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LAND TENURE AND REFORM
ISSUES IN BANGLADESH

BY

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Land tenure arrangements are seen with varying degrees of importance as a factor in fostering economic development. Appraisals range from the more micro impacts on agricultural decisions regarding input use and investment in land improvements to grander views which place land tenure deficiencies at the base of national and even international upheaval which threaten world peace and stability. Land tenure concerns held an especially visible place in the 1950s and 1960s as developmental strategies worldwide sought to define the basic constraints to be confronted. Land reforms were rather common place during this period, particularly those of a more radical prescription such as land redistribution, and many led to significant political consequences around which national governments rose and fell. Latin America was the scene of several such reforms where enormous land areas had been held under single ownership in the face of widespread economic deprivation among large segments of the populace. In more recent years, however, land tenure issues have been joined to a widening list of critical developmental constraints and this has tended to dampen its relative importance. Still, a fundamental concern for economic and social equality and the guarantee of political franchise for underprivileged segments of the population in LDCs has persisted. These factors continue to be basic motivations and justifications for land reforms in many parts of the world.

Bangladesh has not been immune from concerns about the land tenure system and its impact on agricultural output and development. While the magnitude of land concentration in Bangladesh may differ from that found in several other nations, particularly the large hacienda arrangements characteristics of regions like Latin America, the land issues have been surprisingly similar. Size limitations, redistribution, and owner/tenant relationships are among the several concerns which have occupied the attention of the government in one form or another for many years. But their importance has been intensified since independence as the nation has had to face the practicalities associated with self-rule and the economic pressures being generated by an excessively high growth in ~~pp~~population.

The purpose of this paper is three fold: (1) to review the history of land tenure in Bangladesh, (2) to present a summary of the current status and issues associated with land use arrangements, and (3) to recommend priorities for USAID program assistance related to land tenure.

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Land Tenure History of Bangladesh

In almost all agrarian societies, the right of land ownership, occupancy, and/or control is equivalent to economic opportunity and betterment. Land is seen as the principal source of wealth, both for individuals and for governments. Individual benefits from land ownership arise from agricultural production, rising land values, and the improved capacity to command credit. For governments, land and its productivity, represent an available source of tax revenue. It is this dominant role of land as a source of wealth in agrarian societies which often places land policy high on the priority list of government interventions. Manipulation of land distribution and the institutional arrangements which surround its use directly affect issues of income and wealth distribution that are generally of priority concern in most developing nations. Furthermore, the land tenure system also goes a long way in defining the internal political power structure, especially in rural areas, since land control and its associated wealth also mean political power to those who own or manage the land system. Traditionally, land tenure policy interventions fall into several broad categories: (1) land consolidation, (2) land settlement and colonization, (3) land redistribution, (4) landlord-tenant relationships (occupancy, inheritance rights and rental relations), and (5) cooperative farming.^{1/}

It is not surprising that Bangladesh has struggled with many of these traditional issues in its effort to devise a land tenure policy. Land is the limiting factor in agricultural production and its efficient use is a critical variable in any developmental scenario designed to augment agricultural output and feed a rapidly growing population. In this setting, land reform is a natural target and land policy a vital concern.

The East Bengal State Acquisition and Tenancy Act of 1950 represents the hallmark land legislation of consequence to present day land tenure issues in Bangladesh. The Act culminated more than 100 years of land policy dialogue related to the geographic region now known as Bangladesh. The area was permanently settled during the 1700s as part of the British Empire following a period of independent rule by the Government of Bengal. But the more important land related institutions were created even earlier. The most consequential of these was the Zamindar system whose antecedents were established even prior to the conquest of Bengal as early as the thirteenth century. The Zamindars were initially those with official tax gathering rights, but as time passed they became a highly institutionalized and influential intermediary between those who worked the land and paid taxes, and the government. At one point, Zamindars even filled a role of insuring public peace.^{2/} Their role was fully assured by the Permanent Settlement System installed by the British about 1790 which officially abolished any existing concept of peasant proprietorship of land by decree that lands be settled in perpetuity with the Zamindars regardless of ownership. Those with the right to collect revenue essentially became proprietors of the land system overnight.

Despite the fact that most of the land in Bengal was brought under permanent settlement, the British could not be oblivious to the rights of tenants, many of whom had farmed their lands for many years. Consequently, from then until the Tenancy Act of 1950, much land policy attention was devoted to trying to define the tenant-owner relationships, including rights of occupancy, tenancy, and fair and equitable rentals. Act X of 1859 marked the beginning of efforts to protect the rights of tenants, but the provisions were ill-defined and the results ineffective. Subsequently, the Bengal Tenancy Act of 1885 established the initial principals of tenant protection and reflected the need of government intervention to protect the cultivating class from arbitrary harassment and exploitation by the Zamindars. The Act provided that a tenant who had been in possession of land for 12 years would be a "settled tenant" with occupancy (but not ownership) rights which could not be disturbed by landlord sale. The earliest direct attack on the Zamindar system came in 1902 in India with a declaration by a government commission that the government must intervene on behalf of the cultivators.^{3/} The struggle for change was a prolonged one due to the influence of the Zamindar System, and it was not until the Tenancy Act of 1950 that the Zamindar System was finally abolished and the right of tenant ownership recognized.

Enactment of the 1950 legislation had the effect of replacing the Zamindar system with the government as the tax collecting entity, thus bringing the government into a direct relationship with the rent-paying cultivators of the land. The Act was further intended to re-establish the cultivator's rights in the land, including that of ownership. However, the impact in this sense is unclear. While the Act provided for cultivators to become owners (Maliks or land holding tenants of state), there is evidence that this process was applied mostly to ex-Zamindars and other classes of larger land-owners whose rights and prerogatives were substantially maintained. Even the maximum acreage limitations (100 acres later reduced to 33.3 acres) were circumvented in large part. Inasmuch as acreage limitations under the Act were applied to Zamindar khass lands*, owners were able to take advantage of a series of exemptions

* Khas lands refer to lands let out by landowners for any period other than perpetuity. Khas lands held by a landowner could be cultivated by him with assistance from his family, servants, or hired labor.

which allowed the retention of lands beyond the maximum limit.^{4/} The fact that owners could continue to retain these lands if managed or operated directly by them opened several options and alternative modes to thwart the legislation's intent.

An additional impact of the legislation was the entrance of the government as custodian of all rent-receiving lands (khas lands) in excess of the maximum. Implicit in this position was the obligation of the government to settle the excess lands via redistribution to cultivators to be drawn from the landless and owners of very small farms. It appears that this phase of the reform did not produce an important impact on the land tenure system. First, the government was incapable of efficiently administering a smooth transition. The administrative mechanism and data base were terribly inadequate to accomplish the redistribution and settlement of the lands. Acreages were not accurately known, potential claimants were not readily identified, and of considerable significance was the fact that the government could not establish a system for granting clear individual ownership rights in the face of deficient land registration and ownership data. The process was further inhibited by frequent changes in entitlement priorities and interpretations of the law which led to confusion, corruption, and a breakdown in the enforcement capacity of the administrative system.

