

**SMALL HOLDINGS IN INDIA  
AND  
THEIR REMEDIES**

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# SMALL HOLDINGS IN INDIA AND THEIR REMEDIES

## I

### IMPORTANCE OF AGRICULTURE

A study of the economic ways of getting a living will ever remain important. These ways generally take the form of industries or services. Confining ourselves to industries, they may be divided into primary and secondary. The primary industries are concerned with extracting useful material from the earth, the soil or water and take the form of hunting, fishing, stock-raising, lumbering and mining. These primary or extractive industries are fundamental in two ways : (1) They extract from the physical world useful materials which become the original sources of man's subsistence. (2) They provide raw materials for the secondary or manufacturing industries, for, manufactures, in the language of Dr. Franklin, are simply, "substance metamorphosed". From a national point of view as well, the importance of primary industries is beyond question. But important as are the primary industries, farming is by far the most important of them all. It is most ancient and abiding of all industries, primary or secondary : while the fact that it is concerned with the production of food is enough to make its problems demand our most serious thought. But when a country, like India, depends almost wholly upon farming its importance cannot be exaggerated. The problems of agricultural economy dealing directly with agricultural production are what to produce, the proper proportion of the factors of production, the size of holdings, the tenures of land etc. In this paper it is attempted to deal only with the problem of the size of holdings as it affects the productivity of agriculture.

## II

### SMALL HOLDINGS IN INDIA

It may be said that some countries are predominantly countries of small holdings while in others it is the large holdings that prevail. According to

Adam Smith it is the adoption of the law of primogeniture chiefly due to the exigencies of a military life that leads to the creation and preservation of large holdings. While it is the adoption of the law of equal sub-division necessitated by the comparatively peaceful career of a nation that gives rise to small holdings. He says : —

“When land like moveables is considered as the means only of subsistence and enjoyment, the natural law of succession divides it like them among all the children of the family ; of all of whom the subsistence and enjoyment may be supposed equally dear to the father, [thus tending to have small holdings]. But when land was considered as the means, not of subsistence merely, but of power and protection it was thought better that it should descend undivided to one. In those disorderly times..... to divide it was to ruin it, and to expose every part of it to be opposed and swallowed up by its neighbours. The law of primogeniture, therefore came to take place in the succession of landed estates [thus tending to preserve large holdings]”<sup>1</sup>

England is, therefore, a country of large holdings. Post-Revolutionary France is a country of small holdings. So are Holland and Denmark. Turning to India, we find holdings of the following size held separate and direct for the years 1896-97 and 1900-01 :

#### Average area of holdings in acres

| Years      | Assam | Bombay | Central Provinces | Madras |
|------------|-------|--------|-------------------|--------|
| 1896-97 .. | 3.37  | 24.07  | 17                | 7      |
| 1900-01 .. | 3.02  | 23.9   | 48                | 7      |

Data, more recent, more exact, though from more restricted area, is available from the Baroda State.<sup>2</sup> Statistics of land holdings in the State are summarised in bighas in the following table :<sup>3</sup>

| Name of the District | Total Agricultural land | Survey No. into which it is divided | Number of Khatedars | Average under Khatedar | Average area per Survey No. |
|----------------------|-------------------------|-------------------------------------|---------------------|------------------------|-----------------------------|
| Baroda ..            | 17,17,319               | 4,30,601                            | 107,638             | 15—19—2                | 4                           |
| Kadi ..              | 25,13,982               | 5,89,687                            | 141,145             | 17—16—5                | 4¼                          |
| Naosari ..           | 10,46,176               | 2,16,748                            | 52,652              | 19—17—8                | 4                           |
| Amveli ..            | 9,72,040                | 55,635                              | 17,214              | 36—9—7                 | 3¼                          |
| Total ..             | 82,49,517               | 12,92,671                           | 318,649             | 17—10—10               | 3⅞                          |

(8 bighas = 5 acres)

1. Wealth of Nations. Bk. III Ch. 11.

2. Report of the Committee appointed to make proposals on the Consolidation of Small and Scattered holdings in the Baroda State, 1917. This will be throughout referred to as R.B.C.

