

# LAND REFORM IN ARUNACHAL PRADESH

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## PREFACE

Our study is an economic analysis of the problem of land reform in Arunachal Pradesh, a State which has witnessed many important changes being enacted in the realm of her agrarian institutions. No enactment has, however, come from the Government; rather the agrarian institutions in this State have gone through a process of transformation and assumed a new structure without directly being guided by the Government. Herein lies the contrast between Arunachal Pradesh which is yet to see any civil law controlling her agrarian institutions, and many other States which started undertaking elaborate land reform measures almost immediately after independence. Though the unguided institutional growth in Arunachal Pradesh appears to be spontaneous, yet a close look at it indicates that the Government, inspite of its having made no legislation in the domain of agrarian institutions—except of course the jhum land regulation Act of 1947—has, through its policy of agricultural modernization, quickened the growth of those factors which have a direct bearing upon the whole spectrum of institutional changes that have, to date, taken place in agriculture.

The institutional changes in agriculture have made the Government's intervention in the area of institutions inevitable. Our study addresses the problems created by the changes in agrarian institutions especially the establishment of individual property rights in cultivable land and tries to provide an outline of land reform measures that the Government should undertake in order to check the growth of landlessness, poverty and destitution that have resulted from the establishment of individual property rights in land. This study is different from almost all other studies undertaken so far in this State as regards the institutional problems of agriculture. This difference is our choice of method. Hitherto various studies have adopted the multidisciplinary approach; but ours is based on economic reasoning. Though many still think that economic theory is incapable of explaining the tribal economies where the economic space is not autonomous, yet what is true is that no where in the world economic space is fully autonomous. Production, distribution, and consumption are common variables in all economic systems, though there is difference in institutions which governs the economic life.

Keeping the problem of autonomy of economic system in tribal society in mind, we have selected our area of research. We do not intend to cover the unchanging part of the tribal economies, the part which, by virtue of

its being interlaced with socio-cultural variables does not readily lend itself to be treated by economics. Our area, the domain of changes in agrarian institutions can be adequately treated by the powerful tools of economics developed mainly in the last four decades. We apply transaction cost economics, a branch of economics developed in this generation to construct our analytical framework.

In undertaking this project and while carrying it out we have got immense inspiration and valuable advice from Prof. A.C. Bhagabati, Vice-Chancellor and Mr. Joram Begi, Registrar, Arunachal University. To both of them we express our heartfelt gratitude. Our project was financed by ICCSR, New Delhi, to which go our sincere thanks and gratitude. We received research assistance from Mr. Dulal Bora and Miss Mithu Choudhury, both Sr. research investigators employed in this project. We remain thankful to them. Prof. Tomo Mibang, Dean Faculty of Social Sciences, Arunachal University provided us many ideas about the different aspects of Arunachal economy and this helped us in conducting our research. We express our sincere gratitude to him. We are also grateful to Mr. Pura Tado, a faculty member, Arunachal University who provided us a vivid picture of various agrarian institutions in Apatani plateau. In the course of this study we often had discussions with our departmental colleagues to whom we express our sincere thanks. Our study could not have been done in time had we not received whole-hearted cooperation from the respondents. We, therefore, remain highly grateful to all the people we interviewed. Last but not least, our thanks are due to Mr. Champak Bhattacharjee, who with a high speed typed the entire report and to Mr. D.K. Ram who with a high skill made its photocopies.

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## Introduction

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The patterns of agricultural modernisation and growth of different countries, especially those of developing countries in recent decades, have given rise to the widely-accepted idea that land reform is an important policy instrument to restructure the existing agrarian institutions in order to induce a rapid transformation of the traditional agriculture gripped by the deep-rooted forces of stagnation. These forces, the forces of agricultural inertia which appear mainly in the forms of various institutions are often so strong that the displacement of these by more healthy institutions warrants government's active and well-planned intervention. Though land reform, the 'engineering' of agrarian institutions by the government is so important in the sustained growth of agriculture, yet it has not made any headway in Arunachal Pradesh, a State which has in recent years witnessed wide-ranging changes in her agriculture: the relative importance of jhum cultivation has declined with the steady expansion of permanent cultivation, the communal mode of ownership of agricultural land has given way to individual ownership, and the agricultural production has increased significantly.