The failure of this aspect of the reformation is most evident in the limited amount of land which actually came under government jurisdiction and the even smaller amount which has since been redistributed. While the data may not be entirely accurate, the best estimate is that about 730,000 acres were acquired by the government as excess lands of which about 465,000 acres were suitable for cultivation.^{5/} Through 1976, about 330,000 acres had been redistributed. Data since 1976 are not available, but it is not clear that any additional lands have been distributed.^{6/} This means that only about 5 percent of the land area was declared excess as a consequence of the reformation and considerably less than that has actually been distributed. The effort obviously had a very minimal impact on the land tenure structure in Bangladesh.

Perhaps the most significant forces which account for the present-day land ownership mosaic in Bangladesh were set in motion at the time of Partition of the region in 1947. The aftermath of that action saw extensive numbers of Hindus, who constituted a large portion of the Zamindar, flee Pakistan in the face of widespread social upheaval and conflict. One estimate is that of 2,237 large landholders in Bengal at the time of Partition, only 358 were Muslim.^{7/} While land exchanges between Hindus leaving Pakistan and Muslims coming from India are reported, there are no factual estimates regarding these trades. But the amount of land involved in such direct exchanges is thought to have been minimal. In most cases, existing Zamindars vacated the land without confirming titles and the lands were taken over by those cultivating the land or by squatters. The confusion caused by the lack of titling is still a source of much litigation today. It is conventional knowledge, however, that the abandoned lands constituted a significant part of the land system. These transfers, along with similar but much smaller ones associated with Pakistani exits from Bangladesh in 1971, plus the normal land redistribution associated with two generations of inheritance transfers of land, explain much of the present day small farm pattern of lands in Bangladesh.

In retrospect, the land reform associated with the 1950 legislation suffered from several inadequacies. First, the reform was never conceived within a socio-economic framework to ensure a more equitable distribution of land. Rather, it fell victim to the consequence of abolishing the Zamindar system and its revenue collection elements. It is interesting to note as an aftermath that today land taxes play a very minor role in the revenue base of the BDG. In 1987, only 1.2 percent of limited, current BDG revenues came from land taxes. ^{8/}

Secondly, the administrative machinery of the government proved incapable of handling the task since it was organized and staffed with the structure of the revenue collection system which was not attuned to the process of land reform. The system was not able to manage the multi-dimensional aspects of land reform policies, and the prevailing policy framework failed to view the reform effort for its importance within a strategy of national development. The one attempt to do so was a land consolidation effort in the early 1960s which failed. This program initiated the land consolidation provisions of the 1950 Tenancy Act via a pilot project of compulsory consolidation which covered about 298,000 acres in Dinajpur district. The Hossain Committee that evaluated the project and recommended abandoning further compulsory consolidation, found the following objections to the scheme: (1) persons with one plot of land were unwilling to move to other plots, (2) many persons were allotted inferior replacement lands or reduced acreages due to inaccurate land records, (3) farmers could not always grow the same preferred crops on the new lands, and (4) people had an emotional attachment to their present lands. Feelings in the area ran so high that civil violence reportedly forced a cancellation of the scheme.^{9/}

Finally, as with so many similar land reform efforts worldwide, the data base to support the land registration system was inadequate and did not permit new ownership rights to be readily established. As a result, confusion and corruption arose and the system suffered from a loss of confidence.

Present Land Tenure Structure

The past policies plus economic and cultural factors indigenous to Bangladesh have produced a land distribution pattern wherein small farm sizes predominate and land ownership tends to be unequally distributed in favor of larger land holders. The distribution has been seen as undesirable and the issues surrounding the concentration of ownership have captured much attention by the BDG since independence.

Based on the Land Occupancy Study of 1978 by Jannuzi and Peach, 38 percent of the households (35 percent of the people) in rural Bangladesh owned 22 percent of the land area in farm sizes of 2.0 acres or less (Table 1).^{10/} At the other extreme, 1.09 percent of the households (2.11 percent of the people) owned 15 percent of the land area in farms above 15 acres. Viewed another way, 75 percent of the farming area was in farms of 10 acres or less and were owned by 69 percent of the households (72 percent of the people). About 52 percent of the land was in farms of 5 acres or less.

The present land tenancy situation is characterized by a high incidence of owners who cultivate (or at least manage the cultivation of) their own land (Table 2). Of the total households represented in the Land Occupancy Study, 65 percent were owners and an additional 28 percent were owners who rent additional lands. Only 7 percent were pure tenants. In total, rental agreements covered about 24 percent of the land area.

The existence of such a large number of small farms is partially a result of the reformation process associated with the 1950 Act. But perhaps of greater significance has been the impact from subdivision of fragmented properties which is the outgrowth of the inheritance process in Bangladesh. Under Muslim law, property must be divided among surviving heirs in defined proportions unless a will is left. In the absence of a will, equal shares are to be given to male survivors and female children are accorded one-half the male share. Since many of the holdings are already small, the redivision contributes to even smaller farm size trends.

The fact that the initial land holding is not generally consolidated can further aggravate the situation. It is not uncommon for an individual to hold 5-10 geographically separate parcels in a total land ownership of one acre or less. While such fragmentation is sometimes criticised for the managerial inefficiencies it can create, the dispersion of land holdings is also a form of diversifying small farm production and risk. Risk aversion is an important objective of farm management in Bangladesh and minimizing costs (and risks) may be just as important as maximizing profits. Diversified holdings often compensate for soil differentials, weather, and flooding

TABLE 1
Size Distribution of Land Owned Other than Homestead Land in Rural Bangladesh,^a 1974

Number of Acres	Number of Households	Percentage of Total	Number of Persons	Percentage of Total	Area (Acres)	Percentage of Total
Zero	3462167	28.78	16332396	23.43	--	--
0.01-1.00	3994542	33.20	21140000	30.33	1653197	8.11
1.01-2.00	1750072	14.55	10422407	14.95	2608916	13.27
2.01-3.00	940116	7.81	6192404	8.88	2337063	11.89
3.01-4.00	596247	4.96	4322184	6.20	2072870	10.54
4.01-5.00	46286	2.88	2645305	3.80	1566362	7.97
5.01-6.00	224067	1.86	1816360	2.61	1230924	6.28
6.01-7.00	159160	1.32	1405858	2.02	1035028	5.27
7.01-8.00	107028	0.89	916639	1.32	808471	4.13
8.01-9.00	84586	0.70	759205	1.09	718271	3.68
9.01-10.00	70431	0.59	649761	0.93	675552	3.41
10.01-11.00	52133	0.43	461599	0.66	548433	2.79
11.01-12.00	39704	0.33	396347	0.57	461919	2.35
12.01-13.00	28656	0.24	294498	0.42	358998	1.82
13.01-14.00	28311	0.24	298641	0.43	386217	1.95
14.01-15.00	16277	0.13	181602	0.26	238338	1.21
Above 15.00	131540	1.09	1468003	2.11	2958617	15.11
Totals	12031272	100.00	69703206	100.00	19659176	100.00

Source: Tomasson Jannuzi and James Peach, Bangladesh: A Profile of the Countryside, April 1979, p. 120.

a

Rural Bangladesh is defined to include the 411 rural Thanas of Bangladesh as listed in the 1974 Census of Population. For purposes of this survey, rural areas in predominantly urban Thanas are not included. Therefore, the total land area and total number of households as reported here should be somewhat less than estimates presented in other data sources.

ba

TABLE 2
Number and Area of Rural Households by Type of Tenancy^a

Class Owner ^{b,c,d}	Number of Households	Owned Land ^e			Land Taken In	
		Percentage of Total	Area (Acres)	Percentage of Total	Area (Acres)	Percentage of Total
Owners	5974206	64.53	14224975	72.36	--	--
Owner-cum-tenant	2597661	28.06	5433642	27.64	3728211	18.96
Tenant ^f	686357	7.41	--	--	921864	4.69
Totals	9258224	100.00	19658617	100.00	4650075	23.65

Source: Tomasson Jannuzi and James Peach, Bangladesh: A Profile of the Countryside, April 1979, p. 120.