3. *ibid.*, p. 3

Another investigation conducted by Dr. H. S. Mann and his colleagues indicates more specifically the fact of small holdings in the village of Pimpala Saudagar near Poona. The size of holdings in that village is indicated by the table below<sup>4</sup> :

|                               | Over 20 acres | 10 to 20 acres | 5 to 10 acres | 3 to 5 acres | 2 to 3 acres | 1 to 2 acres | 30 to 40 gunthas | 20 to 30 gunthas | 15 to 20 gunthas | 10 to 15 gunthas | 5 to 10 gunthas | Below 5 gunthas |
|-------------------------------|---------------|----------------|---------------|--------------|--------------|--------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
| Number of plots of each size. | 1             | 7              | 21            | 25           | 67           | 164          | 75               | 116              | 71               | 57               | 59              | 25              |

(40 Gunthas = 1 acre)

In this table the model holding is between 1 and 2 acres. A mode is a statistical average indicating the point of largest frequency in an array of instances.

From these tables it can be easily seen that the average size of holdings varies from 25.9 acres in the Bombay Presidency to an acre or two in Pimpala Saudagar.

This diminutive size of holdings is said to be greatly harmful to Indian Agriculture. The evils of small holdings no doubt, are many. But it would have been no slight mitigation of them if the small holdings were *compact* holdings. Unfortunately they are not. A holding of a farmer though compact for purposes of revenue is for purposes of tillage composed of various small strips of land scattered all over the village and interspersed by those belonging to others. How the fields are scattered can only be shown graphically by a map. Herein we shall have to remain content, since we cannot give a map, with knowing how many separate plots are contained in a holding. The number of separate plots in each holding will show how greatly fragmented it is. We have no figures at all for the whole of India bearing on this aspect of the question. But the Hon'ble Mr. G. F. Keatinge in his note<sup>5</sup> submitted to Government in 1916 has collected figures of typical

4. Land and Labour in a Deccan Village 1927, p. 48.

5. The author is thankful to him for a copy of this valuable note.

cases from all the districts of the Bombay Presidency. The following table is constructed to present his data in an intelligible form :