With a view to maintaining continuity, the government of Arunachal Pradesh has adopted a gradualist approach in the realm of agrarian institutions. However, in the non-institutional area of agriculture, activism has characterised the Government's policy. The Government has since independence provided to the farmers various physical inputs, sometimes gratis and often at subsidised prices, created a network of extension services, founded institutes to provide training to the farmers and established a number of demonstration farms to bring about a high growth of agricultural production. In spite of its being an activist in the material

dimensions of agriculture, the Government has maintained a 'studied' passivism in the institutional dimensions because of its efforts having been thwarted by a number of problems, the most important of which is the absence of any traditional intertribal institutions with a state-wide breadth. There is also the absence of any inherited civil law in the domain of agrarian institutions. While in other states governments are concerned with making suitable changes in the existing agrarian institutions which have grown over a long period of time, in Arunachal Pradesh the Government has to create the new state-level agrarian institutions.

There exists an acute scarcity of 'institutional capital' amounting to a situation of institutional vacuum at the state level. Insofar as the different tribal communities are concerned, they have their own community level institutions. Given such a condition, the magnitude of the Government's task can easily be gauged. To date no state-wide cadastral survey has been conducted to prepare the necessary documentation of ownership right in agricultural land. The reason why such a survey was not done in the past is that there was no tax on agricultural land (nor of course, there is any at present). This stands in sharp contrast with the other parts of the country especially the plains where the tax on agricultural land is one of the oldest with a history of more than two thousand years. However, the Government of Arunachal Pradesh is in the process of beginning the cadastral survey. In view of the accidented topography, the conduct of the survey would be a time-consuming process; indeed it would take quite a number of years and require large amounts of resources in technical personnel and material inputs.

In the realm of legislation, the government is still in the drafting stage\*. The slow progress or rather non-progress of legislation in the area of agrarian institutions including the ownership of land is due to the fact that the customary laws of different tribal communities determining their ownership and tenure of land are so strongly held that the Government is not in a position to decide upon the type of legal framework that would succeed in absorbing and standardizing the customary land laws. Here, the intertribal differentials in customary land laws have created the big hurdles on the way to the enactment of uniform civil law acceptable to all major tribes and subtribes of Arunachal Pradesh. The intertribal differentials

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\*The government passed in 1947 the Jhum Regulation Act which, as its name suggests, is concerned only with the jhum cultivation, and so it is of peripheral importance in permanent cultivation.

in customary land laws have derived from a host of factors, the most important of which is the different agrarian practices.

The agricultural practices of this State can be broadly classified into two types: Permanent cultivation and swidden or shifting cultivation based on slash-and-burn method which is locally known as jhuming. As in 1990-91, around 44 percent of net area sown was under jhum cultivation. Permanent cultivation which in pre-independence days was confined mainly to a few river valleys has been extended in recent decades to all the plain areas and the hill slopes which could be terraced and irrigated. The practice of jhuming is nowadays confined to the hill slopes which cannot be easily terraced and irrigated.

The jhum agriculture promoted a set of institutions which took care of the various problems of the cultivators. By its very nature, jhum cultivation is low-productive and it does not allow any easy improvement of agricultural practices so as to raise the labour productivity. Apart from this, jhuming exposes the cultivators to the risk of fluctuations in productions which assumes serious proportions in a regime where accumulated savings are negligible. The institution which helped the jhum cultivators tide over this risk is the communal ownership of agricultural land and its correlate, the mutual insurance which is a type of surrogate insurance in the absence of market insurance.

The steady expansion of permanent cultivation in this State in the post-independence days led to the individualization of all communally held cultivable land. The first to come under the institution of individual property rights was the permanently cultivated land but the appearance of this new institution became so strong that the jhum land also progressively came under it. Though the institution of private property in cultivable land is now the rule, rather than the exception, the degree of property in agricultural land in this state varies widely and in general the cultivable land cannot be said to have received yet the full status of being the individual property as it is commonly understood. The individual cannot freely dispose of his land; various traditional rules having restrictions over the freedom to alienate it still exist and also find popular compliance. Thus, in general a person cannot sell his land to one who belongs to another tribe. Intra-tribal transactions on land are, however, possible and even common in many areas but intertribal transactions are not. Land is heritable, can be leased out, but it cannot be willed away according to the wishes of its owner.