^a Number of rural households excluding those households which (a) do not own land other than homestead land, and (b) do not take in land from others.

Classes of owners are defined as follows:

^b Owner: is a rural household that cultivates its own land either with family labor, hired labor, or a combination of both. Such a household does not take in land from others.

^c Owner-cum-tenant: is a rural household that claims to own some land (other than homestead land) and, at the same time, has temporary possession of additional land in accordance with the terms of a written or oral agreement specifying the amount due in cash or in kind from the owner-cum-tenant household to the owner(s) of the land taken in.

^d Tenant: is a rural household in temporary possession of land in accordance with the terms of a written or oral agreement specifying the amount due in cash or in kind from the tenant household to the owner(s) of the land. Such a household does not own any land other than homestead land. See also owner-cum-tenant household.

^e Owned land excluding homestead land.

^f Components may not add to totals due to rounding.

^g Percentage of owned land other than homestead land.

probability as much as anything else, and the practice is not without a rational base. However, the redivision of land through inheritance need not always lead to a break-up of fragmented lands. Depending on individual circumstances, the allocation of a total land holding among heirs can result in transferring whole land fragments to individuals without further redivision so that the transfer is in name only.

The tendency toward such large numbers of small farms is also accompanied by a high propensity to dispose of land. Smaller composite farms (as opposed to individual fragments of land) are said to lack the capacity to accommodate economic hardship which can ultimately force land sale as a common solution. As a consequence, increasing number of rural residents become landless and are without the benefits associated with land ownership.

The overall impact of this process creates a social dynamics that is not totally understood or appreciated in Bangladesh. Mostly, attention is given to the anecdotal issues mentioned above which have some basis in empirical fact. Land is divided by inheritance, farms do become excessively small, and people are expelled from land ownership in the process. These are accepted dogma. What is not so often noted, however, is that the land exchange process is basically efficient (except for inadequacies related to land registration) which permits land to move readily to higher valued uses. Land is not stagnated in uneconomic uses associated with excessively small farms, for example, but enjoys a high degree of transfer mobility. In this sense, the land market plays a crucial role and is instrumental in correcting the distortions created by the inheritance-related division of land. Were it not for the negative externalities created by that portion of the landless who become less productively employed as a result of the land transfers, land tenure issues may be of much less importance. In fact, a land system which finds about 3/4 of the cultivable land in the hands of approximately the same proportion of the land owning rural populace would not normally be viewed as overly distorted. This would be especially true if comparisons were made with the extreme situations found in areas of Latin America that have been the focus of extensive redistribution efforts. Yet, in Bangladesh, where land is a limiting input and one of basic agrarian value, land issues have become focal.

Much of the attention given to land tenure by the BDC, especially since independence, has grown from two fundamental concerns: (1) the large number of rural landless, and (2) the need for augmenting land productivity in the face of rising population pressures.

Landlessness: Those without access to land as a source of income in Bangladesh generally make-up a majority of the hard-core poor who lack a basic means of support. The concept of "landless" encompasses some confounding definitional questions since all landless are not necessarily unemployed or destitute. Many are wage earners, either permanently or casually. Other definitions of landless relate to the small amounts of land owned. Finally, the whole issue unemployment (of which the landless are an important part) is clouded by definitional problems associated with such description as "disguised, or "under" employment which reflect the quality of employment.

In the 1978 Land Occupancy Survey, the landless were estimated as 20 percent of the rural households and 23 percent of rural people (Table 3). The landless were defined as owning no land except homesteads. An additional definition of "effectively landless" was applied to those who owned no more than one-half acre. This group added 21 percent to the total households and 19 percent to the rural population. The combined total of those considered landless by these two definitions approximated 41 percent of the rural households, 42 percent of rural people, and represented about 29.5 million people in 1978. Given an annual population increase of 2.5 percent, the number of rural landless in 1983 could realistically approximate 33 million people and represent in the neighborhood of 35 percent of the total population. Obviously, the unproductivity and lack of employment for this group cannot be disregarded.

Concern for the plight of the landless is well placed even aside from the obvious human hardships and food deficiencies they face. The absence of income producing activities means that a significant segment of the population is not providing an essential source of effective demand for goods and services within the economy. The developmental process is, therefore, placed in danger of being slowed or stagnated even if the agricultural sector successfully expands its productive capability.

Land Productivity: The relationship between the land tenure structure and land productivity is manifest in the higher intensity of agricultural inputs ascribed to smaller size farms. In light of the need for increasing levels of food output to feed the fast growing population, alterations in the tenure system which would encourage more intensive land cultivation and input use are seen as critical elements which underscore the importance of land policy. The obvious consequence is that greater overall output would result from reducing the number of larger land holdings which utilize inputs less intensively. The issue of larger vs. smaller land units is compounded additionally by the tenant/owner leasing arrangements which are also seen as reducing land productivity, particularly in the presence of absentee ownership and disadvantageous share cropping rental arrangements which discourage input use.

TABLE 3
Landlessness in Rural Bangladesh, 1978

	Number of Rural Households	Percentage of Total	Number of Rural Persons	Percentage of Total
Landless--1	1767334	14.69	8081266	11.59
Landless--2	1694833	14.09	8251130	11.84
Landless--3	2561410	21.29	13214789	18.96

Source: Tomasson Jannuzi and James Peach, Bangladesh: A Profile of the Countryside, April 1979, p. 120.

Definitions: Landless 1--rural household that claims ownership of no land, either homestead land or other land.
Landless 2--rural household that does not claim ownership of any other than homestead land.
Landless 3--rural household that claims to own some land, but no more than one-half acre of land (excluding homestead land). Thus, the sum of landless 2 households plus landless 3 households equals the total number of rural households claiming to own one-half acre of land or less (excluding homestead land).

