



Benefits:

- Enhanced investments, more use of capital, machines and other inputs.
- Enhanced social mobility as non farmland owning groups or castes can benefit by taking land on lease can generate more income.
- Small land holders can lease out their lands and therefore will reduce the burden on agriculture land.
- Help corporate farming under which corporates can take large chunks of land on lease and do cultivation.

Concerns and challenges:

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

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LAND LEASING

BENEFITS / CHALLENGES

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

PRESENT SYSTEM / NEED FOR LEASING

PRESENT SYSTEM:

- The average size of farm holdings declined from 2.3 hectares in 1970-71 to 1.08 hectares in 2015-16.
- The share of small and marginal farmers increased from 70% in 1980-81 to 86% in 2015-16.
- The shrinking size of farms is a major factor responsible for low incomes and farmers' distress.
- The viability of marginal and small farmers is a major challenge for Indian agriculture.

NEED FOR LEASING:

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

WAY FORWARD

- Helps in Modernization and digitization of land records and Modernization of the agriculture marketing
- Established of independent regulator for the sector to resolve the disputes.
- The standardization of lease agreements and dispute resolution mechanisms should be developed.
- Enhancing credit and insurance facilities for agriculture.
- Transformation of agriculture as a business - cum-livelihood activity
- Proper awareness and education among the rural folk about the benefits that land leasing can bring to their household income and life.
- Overall land leasing and land pooling will be of great help to Indian agriculture which is reeling under stress.