The establishment of individual property rights in land, limited and encumbered though these rights are, has been accompanied with the gradual decay of traditional risk-coping mechanisms which, prior to the emergence of property rights in land, acted as a kind of security. Deeply

rooted in the institution of communal ownership of land, the traditional mutual insurance was a great stabilizer and a provider of security to the people enabling them to tackle the problems arising out of fluctuations of production so common in a jhum-based economy. Of course, the mutual insurance provided security at a cost: at the societal level net investible surplus which is the generator of growth was almost nonexistent. The secure social existence was shaken with the establishment of individual property rights in land and the coming into being—albeit in rudimentary forms—of the commodity and factor markets.

The direct outcome of the change in the institution of property rights has been the emergence of inequalities in the distribution of land ownership. In the traditional jhum economy the distribution of usufructuary rights in land was more or less equal and landlessness was uncommon. The individualization of communally-held land has led not only to the inequalities in the distribution of ownership of land, but also to landlessness, a condition which is totally incompatible with the traditional value and ethos of the tribal society.

We develop the theme of land reform in the light of the problems which have been entailed by the emergence of new institutions in the area of ownership of land. Our study shows a high level of inequality in the distribution of landownership. The inequality is not confined to the ownership of land only; it has permeated to other areas, to the distribution of income, assets and opportunities and is even reflected in the social sphere in the social differentiation. In the regime of communal ownership of land, economic differentiation was invisible; poverty existed but this poverty was a shared one, the sharing being shaped by the mechanism of mutual insurance. The establishment of private property rights in land and its spread over a wide area extending from income to income-generating inputs have been the basis for the steady growth of inequalities in the distribution of income and of all productive resources. Human capital formation which started immediately after independence spread rapidly over a large section of people cutting across the tribal boundaries. The process of human capital formation was shaped mainly by education but facilitated by the spread of health services extended by the Government and migration made possible by the creation of job opportunities in the secondary and tertiary sectors of the economy. Along with this came the market. In the whole spectrum of changes—the transition of communal economy to market economy, the replacement of communal ownership of land by individual ownership and the separation of ownership of land from its operation—education has played a central role.

In the traditional communal economy, land was 'tribal', the community's transactions were highly concentrated within the boundary of the communal economy, the contract between individuals was based

on past relations and the performance of contract was ultimately guaranteed by clan members or tribal council. The absence of intertribal institutions tended to keep the transaction cost high when the contract involved parties belonging to two different communities not supervised by any supratribal or intertribal authority. The establishment of educational institutions after independence created the intertribal space, and this space got gradually broadened by the expansion of administrative services, development of infrastructural facilities and the emergence of market. All these factors reduced the cost of transactions involving people belonging to different communities, and laid the foundation for economic individualism, the factor which expressed itself in terms of individual property rights in land, and shifted the economic decision-making role from the community to the individual.

The emergence of economic individualism and its expression in individual property rights in land became a basis on which stood the edifice of all differentiations and inequalities. Landlessness and poverty became visible. The mechanism of mutual insurance which covered all non-covariant risks became a thing of the past giving way to self-insurance and market-insurance which became increasingly available upon the appearance of market. Of course, the inability of mutual insurance to cover covariant risk, the risk arising out of drought or flood and affecting all community members equally, created the urge for self-insurance and market insurance.

In the whole process of this transition, the Government's active policy of development played an important role. Since it was the Government which through the provision of inputs for agricultural development was responsible for bringing about the changes in agrarian institution including the shift of property rights from community to individual, the Government must come forward to restructure the agrarian institutions for the smooth development of agriculture. Considering the role the Government has to date played in the area of agricultural modernization, we try in this study to define the role of the Government in the desired change of agrarian institutions. A definite outline of the type of land reform appropriate for this state emerges from this study.

Our study is mainly empirical. We, however, construct a theoretical framework based on transaction cost to arrive at some propositions, which are tested by the data. Based on the empirical findings and also on theoretical reasoning we show the urgency of the reformist measures for balanced agricultural development in particular and economic development in general.