Both of these positions are generally supported by the Fertilizer Equity Study conducted in 1979/80 for 4 rice crop seasons by IFDC, but the relationships are not totally consistent. Data from that study show that for all three major rice crops, fertilizer was applied generally at a higher rate per acre on smaller size farms than on larger ones. For example, use levels on farms of less than 1.0 acre were 49 percent higher than farms greater than 5.0 acres for the boro season, 16 percent higher during the aus season, and 40 percent more for the aman crop. However, the trends were not totally constant since farms of from 2.5 to 5.0 acres used less fertilizer per acre than those with more than 5.0 acres.11/

The higher use of fertilizer by sharecroppers was not confirmed for all crops. Owner/operators applied more fertilizer per acre than sharecroppers for the 1980 aus and aman seasons but not for the 1980 boro crop or for all rice crops during 1979. The same study shows, however, that farmers with cash rentals not only consistently used more fertilizer than sharecroppers and owner-operators, but they also used fertilizer more intensively. The differences in fertilizer used between share-cropped lands and cash rentals for the three rice seasons ranged from 28 percent more for the aman crop to 162 percent for aus production in favor of cash rentals. Boro rice received the most intense application of fertilizer by all groups, but cash renters applied 116 percent higher average amounts than sharecroppers.12/

A continuation of the Fertilizer Equity Study from 1980-1982 for five (5) crop seasons confirmed most results from the earlier study, but reveals less consistency in the relationship of farm size to the intensity of fertilizer use. In several instances fertilizer use per acre did not invariably fall as all categories of farm size increased. Owner operators continued to apply higher average per acre rates of fertilizer than sharecroppers on both aman and aus crops. Likewise, cash renters always applied higher rates than either sharecroppers or owners.13/

Most students of Bangladesh's land tenure accept these data as reflecting the general status which currently exists. There are suggestions that the distribution of land has become more concentrated in favor of larger land holders as small farms are sold in the face of economic adversity. But, there are no national studies since 1978 to support or reject this assertion. Analysis of the 1978 data (Table 1) yields a Gini Coefficient of .65 as a measure of land concentration among owner households.14/* Unfortunately, there are no comparable data sets for Bangladesh with which to measure the change either before or after 1978.

A recent analysis by the Planning Commission sheds some light on the issue, but only to 1977. According to these data, the percentage of farm land in small farms (those under 2.5 acres) increased from

* A coefficient of 0 depicts maximum equality.

16.2 percent in 1960 to 18.7 percent in 1977. Similarly, for medium size farms (2.6 to 7.5 acres) the percentage of the total farm area rose from 45.7 percent to 48.9 percent during the period. However, for larger farms (over 7.5 acres) their proportion of total farm area fell from 38.1 percent in 1960 to 32.4 percent in 1977.^{15/} The factors associated with these changes were not identified and there was no attempt to analyse likely changes since 1977. However, these data lend support to the idea that the dynamics of land redivision and sale in Bangladesh do not inevitably lead to greater concentration of land in larger units. Obviously, there is a need for more accurate information on this issue, especially as relates to the impacts since 1977.

Recent Legislative Changes

The BDG has taken recent steps to confront some of the land tenure issues. A special committee was established in 1982 to study the overall situation and to make recommendations. Part of their approach was to conduct a national opinion survey through the local press inviting an expression of attitudes by the populace on a wide range of land-related issues.

The report of this committee was submitted to the CMIA in July, 1983 and contained the following major recommendations:

1. The limits in land ownership by one individual should continue at 100 bighas (33.3 acres), but those who currently own less than 60 bighas will not be allowed to accumulate more than 60 bighas. Effectively, the land limit for future land acquisitions is set at 60 bighas (20 acres).
2. Limitations on farm size apply to an individual and not to a family unit which precludes the protection of ownership by transferring lands to the name of minor children as has often been practiced under a system known as "benami".
3. Sharecroppers will be given tenure rights for 5-years which can be extended by 5 additional years by mutual agreement if the conditions of the original contract are met. Survivors of a sharecropper who continues to cultivate the land as specified in the original agreement will be considered eligible for succession.
4. The product of the land under sharecrop will be legally divided on the basis of the "tebhaga" policy as follows: land ownership 1/3, labor supplier 1/3, and provider of inputs 1/3. Values for various inputs will be determined so that partial supply of inputs by each party can be appropriately rewarded.
5. A sharecropper cannot be deposed if he cultivates the land himself and pays his obligations to the owner. The onus of establishing the legal right of the owner to oust a sharecropper will rest with the owner.

6. A sharecropper is to be granted first preference to purchase land he is cultivating at a market price, if the land is offered for sale by the owner.
7. No sharecropper or owner/sharecropper can have more than 15 bighas under sharecropping conditions either in his personal or family ownership and control.
8. Landless persons are given preference for settlement of char lands i.e. new lands created by shifting rivers and soil deposits.
9. The management of land revenue and rights of records will be decentralized to the Upazila and District level offices for maintenance.^{16/}

These provisions are in large part a continuation of the focus on tenant/owner relationships initiated in 1950. Most meaningful aspects of this recent effort attempt to guarantee the tenure and contract conditions for the sharecropper, even to the point of defining appropriate values for factor proportions and the maximum acreage which can fall under one sharecropping arrangement. Such contractual improvements are seen as providing incentive for applying higher levels of agricultural inputs on sharecropped lands. There are no indications of strong intent to move toward a redistribution strategy.

Toward a Viable Land Policy

The recent action by the BDG to establish improved tenant/owner relationships may be seen as confronting one of the basic elements of the land tenure dilemma. Still, the issues surrounding land tenure encompass a more complex matrix of philosophy and program options, most of which are best judged within the concepts of land use efficiency (production) and equity in the allocation of land outputs (distribution).

Two important shortcomings are apparent in discussion of land tenure and reform issues to date. First, there is no clear definition of what is meant by "land reform". Most commonly, reforms have been defined in terms of land redistribution or correcting inadequate tenant/owner contract relationships. But these are only two aspects of a much broader problem complex which is influenced by an extensive group of institutional, social, and political conditions and their specific organizational and administrative structures. The "art of the possible" was never more relevant than in the case of land policy, and the process is guided dramatically by the specifics associated with local institutional structures and capabilities.

Secondly, the concept of equity as applied in so many discussions aimed at land redistribution appears to lack either a sound theoretical foundation or a pragmatic base. For the most part, the arguments seem to suggest that "more equal" is better than "less equal", but there are no theoretical or empirical criteria which define an optimal land distribution. In fact, the concept of optimality is seldom advanced in most analyses.

There are four principal topics or aspects of land reform which surface in most discussions and which must be addressed in evolving a viable land policy. All can be appropriately evaluated in terms of their efficiency or equity implications related to land ownership and productivity.^{17/}

Land Redistribution

The most visible area for land reform is that associated with changing the patterns of ownership. There are two options for implementing such a policy move: (1) all privately held land could be taken over by the government and farmed in one of several types of collectivised, state-controlled units, or (2) lands above a prescribed minimum could be assumed by the government and redistributed to smaller land owners or landless persons for cultivation. Most suggestions for ownership reform in Bangladesh have incorporated variations of the second option. No one has seriously advocated abolishing the institution of private property as would be required to implement the first option.

Despite the continuing interest in land redistribution as a solution to many of the welfare equity and production efficiency issues related to land reform, there is a preponderance of evidence that the long run solution for Bangladesh do not lie in this process.

Impact on Equity. The most obvious problem with redistribution is that at best its impact would be short run and even then would do little to improve the distribution of land and alleviate the present inequities. For example, if the maximum farm size per individual were reduced to 8 acres (said to be the minimum size of an economic holding) and a minimum size set at 3 acres (said to be the minimum subsistence holding) several facts become apparent.^{18/} Based on the data in Table 1, 6.3 million acres of land would be available for redistribution above the 8 acre maximum. The eligible rural families below the 3 acre minimum would total 10.1 million which would mean an average land availability of .62 acres per family. At a minimum, 9.2 million of these families (those with 2.0 acres or less before the redistribution occurred) would end up with total holdings less than the 3 acre subsistence minimum. Even if the available land were distributed only among landless families, the average availability would be only about 1.6 acres. It is patently obvious too that the averages resulting from **this** arithmetic exercise do not account for differences in land quality, cropping patterns, and other factors which would render per acre profitability highly variable among individual plots and the equity impacts unequal.

