands

The construction of Lloyd (Sukkur) Barrage on the Indus in 1932 provided the basic structure for the growth of agriculture in Sind. Both *zamindars* and *haris* hoped to acquire lands in the newly-irrigated areas. The *zamindars* claimed successfully their forfeited lands after they began to receive water. This they were allowed under a law passed by the British in 1932, when Sind was still part of Bombay Presidency. The

³ See Malcolm Darling (1928).

haris had been promised peasant grants (*harap*) on state lands in the Barrage area. But, over one million acres of such land were sold to settlers from outside the province; and the *haris* received only about 85,000 acres as *harap* grants between 1932 and 1947.

(ii) Tenancy Legislation Committee, 1943

The Sind Provincial Assembly appointed the Tenancy Legislation Committee in 1943. The formation of this Committee was largely the result of pressures exerted by the Sind Hari Committee. The emphasis of the Central Muslim League Committee on guaranteeing Islamic justice to peasants and the passage of land-reform legislation in other parts of India were also responsible for pushing to the centre-stage the case for land reforms.

The terms of reference of the Committee were limited to answering two questions. (1) Should tenancy rights be given to all *haris*? and, (2) what should these rights be? The Committee's report was submitted to the Sind Provincial Assembly in 1945, along with the two minutes of dissent written by Mr G. M. Sayed and Mr Dilmal Doulatram.⁴ The report reflected the first official recognition of the grievances of the *hari* against the *zamindar*. The Committee made the following major recommendations :

- (a) The principle of granting permanent tenancy rights to the *hari* should be accepted, because "the assurance of undisturbed possession" was necessary "to secure more efficient cultivation" by the *hari*.
- (b) Permanent tenancy rights should be given to a *hari* who personally cultivated the same piece (4 acres) of land for eight consecutive years.
- (c) While the permanent tenancy rights granted to the *hari* were considered irrevocable, a set of safeguards was prescribed to guarantee reasonable protection to the *zamindar* so that "the objective with which the rights are to be given

⁴ See Government of Sind (1945).

should not be defeated". A tenant could be evicted if he (1) failed to cultivate land personally and efficiently for the same *zamindar*; (2) did not live in a recognized village within a mile of the holdings; (3) did not pay the prescribed *batai* share or cash rent to the *zamindar*; and (4) did not observe lawful means of living. The important point here is that these restrictions were "amplified" by a large number of ambiguously defined provisions which rendered ineffectual any legislation enforced against the eviction of tenants.

- (d) The tenancy rights were regarded as heritable. However, to prevent land fragmentation, the Committee recommended that the subdivision and subletting of tenancy should be prohibited. The heritable tenancy was to be maintained by one of the mutually agreed upon heirs, either a lineal adult male, a widow, or a lineal female, in order of priority. In case a tenancy lapsed, due to the inability of the heirs to comply with the stipulated restrictions, the *zamindar* would pay compensation to the legal heirs for the improvements made by the tenants in respect of wells, fruit trees, and farm buildings.
- (e) Although the system of paying rent in kind to the *zamindar* was not considered altogether desirable, the Committee recommended its continuation with the understanding that "cash rents should be encouraged wherever possible". The Committee favoured the imposition of legal limits on the various levies (*abwabs*) that the *zamindar* had traditionally imposed on the *hari*.⁵
- (f) In order to prevent large-scale eviction of the tenants who did not qualify for permanent tenancy, *zamindars* and *jagirdars* were required to serve a year's notice for each three years of completed tenancy by the *hari* before eviction.

The Tenancy Legislation Committee's Report and the two notes of dissent were published in 1945. Both the notes of dissent reflected a serious

⁵ These levies, imposed by the *zamindar*, included payments made by the tenant to the weigher (*Dharwat*), the crop-watcher (*Karawo* or *Wahi*), appointed by the *zamindar*, the person who scared away birds, etc. All these cesses, allowed by the Committee, had the effect of reducing significantly the *batai* share of the tenant.

division of opinion on the issue of the tenancy rights to be given to the *haris*. The official reaction to the Report was a long spell of silence. One explanation for the inaction was the high degree of political polarization in India between the Indian National Congress and the Indian Muslim League. Then, by the end of World War II, the British were preoccupied with the question of withdrawing from India.

Note of Dissent by G. M. Sayed

Mr G. M. Sayed, in his little-known note of dissent, strongly repudiated the main thesis of the Committee to maintain the *status quo* in the existing land-tenure system, with some cosmetic legislation enacted to protect the rights of the *hari*. He refused "to accept the position that the *zamindar* is everybody and the *hari* nobody". On the contrary, according to him, "the tiller of the soil is the rightful owner of the land and [that] in this there is no room for middlemen"; and that the *zamindar* was nothing more than a "rent collector" on behalf of the state. Consequently, Mr G. M. Sayed categorically stated that (a) tenancy rights should be granted to all tenants without any conditions, (b) the *batai* system should be abolished in favour of state-controlled tenancies, and (c) land should be gradually nationalized and large estates expropriated, *without paying any compensation to the landlords*.

Note of Dissent by Djalma Doulatram

The second note of dissent by Mr Djalma Doulatram argued against almost every recommendation made by the Tenancy Legislation Committee and warned that the "rural economy should not be disturbed as far as possible". His note strongly advocated the continued control of landlords over the tenants. He openly bemoaned, on ethical and economic grounds, the process of depriving the *zamindars* "of their ownership in favour of landless *haris* to turn them into peasant-proprietors". He considered such a process to be morally unjust, because, according to him, this amounted to rewarding an acknowledged thief (i. e. the *hari*): "it is a recognized fact that *haris* generally steal crop from the time it is in the ear to the time of *batai* up to 10 to 15 percent". Also, on the basis of his "half a century of experience", he considered it to be a "forlorn hope to expect a landless *hari* to be more efficient [if] left without the supervision of the *zamindar*".

Mr Doulatram's note of dissent, reactionary as it was, was an

interesting document in that it reflected faithfully the attitudes and biases of the *zamindar* class of the time.

C. THE GOVERNMENT HARI ENQUIRY COMMITTEE, 1947-48

The inaction following the publication of the Report of the Tenancy Legislation Committee in 1945 increased the pressure on the government to resolve the problems arising from the *batai* system in Sind and take concrete steps to ameliorate the plight of the *haris*. The pressure was intensified by the steadily expanding activities of the Sind Hari Committee. Consequently, the Sind Government appointed the Hari Enquiry Committee a few months before Independence in 1947.

The terms of reference of the Hari Enquiry Committee were to "examine all the alleged grievances of *Haris*, whether express or implicit". The Committee, which consisted of three members, had only three months to submit its report. Its Chairman, Sir Roger Thomas, was an English landlord. The members were divided, from the very beginning, into a majority of two and a minority of one. The majority decided to consider only those measures which were "not only practical but feasible without unduly disrupting rural economy". The dissenting member (Mr M. Masud), a district administrator, strongly urged the other members of the Committee to examine the question of abolishing the *zamindari* system and replacing it with a nationalized land-ownership system, although in his minority report he made a case for giving proprietary rights to all tenants. The majority report was published in 1948 – almost one year after the creation of Pakistan – but the minute of dissent by Mr M. Masud was not published until mid-1949.⁶

(i) The Majority Report

The Majority Report practically endorsed the basic thesis of the Tenancy Legislation Committee. It was of the view that the landlords had no hand in making deplorable the living conditions of the *haris*. It was argued that, in fact, the problems of the *hari* were created by natural factors of climate and soil, the government's neglect, and the *hari*'s own dishonesty and bad habits. To add insult to injury, the report

⁶ See Government of Sind (1949) and (1948), and Naqvi, Khan and Chaudhry (1987).

asserted, as Mr Dalmal Doulatram had stated before, that the landlord was the *hari*'s only friend in need: "Whenever the *hari* is in serious trouble it is to his *zamindar* that he first appeals for help. It is a convention amongst the great majority of *zamindars* that they give their *haris* all the aid they can when the need is a real one".

The Majority Report did acknowledge the serious defects of the *batai* system: "The *batai* system as at present practised is defective in that it offers no incentive to the *hari* to invest in capital or expend labour in any permanent improvement of land or in preserving the natural fertility". But it recommended that the *batai* system should remain unchanged, although the *zamindar* should be prohibited from charging *abwab* and *begar* from the *hari*. The Majority Report *condemned the institution of absentee landlordism*: "Next to war, pestilence and famine the worst thing that can happen to a rural community is absentee landlordism". But, once again, the Report formulated no specific policies to remedy the situation. Instead, it argued that there was no need for making major changes in the existing landlord-tenant relations, because the *haris* "will lose more than they will gain by revolutionary tactics". What is even more serious is that the Majority Report was against granting permanent tenancy rights to the *haris*, a principle that had been conceded earlier by the Tenancy Legislation Committee. Indeed, the Majority Report, notwithstanding its protestations to the contrary, pleaded for maintaining, if not aggravating, the *status quo* in the land-tenure system of Sind.

(ii) The Minute of Dissent by M. Masud

Mr M. Masud would have no part of the Majority Report and decided to write his Minute of Dissent. He rebutted the arguments of the majority and made his own recommendations. His central thesis, though somewhat similar to that of Mr G. M. Sayed, was stated more forcefully, in greater detail and with more conviction. He dwelt at length on the abysmal condition of the *haris* and attributed their plight to the existing land-tenure system. He recommended abolition of the *batai* system, and also of the institution of absentee landlordism.

Mr M. Masud saw the *haris* and *zamindars* as "two extremes of mankind; one lives in the height of depravity and misery, the other in the height of luxury and extravagance". (p. 9). He argued that "the present

zamindari system is the greatest curse that any country can groan under; that it is utterly incompatible with freedom; that it takes away the chief incentive in the industry and thrift; that it creates poverty, pauperism and crime and checks all real progress in civilization or in national prosperity". (p. 33). The extortions of the *zamindars* from the *haris* made the plight of the latter even worse mainly due to the arbitrariness with which these were imposed. The class imbalance was exacerbated in no small measure by the machinery of the State. A complete solution of the *hari's* problems, according to Mr M. Masud, would require a radical reform of the system by establishing in its place the system of peasant-proprietorship.

Mr M. Masud made several specific recommendations in this regard:

- (a) In order to make the land-tenure system productive and humane, the *zamindari* system, especially the *batai* practice, should be abolished and replaced by a system based on peasant-proprietorship.
- (b) Peasants should be given land for cultivation at reasonable prices. The land for distribution should be acquired by :
 1. expropriating the large estates owned by the landlords, absentee or otherwise;
 2. appropriating the uncultivated state (or crown) lands; and
 3. cancelling all large-scale leases on barrage lands.
- (c) The occupancy of land by cultivators should be complete. It should mean virtual ownership. A person would own land only if he cultivated it personally. He should be made a perpetual holder of land, though not its absolute owner. Mr M. Masud maintained that, since the *absolute ownership rights vested only in the State, the question of a private leasing of land in return for rent did not arise*.
- (d) An upper limit on the size of landholding should be prescribed, and no person should be allowed to retain land above this ceiling.
- (e) The expropriated *zamindars* should be paid a compensation in accordance with expert advice on the matter.

(Mr M. Masud, in fact, wanted an expert committee appointed to determine the mode of implementation of his recommendations.)

It is significant that the provincial Muslim League government disallowed the publication of Mr Masud's *Minute of Dissent*. It was perhaps the first clear indication of the power of the landlords in the regional politics of the new state of Pakistan. But the *Minute* was eventually published in 1949. Its publication was made possible by three important events. First, by mid-1949 the Report of the Agrarian Committee of Pakistan Muslim League had been published, which expressed similar sentiments and recommended wide-ranging measures to restructure the land system of (West) Pakistan. Secondly, the Chief Minister of Sind at that time, Mr Yusuf Haroon, was a personal friend of M. Masud's, and apparently had no roots in the *zamindari* system. Finally, the leaders of Sind Hari Committee increased pressure on the Muslim League leaders to intervene in their behalf.

The government of Sind took no action on the recommendations of the Hari Enquiry Committee to improve the status of the *hari*. The *Minute of Dissent* by Mr M. Masud was politely ignored. The government's insensitivity to the issue only precipitated the agitational action by Sind Hari Committee. The rural scene did not present a picture of harmony. Clashes between landlords (or their agents) and tenants were reported in several areas of Sind. (Mr M. Masud reported such clashes in his *Minute of Dissent*.) The influx of several million Muslim refugees from India, following Partition in 1947, created new problems, among which the most serious problem related to their resettlement on the lands vacated by the emigrating non-Muslims. The Muslim League government, therefore, had to take a decisive step to settle the issue of land-tenure reform in Pakistan.

CHAPTER

7

Land Reforms after Independence—I

THE few attempts made before Independence to introduce land reforms, which we have reviewed in the previous chapter, proved to be infructuous mainly because of the official failure to see the necessity of restructuring the existing *zamindari* system and the power of the vested interests. But, soon after Independence, the issue of land reforms acquired a special significance and urgency both for political and economic reasons. It was no longer possible for the Muslim League to enjoy mass support without formalizing into a definite programme the pledges made before the creation of Pakistan concerning the abolition of feudalism. The British ruler and the non-Muslim moneylender were gone; but an egalitarian Islamic state could not be compatible with a feudal system even if the system was dominated by Muslim landlords. There was also the concern about agricultural progress, which could not be sustained by a land-tenure system that created few incentives for the tiller of the soil. Furthermore, the rural scene was by no means harmonious: numerous landlord-tenant disputes and sporadic physical clashes in the Punjab and Sind were reported from late 1948 to early 1949. Finally, the influx of several million Muslim refugees from India created many new and serious problems, including the problem of their resettlement on the lands vacated by the out-migrating non-Muslims.

A. REPORT OF THE AGRARIAN COMMITTEE OF THE PAKISTAN MUSLIM LEAGUE

The Central Council of the Muslim League passed a resolution on the subject of land reform in February 1949: "This meeting of the

Council of Pakistan Muslim League is of the opinion that the present system of land-tenure obtaining in Pakistan is antiquated and harmful and requires drastic changes". It appointed the Muslim League Agrarian Committee, to be chaired by Mian Mumtaz Muhammad Khan Daultana, a landlord from the Punjab. The Agrarian Committee took only six months to complete its report, which was submitted to the Central Council of the Pakistan Muslim League in July 1949.¹

The Committee's report was a historic document in that it became the basis of a future debate on the issue of land reforms in Pakistan. It virtually ended the *official* hostility to the very idea of land reforms, e.g., the negative stand taken on the subject by the Sind Government Hari Enquiry Committee. The Agrarian Committee clearly saw the nature of the problem: that "landlordism is at present a force of the greatest importance in West Pakistan"; that "considerably more than half of the cultivable area is owned by landlords who do not directly till the soil, who live on rent, and who cannot therefore be called the producers of national wealth"; and that "the tenants-at-will of Western Pakistan, therefore, stand lowest in the scale of tenancy rights in the whole subcontinent of India. The result is that the complete dependence of the tenants on the will of the landlords gives the latter power of life and death in the village economy".²

The Agrarian Committee also stated explicitly what, according to it, needed to be done by way of land reforms:

" an equitable and prosperous land system in Western Pakistan must be founded on a state-regulated ownership of holdings by self-cultivating peasant-farmers, coupled with the economic enlargement of the size of holdings, promotion of scientific methods of intensive farming and cooperation in various aspects of agriculture through the intervention of village communities. This must involve the gradual elimination from our economy of landlordism and all superior but idle interests in land above the actual cultivator".

The Agrarian Committee emphasized that the leadership of the

¹ Pakistan Muslim League (1949, p. 1).

