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## **AGRICULTURAL LAND RENTAL OR LEASING REFORMS IN INDIA**

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It is said that India is one of the largest producers of many things and it happens that land reform legislation is also one of them.<sup>2</sup> After the independence, one of the crucial steps taken by India was to impose a ban on renting and leasing agriculture land. This was done with the intention to protect farmers from exploitation done by the big landlords. This at the time was considered progressive but it failed to identify the surrounding problems. Small farmers were not able to practice their livelihood because they didn't have any access to agriculture land.

Since that, many land reforms have failed in the states of India. One exception to this is Operation Barga in West Bengal<sup>3</sup>. This reform redistributed the land by taking it from the rich and giving it to the poor, abolished intermediaries, consolidated landholdings and gave security to the tenants. It can be deduced from this, that land size and productivity are inversely related and there is a need for a legislation that provides for legalizing agriculture land leasing.

NITI Aayog which is also known as India's think tank on sustainability have also acknowledged that land leasing is so much more than a "feudal agrarian structure", it is also an economic necessity.<sup>4</sup> This national policy maker drafted a 'Model Agriculture Land Leasing Act' and provoked the states to implement it. It exhibited that an approximated 36% of the total tenant farmers did not have land and 56% of the farmers who owned land had less than a hectare of land each.<sup>5</sup> This model will encourage the land owners to legally rent their land as well as acquire the land back as soon as the rental agreement ends. This model will also allow an approx. of 25 million agriculturists to incorporate sharecroppers, enable loans from bank, crop insurances and other benefits provided by the government.<sup>6</sup> These steps will result in a beneficiary for all i.e., the landowners and the renters. It will also increase productivity and help the land in remaining fertile.

Doubling Farmers Income, an government committee of India had also suggested that the Model Agriculture Land Leasing Act drafted by the NITI Aayog should be legislated. This

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<sup>2</sup> Foreign affairs, <https://www.foreignaffairs.com/articles/india/2016-04-29/indias-land-rent>, last visited [July 12, 12:30pm].

<sup>3</sup> International food policy research institute, <https://www.ifpri.org/blog/why-india-needs-land-leasing-framework> [July 12, 1:30pm].

<sup>4</sup> *Id.*

<sup>5</sup> Thomson Reuters Foundation news, <https://news.trust.org/item/20191024103311-pc9w6/> [July 12, 12:00pm].

<sup>6</sup> Landesa <https://www.landesa.org/why-restrictions-on-renting-agricultural-land-in-india-must-go/> [July 12, 1:45pm].

would ensure investments from public sector in the agriculture sector. Land is usually used for collateral by financial institutions and banks in return for giving loans for the purpose of agriculture. Therefore, legalizing and leasing might help alleviate the credit flow impediment to lessees and renters i.e., the farmers and sharecroppers.

Current laws regarding land revenue are elaborated and diverse throughout different states. But the land leasing model didn't prescribe any limit for the leasing period or rent for the lands. It tends to leave that to the concerned parties i.e., between the lessee and the lessor without interference from the government. States like Maharashtra, Madhya Pradesh, and Uttarakhand have accommodated the Model with some refashioning so that they would suit the regional ambient. Other states like Uttar Pradesh and Odisha are taking into consideration the latest model and planning to amend their laws in order to allow land leasing. These states with Karnataka already allows leasing of agriculture land if they are owned by particular set of persons and or institutions. Whereas some states like Tamil Nadu, West Bengal, Andhra Pradesh and Rajasthan have no legal ban on leasing out agriculture land.

An significant step towards implementing the leasing regulations was Uttar Pradesh's extension of the permissible length for leasing to three years. The most recent change is that they introduced a 15 year lease contract for this benefit. It makes the tenets feel safe and secure as well as stable. It give the tenets a sense of confidence that they will be having possession for a longer period and not beyond. As the law has also made it clear that the lessee cannot use the lease to create long term rights for the leased property, so that the landowners also feel safe and secure that they will not lose rights towards the land. It sustains that the landowner can now easily lease their land for a long or a short period of time.<sup>7</sup> This should encourage advantageous leasing and help the expansion of agriculture.

In Maharashtra, the Maharashtra agriculture land leasing bill<sup>8</sup> which was bought forward in 2017 is said to be an important step in changing the current situation. This bill was based on the land leasing model and its target is to resolve concerning points of the Maharashtra Tenancy and Agriculture land Act.<sup>9</sup> For a mutually agreed upon length of time, the law allows farmers to lease their lands to other farmers, agribusiness companies and other governmental organisations. It will also incorporate clauses and provisions for compensation and dispute resolutions for the lessee and the land owners. Both the houses of the Maharashtra have passed

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<sup>7</sup> Thomson Reuters Foundation News, <https://news.trust.org/item/20191024103311-pc9w6/> [July 12, 12:00pm].

<sup>8</sup>[https://prsindia.org/files/bills\\_acts/bills\\_states/maharashtra/2017/MH%20Bill%20No.%2031%20of%202017.pdf](https://prsindia.org/files/bills_acts/bills_states/maharashtra/2017/MH%20Bill%20No.%2031%20of%202017.pdf) [July 12, 1:45pm].

<sup>9</sup> Maharashtra Tenancy and Agriculture Land Act, 1948 Acts Of Parliament, 1948.

this bill and sent it to the president for approval. There were some clarifications that were requested by the Union government. Government of Maharashtra on 14.09.2020, provided the union with the same. However the approval is still pending.<sup>10</sup>

This bill has the power to reshape how the current agriculture land market is functioning because it provide for a way to create a clear and legal contract for renting and leasing. It will help both the parties to understand their rights and responsibility. Maharashtra will be the first state that will adopt the Model act and will surely lay the path for the other states and will allow for a fair and open market by enabling the tracking and supervision of leased land.

Karnataka's government on the other end is on its way to amend Karnataka Land Reforms Act, 1961 section 5<sup>11</sup> on the basis of the Model act. It believes that this amendment will help in increasing productivity and investments in the agriculture sector. It will even legalize the same in the state of Karnataka. The government is positive that after this the land will be utilized to its potential. If someone wants to practise agriculture but needs more funds to buy land, they can do it by leasing it at a much lower price. Once leasing is legalised, the individual leasing the property will qualify for a bank loan, an input subsidy, and crop loss compensation.<sup>12</sup>

In conclusion, India's land reform and agricultural land leasing issue have been difficult and complicated. Aiming to safeguard farmers from explosion, the early restriction on renting and leasing agriculture land that was put in place after independence unintentionally contributed to the marginalisation of the small farmers who lacked access to land. However, the acceptance of the need of land leasing has resulted in improvements. Overall, the passage of the Model act and its implementation are reaching significant milestones. These might alter the market for agriculture land, establish a just and transparent system, and unleash the full potential of the Indian agriculture while protecting the landowners and farmers.

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<sup>10</sup> Spontaneous order, <https://spontaneousorder.in/maharashtra-agricultural-land-leasing-bill-a-fair-chance-for-farmers/>, [July 12, 2:30pm].

<sup>11</sup> § 5, Karnataka Land Reforms Act, 1961, Acts Of Parliament, 1961.

<sup>12</sup> The Hindu, <https://www.thehindu.com/news/national/karnataka/move-to-remove-leasing-curbs-in-karnataka-based-on-niti-aayog-model/article30601780.ece>, [July 12, 2:30pm].