Of course, the implementation of this or any similar scheme presupposes the political feasibility of establishing a maximum holding which is slightly less than 1/4th the current level, as well as a willingness on the part of the BDG to accept the extreme disruption, chaos, and pressures which would surely accompany such an action. Based on the experience of the 1950 reform, the outcome of a widespread land redistribution would likely encounter extreme difficulty.

In the longer run, this or any variation of a redistribution scenario must face the likely consequence that the problem would inevitably resurface. With population growing at the annual rate of 2.5 percent, the 54 million people who could be benefitted now from land redistribution will be added to the population in less than 20 years. In truth, there is not enough land in Bangladesh to allow each rural family to own a sufficient amount to reach a subsistence level of living. Furthermore there is no strong indication that the intrasectoral inequalities would be significantly ameliorated by a major land distribution effort. At best, allocation of the limited surplus lands presently held by the BDG represents the most realistic application of a redistribution policy.

Impact on Production. Much of the argument for redistribution of land is based on the empirical evidence that output per unit of land increases as land size decreases, due to the higher use of agricultural inputs. As discussed earlier, the Fertilizer Equity Studies in 1979/80 and 1980-82 tend to confirm these trends in Bangladesh. However, Azizul Islam, raises one note of caution on this issue. He suggests that the tendency is reversed when farm sizes reach about 3/4 acre and that the reasons may be related to the "part-time nature of farming by households with land holdings less than the minimum required for subsistence, lack of farming experience and managerial skill, and apathy towards or unprofitability of adopting land augmenting Green Revolution technology which is determined by a host of factors".19/

The potential negative impact of inexperience and limited managerial skills is too little recognized in discussions of land redistribution in Bangladesh. It is somehow assumed that the landless rural, regardless of their farming history, are capable of immediate response to the demands of managing what is in fact a complicated production unit. In the land reform experience of other nations, however, this has been an important element, and should not be overlooked in Bangladesh. Nations like Bolivia experienced dramatic declines in overall agricultural output which required as many as 20 years to regain following a major land redistribution program.20/ The unfamiliarity of new land owners with production and marketing processes, and their lack of management capability contributed significantly to the post-reform production problems. Technology adoption was also curtailed by credit limitations and a lack of support institutions plus a generally conservative risk-bearing attitude which is not that uncommon among new land owners. The degree to which similar initial declines might occur in Bangladesh are difficult to assess. But even moderate declines in agricultural output represent a potential threat which Bangladesh can ill-afford. The arguments in favor of land redistribution for reasons of increased land productivity are flawed when faced with the realistic possibility that initial output reductions will occur.

The potential impact of land redistribution on the marketable surplus of agricultural output is an important subset of the total production issue. Estimates vary, but conventional wisdom suggests that about 22 percent of the total foodgrain output in Bangladesh is marketed outside the farmgate. Most of this surplus is provided from larger size farms.^{21/} Thus, even if total production were maintained, it is likely that the quantity marketed would decline with obvious distributional consequences. On-farm consumption would receive impetus from the new small farm owners but urban availability would decline with a series of interpersonal and inter-group trade-offs in welfare associated with changes in price and consumption by the various consuming segments. The issues would be different once total output is raised. But there is an inherent set of additional considerations associated with changes in land ownership since the presence of a marketable surplus is also interrelated with the accumulation of rural savings and capital formulation. Without attendant increases in agricultural output, land redistribution could have a negative impact on these two important areas despite the realization of improved land and production equity.

Impact on Employment. There is a strong argument that redistribution of land ownership will lead to increased agricultural employment, especially among those who are without land. This consequence is fairly obvious, as is the fact that creating more small farms would further discourage mechanization or any attendant tendency to displace labor in agricultural production. Even so, there are ill-defined trade-offs between the new employment of the landless and the displacement of rural labor previously employed as hired workers on larger farms. Partitioning larger into smaller farms would endanger the agricultural employment options of the rural populace. Only if enough land were available to permit full employment of the existing unemployed or partially employed would there be a significant net increase in employment. To the extent inadequate land exists, the redistribution of land would merely allow the partially employed or under-employed to find additional work.^{22/} Consequently, the impact of land redistribution on agricultural employment, while direct, may not be of the magnitudes often implied by analyses favoring this policy option.

The impact of land redistribution on non-agricultural employment is less direct and is largely dependent on the performance of inter-sectoral linkages as agricultural output increases. The linkages between agriculture and other sectors associated with production, consumption, and savings activities all have employment implications that are strengthened by rising agricultural productivity. In particular, the forward and backward linkages related to production patterns are influenced by the size distribution of farm holdings and the rate of output growth they imply. Only with a considerable elevation in agricultural production would the employment impacts outside of agriculture be consequential in Bangladesh.

Size Limitations

Concerns about farm size permeate most discussions of land tenure in Bangladesh and generally focus on the undesirability of large holdings. Consequently, the emphasis of policy initiatives has been to limit permissible land accumulations under single ownership, thus, curtailing the objectionable factors associated with land barons or absentee ownership that can restrict land productivity and the distribution of land benefits. Such concerns are well placed in Bangladesh where the presence of large labor supplies in need of employment argues against large scale labor displacing mechanization which could eventually be a logical consequence of larger scale land holdings.

Still, the current problems of displacing land owners and forcing them into the category of landless is not directly a consequence of large size farms. Basically, this process is the result of natural redistributions associated with the inheritance process. Small farms are being divided into still smaller units and many become uneconomic and subject to distress sale. It is not surprising that these small land holdings are being purchased by larger land owners (or even by landless wealthy) since they are the major groups within the rural sector capable of making such investments. Since larger holdings are also subject to inheritance-based redistribution, there is reason to suspect that the dynamics of land exchange is not unavoidably leading to greater land concentration among larger owners as is sometimes supposed. Data from a Planning Commission report which bear on this point were presented earlier.

If the process of creating landless from land exchanges is to be curtailed, one potential solution is to prohibit the redivision of land below some minimum level. Establishing minimum farm sizes may have the advantage of preventing at least some landholders from becoming landless rather than trying to return landless to land ownership status as per most land redistribution schemes. The problem with this policy, however, is that the final outcome may in large measure remain unchanged from the present.

Adoption of minimum farm size limitations would not restrict land sales, but the process would require that survivors resolve the persistent issue of dividing split assets without a physical division of the existing holdings. Families would face the option of either sharing in the land proceeds by operating the farm cooperatively within the family unit, or they could choose to sell individual shares to one or more family members who could keep and operate the land as a unit, thus, eliminating the need for sale. Both of these options are presently available without the imposition of minimum farm size restrictions, but apparently are not commonly implemented. There is a wide range of speculative reasons, ranging from the inadequate level of per capita economic returns to the tendency in rural Bangladesh to avoid intrafamily farming arrangements that require a high degree of cooperative management or decision making. A third family option would be to sell the land to an outsider which,

with minimum size limitations, would mean that the land must be sold in a single unit as opposed to multiple smaller units as under present arrangements. While the transfer of these larger holdings may prove beneficial to land management efficiency and use in many instances, the process also has the potential for intensifying the concentration of land to the extent that individual land sales would be in larger units and would cater to those with greater financial resources. In the final analysis, however, the major objection is that minimum size limitations are not an effective defense against creating economic situations wherein land sales occur and people become landless. Only if the family chooses to manage the land unit does each member retain an interest in the land, and this option does not require establishing minimum size limitations. In all other possible scenarios, some degree of landlessness results.