² Pakistan Muslim League (1949). An edited version of the Report of the Pakistan Muslim League has recently been reproduced in Naqvi, Khan and Chaudhry (1987).

Muslim League would be tested by its willingness and ability to carry out the "just" economic and social reforms that inspired confidence in its own future and that of the new State of Pakistan. However, in making its recommendations, the Agrarian Committee was also guided by the dictates of *realpolitik*. The Muslim League being a "representative organization of every class and interest of the people of Pakistan", it was necessary for it to "seek adjustments of the social structure in an evolutionary rather than a violent manner".

The Agrarian Committee divided its recommendations into two parts. Part I of the Report contained the "minimum steps", which were to be taken to "reform our present land system and bring relief to the tiller of the soil from the most oppressive features of feudalism". In Part II of the Report were included the long-run recommendations, which would provide "a real solution of our agrarian problems". These recommendations were to be implemented "within the shortest practicable space of time".

(i) The Short-term Measures

The main purpose of the reformist measures to be implemented in the short run was to improve the economic conditions and social status of the weaker classes in the rural society, i.e., tenants, peasant-proprietors, the landless agricultural workers, etc. The major short-run recommendations proposed by the Agrarian Committee were:

- (a) All *jagir* and *inam* lands must be abolished forthwith without paying any compensation to their owners. This would do two things: (1) it would put an end to the gross inequity of a system that was created to serve the British interests, and (2) it would increase the government revenue.
- (b) All occupancy tenants, like those who existed in the Punjab and the N.W.F.P., should be made full owners on payment of a sum equal to four times the annual rent within four years, either directly to the landlords or through the State.
- (c) The tenants-at-will were to be given greater security of tenure:
 1. by fixing the period of tenancy at no less than 15 years;

2. by writing down all contracts between the landlord and the tenant or lease-holder; and
 3. by specifying the same conditions of eviction as stipulated in the Punjab Tenancy Act of 1887, which created the occupancy tenants.
- (d) A landlord could keep for *khud-kasht* (self-cultivation) an area of no more than 25 acres. However, this area could not be expanded later by alienation, etc.
- (e) A statutory limit on the *batai* share of the landlord should be included in the contract, and all *abwab*, *haboob* and *begar* labour should be abolished.
- (f) Cash rent should replace the existing practice of stipulating rent in kind: a sliding scale of cash rent, similar to land revenue, should be established. Since the shift from rent in kind to cash rent would take some time, the Agrarian Committee suggested specific changes in the *batai* shares, limiting the share of the landlord to 40 percent of the gross produce. The landlord alone was to be responsible to the State for payment of land revenue, cesses, water rate, etc.
- (g) Small landowners (peasant-proprietors) should only pay land revenue as tax, but large landowners should be subject to an agricultural income tax.³
- (h) For the landless agricultural workers and village artisans, the Agrarian Committee recommended:
1. a minimum wage rate;
 2. fixed working hours;
 3. unemployment and health insurance; and
 4. pensions.

³The reference to a tax on agricultural income was really intended to be a charge on land revenue collected from landowners, with an exemption given to those paying land revenue below a specified level. The charge was a multiple of the land revenue.

The Agrarian Committee wanted its short-term measures to be legislated immediately. To this end, it stated: "it would be appropriate if the steps to implement these recommendations are taken directly by the Central Pakistan Government and not left piecemeal to the various Provincial Governments". They also thought it desirable that the implementation of legislation to abolish *jagirs* and establish tenancy rights should be "watched by locally-constituted and representative village bodies". These proposals reflected the concern of the Central Muslim League about maintaining uniformity of the land reform legislation in the country.

(ii) The Long-term Measures

The long-term measures recommended by the Agrarian Committee were based on the conviction that the "real solution of our agrarian problem lies in a transformation of feudalism, and its substitution by a system of state-controlled and regulated peasant-proprietorship". These measures included the following important corrective steps.

- (a) Large estates in private hands should be abolished by specifying low ceilings on landholdings. This would be accomplished
 1. by imposing a ceiling of 150 acres of irrigated land – (or up to 450 acres of unirrigated land) for the individual private holding, and making sure that large holdings were not reconstituted by purchase, gift or inheritance;
 2. by resuming all land above the ceiling by the State, and compensating the individual owner on a sliding scale and up to a maximum of Rs 1.5 million, part in cash and part in government bonds (at 4 percent interest and redeemable in 20 years); and
 3. by distributing the resumed land to tenants, landless workers and small owner-cultivators.
- (b) Since the Agrarian Committee was not quite sure about the exact way in which the resumed land was to be distributed, it suggested three alternatives:
 1. small parcels of land should be sold to individual tenants, landless workers, and owner-cultivators;

2. resumed land should be rented out to cultivators in small parcels on a permanent basis, with the State remaining its ultimate owner, and
3. resumed land should be distributed to homesteads of cultivators, who would form village communities organized on the basis of cooperative farming.⁴

The Agrarian Committee recommended that a team of experts would explore the alternative methods of land redistribution. Its own preference was for the third option. It, however, rejected the "Russian Solution for formation of Collectives and State farms", because it was "not suitable to the conditions of our country".

The Committee was in favour of going slow on the implementation of its long-term measures, but it emphasized that "the sooner we succeed in bringing our economy on [*sic*] justice and reason the more competent we will be to face the enormous domestic and international problems . . ."

The three most important aspects of the Report of the Agrarian Committee must be noted. First, in the area of tenancy reforms, it clearly recommended that protection be given to all tenants and emphasized the need to shift in the payment of *batai* share from kind to cash. Secondly, it accepted the principle of tax on agricultural income: "no agricultural income should pay less in Government taxation than the corresponding non-agricultural income pays in terms of income tax". Thirdly, it recommended total abolition of *jagirs* and establishment of a ceiling on the private individual holding.

The Central Council of Pakistan Muslim League accepted all of the recommendations of the Agrarian Committee. The Committee's recommendations exercised considerable influence on the tenancy reform legislation enacted in the provinces during the early 1950s. Its long-term effect on the general thinking about land reforms in Pakistan has been far more significant. Since its publication, progressive thought on the subject has gravitated towards the general position taken by the Agrarian Committee. Many of its key recommendations have found a place in the subsequent discussions of the problem.

⁴ The alternative suggested last is akin to the *ejidos* established in Mexico after the land reforms in the 1930s.

B. IMPLEMENTATION OF LAND REFORMS

In the early 1950s, two major forms of legislation were enacted in the Punjab, Sind and the N.W.F.P. to improve the tenurial relationships. These policy actions achieved two of the many proposed objectives: (a) conditions governing the terms of contract between the landlord and the tenant were regulated; and (b) *jagir* and *inam* grants were abolished. We discuss these measures in turn.

(i) The Provincial Tenancy Acts (1950s)

The provincial governments in the Punjab and the N.W.F.P. introduced Tenancy Reform Acts in 1950, which sought to convert the occupancy tenants into full owners, provide greater security of tenure to tenants-at-will, and increase the tenant's share in total produce by enhancing his *batai* share and by prohibiting *abwab*, *haboob* and other non-statutory cesses and levies. The Punjab government appointed a Tenancy Laws Enquiry Committee in 1949 soon after the publication of the Report of the Muslim League Agrarian Committee. The Tenancy Laws Enquiry Committee made the following recommendations to regulate tenancy practices:

- (a) occupancy tenants were to be given the rights of ownership of land that they had long occupied; and
- (b) all non-statutory levies on tenants were to be prohibited and security of tenure was to be provided to tenants-at-will.

The Punjab government thus amended the Tenancy Act of 1887. The amended Act was called the Punjab Tenancy (Amendment) Act (XVII) of 1950. The purpose of this amendment was to prohibit levies and perquisites charged illegally by the landlords from their tenants. The Punjab Protection and Restoration of Tenancy Rights Act of 1950 was also passed to prevent large-scale eviction of tenants, such as that followed in Sind after the passage of the Sind Tenancy Act of 1950. However, as it turned out, the legislation could not protect the tenants from eviction, particularly those working on the *khud-kasht* lands of the landlords in the Punjab.

The N.W.F.P. government, by enacting the N.W.F.P. Tenancy Act (XXV) of 1950, also converted the occupancy tenancy into a permanent ownership and provided security of tenure to the tenants-at-will. The

eviction of tenants was severely restricted and could only be effected, if at all, through the revenue courts. The share of the landlords in *batai* was reduced to 40 percent of the gross produce. However, the Tenancy Act did *not* debar the landlords from exacting extra-legal levies, etc., from their tenants.

The Punjab Government, in deference to the recommendations of the Tenancy Laws Enquiry Committee and the provisions of the provincial Tenancy Acts already legislated in the N.W.F.P. and Sind, further amended the Punjab Tenancy Act of 1950. The amended Act was called the Punjab Tenancy (Amendment) Act (VII) of 1952. It introduced four main reforms:

- (a) Occupancy tenants would become landowners;
- (b) the *batai* share of the landlord would be reduced to 40 percent of the gross produce;
- (c) *khud-kasht* area of the landlord would increase from 25 to 50 acres on irrigated and from 50 to 100 acres on unirrigated lands; and
- (d) the landlord's loss was to be compensated by the new owners through the payment of 20 times the annual rent or proportional land revenue to the State.

Since the problem of *khud-kasht* lands was not settled until the mid-1950s, because of the delays in filing the declarations, the tenants continued to pay rent on these lands at the old rate of 50 percent of gross produce.

In Sind, in view of the provincial government's inaction on tenancy reforms after the publication of the Hari Enquiry Committee's Report and the Report of the Agrarian Committee of the Muslim League, the leaders of Sind Hari Committee intensified their campaign for the passage of legislation in Sind Legislative Assembly. They, in fact, drafted a bill towards the end of 1949, which demanded:

- (a) grant of permanent tenancy rights to *haris* without reference

to the amount of land held and the period for which the land was cultivated; and

- (b) abolition of payment of rent in kind and prohibition of *abwab* and *begar*.

The Sind Hari Committee organized demonstrations and there followed a great deal of manoeuvring by both landlords and the *hari* leaders. A bill was eventually passed in the Sind Assembly, called the Sind Tenancy Act (XX) of 1950. This Act included:

- (a) grant of permanent tenancy rights to the *haris* who cultivated 4 acres of land for 3 consecutive years;
- (b) retention of the *batai* share (i.e., fixing the landlord's share at 50 percent) and abolition of *abwab*, *haboob*, *begar*, etc; and
- (c) making the eviction of tenants conditional on orders of the revenue courts, under strict conditions besides a one-year notice.

Although, later, this Act was amended in 1952 by the Sind Tenancy (Amendment) Act (XIV) of 1952, the passage of the Sind Tenancy Act of 1950 created several problems for the *haris*. For one thing, they had to get their place of residence written down in the Records of Rights. The Act could not act as a deterrent against the traditional excesses of the landlords; and the petitions submitted on behalf of the *haris* to check these excesses did not, by and large, evoke a sympathetic response from the men in authority.

In assessing the impact of the provincial Tenancy Acts, it may be noted that these were the first-ever tenancy reform measures undertaken after the creation of Pakistan. In practice, these legislations were cosmetic; but they reflected, on the part of the government, an awareness of the problem of land-tenure and the nature of its solution.

The implementation process varied from province to province. It went on smoothly in the N.W.F.P., presumably because in that province the Act was better defined with respect to the rights of the landlord and the tenant. Also, there was not much problem in the Punjab in

implementing the ownership rights of the occupancy tenants. But the rights granted in the Acts to the tenants-at-will of the Punjab and Sind were more difficult to enforce. This was partly due to the ambiguities of the Acts themselves. The tenants felt that they were the virtual owners of the land they cultivated, whereas the landlords thought they had been dispossessed of their property rights in land. Each side tried to extract a better bargain; but the weaker party—the tenants—invariably lost.

The main problem with the implementation of the Acts was the highly disproportionately-balanced bargaining power of the landlords and the tenants. Landlords everywhere were strong enough to frustrate the letter and the spirit of the Tenancy Acts, because the state machinery was usually on their side. The pre-emptive eviction of the tenants by the landlords in Sind became a major problem. Since the amendments in the Acts failed to stop eviction, a majority of the tenants gave in to the pressure of their landlords. It was widely acknowledged in the 1950s that the tenants, particularly in Sind, were being burdened with illegal exactions, and even the *batai* shares in the Punjab were being maintained at the old rates.

(ii) The Abolition of *Jagir* Acts

The Agrarian Committee considered the *jagirs* and *inams* to be an indefensible anachronism in the independent State of Pakistan. Since the *jagir* and *inam* lands were not taxed, their existence, in addition to being politically unacceptable, was also a financial liability on the government. The *jagir* lands were quite prominent in the province of Sind and in the princely states in the Punjab and the N.W.F.P. The revenue-free status of private *jagirs* was first abolished in the N.W.F.P. by an executive order in 1949. However, it was not regularized and implemented until the passage in 1952 of the N.W.F.P. Abolition of *Jagirs* Act. The Punjab Government legislated a similar Act, called the Punjab Abolition of *Jagirs* Act (IX) of 1952. This Act did not, however, affect the military, religious and charitable grants.

It should be emphasized that the abolition of *jagirs* did not always reduce the size of ownership of large landed estates. Nominally, it meant that the erstwhile *jagirdars* were required to pay land revenue to the State. Thus, in effect, the *zamindari* system remained intact. There

was still no limit on the area one could own as long as the owner paid his legal dues (land revenue and water rate) to the provincial government.

A bill for the abolition of *jagirs* in Sind was apparently prepared in 1947, but, like other reform measures, it too was never enacted. The Sind government did pass an executive order abolishing *jagirs* in early 1955, but it was successfully challenged in the High Court of Sind. The abolition of *jagirs* in Sind had to wait for another four years. Incidentally, the executive order, if implemented, would have affected 103 *jagirs* and about 1.0 million acres of land occupied by *jagirdars*.⁵

C. THE FIRST FIVE-YEAR PLAN (1955–60)

The provincial legislations to regulate the terms of tenancy and the abolition of *jagirs* did not adequately reflect the major concerns of the Muslim League Agrarian Committee. The issue of land reforms was still high on the policy-maker's agenda, at least in the minds of those who thought that the Provincial Acts had accomplished precious little by way of breaking the stranglehold of feudalism (or landlordism) on Pakistan's agriculture. There was increased anxiety, even bitterness, about the promises not kept. The clearest expression of such concerns surfaced in the First Five-Year Plan (1955–60), which was published in 1957.⁶ The Plan reiterated the main thesis of the Muslim League Agrarian Committee that "the problem of land reforms is fundamental to all development" and that the aim of these reforms must be "to build a rural society largely consisting of independent and self-reliant peasant-proprietors". The Plan warned the government, and the vested interests, that land reforms "can only be delayed but not prevented".

The Plan analysed the issue of land reforms in some detail and assessed the achievements of the legislation enacted in the provinces. In view of the urgency of the problem, the Plan made several recommendations to change the *status quo*. Let us look at some of its major recommendations to understand the Plan's perspective on the problem.

- (a) The Plan emphasized that a ceiling on private landholdings was essential to "work towards the goal of owner-cultivation by eliminating concentration of ownership". It endorsed the

⁵ See Government of Sind (1948, p. 17).

⁶ Government of Pakistan (1957).

ceiling recommended earlier by the Agrarian Committee (150 acres irrigated or 450 acres unirrigated). To protect the tenants from eviction or displacement, it recommended that the *khud-kasht* area should not exceed 25 irrigated or 50 unirrigated acres.