## Appendix to Chapter – 1

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### A Brief Note on the State of Arunachal Pradesh

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Arunachal Pradesh, a State since February 20, 1987 was constitutionally a part of Assam prior to 1972, the year which witnessed Arunachal Pradesh emerging as a Union Territory. It was only in 1972 that the name Arunachal Pradesh was coined. Before that it was known as North-East Frontier Agency (NEFA), the name which coined in 1954 had a life term of 18 years. Before that it was called North-East Frontier Tracts (NEFT) which basically formed parts of different districts of Assam (Luthra 1971). As a part of Assam it came under the British rule but the British did not like to rule it directly because of high administrative costs. In the British cost benefit analysis, Arunachal Pradesh could not figure out because much of its area – to be exact 96 percent – is hilly and the area, though well-forested, is not rich in mineral resources. The British established indirect rule, with the administration having been conducted from Assam plains.

In 1873 the British Government enacted the famous innerline regulation which restricted the entry of plains people to this area now Arunachal Pradesh. The innerline regulation and indirect administration did not allow this State to share socio-economic development and political movement that took place in other parts of the country during the 19th and first half of 20th century. However, in the beginning of this century the Chinese took an active interest in Tibet; the enhanced presence of Chinese in Tibet created British Indian Government's interest in this area. Since 1914 administrative machinery covering Arunachal Pradesh has been strengthened increasingly.

Arunachal Pradesh is a State peopled by different tribes who speak different languages, have distinct cultures and religions. This State lagged far behind other parts of the country at the time of independence. The

magnitude of lag can be measured by the fact that there were only two Primary schools in 1947, so its literacy rate was negligible, modern health facilities, transport and communication were almost non-existent, modern industry was unheard of, modern tertiary sector was virtually non-existent. Majority of the people practised shifting cultivation which is popularly known as *jhumming* in North-East India. Permanent cultivation was highly localised and plough was almost unknown to the majority of cultivators. However, no data on the economic condition of the people before independence exists. The population census which is an important source of information about the past socio-economic condition of the country was not conducted in Arunachal Pradesh Prior to 1947. Even the first census of independent India which was conducted in 1951 could cover only a part of Arunachal Pradesh. It was in 1961 population census that the whole of Arunachal Pradesh was covered for the first time by canvassing a questionnaire shorter than that canvassed elsewhere in the country.

After independence the government followed Nehru-Elwin policy of isolation, the policy which encouraged the autonomous development of the tribal population (Elwin, 1959). However, the Chinese aggression in 1962 tended to eclipse the hitherto-followed Nehru-Elwin policy of isolation and was replaced by a policy of activism which aimed at removing the economic disparity between Arunachal Pradesh and other parts of the country. Heavy investments were made to develop the infrastructure – roads, communications and other facilities – and administration was further decentralised by locating different offices inside the State. Since independence the development of this State has been rapid and the socio-economic disparities between it and other parts of the country have reduced; literacy rate now above 42 percent is comparable with some other states of the country and its per capita income has reached the country's average.

In the area of institution however, the government seems not to have yet been able to catch up with the development that occurred after independence. A land of many tribal communities, Arunachal Pradesh is dense with diverse institutions ruling various socio-economic systems. Not all institutions including the legal ones have yet been documented and studied. The institutional diversity is so much that the Government has not yet been able to make any legislation with a view to restructuring

the diverse customary institutions of different tribes into a uniform code acceptable to all autochthonous communities of Arunachal Pradesh. The Government's inability to make codification is because of intense demand from different communities to protect their customary laws and Practices. In order to satisfy the demands of different communities, the Government of Arunachal Pradesh passed in 1994 a bill on the Protection of all customary laws and practices of autochthonous people and sent it for presidential approval. Till the end of December 1996 the bill was awaiting presidential approval.

## THE BOOK

This book is mainly empirical, however, construct a theoretical framework based on transaction cost to arrive at some propositions, which are tested by the data. Based on the empirical findings and also on theoretical reasoning, shows the urgency of the reformist measures for balanced agricultural development in particular and economic development in general.

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