The dynamics that are presently creating small farm sizes and related land issues are unlikely to be arrested by any of the policy initiatives commonly advanced in discussions of land tenure in Bangladesh. In a broad sense, that which is occurring in Bangladesh is not too dissimilar from the inheritance-redivisions and land sales which typify most nations. In Bangladesh, the issues acquire added importance and may even become distorted by the extra value and fundamental role assigned to land ownership and control. Despite these basic considerations, it seems apparent that the process is not abnormal nor should it be the motivation for ill-advised policy interventions. Fortunately, land markets are efficient and have been instrumental in keeping land use from becoming stagnated in uneconomically small units through its ready transfer to more productive alternatives. Both the agricultural sector and overall development have benefited, despite the problems and concomitant rise in the number of landless.

Contract Relations

Previous concern of the BDG about owner/tenant contract relationships have a good logical and empirical basis, but perhaps as much as anything else reflect a recognition on the part of the government that extensive land redistribution is not a feasible means of dealing with major land tenure issues in Bangladesh. The available data is generally, although not totally, supportive of most policy directions the BDG has pursued in attempting to clarify and improve the contract conditions between owners and tenants.

Much of the past interest in sharecropping contract procedures and conditions emanates from its long standing institutional presence in Bangladesh. Forms of sharecropping go back to the early period of colonial rule and it is not unusual that so much attention should be given to correcting elements of the process rather than abolishing or at least encouraging other forms of contracting.^{23/} Still, recent studies suggest that other contracting options may also be viable options. The

most recent fertilizer equity study (1980-82) has confirmed the results of the earlier study (1979-80) by demonstrating that average levels of fertilizer used on cash rented lands consistently exceeded that for either owner operated or sharecropped lands. In the recent study, cash renters utilized fertilizer at levels ranging from 3 percent to 106 percent above the sharecropping option depending on the rice season being analyzed. Furthermore, in two seasons average use of fertilizer by owners exceeded that of sharecroppers.24/

Such a response by cash renters is entirely consistent with economic logic. Under cash lease arrangements the rental outlay becomes a fixed cost to the operator for the production period since the Taka amount is not altered by changes in output. As a fixed cost, the rental does not enter into calculations of optimal profit-maximizing output. Conditions are thus created to encourage application of output-increasing inputs since the renter stands to capture all of the marginal benefits (and risk) associated with the additional input costs. The greater risk element is not inconsequential and will temper farmer reliance on cash rentals since risk aversion is an important factor in Bangladesh's agriculture. But viewed within the policy context already established by the BDG which encourages sharecropping by defining the relative value of factor proportions for sharecrop contracts (between land, labor, and other inputs), an equally valid case can be made for policy interventions which promote cash rentals over even the existing forms of sharecropping. Not only do cash rentals generate a tendency toward more intensive input use, but they also eliminate some of the potentially uncertain areas which arise with the 1/3 allocation of crop value to the purchased inputs (those other than land and tenant labor). For example, if water is supplied by the owner and fertilizer and HYVs by the tenant, relative values for each must be determined as the basis for dividing 1/3 of the output benefits associated with input provision. While it may be possible to reach an equitable accord, the process is a source of added stress to implementing the revised sharecropping process.

Beyond this potential difficulty, there is another more fundamental concern. The basis used by the BDG for assigning 1/3 of the total crop value to each of the three cost groups is not known, but there is an implied equality between costs and returns underlying the system. Since the crop value is allocated in 1/3 shares, the procedure implies that the input cost groups alternatively represent 1/3 of the total production cost. Reason suggests the strong likelihood that individual production situations involving sharecropping will differ sufficiently nationwide so as to invalidate any pretense that such an equity relationship can be generally applied. Even if equity was not intended, application of the 1/3 allocation in the case of purchased inputs can, in all likelihood, disadvantage the sharecropper to the extent that the land owner controls the final decision as to which party to the contract will supply what portion of these inputs. If the purchased input costs actually exceed

1/3 of the total production costs, the owner can insist that they be supplied by the sharecropper who will then be paying more than 1/3 of the total production costs and receive only 1/3 of the crop value. Conversely, if the input costs constitute less than 1/3 of the total, the land owner can benefit by providing them. Given the possibility for manipulating the contract conditions, there is some question as to whether or not the revised sharecropping contract arrangements will become significantly more equitable and incentives much improved than previously where revenues were allocated 50 percent to each party and the tenant provided all labor and other purchased inputs. It is doubtful that either the past or present contract system can create a totally equitable allocation between tenants and owners. In fact, the purpose of the new system may have been to reduce prior inequity rather than create total equity among the contracting parties. But, the extent to which even past sharecropping inequities are ameliorated by the new system will depend upon the degree to which actual production costs deviate from the administratively set norms and the ability of the owner to manage the decision process in his favor. And, of course the whole effort presupposes that the regulation can be broadly implemented and not circumvented in practice.

It would be unwise for the BDG to prohibit any form of land contracting. But since the BDG has chosen to intervene in the particulars surrounding sharecropping, there may be added benefits to be gained via more interest in the potentials for cash rentals and the impact BDG policy might have on the rental structure.

Concerns for contracting procedures should also recognize that contract security can be as important as contract form. If land policies are to encourage the investment of long-term, risk capital for such new technologies as small scale irrigation equipment, the impact of contract security on the incentive structure must be acknowledged. These investments are provided either by the land owner (whose incentive may be weak under most situations) or by the tenant who will have no incentive in the face of insecure contract rights. The contracting system should provide adequate security for the tenant to have a reasonable probability for recovering the investment during the life of the contract.

Data Base and Administrative Capability

The critical importance of accurate land data and BDG capacity for administrative implementation must be brought to the forefront in any land reform proposal. Much of the present inadequate state of land policy in Bangladesh is an outgrowth of not altering the revenue-based administrative system to meet the needs of a much broader land policy focus. Reportedly, such recommendations were repeated by several committees and commissions during the 1970s.^{25/} It is fairly obvious that almost any type of proposed land reform, be it redistribution, land/tenant contracts or whatever, must eventually confront the administrative and implementing ability of the BDG. At the present, this capability and the data base needed to support program changes are highly inadequate.

Several examples not only support this position, but demonstrate the critical role of the administrative structure. Of the estimated 730,000 acres of land brought under BDG control by the 1950 Tenancy Act, only about 330,000 acres have been redistributed and/or resettled thru 1976. The low percentage distributed is of obvious concern, but of even greater consequence is the fact that evidence of redistribution beyond 1976 appear to be lacking. It is not clear whether the absent data reflects a lack of actual distribution of land or inadequate records or both. The **point** is that for whatever reason, the present administrative structure has been unable to complete even the limited land distribution already sanctioned.

Part of the problem may be due to the fact that local land ownership records are highly deficient. Post-independence efforts to update and correct the data have not been effective due to several factors. First, the initial ownership status for **many** lands was uncertain at the time of independence due to poor mapping and the loss of many land maps following the war. Secondly, the transfers of land are reportedly high and the present system has fallen further behind in its efforts. Finally, the situation has been exacerbated by the large number of post-independence litigations which has fallen on a judiciary that cannot cope with this excessive burden in a timely way. Consequently, the present land data base is not capable of providing clear and uncontensable records of right necessary to guarantee legal ownership transfers. Such a deficiency in the system represents an insurmountable gap between the paper outcomes of reform issues presented in statistics and actual implementation. Certainly, any arguments which may champion the cause of land redistribution or any other interventions which rely extensively on land data are diminished by the present data deficiencies which must underly any such effort.