- (b) The Plan recommended that all ownership rights above the prescribed ceiling should be transferred to the cultivating tenants on lands. The new owners should be given the title of ownership at prices usually charged for the purchase of State lands, and the actual payment extended over a specified period. An important provision for the new owners was that they would have to cultivate the land themselves to avoid tenancy at the expense of owner-cultivation.
- (c) The landlords should be compensated for the resumed area, but the compensation should be small and based on a sliding scale with reference to the land revenue paid by them.
- (d) The Plan was particularly concerned about the incidence of land fragmentation. The document devoted considerable space to its prevention, emphasizing the need to establish an impartible "economic holding". To arrest the problem of land fragmentation arising from the Islamic Law of Inheritance, the government was advised to promote the cultivation of land by a single heir against land allotments or employment elsewhere or compensation to other heirs. The Plan also emphasized the need to expand and accelerate the ongoing process of land consolidation in at least the Punjab and the N.W.F.P., where the problem of land fragmentation was quite serious and apparently increasing.

The land-reform measures suggested in the First Plan did not evoke any corrective action from the government. The political climate probably did not permit the implementation of the Plan's recommendations; but the Plan itself must share a part of the blame for the failure of its recommendations. For example, the Plan recommended a specific ceiling, without exception, on all privately owned land. But, then, it practically withdrew this key recommendation by saying that detailed

studies had to be done by the provincial governments, and that "the problem has too far-reaching implications in terms of employment and prosperity to admit a solution by summary findings". The suggested studies were never undertaken. The other problem with the Plan document was its excessive concern about the impartibility of "subsistence" and "economic" holdings, even as it admitted that these terms could not be clearly defined. Such ambivalent recommendations could hardly form the basis of an appropriate land reform legislation.

CHAPTER

8

Land Reforms after Independence—II

T

WO significant changes had taken place in Pakistan by the time the First Five-Year Plan was published in 1957.¹ The Muslim League was no longer in power, and all the provinces (the Punjab, Sind, the N.W.F.P and Baluchistan) had been merged in 1955 into a West Pakistan Province, or “One Unit”, by a government that no longer enjoyed mass support. With a popular government gone, it had become quite evident by 1957 that as long as those *zamindars* who had only their own interests in mind occupied a central place in the power structure, keeping intact their position in the rural areas, no far-reaching land-reform legislation could be implemented even if it was enacted. The political system itself created no pressures normally generated by a strong middle class which the landed elite could not successfully resist. The noon-tide idealism which impelled the reformers at Independence to do something tangible for the rural poor did not shine brightly enough to dispel the lengthening shadows of greed and narrow self-interest.

A. REPORT OF THE LAND REFORMS COMMISSION FOR WEST PAKISTAN (1959)²

A Martial Law regime came into power in October 1958. As its very first act, it appointed a Land Reforms Commission for West Pakistan “to consider problems relating to the ownership and tenancy of

¹ Government of Pakistan (1957a).

² West Pakistan Land Commission (1959). The report of the Commission has now been reproduced in Naqvi, Khan and Chaudhry (1987).

agricultural land and to recommend measures for ensuring better production and social justice as well as security of tenure for those engaged in cultivation". The Commission submitted its report to the President of Pakistan (who was also the Chief Martial Law Administrator) in January 1959. The Report was unanimous about a number of issues, but on the issue of specifying a ceiling on landholdings there was a serious division of opinion between Mr Ghulam Ishaq Khan and other members of the Commission.

Considering the circumstances in which it was written, the Report is a remarkable document for its perceptiveness, clarity and frankness. It saw its task as analysing "the peculiar social, economic and political consequences flowing from what amounts to an institutional monopoly of land in a primarily agrarian society". It duly noted that "those who do not own land are relegated to a socially inferior position with all the disabilities of that position". (p. 14). Recognizing that "the land-tenure system provide[s] the institutional framework within which land is used", the Commission set itself the task of laying down the ground rules for a just tenancy system that would also be conducive to economic growth. It argued for redistribution of land from *zamindars* to tenants in the belief that "if there is no proper adjustment in the terms of tenancy, production incentives are adversely affected". But the Commission did not aim at breaking the power of the "old ruling oligarchy with its roots in big estates". The Commission explicitly stated: "We are anxious that the transition from unlimited ownership to [*sic*] ceiling on individual holdings should be smooth and should not involve for the landlord too abrupt a break with the past [*sic*] making it difficult for him to adjust to the new way of life which the change, in the form of sudden reduction in income from land, will impose on him". (p. 29).

The Commission took a "pragmatic" and "middle-of-the-road" position on the question of imposing a ceiling on private ownership of land. It hoped that the implementation of its recommendations would lead to "the creation of a strong middle class", and to laying "the foundation for owner-operated farms on holdings of economic size".

The Commission was confident that the land reform measures it proposed would have strong productivity-raising effects on agriculture

because: (a) large estates were more difficult to develop than the smaller holdings, as the former tended to keep a high proportion of the area without cultivation; (b) insecurity of tenure was a persistent disincentive for tenants; (c) the tenant-operated farms were not as efficient as the owner-operated farms; and (d) landlords tended to spend a large proportion of their incomes on luxuries, with very little left for making an investment in agriculture.

(i) The Majority Views

The main Report of the Commission made several specific recommendations.

- (a) All *jagirs* and other similar revenue-free grants should be abolished without paying any compensation to the owners of the resumed area.³
- (b) Occupancy tenants should be given permanent proprietary rights. All other tenants should be provided with legal protection against eviction. *Zamindars* should not be allowed to impose on tenants the traditional *abwab* and *haboob* and exact *begar* from them.
- (c) To arrest excessive fragmentation of land and to consolidate the existing landholdings, "economic" and "subsistence" holdings should not be fragmented by sale, inheritance, or gift. The criterion of impartibility of a holding was based on these very two sizes. No holding below the "economic" size was to be fragmented.
- (d) The ownership of the resumed land should vest in the government. The former owners of the resumed land should be compensated through non-negotiable and non-transferable – but heritable – bonds redeemable in 25 years, and carrying a simple rate of interest of 3 percent per year. The redistribution of land

³ *Jagirs* had already been abolished in the Punjab and the N.W.F.P. in 1952. But legal bottlenecks had prevented their abolition in Sind. The Commission reported that *jagirs* in Sind, in 1959, comprised an area of 1.1 million acres. In addition, there were 150 and 258 *jagirs* in Bahawalpur and Baluchistan respectively. Martial Law Regulation 64, acting on the unanimous recommendation of the Commission, abolished these *jagirs* as well.

should be done on payment to tenants already cultivating the land, subject to the condition that these holdings should be consolidated. The remainder of the area, if left over, should be distributed to landless tenants and owners of uneconomic holdings. The Report recommended that new owners should be charged Rs 8.00 per Produce Index Unit (PIU),⁴ and that the instalments should be stretched over a long period. It was left to the Provincial Land Commissions to work out the precise details of redistribution and payment.

- (e) An individual landowner should not be allowed to hold more than 500 acres of irrigated or 1000 acres of unirrigated land.⁵ Additional allowances in excess of the prescribed ceiling were given to landowners as follows: (1) an area of 150 acres (or 6000 PIUs) was permitted for orchards; (2) transfer to heirs was allowed up to 18,000 PIUs, while transfer to each of the female dependents was permissible upto 6000 PIUs; and (3) some area could be used for the homestead. The land owned by charitable, religious, educational and research institutions, or by private stud farms and livestock farms, was also exempted from the proposed ceiling.

Concerned that they might face criticism, the majority of the Commission members rationalized their recommendation for granting generous allowances to landowners as follows:

“Even if we were to recommend a much lower ceiling than what we have suggested, the surplus land which would have become available for redistribution among landless tenants would have been too small to secure for each of them a subsistence farm unit.

⁴Produce Index Units (PIUs) were a rough measure of land productivity in different parts of the country. Thus any two tracts of land would be assigned an equal number of PIUs if they produced the same value of gross produce. PIUs were determined on the basis of Revenue Settlements, established before the creation of Pakistan in 1947. They were used in determining the settlement of land claims of Muslim refugees from India. The monetary value of PIUs was outdated, and the land ceiling based on PIUs was significantly higher than the ceiling expressed in physical area.

⁵This ceiling was also expressed in Produce Index Units (PIUs), allowing an area equivalent to 36,000 PIUs. By the definition of the term, the ceiling based on PIUs was invariably more liberal than the one based on physical area.

The ends of social justice, in the sense of securing land for the entire landless population, thus being unattainable, what we thought prudent was to fix the ceiling at a level which will on the one hand eradicate the feudalistic elements from the existing tenure structure, and on the other, by causing the minimum necessary disturbance of the social edifice lead to a harmonious change-over and at the same time, by providing incentives at all levels, conduce to greater production". (p. 30).

(ii) Ghulam Ishaq Khan's Dissenting Views

The reformist colour was thicker on Mr Ghulam Ishaq Khan's dissenting views about fixing the ceiling on land. He clearly saw that "the control of economic opportunity, in the form of concentration of landed wealth in the hands of relatively few, to the exclusion of the great majority dependent on it for a living, in turn, divides the society into economically and socially inferior and superior strata of 'haves' and 'have-nots'" (p. 31). As a result of such a socially divisive concentration of land in a few hands, "social progress is hampered and the society remains indefinitely stratified". Hence, he thought that the objectives of economic progress and social justice could be best achieved by fixing the ceiling on land held by individuals *and* families at a sufficiently low level.

Mr Ghulam Ishaq Khan opposed the much "too liberal" ceiling and allowances and exemptions recommended by the majority of the Commission members because he thought that the "net effect of the proposed measures for a long time to come will be to leave [unchanged] the concentration of land *in families instead of in individuals . . .*" (p. 32)⁶ (italics added). Hence, in line with the recommendations of the Muslim League Agrarian Committee and the Draft of the First Five-Year Plan, he proposed a maximum limit of 150 acres of irrigated or 450 acres of unirrigated land. Even more important, he recommended, for the first time, that a limit should also be set on the land owned by the *family*: no more than 300 irrigated acres or 900 unirrigated acres! According to him, the lower ceilings he proposed for the individual and the family were necessary "to break the monopolies" on land and

⁶See also Khan (1981) who cites empirical evidence in favour of Mr Ghulam Ishaq Khan's proposal.

“make access to opportunity through land more free” in order to ensure greater social justice and economic growth.

Mr Ghulam Ishaq Khan also dissented from the views of the majority on exempting orchards from the prescribed ceilings because the “exemption of orchards from the operation of ceiling will mean a further addition to the already liberal exemptions given to the existing landowners”. (p. 35). He argued that, in the first place, orchards were highly profitable ventures and were not an especially risky investment. In addition, the exemption of orchards from the ceiling limit would add to the corrupt practices of the unscrupulous owners and petty revenue officials in converting the ordinary agricultural land into orchards retroactively. He, therefore, insisted that the “area under orchards should be taken into account for the purposes of the fixation of ceilings on par with other agricultural land of the same class included in the owner’s holdings”. (p. 35).

Mr Ghulam Ishaq Khan also opposed the majority’s recommendation about the transfer of land by gift to any or all of the presumptive heirs, on the ground that it would lead to “the concentration of land in families” in spite of the ceiling. He saw no justification for such a recommendation because “large owners have already distributed their property among as many real or imaginary presumptive heirs as they could trust to hold the land for them” (p. 37). He, therefore, warned that the gifting of land would also amount to an expansion of the generous ceiling already allowed on other counts, and would defeat the “fundamental purpose” of land reforms.

Although it is difficult to quantify exactly the effects of Mr Ghulam Ishaq Khan’s proposal on the potential resumption of land for redistribution, yet a fairly reliable estimate can be made. Assuming that one-third of the large estates were located in the unirrigated areas, a ceiling of 150 irrigated acres and 450 unirrigated would be compatible with an overall ceiling of 250 acres. Applying this ceiling to the data on landownership by size-distribution, as reported in the 1959 Report, about 6 million acres would have been available for resumption from holdings of 500 acres and above. The resumed *jagirs* and farms between 100 and 500 acres would have added another 2 million acres, raising the extent of resumable area to 8 million acres as against the 2.5 million

acres actually resumed under the 1959 land reforms. Thus, *if implemented, Mr Ghulam Ishaq Khan's proposal would have yielded about three times as much land as was actually resumed under the 1959 land reforms!* Needless to add, the resumed area of this magnitude would have correspondingly benefited nearly 0.8 million peasants, assuming that the redistributed holdings would each be of 10 acres.

The dissenting views of Mr Ghulam Ishaq Khan, recorded in the main body of the Report, did not persuade the majority of the Commission members because they thought that "the premise from which Mr Ishaq proceeds does not correctly depict the conditions obtaining in West Pakistan . . ." (p. 33). Seen in retrospect, the non-acceptance of Mr Ghulam Ishaq Khan's views proved to be a great blow to the gradualist approach to the land-tenure problem in Pakistan.

(iii) Martial Law Regulation No. 64

Most of the recommendations of the Land Reforms Commission — the views of the majority, that is — were accepted by the Martial Law government. The government promulgated Martial Law Regulation No. 64, called the West Pakistan Land Reforms Regulation, on February 7, 1959. It was later amended by Martial Law Regulations 64-A and 64-B. The Martial Law Regulation was hailed by many as a historic event, and was described by some as the first giant step on the road to the reorganization and strengthening of Pakistan's economy. It completed the task of abolishing *jagirs* without compensation; and, for the first time, established limited individual holdings in place of the unlimited holdings, which then existed in the country.

Under the Martial Law Regulation, and its later amendments, about 2.5 million acres were resumed and 2.3 million acres distributed among nearly 183,371 tenants and small owners. This area constituted only 4.5 to 5.0 percent of the total farm area in Pakistan and the proportion of beneficiaries in the population was even smaller. One reason for the limited area resumed was inherent in the generous allowances recommended by the Commission. The manner in which the land ceiling was defined — in terms of PIUs, that is — also tended to add ambiguity to the Commission's central recommendation about limiting the size of land that an individual could own. The other reason, amply

demonstrated in the documents of the West Pakistan Land Commission, lay in the process of implementation, in which the *zamindars* illegally altered the land records in collusion with revenue officials at the village level. The most glaring shortcoming of the 1959 land reform law was that *it said nothing whatsoever about improving the existing tenancy contracts*, thus foreclosing an important avenue of land reforms.

CHAPTER

9

Land Reforms after Independence—III

THE 1959 land reforms did make a small dent in the well-entrenched *zamindari* system. As will be shown in Chapters 10 and 11, the concentration of land-ownership was somewhat reduced. *Jagirs*, considered a social anachronism, were abolished. Even more importantly, the idea of unlimited land-ownership was irrevocably replaced by that of limited land-ownership. Notwithstanding these achievements, the landed aristocracy managed virtually to keep intact their political and economic power in the country. The agenda of land reforms was still quite large when the Pakistan People's Party (PPP) took over power in 1972.

Soon after taking over the government, the PPP leadership announced the Land Reforms Regulation of 1972. One of the main objectives of the PPP's "Islamic Socialism" was to introduce radical agrarian reforms in order to ensure the "elimination of feudalism".¹ It was clearly stated that "breaking up of the large estates to destroy the power of the feudal landowners is a national necessity that will have to be carried through by practical measures". And the 1959 Land Reforms were declared as no more than a "subterfuge" — a charge which, in the light of the discussion in the preceding chapter, appears to be somewhat exaggerated.²

A. LAND REFORMS REGULATION, 1972

The PPP government promulgated the Land Reforms Regulation

¹ Pakistan People's Party (1970, p. 28).

² See Sind Land Commission (1974, p. 85).

of 1972 (Martial Law Regulation No. 115) on March 11, 1972.³ This Regulation replaced the Land Reforms Regulation of 1959. The Land Reforms Regulation of 1972 was itself amended in 1973 and 1974 to make some significant concessions to landowners.

