Addressing Tenant Farming

What is the issue?

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It is vital to cover the vulnerable section of tenant farmers with credit and insurance, alongside other farming issues, for an inclusive policy outlook.

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How prevalent is tenant farming?

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- Tenant farmers are those who undertake farming on rented land.
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- Tenant farming was 20.6% of the operating area according to 8th round of NSSO Report in 1953-54.
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- In 2002-03, it fell sharply to just 6.6% of the operating area.
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- Policymakers focused on abolition of feudal/semi-feudal agrarian structure, with tenancy reforms aimed at conferring ownership right to tenants.
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- But post liberalisation, during 2003-13, tenancy increased to 10.4%.
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- Andhra Pradesh (35.7%), Bihar (22.7%), Haryana (14.8%), Odisha (16.9 %), TN (13.5%) and WB (14.7%) lead the tenancy league, far above the all-India average of 10.4%.
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What are the policy shortfalls?

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- Tenant farmers account for 80% of farmers' suicides in the country.
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- Tenant farmers rarely get bank credit and they do not get any subsidies.
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- Even with Kisan Credit Cards (KCC) and JLGs (Joint liability groups-'Bhoomi Heen Kisan') in place, tenant farmers receive barely 3% of total farm credit.
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- Loan waivers have not helped tenant farmers as a significant number of crop loans are availed by the land owners even when they are not the actual cultivators.
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- Tenant farmers with no documentary evidence become ineligible for crop insurance under PM Fasal Bima Yojana.
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- State level panel data of NABARD indicates that a 10% increase in agricultural growth leads to a 2.1% rise in GDP.
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- But uneconomic holdings, lack of adequate credit flow and poor insurance cover to the tenant farmers prevent such growth.
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What are the notable state models in lending?

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- **Kerala** is the only State that enacted the Money Lending Act, protecting borrowers from high rates of interest and tenants from excesses in private debt.
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- The **AP** government has adopted and refined the implementation process under the AP Licensed Cultivators' Act 2011.
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- It undertook digitisation of land records and created a webland portal.
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- Loan Eligibility Cards (LEC) or a Certification of Cultivation (CoC) is issued by the designated authority of revenue or agriculture department.
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- A standard operating procedure has been put in place for the banks to record the crop loans issued to all farmers including tenants, on the webland portal.
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- **Telangana** did not annul the AP law, but took up a massive drive for digitisation.
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- It revised the land records under the Dharani project (Telangana Land Records Management System).
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- This is being implemented for direct transfer of Rs. 4,000 per owner-farmer

per acre per crop season to meet the input needs.
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- Besides, farmers are entitled to Rs. 5 lakh insurance with the LIC, with the State paying the same.
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- Tenant farmers are, however, not eligible.
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How does the future look?

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- As the Indian economy becomes mature and inclusive, tenancy is likely to increase further.
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- Urbanisation has made inroads into the rural landscape, and with land being scarce there is severe demand for it.
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- Tenancy and sharecropping have become livelihood options in agriculture, to supplement incomes arising out of lesser availability of land.
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What could be done?

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- An inclusive growth agenda requires that tenant farmers' issues of both debt and insurance be tackled.
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- Agricultural insurance needs to be decoupled from crop loans.
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- Farmers' assets (crop husbandry, animal husbandry, poultry, horticulture and family assets) need to be insured irrespective of owned or leased-in.
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- Other relevant measures for tenant farming may include -
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i. creating a legal framework for the States
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ii. issuance of loan eligibility cards

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iii. ensuring that banks lend to cultivators and not owners
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iv. creation of web-based land portals after digitising land records
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v. setting targets for short-term production credit for tenant farmers
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vi. formation of JLGs
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- Direct cash transfer to tenant farmers following an affidavit of self-declared tenancy conditions and crop(s) grown can help significantly.
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- NABARD can set up a Tenant Farmers Development Fund to refinance short-term credit.
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- It can also assist JLGs, SHGs, FPOs (Farmer Producer Organizations), and pay crop insurance premium for crop loans less than Rs. 1 lakh, besides providing skilling and calamity relief.
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Source: BusinessLine

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