Even beyond these examples an equally gloomy scenario exists for other potential policy interventions which must rely on the administrative structure. Any of the land interventions discussed here, i.e. size limitations or contract conditions, will suffer from implementation shortcomings. Unless the system is corrected, initiatives will simply incorporate concepts which are chimerical since they are administratively unenforceable. One is persuaded that even the recent BDG actions to improve landlord/tenant contractual procedures will fall victim to this enforcement weakness.

The enforceability of land reform measures is conditioned considerably by the rural power structure which is so closely tied to the current land distribution and tenure system. The influence of this institutional arrangement was openly demonstrated by their resistance and ability to forestall enactment of the 1950 Land Tenancy Act for many years. More recent evidence from the Land Occupancy Study suggests that some large land holders have also been able to circumvent the restrictions on maximum land holdings by one individual.^{26/} The numbers are indeterminant, but conventional wisdom reports the common practice, at least in the past, of deeding lands to family members or non-existent persons for the purpose of demonstrating compliance with the size limitations on land holdings. The importance of

the rural power structure to issues of land tenancy and reform should not be underestimated. Even so, a more fundamental issue is what can be done except to understand it and to operate within the constraints it presents. The constraints may be formidable, but it is doubtful that they are of such strength as to require dramatic land redistribution as a solution.^{27/} And even so, is there evidence that the relative political power base would be dissipated by even a major land redistribution? A very fundamental portion of the apparent restrictions offered by the rural power structure is the outgrowth of an ill-conceived and ill-prepared BDG administrative system which still reflects a large portion of its revenue-collecting, predecessor organization. There has been no test of the rural structure in the face of a committed and efficient BDG administration armed with a portfolio of enlightened policies and programs.

Summary Observations

This discussion has focused on four primary issues which frequent controversies over land tenure in Bangladesh. The presentation is not exhaustive, but it summarizes the major concerns within the historical context of land policy in Bangladesh and adds a few further points which may contribute to the dialogue. The following conclusions arise within the scope of these four issues: (1) that extensive land redistribution is not a viable long run solution for either the land equity or production efficiency concerns associated with land tenure; (2) that cash rentals offer an alternative for influencing agricultural output which has not been adequately explored; (3) that regulations dealing with minimum land size should not occupy a major role in land policy discussions; (4) that recent contractual reforms calling for the division of crop values in 1/3 portions of various input classes may not invariably lead to improved equity between landlords and tenants; and (5) that the administrative capacity of the BDG still reflects the limited view of the revenue collection mechanism of earlier years, and is not appropriate to meet the hard-core needs of land policy development.

Regardless of the historical construct or the socio-economic conditions that have formed current land policy in Bangladesh, it is population pressure that gives land tenure and reform issues their present character. Much of the preoccupation with land tenure has been masked in the escalating importance of the landless whose numbers are predominately the outgrowth of rising population. Redistribution of land has been promoted as the solution, and support has been rallied on the basis that resulting smaller farm sizes will lead both to equity improvements and increased agricultural output. Two fairly obvious facts fly in the face of this position. Initially, the simple calculation of available land in relation to the size of the population to be assisted yields totally inadequate average land areas per family, not to mention the added relevance of rising population. It seems apparent that no amount of land redistribution will totally address the issues of the landless. In this light, the arguments surrounding the landless are best viewed as non-issues in land policy, except as they highlight the need to create more productive options for the growing labor force which must be

employed outside of agriculture. The unproductive landless are, in reality, largely the unemployed of Bangladesh (be they disguised, under, or seasonably defined) and their existence reflects more the failure of labor markets and an absence of effective policy interventions to create employment options than a breakdown in land policy. Secondly, the high probability that agricultural output would face initial declines in the face of land redistribution places some considerable doubt on the accuracy of claims that output would improve, at least in the near term (5-10 years). When these outcomes are combined with the obvious social stress and upheaval that a major redistribution would create, the viability of the option is much reduced.

It seems obvious that the employment solution for the landless must be found mostly outside of agriculture. The prevalent philosophy mentioned earlier which ties the acquisition of wealth to land in agrarian societies is one root cause of the deep concern for land tenure in Bangladesh. This is an obvious reaction in a nation where land is so scarce and the major visible source of wealth for most rural residents does in fact flow from the land. It is equally obvious that a basic change is in order. In more prosperous nations, such changes occur as investment and employment expand, and agricultural opportunities for large numbers of people diminish relative to non-agriculture. Increasingly, income flows with greater regularity to human skills, education, and services. Innovations are rewarded as are intellectual and technical skills in a wide spectrum of activities.

It is likely that Bangladesh does not have the luxury of awaiting development in order to see this type of evolution. With population growth not likely to be significantly arrested, at least in the near future, it is all too painfully obvious that there simply is not now, nor will there be in the future, adequate land to serve as a direct income base for everyone. Public policy should recognize this eventually and initiate a direct confrontation of these rural values, even to the extent of an organized effort to alter public opinion. But beyond mere rhetoric, the need is for a full and effective program of education and skill training at all levels plus an innovative industrial development policy to create jobs that is supported by a viable agricultural sector. Agriculture cannot be permitted to regress. Given its post-independence performance there is now a growing base upon which to broaden agricultural production and assist overall growth. But the unemployed cannot be totally engaged even in an expanding agriculture. The options outside of agriculture must simply be broadened. Successful implementation of this policy orientation would cause the problem of the landless to be addressed as the broader unemployment topic it is. For too long, land policy has suffered from its improperly perceived role as a solution to the dilemma of the landless.

Beyond the issues of the landless, those of land productivity must still be addressed, especially if the option of redistribution is set aside. Are there public land or policy options which can focus on land productivity in a meaningful way? This discussion will be nothing more than suggestive on this point since detailed theoretical and empirical analysis should precede commitments to any type of BDG interventions. But consideration should be given to such instruments as agricultural taxation (including progressive and/or excessive land taxes) to facilitate, not just land productivity, but overall development as well. To date, land taxes are very inconsequential as a source of tax revenue or as a means of influencing land output. Here as with some other land related attentions by the BDG, the scope of concern has been much too limited and has ignored the broader developmental implications. In this instance, the broader issue is capital formation and the basic contribution agriculture, land, and agricultural taxation can make to overall development. The incentive and distributional impacts of agricultural taxation can redirect agricultural production, encourage more efficient land use, and promote new agricultural investments, among other things. In other words, agricultural taxation as a policy tool can encourage higher output, induce greater resource efficiency and add to total savings. The timing and the nature of the taxing process must be chosen very carefully to reflect the specifics found in Bangladesh and to avoid stagnating existing development momentum. But the critical point is that this potential, or that of other policy options, are not seriously advanced in most discussions of land tenure. Too much of the past focus has been mired in the issues of land redistribution and the problems of the landless. If these two issues were placed in proper perspective, the options of the BDG could be clarified and become more consistent with economic development objectives. As with all land related issues, agricultural taxation of whatever type would have to overcome the inadequacy of the land ownership data base and BDG administrative capability.