(i) Ceiling on Landholdings

In this set of reforms, the private ownership of land was accepted as the basic institution, in accordance with the tenets of Islam. The ceiling on ownership was fixed with reference to the individual and *not* the family. The ceiling was defined both in terms of area and the Produce Index Units (PIUs): 150 acres irrigated or 300 acres unirrigated or an area equivalent to 15,000 PIUs. In addition, 3,000 PIUs of land were allowed to owners of tubewells or tractors or both. The original Regulation was amended in 1973, and the ceiling on landholding was lowered to 12,000 PIUs, plus 2,000 PIUs for the owners of tubewells, tractors or both.

Three distinguishing features of the 1972 ceiling law should be noted. *First*, the stipulated ceiling was considerably lower than that allowed in the 1959 land reforms. *Secondly*, it made no allowances for orchards, stud and livestock farms, and *shikargahs* (private game reserves). With the exception of universities, the law also disallowed giving any exemption from the ceiling law to private charitable and religious institutions. *Thirdly*, the intra-family transfers of land were allowed upto a maximum of 14,000 PIUs, provided they took place between March 1, 1967 and December 20, 1971. All transfers after the last date were made illegal. Finally, a limit of 100 acres was set on the land acquired, except through inheritance, by civil servants. The military personnel were exempted from this provision, but they were not allowed to swap their lands near the (Indian) border with the land anywhere else in the country.

In order to prevent the preemptive transfers of land, all landowners were required to submit declarations in case they possessed a land area in excess of 12,000 PIUs (or 100 acres for civil servants) at any time between March 1, 1967 and December 20, 1971. However, in view of the well-known promises of the PPP to undertake land reforms,

³ Government of Pakistan (1972).

alongside the growing party power in the election of 1970, apparently many landlords had already distributed their lands among relatives and presumptive heirs to avoid confiscation in the event of land reforms.

(ii) Resumption and Redistribution of Excess Land

A landowner could retain compact blocks (50 acres in the Punjab and the N.W.F.P. and 64 acres in Sind) of land of his choice, but land in excess of the prescribed ceiling would be resumed by the government without compensation. The confiscation of excess landholdings was in keeping with the ideological position taken by the PPP leadership on the historical property rights of landlords. The principle of confiscation was applied to all forms in which the excess land was held.

For the disposal of resumed land, the following principles were laid down:

- (a) All the land cultivated by tenants, and that resumed by the government, would be distributed among the cultivating tenants without charge, the area for each tenant not exceeding a "subsistence" holding (12.5 acres in the Punjab and the N.W.F.P., and 16 acres in Sind). However, all resumed lands cultivated by the owners themselves would be distributed without charge among landowners with holdings of less than the "subsistence" size to upgrade their individual holdings. A peasant who had acquired land under the land reforms of 1959 would no longer be required to pay any instalments. The balance of the area remaining with the government under the repealed Regulation of 1959 would also be distributed to tenants and small landowners free of charge.
- (b) The resumed lands in orchards, *shikargahs*, livestock and stud farms, and trusts of charitable and religious institutions were to be used at the discretion of the government. This land could be leased, with preference given to the former owners.

(iii) Tenancy Rights

While the PPP — as others before it—might have preferred a system

of universal peasant-proprietorship, the 1972 Regulation accepted continued existence of the *zamindari* system in Pakistan. However, the 1972 Regulation did make the following significant changes in the tenancy laws—some for the first time—to safeguard the rights of the tenants.

- (a) A tenant could not be evicted by the landlord without producing substantial evidence before the revenue courts that he failed to meet any or all of the specified conditions under which he held tenure.
- (b) A tenant will have no responsibility for land revenue, water rate and the cost of seed. However, he would have to share, on a 50:50 basis, the cost of fertilizers and pesticides. Landlords were not allowed, as before, to levy *haboob* or *begar* on tenants.
- (c) The *batai* system, with the principle of payment in kind, was kept intact. The payment to be made in cash by the tenants as recommended by the earlier commissions, was not accepted.
- (d) A tenant would have the first right of preemption on the land he cultivated if the landlord decided to sell it.

(iv) Restrictions on Land Fragmentation

Several restrictions were imposed on the division, partitioning and alienation of landholdings. A holding could be alienated, but not partitioned. This was done to make sure that the conditions already set in the Land Reforms Regulation of 1959 with regard to the “economic” and “subsistence” sizes of holdings were not violated. An impartible joint holding should be managed as a single unit by one of the mutually agreed upon partners or by an appointee of the Deputy Commissioner in the district. In case of a dispute, the provincial Land Commission was authorized to acquire the landholding on payment of fair compensation.

As will be pointed out in Chapters 10 and 11, the 1972 land reforms did not significantly reduce the concentration of land-ownership in Pakistan. Indeed, the total resumed area was only 1.3 million acres, of which 0.9 million acres was distributed to the peasants. The number of the beneficiaries was only 76,000. The resumable area was greatly reduced because the ceiling was set on the individual holding and expres-

sed in terms of PIUs. The actual ceiling, including the allowance for tractors and tubewells, exceeded 500 acres in Sind and Baluchistan and varied between 325 and 350 acres in the Punjab and the N.W.F.P.⁴ With the permissible transfers of land to presumed or real heirs and relatives, even these ceilings underestimate the area actually retained within each family.

B. LAND REFORMS ACT OF 1977

In addition to the new land revenue measures, adopted in autumn 1975 to benefit small landowners, the PPP government announced the Land Reforms Act (II) of 1977 on January 9, 1977.⁵ It contained three important provisions:

- (a) It reduced the ceiling on the individual holding to 100 acres irrigated or 200 acres unirrigated, or an area equivalent to 8,000 PIUs. The new limit was two-thirds of the ceiling prescribed by the land reforms of 1972.
- (b) It allowed compensation to landowners for the area they would surrender at Rs 30 per PIU in bonds, which were heritable and transferable.
- (c) It would redistribute the resumed land in the same way as was prescribed in the 1972 Regulation.

The effect of the new Land Reforms Act was reinforced by another piece of legislation, called the Finance (Supplementary) Act of 1977, which abolished land revenue for owners of less than 25 acres and introduced a tax on the incomes of large landowners.

With the exit of the PPP government on July 4, 1977, the Finance Act was suspended, and upward adjustments were made in the existing land revenue rates. While the Land Reforms Act of 1977 was not suspended, its implementation was halted. The total resumed area under this Act was reported to be 176,000 acres, of which only 88,000 acres was distributed to 13,000 beneficiaries.⁶ The new government amended

⁴ Herring and Chaudhry (1974).

⁵ Government of Pakistan (1977, pp. 118–124).

⁶ Mr Ghulam Ishaq Khan in a personal communication to Syed Nawab Haider Naqvi.

the Act of 1977 in 1981 to grant an exemption from the ceiling limit to cooperative societies and educational institutions, and to individuals for establishing livestock farms.⁷

⁷*The Land Reforms (Amendment) Ordinance 1981* was promulgated on January 2, 1982.

PART V
ASSESSMENT
OF LAND REFORMS
IN PAKISTAN

CHAPTER

10*

The Distributional Effects of Land Reforms

THE agrarian structure — defined fairly completely by the size of land-ownership, the pattern of cultivating land and the peculiarities of tenancy contracts — has undergone significant changes since 1947. These changes reflect partly the direct effects of various land reform Acts since the 1950s, a detailed account of which has been given in the previous chapters. Then land reforms also indirectly affect the structure by inducing changes in the distribution of land actually cultivated or available for cultivation among different types of cultivators. Rapid population growth, land transfers by inheritance, introduction of new technology as well as government policies of support prices, input subsidies and farm credit have also reinforced these indirect effects of land reforms (see Chapter 12). All these factors must be taken into account to understand the distributive characteristics of the land-tenure system and private property rights in Pakistan.

Notwithstanding the many reformative measures taken since 1950 to remove the gross inequities of the land-tenure system, the system is still characterized by unequal distribution of ownership of agricultural land, and by tenancy relations which protect the interests of the landlords rather than those of the tenants. The many tenancy and land reform Acts introduced since the 1950s to restructure the system — particularly to break up the high concentration of land-ownership in a few hands and to remedy the inequalities of tenancy laws — have not

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had a major impact on these central features of the agrarian structure. Things have moved in the right direction, but the pace of change has been too slow to be fruitful. Nothing more can be expected because the total area resumed under the various land reforms from 1959 to date does not exceed 4.5 million acres out of the total farm area of 50 million acres. The area redistributed on account of land reforms is even lower: 3.7 million acres was distributed to about 291,000 beneficiaries. Thus land reforms have helped the resumption of only 9 percent, and the redistribution of just 7 percent, of the total farm area over a period of 25 years.¹

The present chapter concentrates on attempts to quantify, as best we can, the effectiveness of land reforms in Pakistan. In the first section, we analyse the effect of land reforms on *ownership holdings*. The second section analyses changes in *operational holdings*.² The last section gives a synoptic review of changes in the tenancy contracts.

A. CONCENTRATION OF LAND-OWNERSHIP

Prior to the 1959 land reforms, the distribution of land-ownership was highly unequal in favour of large holdings in all provinces of Pakistan. The landowners of 100 acres or more, in the early 1950s, constituted merely one percent of the landowning population in the Punjab and the N.W.F.P., but they owned nearly one-quarter of the area.³ Their proportion in Sind was much higher (nearly 8 percent of all owners had more than 100 acres) and the proportion of the area they owned was higher still: they owned about 55 percent of the agricultural land in the province. These landowners formed the backbone of the *zamindari* system. There was significant reduction in their number and their land-holdings in the 1960s, reflecting the effects of the 1959 land reform Act.

¹ A detailed breakdown of various land-reform attempts by the provinces, the areas resumed and redistributed, and the number of beneficiaries is given in Pakistan (1986).

² It may be useful to make clear the distinction between ownership holdings and operational holdings. While the former denotes total farm area owned by a person, the latter denotes the total farm area actually cultivated or available for cultivation to owner-cultivators and tenants. On balance, operational holdings could be larger in number than ownership holdings if more farms were leased out. Likewise, the degree of concentration (the Gini coefficient) could be higher in ownership holdings than in operational holdings.

³ These figures are based on individual records on file with the Provincial Revenue Departments.

Land transfers under the 1972 land reform Act had similar effects on the number of landowners and the area owned by them.

The degree of concentration of land-ownership can be measured by the Gini coefficients, which are given in Table 10.1.⁴ The table shows that (in 1980-81) land-ownership in Pakistan was highly concentrated in a few (rich) hands: the degree of concentration was most marked in Sind; and, relatively speaking, the land-ownership pattern was the least unequal in the N.W.F.P. The distribution of land-ownership has improved consistently over time; and such improvement has been shared by all provinces of Pakistan.⁵ But the pace of distributional improvement seems to have slowed down somewhat after 1972.

Table 10.1

Gini Coefficients for Land-ownership in Pakistan

	Pakistan	Punjab	Sind	N.W.F.P.
1950s	0.64	0.62	0.66	0.49
1971-72	0.57	0.53	0.59	0.41
1976	0.55	0.52	0.58	0.41
1980-81	0.53	0.49	0.55	0.38

Source: These coefficients have been estimated from data on individual records of the Provincial Revenue Department.

The fall in the Gini coefficients since 1950 also corroborates the available evidence on land-ownership by the size of holdings, which range

⁴ If the ownership of land is taken as a proxy for wealth ownership, these estimates also suggest that the distribution of wealth in Pakistan is much more unequal than the distribution of income. For instance, in 1971-72 the Gini coefficients for household *incomes* was 0.34, while for household land-ownership (*wealth*) it was 0.66. By 1980 the Gini for income increased to 0.38 while that for land-ownership declined to 0.65, thus reflecting a slight decrease in the gap between wealth and income inequalities in Pakistan.

⁵ Land-ownership data, based on individual records, for Baluchistan are incomplete because a large proportion of the area is not "settled".

from small to very large. For small owners (under 12.5 acres) the increase in the area owned has been greater than the increase in their numbers, suggesting a per capita increase in land-ownership of small landholdings. By contrast, the area owned by large owners has decreased at a more rapid pace than their number, indicating a decline in the per capita land owned by large farmers. Mainly due to land transfers effected by the land reforms of 1959 and 1972, marginal landowners (with less than 5-acre holdings) gained in numbers in Sind. But, in the Punjab, the gains of this class of landowners in the share of total area seem to have come mainly from a reduction in the number and size of large holdings (over 150 acres). The most impressive reduction in the number and area of large holdings has been in Sind: in 1950 this class of owners constituted 8 percent of all landowners, but owned around 54 percent of the area. By 1976, their members decreased to only 2.5 percent and they owned no more than 31 percent of the total area. Some of the area so released has been transferred to small owners (from 5 acres to 12.5 acres); while some of it has gone to the lower-middle group of owners (from 12.5 acres to 25 acres). This latter category of landowners has lost in numbers, but it has increased its share in the total farm area: there are in this group fewer landowners with more land. More striking perhaps is the gain of land by the upper-middle groups (25–50-acre holdings) in Sind.

However, there is reason to believe that the apparent reduction in the share of large landowners (including absentee landlords) may have been somewhat illusory. This is because the above analysis has been based on land-ownership data of the individual holdings, and *not the family (household) holdings*. What seems to have happened in the 1960s and 1970s, both in anticipation of and in response to the land reforms Acts of 1959 and 1972, is that on the eve of every significant land reform, a large number of (legal and not-so-legal) intra-family transfers of land have invariably been made. *So, while the ownership titles or claims to a large size of landholdings have declined, the actual control of land might have remained largely within the same family*. This is partly supported by the Gini coefficients for ownership holdings of the households reported in Table 10.2. (Unfortunately, the data for earlier years are not available by this classification.)

Table 10.2 shows that the Gini coefficients for household holdings are

Table 10.2

Gini Coefficients for Ownership Holdings of Households

	1972	1980
Pakistan	0.66	0.65
Punjab	0.63	0.62
Sind	0.69	0.63
N.W.F.P.	0.68	0.69
Baluchistan	0.69	0.68

Source: Based on data in Government of Pakistan [(1975), (1983)].

larger than those for individual holdings. Although individual holdings were least concentrated in the N.W.F.P., the ownership of household holdings was most skewed in this province, followed by Baluchistan, Sind and the Punjab. The concentration in household holdings improved slightly between 1972 and 1980, except for the N.W.F.P.

B. CHANGES IN THE DISTRIBUTION OF OPERATIONAL HOLDINGS

The Gini coefficients reported in Table 10.1 tell us about ownership holdings but do not shed light on the structure of *operational* holdings, which focuses on land use and not on land-ownership. While changes in the two types of holdings reflect the effect of different kinds of forces, these are not altogether unrelated. Although land reforms directly impinge on land-ownership, they also indirectly affect the size of operational holdings by inducing new patterns of land distribution between different classes of cultivators — i.e., owner-cultivators, owner-cum-tenant-cultivators, and tenant-cultivators.⁶ But the size of operational

⁶ Owner-cultivator is one who operates the entire land he owns; owner-cum-tenant-cultivator owns a part of the land and rents-in the other part from other households for cultivation; and tenant-cultivator is one who rents-in the entire area he cultivates from others against a fixed rent in cash/kind or a share in the produce.

holdings and their distribution between various types of cultivators are influenced by a number of factors, including market forces and technological change.

The Gini coefficients given in Table 10.3 show a high degree of inequality in the distribution of operational holdings. But for all tenurial classes taken together, the distribution in the N.W.F.P. and Baluchistan

Table 10.3

*Gini Coefficients for Operational Holdings by Tenurial Classes
in Pakistan*

	All Tenurial Classes	Owner- operated	Owner- tenant Operated	Tenant- operated
1960				
Pakistan	0.62	0.70	0.54	0.55
Punjab	0.59	0.66	0.49	0.56
Sind	0.51	0.62	0.46	0.42
N.W.F.P.	0.73	0.75	0.64	0.71
Baluchistan	0.71	0.77	0.61	0.58
1972				
Pakistan	0.52	0.61	0.47	0.40
Punjab	0.49	0.58	0.43	0.40
Sind	0.43	0.57	0.46	0.32
N.W.F.P.	0.64	0.62	0.58	0.61
Baluchistan	0.64	0.68	0.61	0.47
1980				
Pakistan	0.53	0.60	0.47	0.40
Punjab	0.51	0.58	0.44	0.40
Sind	0.47	0.54	0.47	0.33
N.W.F.P.	0.64	0.65	0.61	0.53
Baluchistan	0.62	0.65	0.55	0.42

Source: Calculations based on the data in Government of Pakistan [(1975), (1974), (1983)].

has been more unequal than that in Sind, the Punjab and overall Pakistan, in that order. The distribution of operational holdings improved significantly between 1960 and 1972, but it worsened somewhat between the 1972–1980 period. Although, over time, improvement in distribution occurred across all the provinces, it was relatively more pronounced in the Punjab but less so in Baluchistan. Such improvement in the distribution of operational holdings is consistent with a very drastic decline in the share of marginal farms and a relatively less drastic decline in their farm area. This indicates an increase in the average farm size. On the other hand, the increase in the share of area – under large, and very large, operational holdings – was less in comparison with the increase in their number, reflecting a decline in the average farm size.

Among the different tenurial classes, the distribution of farm area among farms of various sizes has been relatively more unequal under owner-operated farms. Over time, all categories of farms have witnessed a fall in the degree of concentration, particularly between 1960 and 1972. However, the fall in the case of tenant-operated farms was relatively sharper. This trend was more pronounced in the Punjab than in any other province. The reduction in the Gini coefficients indicates that, given the farm area under each tenurial class, more land is available to small farmers.

A comparison of Tables 10.1 and 10.3 shows clearly that, in general, the coefficients for operational holdings are smaller than those for ownership holdings; but the changes in the two types of holdings have followed the same pattern.⁷ The lower coefficients for operational holdings suggest that land became accessible to more people.

Note that while the distribution of individual land-ownership in the Punjab and Sind has been more unequal than in the N.W.F.P. (see Table 10.1), the distribution of operational holdings has been relatively more unequal in Baluchistan and the N.W.F.P. This suggests that access to land in the N.W.F.P. and Baluchistan was more restricted than in the other provinces. The explanation lies in the high degree of communal tenure in tribal areas of Baluchistan and the N.W.F.P. and

⁷ As the coefficients in Tables 10.1 and 10.3 are based on data from two different sources, the comparison is not straightforward. However, as the objective of the analysis is to draw an inference, the comparison as such does not pose any problem.

joint operation of individual holdings by the tribes.⁸ This not only reflects a relatively higher dominance of a few large operational holdings in the N.W.F.P., as compared with the Punjab and Sind, but it also indicates that changes in the land-tenure system in the N.W.F.P. have been relatively more favourable to large cultivators.

It may be noted that changes in the Gini coefficients over time do not necessarily imply an unambiguous improvement (or deterioration) in the distribution of operational holdings. The nature of change in the distribution can be understood better by the position and relative slopes of the corresponding Lorenz curves. These curves, drawn for total operational holdings in Pakistan in 1960, 1972 and 1980, are presented in Figure 1. The percentage of the total farm area is placed on the vertical axis, while the percentage of the number of farms is shown on the horizontal axis.

It is clear from Figure 1 (a–d) that the Lorenz curves for different years do not intersect in the relevant range. In other words, the improvement in the distribution of operational holdings, implied by a significant decline in the Gini coefficients between 1960 and 1972, is unambiguous. Similarly, the slight deterioration in distribution between 1972 and 1980, implied by an increase in the Gini coefficients, is also unambiguous. The Lorenz curves drawn for different provinces further indicate that the distribution of operational holdings in the N.W.F.P. has been unambiguously more *unequal* as compared with that for Pakistan, the Punjab and Sind, in that order. In fact, the N.W.F.P. and Baluchistan have almost identical land distributions. (This result confirms the observations made above.) But the Lorenz curves for the Punjab and Sind, on the one hand, and those for the N.W.F.P. and Baluchistan, on the other, intersect. This implies that the comparisons of land distribution between each pair of the provinces are not unambiguous.

C. CHANGES IN THE SIZE OF 'MOST PREFERRED' OPERATIONAL HOLDINGS

The Gini coefficients presented in Table 10.3 give an overall picture of the degree of concentration of operational holdings in Pakistan, and of

⁸ See Government of Pakistan (1983).

Fig. 1 (a). Lorenz Curves for Operational Landholdings in Pakistan for 1960, 1972 and 1980.

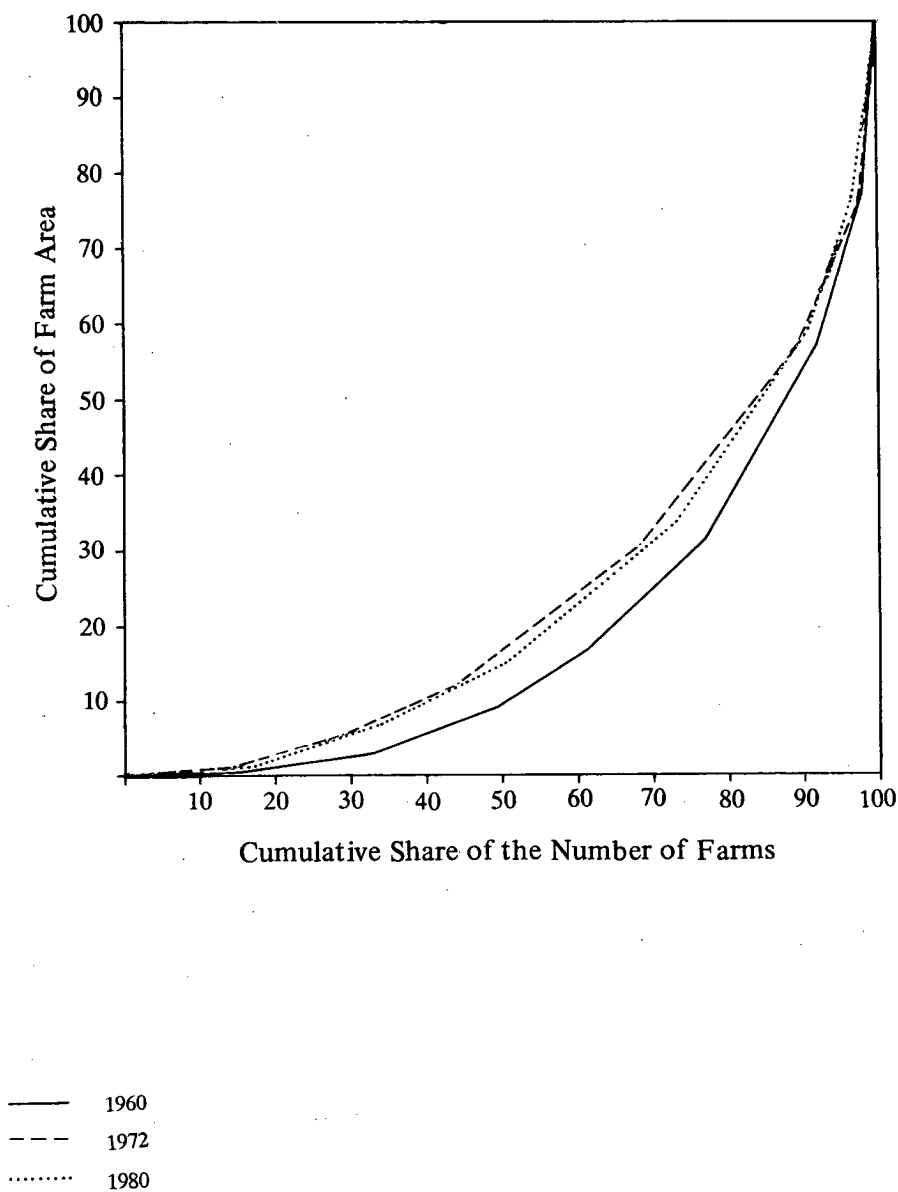
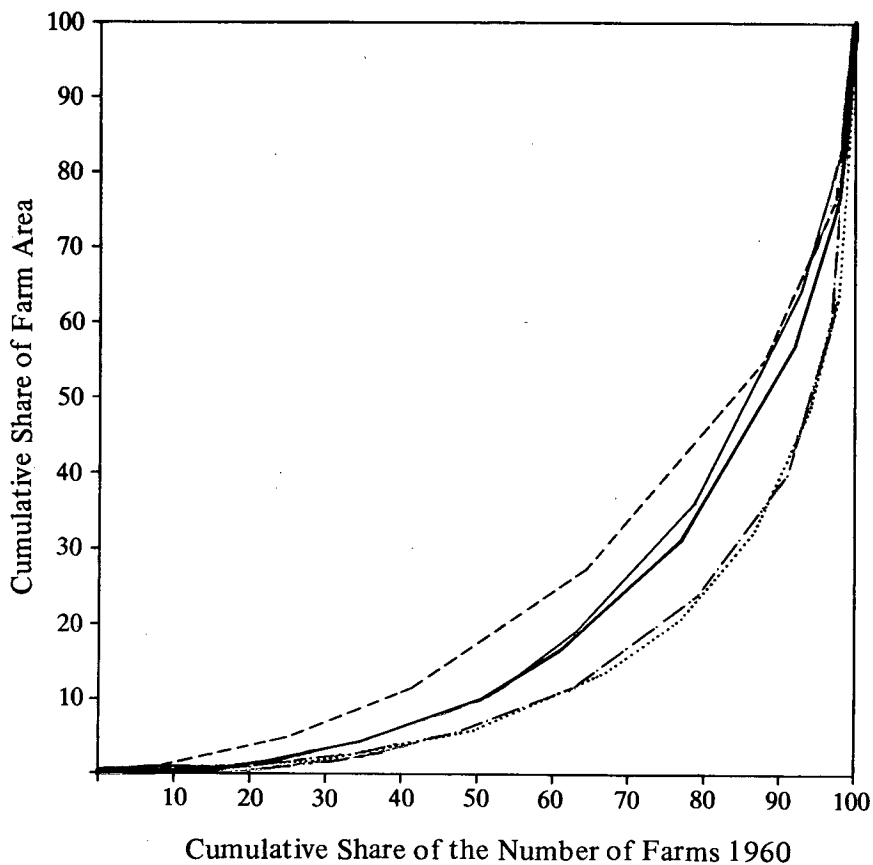
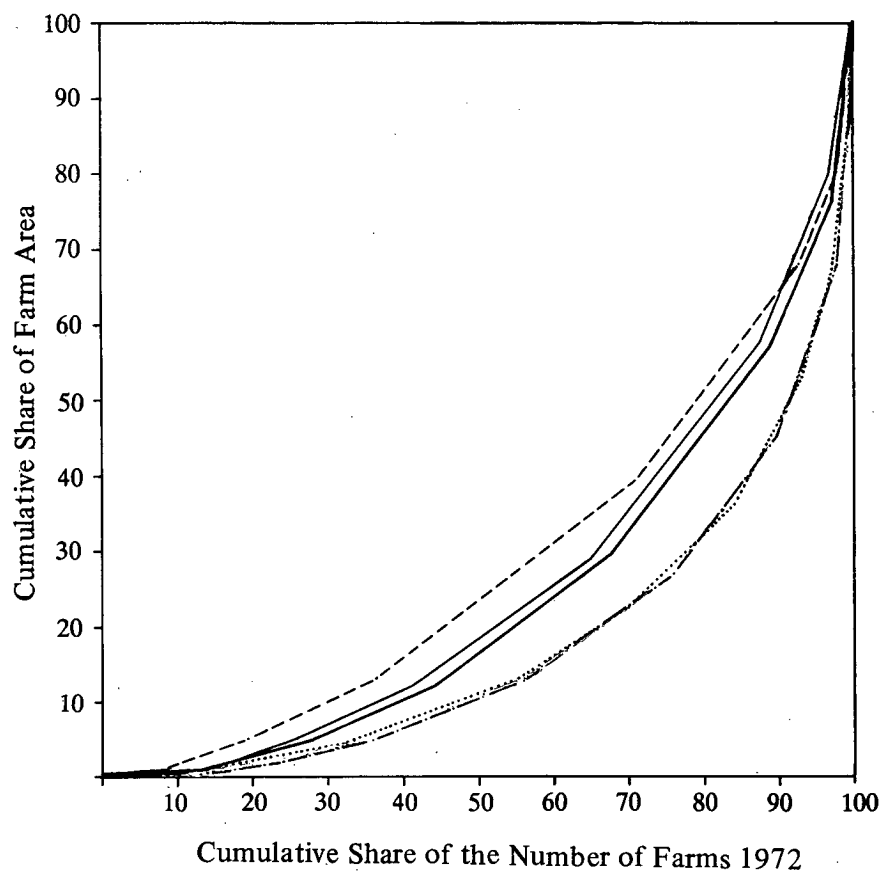


Fig. 1 (b). Lorenz Curves for Operational Landholdings in Pakistan and Provinces for 1960.



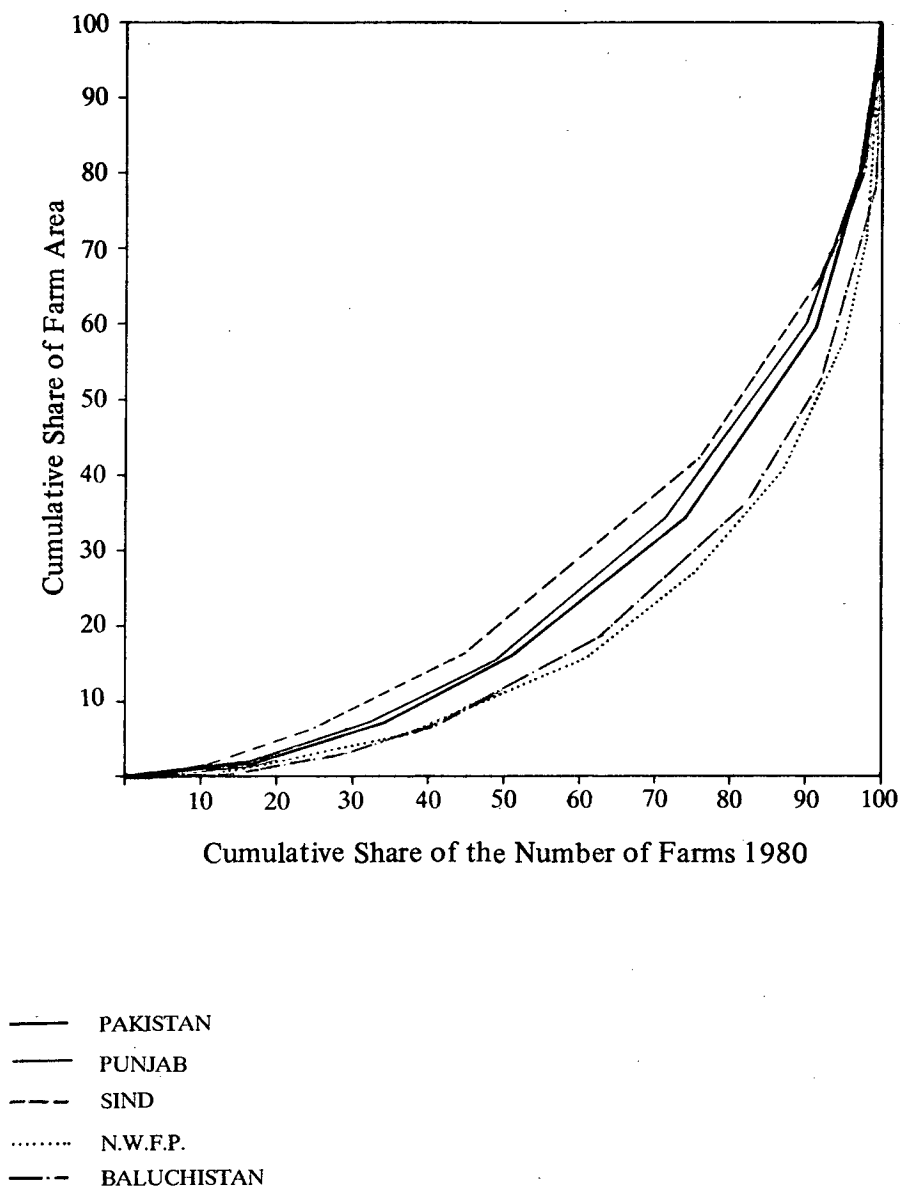
- PAKISTAN
- PUNJAB
- - - SINDH
- N.W.F.P.
- - - BALUCHISTAN

Fig.1 (c). Lorenz Curves for Operational Landholdings in Pakistan and Provinces for 1972.