One final point should be raised regarding the relationship of agricultural input use and farm size as a rationale for some aspects of a land policy. The results from the Fertilizer Equity Studies of 1978 and 1980 both demonstrate this relationship although the data are not totally consistent. The question raised here, however, is whether this is a causal or somewhat spurious relationship. Space will not permit a complete analysis, but it will suffice to establish a few points which questions the conventional wisdom regarding small farm input usage.

It is difficult to find a theoretical or logical basis to support the idea that small farmers should be expected to use agricultural inputs (as a class) more intensively than large farms (the improbable possibility of decreasing returns to scale being one exception). A logical case can be made for more intensive labor use by smaller farms where family labor is in excess supply. Conversely, the case for great use of inputs requiring fixed capital investment (small scale irrigation) is best for larger size farms in order to

spread the fixed costs per land unit. For variable cost inputs, i.e. seeds and fertilizer, all farm sizes should use quantities that maximize returns based on their input/output structures, all else being equal. Reportedly, the tendency for crop-sharing contractors to use more fertilizer is higher among smaller than among large farms in Bangladesh. If this be the case, the average use results for farm size may be confounded by leasing arrangements. Additionally, neither small or large size farms reportedly utilize fertilizer at near economically optimal levels. If this means they are not maximizing returns, it could reflect extraneous factors, some of which may include inadequate knowledge, or an income or credit constraint. If either of these examples stand critical examination, it means that the emphasis on farm size is misplaced on economic grounds since the causal variables are perhaps contract arrangements and/or credit. Another point of logic arises when we consider that water application is an indispensable, complementary input to fertilizer usage. If larger farmers have a greater incentive for irrigation development, why then should they necessarily use less fertilizer than smaller farmers who may be forced to rely more on rainfall and less on irrigation and thus incur higher risks? This point is supported by a Mennonite Central Committee evaluation of its Rower Pump Program in Bangladesh which was designed especially for small farm usage. Despite efforts to encourage small farm purchases with credit and promotional programs, most sales have been to farmers with 2.5 acres or more.^{28/}

Little more can be done here than raise the issues as a basis for further discussion and investigation. Irrespective, the fact that such unanswered possibilities exist means that a large part of land policy in Bangladesh has pressured toward smaller size farms (mainly via redistribution) in the face of meager knowledge and without openly looking at other policy options. Most of the possibilities discussed in this section, in one way or another, represent policy options for the BDG.

The debate over land tenure in Bangladesh is of long standing and is not likely to diminish in the foreseeable future. The issues surrounding land use and ownership are too deeply rooted in an agrarian society to be free of emotionalism and too visible to be left outside the political dialogue of contending factions. In short, the debate will continue. Still, the concerns have occupied the attention of competent scholars in Bangladesh which has added analytical depth and content to what is and has been said. The words of one Bangladeshi expert provides an appropriate perspective for any future dialogue:

"The point that is emphasized here is that Bangladesh can no longer afford land reform merely as a political slogan or as a brainwave from an armchair planner. The politics and with it the economics of land reform must converge at the point of the socio-cultural environment in which the policies are to be implemented.... Land reform or in a wider sense agrarian reform in the context of Bangladesh need be comprehended in terms of a hard-core development project rather than a compartmentalized activity of the Ministry of Land Revenue and Land Reform." ^{29/}

Land Reform and USAID Assistance

For the most part, the major issues of land tenure and reform are not such as to warrant priority attention within the assistance programmed by USAID for Bangladesh. This is not to argue that the issues should not be attended. But the BDG has demonstrated an active awareness of the problems and has initiatives in motion which reflect reasonable responses within the socio-political environment they face. Generally, the major concerns are best resolved within the EDG structure without extensive donor interference.

Still several points discussed herein may be appropriately stressed within existing AID/BDG initiatives that can have an impact on the broader issues associated with land tenure. In this context, land tenure becomes a subsidiary claimant to benefits generated from other project initiatives. One of the more obvious is the potential for improved agricultural statistics and policy analysis. This a general need which traverses much of the BDG's efforts in the agricultural sector. Land statistics, whether they be related to ownership, legal descriptions, use patterns, productivity, or sales are all critical to overall BDG programming, and land statistics are just one of the general list of data needs which require significant upgrading.

A second option lies in the expansion of Title II programming to assist the poor on a broader front by utilizing food assistance beyond road and canal constructions. To borrow both the name and concept, Food for Education (especially to encourage female attendance in school) or Food for Energy (where food payments accompany successful introduction of special fuelwood trees on homesteads) are examples of additional approaches. Closely allied to this effort is the present mission orientation toward improving rural employment options. Those disadvantaged in the land distribution system could be assisted by this expanded mission program orientation.

A somewhat similar opportunity arises in the need to more closely examine the potential for agricultural taxation. While some of the issues may not be seen as totally noteworthy of extensive effort in and of themselves, others fit nicely into concerns over local resource mobilization and capital formulation, portions of which are now incorporated into the mission's priorities via rural finance. But beyond these, a Title III related policy focus on agricultural taxation could prove viable for Mission support and be coupled with technical assistance to undertake a cadestrial survey, upgrade the land titling and data base, and provide help in structuring the parameters for BDG initiatives.

Finally the issue surrounding a people focus which recognizes and advances the potentials for generating non-land income is consistent with much of the logic which underpins current AID programming. By openly encouraging this philosophy, the mission can help speed-up the awareness of such potentials for rural Bangladeshis and program efforts can help them to materialize in job opportunities. Programs

to provide basic and advanced education and skills, and to assist entrance into service type employment represent important steps in creating a balanced and productive labor force. In the obvious absence of adequate land to serve as a wealth base for most Bangladeshis, an orientation toward improving people's capabilities may become the most important element of all if Bangladesh is to truly prosper over the long run.

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- It should be realized, however, that the data base for determining marketable surplus is highly suspect. Small farmers are known to be both sellers and purchasers of rice during one season. They are also faced with cash needs to buy inputs or repay loan obligations which requires either converting rice, fruits, vegetables, small animals or labor to cash.
- 22/ This point is ^{coherently} ~~convincingly~~ made by: Islam, A Skeptical View, p. 134.
- 23/ For one discussion of the potential impact of abolishing share-cropping see: Abdullah, A Viable Land Policy, p. 370.
- 24/ Surjit S. Sidhu, Carlos A. Baanants, and Ekramul Ahsan, Agricultural Production, Fertilizer Use and Equity Considerations, Results and Analysis of Farm Data 1981/82, Bangladesh, International Fertilizer Development Center, November 1983, Chapter 9, Table 9.9.
- 25/ Ali, Land Reform Measures, p. 172.
- 26/ F.T. Januzzi & J.T. Peach, Report on the Hierarchy of Interest in Land In Bangladesh, USAID, 1977, p.76
- 27/ The overriding conclusion by Januzzi and Peach from the Land Occupancy Study was a major land redistribution; See F.T. Januzzi and J.T. Peach, The Agrarian Structure of Bangladesh: An Impediment to Development. Colorado Springs: Westview Press, 1980.
- 28/ Mennonite Central Committee, Agricultural Program, Report No.10, 1983, p. 67.
- 29/ Ali, Land Reform Measures, pp. 174 and 192.

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