- PAKISTAN
- PUNJAB
- - - SINDH
- N.W.F.P.
- . - BALUCHISTAN

Fig. 1 (d). Lorenz Curves for Operational Landholdings in Pakistan and Provinces for 1980.



the changes in it over time. They do not, however, reveal the size of the representative farm unit operated by the majority of landowners. This representative farm unit is referred to in this section as the 'most preferred' farm size, changes in which reflect the impact of a variety of factors, including land reforms. Assuming that economic agents (farmers) are rational, it can be argued that a preference for a certain farm size reflects the maximizing behaviour of farmers. If this assumption holds, the 'most preferred' farm-size category can also be considered as the most efficient.

The evidence given in Table 10.4 makes it clear that the size of the most preferred, or the most efficient category, is different in each province, and for each tenurial class. It is to be noted that across different tenurial classes, the size of the most preferred farm unit is the smallest in the N.W.F.P. The differences across the provinces can be partly attributed to differences in the land/man ratio. In general, the size of the most preferred category is larger for tenant-operated farms than for owner-operated farms. This is because, from the landlord's perspective, the size of the farm to be rented-out is determined with a view to maximizing the rent and minimizing the supervisory cost, given the relevant technology. From the tenant's point of view, on the other hand, the size of the land rented-in is such that it maximizes his share in the total produce, given his resource endowment.

It will be noted in Table 10.4 that the most preferred farm size has increased somewhat over time, but it still remains very modest. For example, in the owner-operated class, in 1960, farms of less than 1 acre were in majority, with 23 percent of the total owner-operated farms. By 1972, the size of the most preferred category in this class increased to 2.5–5.0 acres, containing more than 18 percent of the total number of farms.⁹ This phenomenon can be attributed to increased labour mobility and farm mechanization, which have tended to reduce the pressure on land. However, between 1972 and 1980, the size of the most preferred farm size remained unchanged, but there was an increase in its numbers. In the case of tenant-operated farms, the most preferred

⁹ It may be pointed out that the data given in the 1960 census were extracted from revenue records. The data of the 1972 and 1980 censuses, on the other hand, are based on actual enumeration. As the bases of the 1960, 1972 and 1980 censuses are different, the readers are cautioned to be careful in making comparisons over time.

Table 10.4
Intertemporal Changes in the Size of the Most Preferred Operational Holdings by Type of Tenure

	All Tenurial Classes	Owner- operated	Owner-cum- tenant- operated	Tenant- operated
Pakistan				
1960	1.0–2.5 (17.6)	<1 Acre (23.0)	7.5–12.5 (20.5)	7.5–12.5 (17.5)
1972	7.5–12.50 (24.5)	2.5–5.0 (18.3)	12.5–25.0 (27.9)	7.5–12.5 (31.4)
1980	7.5–12.5 (22.6)	2.5–5.0 (19.3)	12.5–25.0 (25.1)	7.5–12.5 (30.9)
Punjab				
1960	1.0–2.5 (19.3)	<1 Acre (22.8)	7.5–12.5 (21.7)	1.0–2.5 (20.6)
1972	7.5–12.5 (23.8)	2.5–5.0 (18.2)	12.5–25.0 (29.5)	7.5–12.5 (28.2)
1980	7.5–12.5 (22.2)	2.5–5.0 (19.4)	7.5–12.5 (28.5)	7.5–12.5 (28.5)
Sind				
1960	12.5–25.0 (23.4)	12.5–25.0 (20.8)	12.5–25.0 (31.5)	7.5–12.5 (24.9)
1972	7.5–12.5 (34.4)	12.5–25.0 (22.2)	7.5–12.5 (30.2)	7.5–12.5 (40.1)
1980	7.5–12.5 (30.8)	7.5–12.5 (22.5)	7.5–12.5 (28.2)	7.5–12.5 (38.3)
N.W.F.P.				
1960	<1 Acre (28.3)	<1 Acre (37.7)	2.5–5.0 (20.4)	<1 Acre (27.1)
1972	2.5–5.0 (22.7)	1.0–2.5 (25.1)	2.5–5.0 (20.1)	2.5–5.0 (23.2)
1980	1.0–2.5 (25.4)	1.0–2.5 (28.3)	2.5–5.0 (22.4)	2.5–5.0 (26.4)
Baluchistan				
1960	7.5–12.5 (16.6)	1.0–2.5 (17.3)	12.5–25.0 (22.8)	12.5–25.0 (21.8)
1972	12.5–25.0 (20.7)	7.5–12.5 (19.0)	12.5–25.0 (24.6)	12.5–25.0 (34.3)
1980	7.5–12.5 (22.6)	7.5–12.5 (20.4)	12.5–25.0 (29.9)	7.5–12.5 (35.6)

Source: Government of Pakistan [(1975), (1964), (1983)].

Note: Figures in parenthesis are percentages of the number of farms in a particular size category relative to the total number of farms in each class, viz., owners, owner-tenants, and tenants, in the respective years.

category has been one of 7.5–12.5 acres. While there was a significant increase in the number of these farms between 1960 and 1972, their numbers dropped slightly in the 1970s.

As the share of the Punjab in the total cultivable land exceeds that of the other provinces, the national picture conceals more than it reveals about the situation in each province. Table 10.4 shows that the most preferred category in the Punjab is the same as that for Pakistan in most of the cases. It is also clear that, among owner-operated farms, the size of the most preferred farm size was larger in Sind and Baluchistan as compared with the Punjab and the N.W.F.P. Except for Sind, the size of the most preferred farm size remained unchanged between 1972 and 1980; the size of such farms among tenant-operated farms was the smallest in the N.W.F.P. Between 1960 and 1972 the size of such farms increased in the Punjab and the N.W.F.P., but remained unchanged in Sind and Baluchistan. However, during 1972 and 1980, a decline occurred in the size of this category of farms in Baluchistan. Finally, over time the size of the most preferred or efficient farm unit has stayed at 7.5–12.5 acres.

D. CHANGES IN TENANCY CONTRACTS

In addition to the redistribution of land, land reforms have also aimed at improving the status of tenants *vis-a-vis* the landlords. As described at length in the earlier chapters, the tenancy Acts in the early 1950s gave legal protection to both occupancy tenants and tenants-at-will, but did not alter significantly the asymmetry of their relations with the landlords (*zamindars* and *jagirdars*). Also, these reforms did not make any changes in the provincial tenancy Acts. The land reforms of 1972 were significant in that they redefined the tenancy contracts; and provided, at least in law, a modicum of security of tenure to the tenants-at-will. Table 10.5 summarizes the important highlights of the reformative measures taken since 1950.

Although the position of the tenant has improved because of the tenancy legislations, yet there are problems with the sharecropping system in Pakistan. First, while the payment of land revenue, water rates, and seed costs are no more the responsibility of the tenants, the changes in tenancy laws since 1950s seem to have favoured the landlords in terms of the fixation of produce shares and the formula for the division of cost of the modern agricultural inputs.

Table 10.5
*Landlord-tenant Contracts under Various Land Reforms in Pakistan**

Rights and Obligations	Tenant's Share (percent)			
	Punjab Tenancy Acts of 1950 and 1952	N.W.F.P. Tenancy Acts of 1950 and 1952	Sind Tenancy Act of 1950	Pakistan Land Reforms Act of 1972
1. Gross Produce	60	60	50	No Change
2. Expenses				
Land Revenue	60	60	0	0
Water Rate	60	60	0	0
Seeds	60	60	50	0
Permanent Labour	100	100	100	100
Animal Labour	100	100	100	100
Hired Labour	60	60	50	50
Fertilizer	—	—	—	50
Pesticides	—	—	—	50
Machines	—	—	—	50
Other Expenses	—	—	—	50
3. Levies/Free Labour	Abolished	Abolished	Abolished	Abolished
4. Tenants and Tenancy Rights	<p>a. Occupancy tenants become owners on payment of 20 year's rent</p> <p>b. Tenants-at-will can only be evicted for bad cultivation, misuse of land, failure to pay rent or if the landlord wishes to cultivate land himself</p>			
		Occupancy tenants become owners on payment of 20 year's rent	Permanent tenancy is granted if a tenant cultivates 4 acres for 3 continuous years	All tenants should be entered into record of rights
		Tenants-at-will are given security of tenure for 3 years unless they misuse land or fail to pay rent	For tenants-at-will security of tenure is not guaranteed	No tenant can be evicted without his consent, or unless he misuses land
5. <i>Khud-Kasht</i> Area	25.0 acres of irrigated land if ownership is less than 100 acres. It is 50 acres in case ownership is more than 100 acres. For <i>barani</i> (rain-fed) areas, these sizes are doubled.	No Restrictions	No Restrictions	50 Acres
6. Preemption Rights	No Rights	No Rights	No Rights	All Tenants

Source: Darling (1955) and Government of Pakistan (1972).

*The reported shares are for the tenants. The landlord's share would be residual. It may be noted that no changes were made in tenancy contracts under the 1959 and 1977 land reform Acts.

Secondly, while the risk is shared equally between the landowner and his tenant, all decisions about the selection of crops, use of inputs, etc., are made entirely by the landowner or one of his agents.

Thirdly, in several areas, at least in Sind, landlords still rotate their tenants on different parcels of land. The legal provisions for the right of landowners to expand the *khud-kasht* area may also have increased the insecurity of tenure. Such practices keep the tenants insecure and provide little incentive to improve the management of land.

Finally, notwithstanding the many legal provisions introduced to safeguard the tenant's rights, his bargaining position *vis-à-vis* the landlord remains weak because of the high concentration of land among some individuals or households in the village.

CHAPTER

11

Factors Impeding Land Reforms

T

HE privileged landlord class has been traditionally hostile to any kind of land reforms because it considers them a threat to its privileged position in the society. The main interest of the landlords is in maintaining the *status quo* on land. By contrast, the tenants are too impoverished to confront the landlords with their demands and take advantage of the reforms. Indeed, the repeated attempts at land reforms in Pakistan have created a vicious circle: every failed attempt to rectify the unproductive and unjust system of land-tenure has tended to strengthen the intransigence of the vested interests, whose success in defying land reforms has then been erroneously cited as an historical "evidence" against effective land reforms in the future.

In the preceding chapters, a description of the changes in the land-tenure system has been presented. These changes are shown to have been induced by a variety of factors — land reforms, technological change, and input and output pricing policies. A fairly complete analysis of these changes has been presented in Chapter 10. It should be clear that land reforms and technological factors have significantly lowered the size of both ownership and operational landholdings. Furthermore, the tenancy laws have also been reformed to some extent. However, the fact remains that the sizes of ownership and operational holdings are still much too high—indeed, are much higher than what is the economically viable and efficient size of farm. There is reason to believe that a part of the improvement in the land-tenure system may have been illusory because the reduction in the size of *individual* holdings may have been made good by the corresponding additions to the size of family holdings.

The *zamindari* system continues to dominate the rural scene; and the associated imbalances in the power structure still persist, so that the many improvements in the tenancy laws are more often honoured in the breach than in observance. As such, the objectives of land reforms in Pakistan remain far from realized.

It may be instructive, therefore, to examine the factors that have, by and large, defeated the wider social and economic objectives of the land reforms, that is, the emergence of a dynamic system of peasant-proprietorship in the country.

A. SOCIO-ECONOMIC ENVIRONMENT OF LAND REFORMS

As noted at several places in the book, the *zamindari* system in Pakistan consists of an uneven hierarchical structure, characterized by a class of rent-seeking landlords and a powerless and subjugated peasantry. The two classes are joined together only by an exploitative relationship, which hardly reflects any commitment on their part to equity or agricultural growth.

That the *zamindar* wields immense power over the peasant has been widely acknowledged from the very inception of Pakistan. The Minute of Dissent by Mr M. Masud stated bluntly in 1949: "The *hari* is degraded to the lowest level because the land on which he depends for his existence is under the absolute control of the *zamindar* who can evict him at any time". The Muslim League Agrarian Committee also then stated: "... the complete dependence of the tenant for his livelihood on the will of the landlord gives the latter practically the power of life and death in the village economy and leads to the utter degradation of the actual tiller of the soil — morally, physically and economically". The Land Reforms Commission in 1959 recognized that "in many areas (of West Pakistan) power is concentrated in the hands of a privileged few, which hampers the free exercise of political rights and stifles the growth of democracy and democratic institutions". Mr Ghulam Ishaq Khan added that, as a result of the tenurial relationship in Pakistan, "social progress is hampered and the society remains indefinitely stratified". Similar statements were made by the leaders of the PPP in their election Manifesto in 1970, and subsequently on the occasion of the introduction of land reforms in 1972 and 1977.

An unchanging social environment has prevented the process of evolutionary change from getting underway in Pakistan. The landlords maintain their privileged position in this environment by virtue of the monopoly on land which they exercise at the village or local level. The same monopoly on land is also used to influence the machinery of the State, both at the local and the regional levels. Their social power is further reinforced by exploiting the religious sentiments of the village community with the help of local *pirs* (semi-religious leaders). Additionally, widespread ignorance and illiteracy, as well as the absence of support for land reforms within the legal and administrative structure of the State, have greatly contributed to the weak bargaining position of the peasants. A rapid growth of population and slow growth of alternative opportunities have only added to their predicament.

B. POLITICAL COMMITMENT TO LAND REFORMS

One of the hard realities about Pakistan's political landscape has been its dominance by the *zamindar* class, which has stoutly opposed all kinds of land reforms. After the death of the Founder of Pakistan, the Quaid-i-Azam Mohammad Ali Jinnah, the leadership of the Muslim League attempted to translate into a concrete programme of action the promises made by its Founder to establish a socially just land system in Pakistan. In 1949, the Agrarian Committee of the Muslim League, whose recommendations have been discussed at length in Chapter 7, aptly put across the basic political issue:¹

“The statesmanship, the integrity and the vision of the leadership of the Muslim League is on test. Unless a clear and precise programme [of land reforms] is formulated. . . it is not possible, nor would there be any justification for sustaining amongst the people any real interest or confidence in the Muslim League. . .”.

The last part of the statement proved to be prophetic. One of the reasons for the disintegration of the Muslim League, in mid-1954, was that its leadership had come to depend heavily on the support of the provincial feudal elites. Over three-quarters of the members of the legislative assemblies in the provinces were big landlords, having a vested

¹ Pakistan Muslim League (1949).

interest in the maintenance of the *status quo* with respect to the ownership of land. The reforms contained in the Tenancy Acts of 1950 were the only concessions which they were willing to make. And the ruling party showed little enthusiasm for the long-run recommendations of the Agrarian Committee.

The military regime that took over the government in 1958 committed itself to land reforms as part of its efforts to gain legitimacy in the eyes of the public. Subsequently, when the Pakistan People's Party came to power, it also saw the urgent need for land reforms as part of its "socialist" ideology. Even though the land reforms announced in 1972 were no more radical than those recommended earlier by the Agrarian Committee, the opposition of the *zamindar* class frustrated this effort as well. The Land Reforms Act of 1977 could probably have changed the tenurial relationship in a decisive way, but that was not to be. The point is that the commitment of the political leadership in Pakistan has been, by and large, to short-term gains rather than to a fair distribution of the fruits of economic progress. The vested landed interests have not taken the enlightened view to be able to see that their own prosperity depends on a significant improvement of their milieu through evolutionary change.

C. DESIGN OF LAND REFORMS

The scope of the land reforms programmes undertaken in Pakistan has been limited. The Tenancy Acts of the 1950s, enacted under great pressure from the Muslim League Agrarian Committee, were limited to bringing some order to the traditional *zamindari* system without destroying the system itself. For example, the occupancy tenants were granted the right of ownership, but that did not change the reality on the ground. This concession amounted to nothing more than an *ex post facto* acknowledgement of the cultivator's right to possess the piece of land that he had already been cultivating for a long period. The abolition of *jagirs* was motivated more by a desire to increase the state's revenue than to dilute the concentration of land-ownership.

Land reforms in Pakistan have been deliberately kept moderate in the name of "realism". This is especially true of the 1959 land reforms, which did not say anything about changing the contents of the existing tenancy contracts. Then the key provisions about a ceiling on

the individual landholding, the exemptions, the rights of land transfer, and other allowances were kept quite generous, and ambiguous. An important source of ambiguity was the fact that the ceiling and allowances were expressed in terms of the Produce Index Units (PIUs) whose actual value did not at all reflect the productivity of the area that was being legally retained. By definition, the ceilings on land expressed in PIUs were more generous than those stated in acres. These ambiguities greatly encouraged the concerned officials to manipulate cadastral records in the landlord's favour. Furthermore, resumable land was also affected adversely because the ceilings on landholdings were prescribed for the individual and not for the family. A simultaneous ceiling on both the individual and the family holdings, as recommended by Mr Ghulam Ishaq Khan, would have reduced land concentration appreciably and released a much larger area for redistribution to peasants than was actually distributed.

The elaborate provisions for fixing the lower limit on individual holding, made in the successive land reform proposals, were also not well thought out. A totally static and arbitrary notion of "subsistence" and "economic" holdings was believed to be "necessary to secure indivisibility and inalienability of economic holdings by legislation". Why was it necessary to impose a lower limit on land holdings? Would it not depend on what one does with a piece of land? Why should not the market be allowed to determine the floor with respect to the individual's landholdings? The subdivision of land could not progress without limit because it would be inconsistent with the profit-maximizing behaviour of the peasants.² Given the technology and other factor endowments, a parcel of land is "economic" if it yields positive revenue. When the same piece of land yields negative revenue, a 'rational' landowner would sell it to someone else who could make a better use of it. The government should lend a helping hand only to consolidate the fragmented holdings within a cooperative structure at the village level. Seen in retrospect, the redistribution of resumed land was greatly constrained by the "impartibility restrictions" on landholdings and prevented many prospective beneficiaries from owning a parcel of land.

² That there may be individual cases of irrational behaviour on the part of the land-owners does not contradict the observation in the text which refers to the average behaviour of the economic agents.

D. PROBLEMS OF IMPLEMENTATION

Land reforms in Pakistan, limited in scope as they were, failed to produce the expected results also because of poor implementation. The fault lay both with the administrative and legal institutions involved and with the exclusion of prospective beneficiaries from the provision of the law. The resumption and redistribution of land under the land reforms Acts of 1959 and 1972 were greatly diluted by the numerous exemptions and allowances provided in the Acts, as well as by the evasion and concealment practised by landlords during the implementation process. Further, the administrative structure was seriously deficient in countering the social and political pressure of the landlords.³ A high proportion of the land resumed by the government from big landlords was not being cultivated by the latter. To make it cultivable the resumed land would have required capital resources that the new owners did not possess. The government did not always come up with the necessary capital to help the new landowners to buy the inputs needed to increase agricultural production.

On the contrary, it seems that a deliberate and systematic policy was followed against organizations that supported small landowners, sharecroppers and landless workers. The net result of the government's apathy towards the capital requirements of the new owners was to make them dependent once again on their former landlords, whose sympathy for the tenants could not always be taken for granted. While the tenancy laws in the land reforms Act of 1972 provided for greater security of tenure than existed before — by expanding the occupancy rights and by defining better the division of produce and costs of inputs between the landlord and the tenant, the tenants faced several problems that emerged with the introduction of new technology and increased tendency towards self-cultivation of land by its owners at the expense of the sharecroppers. Despite these problems, there is evidence that the small parcels of land transferred to the new owners have generally had a positive impact on the levels of productivity and employment, given the more intensive use of family (and even hired) labour and the introduction of new inputs on small farms.

³The land reforms of 1959 and 1972 have been analysed by Yasin (1972), Herring and Chaudhry (1974), Khan (1981), and Naqvi, Khan and Chaudhry (1987).

A major administrative problem was that the personnel assigned to implement the provisions of various acts and laws were both inadequate and inefficient. Their inadequacy was clearly reflected by the fact that the burden of carrying out land reforms was placed on the shoulders of land revenue officials, who could not function effectively because of the absence of political accountability and the enormous social and economic power wielded by the landlords. The opportunity for corrupt practices was conveniently provided by offers of handsome rewards made by the landlords to the revenue officials.

The West Pakistan Land Commission (1959) has documented the many problems encountered in implementing land reforms.⁴ The *patwaris* (village revenue officials) were required to keep a vigil on landowners, especially those who exceeded their legal land ceiling. It is interesting to note that no case was registered from 1959 to 1967 against the offending landowners. Not only that. The *patwaris* also helped the landlords to exchange their untenanted lands with the resumed lands to take advantage of the differences in land quality. The Commission also noted that, during the sale of land to the landless tenants, "instances came to notice where sales of resumed land in favour of sitting tenants were subsequently cancelled on the ground that the tenants had refused to purchase the land. Enquiries, however, revealed that in some cases the tenants had not refused to purchase the land but that certain interested persons got such sales cancelled by the local officers" (p. 47). There is also evidence that although the Act had meant to ensure a wider dispersal of the resumed area, small owners and tenants with small means to purchase the resumed land were excluded from the benefits of auction and sale of this land. The hold of the landlords on the tenants was best illustrated by cases in which, even after the tenants had purchased the land they were cultivating, landlords continued to receive their traditional share in the total produce as rent! In some areas, when tenants refused to purchase the land they cultivated, *patwaris* were empowered to determine the conditions under which these tenants could be evicted from the resumed land.

The 1972 land reforms could not make an impression because a large number of landlords, who had climbed the bandwagon, managed to

⁴West Pakistan Land Commission (1967).

obstruct the implementation process by infiltrating the politically more powerful ranks of the PPP. Ironically, revenue officials were made answerable to such landlords, who now had acquired a political clout. And, partly because they had been given the option to retain the best area, the 1972 land reforms encouraged the landlords to surrender merely the waste and marginal lands. To make matters worse, in many cases land titles were granted to fictitious tenants. Furthermore, the tenants who did receive land continued to work as before, mainly because in the absence of an alternative source the tenants had to turn to the former landlords for funds. A major objective of the 1972 land reforms was to provide protection of tenure to landless tenants. But this was not achieved because the landlords found it more attractive to reduce the area given to the individual tenant and to expand the area under *khud-kasht*. The inconvenient location of the revenue courts as well as the large expenses of litigation were not of much help to the peasants in settling their disputes with the landlords.

This brings us to perhaps the most serious impediment to implementation: the peasants, as prospective beneficiaries of land reforms, have not been represented in the implementation process. Popular and independent representation by the peasants did not materialize in the land reforms of 1959 and 1972. It has been rightly observed that "if a reform is to be carried out successfully it must win the active participation of the people directly affected by the reform"⁵ Apparently, this basic lesson has been seldom learnt, much less practised, in many developing countries including Pakistan.

⁵ Millikan and Hapgood (1967).

PART VI

CONCLUDING OBSERVATIONS

CHAPTER

12

The Phenomenon of Agrarian Transition

THE land-tenure system in Pakistan has acquired a few more wrinkles than it had before the 1960s as the process of agrarian transition from a primarily *zamindari* to a capitalist system has gathered speed. Three, instead of two, land systems now prevail in Pakistan: namely, in addition to the traditional *zamindari* and the proprietor systems, there is a newly emerging “capitalist” land system. In the capitalist system, the landowner/farmer hires wage labour to help him cultivate the land. He is responsible for making an investment in the land. These investments usually take the form of the application of modern inputs — e.g., tractors, fertilizers, etc. The process of technological change has gradually, though not yet profoundly, changed the traditional land-tenure system. But the change has not been unambiguously in favour of the tenants.

In this penultimate chapter, we briefly analyse the nature of the agrarian transition and some of the underlying factors promoting it.¹

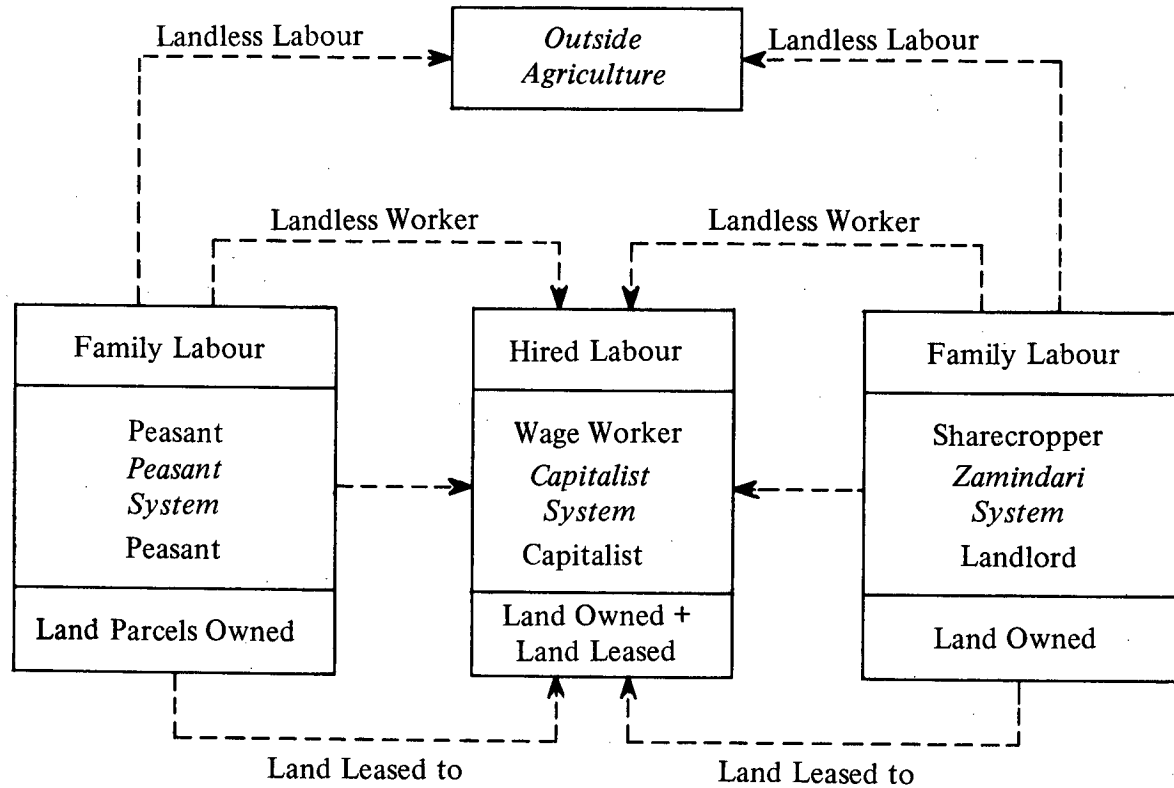
A. TAXONOMY OF THE AGRARIAN SYSTEMS

As stated above, there are now three dominant land systems in Pakistan—namely, the *zamindari*, the peasant, and the capitalist systems. We show schematically these systems and their relationships in Chart 1.

The characteristics of the *zamindari* and the peasant systems have

¹ For details, see Khan (1985).

Chart 2. Agrarian Transition in Pakistan



already been described in the preceding chapters. In this chapter, the focus is on the emerging capitalist system. The capitalist farmer comes from the ranks of the landlords and rich (middle) peasants: he may own all the land and/or lease some from the small landowning peasants and large landlords. Labour is increasingly provided by the landless and near-landless workers, who could be from among the poor peasants (family farmers) or sharecroppers being evicted or displaced by the landlords, who are transforming themselves into capitalist farmers by extending the *khud-kasht* area. Of course, not all of the landless labour is being absorbed in the capitalist sector of agriculture. More of the unattached (free) labour is migrating from villages to towns or cities.

Unlike the capitalist farmers (landlords), the *zamindars* have not been entirely in favour of evicting their sharecroppers. This is partly to avoid the legal problems which a large-scale tenant eviction could produce. But the more important reasons are economic. Subsidized inputs, including tractors and similar machines, have raised private profits which the landlords are unwilling to share with their tenants. Some *zamindars* have adopted the policy of sharing the cost of all inputs with sharecroppers; while others have increased their *khud-kasht* area mainly by reducing the size of parcels they give to their tenants. These policies have evidently increased the pool of reliable and relatively cheap labour, without increasing the landlord's dependence on an uncertain and costly wage labour. The main point is that even the *zamindari* system is changing with the emergence of the capitalist agriculture, although most of these changes do not favour the tenants.

The peasant system is also changing in character. The migration of a part of the household labour has become a desperate necessity for the poor, and even for the middle-class peasants. Remittances have also enabled some of the small landowning peasant households to purchase additional land from other poor peasants and from landlords.

B. FACTORS CONTRIBUTING TO STRUCTURAL CHANGE

A commercialized agriculture develops with technical change, including new inputs and new methods of organizing old inputs. Agricultural stagnation in the 1950s created severe constraints on rapid industrialization in Pakistan. The Ayub regime launched its search,

in the early 1960s, for what were regarded as important inputs or factors for generating agricultural growth. The most significant changes affecting the agrarian structure came with the development of water supply, especially the groundwater supply, through private tubewells in the Punjab. This development facilitated the adoption and use of fertilizer and new seeds of wheat and rice in the latter part of the 1960s. Public policy of subsidies in inputs, agricultural credit, and price support for output also played an important supportive role.

(i) Water Development

The canal irrigation system has been the lifeline of Pakistan's agriculture. It was partly developed during the British period and partly during the late 1950s to mid-1960. It required large public expenditure to expand the surface irrigation system and to fight the menace of waterlogging and salinity. Surface water has been available to users at highly subsidized rates: water charges (*abiana*) do not even cover the maintenance expenses of the canal system in the public sector. However, access to canal water is not without problems. The tail-enders, who are usually the middle and poor peasants, are always at a disadvantage in getting water in adequate quantity when they need it. For these classes, it has proved to be a serious handicap.

The groundwater system (tubewells), as a supplementary source of water, became evidently profitable in the early 1960s in the plains of the Punjab, where the water level was high and its quality suitable for crops. Private tubewells have provided additional water, and at a time when it was needed most. New crops, which required more water, could be grown, and application of fertilizer to these crops became profitable. It later facilitated the adoption of high-yielding varieties of wheat and rice, which were introduced in the late 1960s.

(ii) Tractorization

The impact of mechanical inputs on the evolution of the agrarian structure has been a controversial issue in Pakistan. This applies particularly to the use of tractors, which have increased rapidly since the late 1960s, from about 16,000 in 1968 to 181,000 in 1986. Most of the tractors are still imported (20,000 in 1986), but about 16,000 are now being produced yearly in the country. According to the agricultural

machinery census of 1984, about 80 percent of the tractors were of 46–55 HP, and 17 percent of 56–65 HP.

In general, the case for tractorization is premised on the argument that they have a positive impact on (a) the cropping intensity, (b) the cost of human and animal labour, (c) the yield level, and (d) the land preparation and post-harvest operations. On the other hand, there are serious doubts about some of these claims, particularly about yield level and multiple cropping. More importantly, it has been contended that tractorization in Pakistan has resulted in (a) the displacement of labour and tenant eviction, and (b) expansion of the already large landholdings. Implied in these arguments is the notion that rich peasants and landlords are increasingly encroaching on lands otherwise cultivated by poor peasants and sharecroppers.

The process of tractorization, dominated by large tractors (45 HP and over), was initiated because of the pressure from large landowners. It has, in turn, resulted in the concentration of tractor ownership, on the one hand; and in the expansion of large holdings both of landlords and capitalist farmers, on the other. The tractor market, which is dependent on imports, has been closely regulated by the government. The government has also provided handsome incentives to purchase tractors in the form of (a) reduced import duties and taxes, and (b) loans by the ADBP at low rates of interest. These subsidies have remained high even with the rapidly increasing demand for tractors by large landowners.

(iii) Chemical Fertilizers and Improved Seeds

The availability of supplementary irrigation water from tubewells, which began in the early Sixties, made possible greater application of chemical fertilizers. Although the use of chemical fertilizers was unknown in Pakistan's agriculture in the Fifties, it exhibited a growth rate of more than 80 percent per annum between 1959-60 and 1964-65. This continuing upward trend in fertilizer use placed total fertilizer consumption in Pakistan at more than 300 thousand nutrient tons by 1969-70. A four-fold increase in fertilizer consumption occurred between 1970-71 and 1979-80 to reach the million-mark in nutrient tons of fertilizer consumption. The current (1986-87) use of fertilizer is estimated at nearly 1.6 million nutrient tons in Pakistan.²

² These data are from Government of Pakistan (1988).

The availability of high-yielding varieties of wheat and rice in the Sixties, and of cotton in the recent years, also contributed to the rapid growth of fertilizer consumption in Pakistan. The introduction of the high-yielding seeds has been made possible only by the application of heavy doses of fertilizers. It may be noted that almost all the wheat area is now under the high-yielding varieties. Although the improved varieties of rice could not replace Basmati nearly 50 percent of the rice area is now grown to IRRI rice. Similarly, although the development of cotton has been of recent origin, rapid shifts are occurring to replace the old cotton seeds with the new varieties.³

It may be noted that both fertilizer and seeds are highly divisible inputs, and have been used by almost all farm sizes and tenurial classes. It has already been shown in Chapter 3 that there were no significant variations in the use of these inputs across various farm size categories and tenurial classes.

³ See Government of Pakistan (1986).

CHAPTER

13

The Unfinished Agenda

OUR study of the history of the land-tenure system in Pakistan, and of the many efforts made to reform it since 1950, has brought in full relief the factors that have impeded land reform. It has also been shown that while the concentration of individual land-ownership has declined over time, family oligarchies continue to dominate the rural sector. The age-old landlord-tenant relationship continues to be unjust and unproductive. The tenancy laws are better than before, but many of them have been vitiated by traditions, mores and customs which make it well-nigh impossible for the tenants to act as 'free' agents. The phenomenon of agrarian transition has added a new class of capitalist farmers and the efficient size of operational holdings has stayed modest. But the forces of change have not — at least, not yet — broken down the *zamindari* system which, despite its modified role, still dominates all else in the agricultural sector. Furthermore, a high and increasing proportion of peasants have become landless or near-landless.

Thus the case for land reforms is as urgent now as it was in the past. To promote equitable agricultural development, the basic issue for public policy in Pakistan is still to engineer suitable changes in the existing land-tenure system. The government will have to perform the balancing act of alleviating the political and economic constraints facing the tenants and small farmers.

A. THE AGENDA FOR LAND REFORMS

To achieve the goals stated above, the agenda for land reforms in Pakistan is still large. There is some evidence that agricultural growth

is constrained by the wide differences in the productivity and income levels between farms of various sizes. There is a significant asymmetry between the input and output markets, in terms of the access to them by the main economic agents. Since the size of landholdings and the tenurial status determine the access of economic agents to the market, the positive effects of public policies — e.g., price support and subsidies, taxes, provision of credit and research/extension — may be neutralized by their adverse impact on the existing tenurial relationships, which continue to be biased against small landowners and tenants.

A successful land reforms programme in Pakistan must satisfy the following basic requirements.

First, the high land concentration needs to be significantly diluted. The most effective way of doing this is to define the ceiling on land-holding on the basis of the individual *and* the family holdings for the purposes of ownership and cultivation. The stipulated ceilings must be measured only in terms of acreage, because doing this in terms of the antiquated PIUs only complicates the implementation. Furthermore, the greater productivity of land, due to the introduction of the new varieties of seeds, the process of tractorization, etc., also points to a significantly lower ceiling than that traditionally proposed in various land reform legislations in Pakistan. As shown in Chapter 10, the operational size of holdings has tended to gravitate to the 7.5–25.0 acres category. Therefore, it can be safely stated that under the present conditions the average ceiling on individual holdings should in no case exceed 25 acres. Individual or family holdings may still differ from this average, depending on the quality of land, etc., but these should be small deviation from the average because the productivity-raising forces affect all cultivable area, though to a differing degree. The administrative problem of determining the range will still remain; but, with the proposed sharp reduction in the average size, the problem should become manageable. The ceiling law should apply to all existing lands, and also to those which may be developed in the future by the State.

The proposed (low) ceiling on land-ownership and land-use will be beneficial because it will release large areas of agricultural land for distribution among the tenants and owners of very small holdings.

Also, such a reform will readjust the current imbalance between the landowner and his tenant in order to enable the latter to play the role of a partner, and not that of a subservient client, in the production process.

Secondly, in addition to the above recommendations, the ceiling legislation, though not the exact size specified in the ceiling law, should be made perpetual in application to all agricultural land, including those areas which are 'opened' for cultivation by the government-financed irrigation works. The land legislation should not allow anyone to own land in excess of the prescribed ceiling either by inheritance or gift, or purchase.¹

To this end, in the settlement of new land, barrage areas, and the lands reclaimed from waterlogging and salinity, the government's land allotment policy should be designed so that it will discourage the re-emergence of the *zamindari* system. This could be accomplished by imposing restrictions on the size and number of allotments per allottee, and by ensuring that the new settlers undertake land cultivation themselves. In order to prevent the existing feudal system from becoming ever more entrenched in our society, fertile lands should *not* be given as grants to any class of non-cultivators, *not* even as a reward for meritorious public service. There are other ways of honouring dedicated citizens. Creation of a new landed elite class would be socially harmful.

Thirdly, the vain search for "subsistence" and "economic" landholdings should be given up. Fixing a floor for landholdings, or imposing the impartibility restriction, is not an appropriate object of legislative action. The forces of market should be allowed to determine the "economic" and "subsistence" sizes of landholdings. The policy-maker's aim should be only to help consolidate the fragmented holdings by providing financial support to small farmers.

Fourthly, the former owners of surplus land, i.e., those holding land above the prescribed ceiling, should be compensated. This is because the confiscation of land without compensation, though morally justified

¹The possibility of reconstructing landholdings above the permissible limit was explicitly ruled out by the Agrarian Committee Report, by the 1959 Land Reforms Commission Report, and by the 1972 land reforms.

in Pakistan's context, would only stiffen the resistance to land reforms. But the rate of compensation may be fixed, as suggested by the various land reforms commissions, at a certain multiple of the annual value of gross produce per acre. The compensation may then be paid over a number of years, and in a form that encourages investment in alternative activities with high returns.

Fifthly, the resumed land should be transferred to the cultivating tenants and marginal owners. The size of the parcels of land so allotted should be determined by the number of prospective beneficiaries and the area of land resumed, with necessary adjustments made to ensure efficiency and equity. Some of the resumed land may be used to provide homesteads to landless agricultural workers, to meet their needs for housing and subsistence. A nominal charge may be prescribed for the land transferred to tenants and marginal landowners, who should be provided with a support system, which includes financing of inputs, etc. The post-land reform support, directly from the State or through a cooperative financial structure, is one of the key steps to ensure a successful land-reforms programme.

Sixthly, through the use of computers, the land reform administration should keep accurate records about rights of ownership and tenure. In doing so, it should be helped by three institutions: (a) the provincial land commission personnel, (b) mobile revenue courts independent of the land commission, and (c) watchdog local committees of the direct representatives of landlords and tenants in proportion to their population. These committees, by enlisting the participation of peasants, must be regarded as the most important link in the effective implementation of the land-reforms programme.

B. RAINBOW'S END

In addition to these 'operational' aspects of land reforms, the future policy-maker will do well to reflect on the deeper issues raised by the existing pattern of tenurial relationship, which has tenaciously survived all efforts made by policy-makers and men of vision. The most important issue that needs to be thought out carefully is of the relative desirability of retaining a dominant *zamindari* system, as opposed to a system of land-tenure based on peasant-proprietorship. As noted in the earlier chapter, all reformers, since Mr M. Masud wrote his Note

of Dissent in 1949, have supported peasant-proprietorship as the best mode of cultivation. The long-run recommendations of the Muslim League Agrarian Committee advocated it, and so did the authors of the First Five-Year Plan. The 1959 land reforms explicitly accepted that theirs was a 'compromise' solution, and Mr Ghulam Ishaq Khan's proposal sought to minimize the difference between the ideal and the compromise solutions. The 1972 and the 1977 land reforms also considered peasant-proprietorship to be the ideal solution. These regulations implicitly accepted the *zamindari* system on grounds of political expediency but set out to dilute it significantly.

Which system is the better one is difficult to decide on empirical or historical grounds. It may be noted that *both* these systems have been in operation in Pakistan and India for about four hundred years *and, to some extent, both have been exploitative*. Contrary to the assertions of the Muslim League Agrarian Committee, Irfan Habib shows that the *zamindari* system was dominant even during the Mughal rule.² But the working conditions of the peasant-proprietors on lands directly administered by the Crown were no better than on the lands owned by the *zamindars*. Indeed, Irfan Habib cites many cases where the peasants found it more convenient to deal with the *zamindar* than with the King's men! Under both the systems, the peasants were left with little more than the absolute minimum required for bare subsistence. The objective of both the state officials and the *zamindars* (and the *jagirdars*) was to maximize state revenues; the considerations of equity or growth were not the relevant issues.

In the modern times also, the condition of the peasants in Pakistan under both types of systems has been bad. While the tenants suffer at the hands of the landlords, small peasant-proprietors also have to face very serious problems, many of which are indirectly created by the landlords. Also, the state has seldom played the honest broker. As a result, there is some evidence that, in parts of Sind, the tenant-operated farms are more efficient than those operated by peasant-proprietors, for the simple reason that the former are better supplied with capital and have better access through the landlord to agricultural credit. But such evidence, for whatever it is worth, cannot be used safely to conclude that what has been observed in a few villages of Sind is also the general rule.

² Habib (1963).

Indeed, as long as the *zamindari* system remains dominant and the state keeps on taking an ambivalent attitude, there is no way of knowing empirically which system is better suited to Pakistan.

It follows that the historical and empirical evidence alone would not help us in deciding the issue one way or the other. However, in view of the failure so far to reform the *zamindari* system, a universal peasant-proprietorship, considered as the ideal system for Pakistan by the reformers since 1947, must now be accepted clearly and explicitly as a *goal* of public policy. The economic argument for the change-over to peasant-proprietorship rests on the evidence that the big farms which characterize the *zamindari* system are significantly less productive and efficient than the small farms, which are typically cultivated by peasant-proprietors (see Chapter 3). Further, the efficient size of operational holdings is certainly not more than 25 acres. Indeed, in most cases, the efficient farm size, which emerged over time, is between 7.5–12.5 acres (see Chapter 10). The ethical argument derives from the fact that it is morally unjustified to accord priority to the interests of non-cultivating *zamindars* over those of the cultivators.

The political decision of restructuring the land-tenure system is based on the requirements of economic necessity as well as ethical imperatives. The reformist action must recognize the “reality” and change it not only as a means of maximizing agricultural production but also to satisfy the dictates of social justice. That the past attempts at land reforms have not been a great success does not mean that such reforms should not be carried out in the future. Instead, we must learn from the mistakes of the past and steer clear of the quagmire of anachronistic tenurial relationships and institutions.

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Glossary of Vernacular Words

Abiana: Water charges

Abwab: Levies, perquisites or exactions deducted from the *hari*'s share of produce at the time of division.

Ahalkar: Supervisor.

Barani: Unirrigated or non-irrigated.

Batai: Division of the total produce between the landlord and the cultivator.

Begar: Forced Labour without payment of wages.

Bhaichara: A communal system of land-tenure involving joint responsibility of the peasant-proprietors for the payment of land revenue. The word literally means "brotherhood".

Chaudhry: Village headman.

Dharwai: Weigher of produce; hired hand.

Ghair Maurusi Muzaraeen: Non-occupancy tenants or tenants-at-will.

Haboob: Extortionist cesses.

Harap: Peasant grant.

Hari: Tenant-at-will, a person who engages in share-tenancy.

Inam: Grant land.

Inamdar: The holder of an Inam.

Jagir: Grant land free of the liability to pay land revenue.

Jagirdari: The system of land-revenue comprising *jagirs*.

Jagirdar: Non-revenue-paying landlord.

Kamdar: Supervisor.

Karawo: Crop-watcher; hired hand.

Khalisa: Crown lands.

Khud-kasht: Direct cultivation with wage labour.

Lambardar: Headman.

Madrassa: An educational institution.

Malikana: Permanent income based on 10 percent of the total revenue collected by *zamindars* and *jagirdars*

Mansab: Rank.

Mansabdar: Holder of a rank.

Maurusi Muzaraeen: Occupancy tenants.

Mirs: Rulers.

Mukhadim: Inferior right holder on *jagir* lands; occupancy-tenants on *jagir* lands.

Muqaddam: Village chief.

Muzaraeen: Tenants.

Nawab: Autonomous chief; ruler.

Patel: Autonomous chief/head.

Pattidari: A communal system of land-tenure with joint liability for payment of revenue.

Patwari: Village accountant or registrar of the revenue department.

Produce Index Unit: A rough measure of land productivity.

Qazi: A privileged individual.

Rai: Autonomous chief/head.

Ra'iyat (or *ryot*): peasant.

Rajah: Autonomous chief/head.

Rana: Autonomous chief/head.

Rao: Autonomous chief/head.

Ryot: Peasant.

Ryotwari: Peasant-proprietorship.

Sardar: Leader.

Shikargah: Private game reserve.

Syed: A privileged person.

Wahi: Crop-watcher; hired hand.

Zamindars: Landlords.

Zamindari: Landlord-tenant system.

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