| Case II<br>V. Shirgaon<br>T. Ratnagiri<br>D. Ratnagiri |     |                       | Case V<br>V. Badlapur<br>T. Kalyan<br>D. Thana |    |                       | Case VI<br>V. Kara<br>T. Mawal<br>D. Poona |    |                       | Case VII<br>V. Althan<br>T. Ghorssi<br>D. Surat |    |                       | Case IX<br>Surat<br>District |    |                       | Case X<br>Kairs<br>District |    |                       | Case XII<br>V. Lhasurna<br>T. Koregaon<br>D. Satara |    |                       |
|--------------------------------------------------------|-----|-----------------------|------------------------------------------------|----|-----------------------|--------------------------------------------|----|-----------------------|-------------------------------------------------|----|-----------------------|------------------------------|----|-----------------------|-----------------------------|----|-----------------------|-----------------------------------------------------|----|-----------------------|
| Area of a holding                                      |     | No. of separate plots | Area of a holding                              |    | No. of separate plots | Area of a holding                          |    | No. of separate plots | Area of a holding                               |    | No. of separate plots | Area of a holding            |    | No. of separate plots | Area of a holding           |    | No. of separate plots | Area of a holding                                   |    | No. of separate plots |
| A.                                                     | g.  |                       | A                                              | g. |                       | A.                                         | g. |                       | A.                                              | g. |                       | A.                           | g. |                       | A.                          | g. |                       | A.                                                  | g. |                       |
|                                                        | 34½ | 3                     | 48                                             | 6  | 53                    | 60                                         | 0  | 27                    |                                                 | 0  | 9                     | 1                            | 0  | 14                    | 62                          | 13 | 27                    |                                                     | 38 | 6                     |
|                                                        | 33  | 2                     | 67                                             | 0  | 38                    | 2                                          | 27 | 8                     | 85                                              | 0  | 8                     | 13                           | 0  | 18.                   | 65                          | 34 | 23                    |                                                     | 23 | 7                     |
|                                                        | 20  | 3                     | 1                                              | 9  | 6                     | 2                                          | 31 | 5                     | 26                                              | 9  | 8                     | 22                           | 0  | 20                    | 36                          | 16 | 16                    |                                                     | 36 | 3                     |
| 1                                                      | 14  | 5                     | 6                                              | 30 | 8                     | 16                                         | 6  | 7                     | ..                                              | .. | ..                    | 3                            | 6  | 4                     | 7                           | 9  | 5                     | 22                                                  | .. | 10                    |
| 1                                                      | 30  | 5                     | 24                                             | 0  | 17                    | 2                                          | 35 | 6                     | ..                                              | .. | ..                    | 5                            | 0  | 7                     | 5                           | 26 | 5                     | ..                                                  | .. | ..                    |
| 1                                                      | 10¼ | 4                     | ..                                             | .. | ..                    | ..                                         | .. | ..                    | ..                                              | .. | ..                    | 1                            | 26 | 9                     | 13                          | 16 | 6                     | ..                                                  | .. | ..                    |
| 6                                                      | 33  | 9                     | ..                                             | .. | ..                    | ..                                         | .. | ..                    | ..                                              | .. | ..                    | 0                            | 26 | 9                     | 28                          | 4  | 15                    | ..                                                  | .. | ..                    |
| 3                                                      | 29¼ | 7                     | ..                                             | .. | ..                    | ..                                         | .. | ..                    | ..                                              | .. | ..                    | ..                           | .. | ..                    | 12                          | 10 | 8                     | ..                                                  | .. | ..                    |
| 2                                                      | 20½ | 2                     | ..                                             | .. | ..                    | ..                                         | .. | ..                    | ..                                              | .. | ..                    | ..                           | .. | ..                    | 12                          | 7  | 3                     | ..                                                  | .. | ..                    |
|                                                        | 35¼ | 3                     | ..                                             | .. | ..                    | ..                                         | .. | ..                    | ..                                              | .. | ..                    | ..                           | .. | ..                    | 5                           | 26 | 5                     | ..                                                  | .. | ..                    |
| ..                                                     | ..  | ..                    | ..                                             | .. | ..                    | ..                                         | .. | ..                    | ..                                              | .. | ..                    | ..                           | .. | ..                    | 5                           | 34 | 5                     | ..                                                  | .. | ..                    |
| ..                                                     | ..  | ..                    | ..                                             | .. | ..                    | ..                                         | .. | ..                    | ..                                              | .. | ..                    | ..                           | .. | ..                    | 3                           | 39 | 3                     | ..                                                  | .. | ..                    |

(A = acre g = guntha V = village T = taluka D = district)

These small and scattered holdings have given a real cause for anxiety regarding our great national industry. Comparative Statistics go to swell this feeling by laying bare two very noteworthy but equally sad facts regarding economic life in India; (1) that it is largely an agricultural country,\* and (2) that its agricultural productivity is the lowest†—

\* (1) Occupational Statistics

|                                        | England and Wales | Ireland | Austria | Belgium | Bulgaria | Denmark | France | Germany | Holland | Hungary | Italy | Russia | Switzerland | India | U.S.A |
|----------------------------------------|-------------------|---------|---------|---------|----------|---------|--------|---------|---------|---------|-------|--------|-------------|-------|-------|
| Percentage of Agricultural Population. | 15.3              | 44.7    | 60.9    | 20.7    | 82.6     | 48.2    | 42.7   | 35.2    | 30.7    | 69.7    | 59.4  | 58.3   | 30.9        | 71.5  | 33.3  |

†(2) Produce in Lbs. per acre

|       |    | U.K  | Canada | New Zealand | Austria | Egypt | France | Germany | Hungary | Japan | U.S.A. | Turkey | Indian Provinces |        |        |        |         |
|-------|----|------|--------|-------------|---------|-------|--------|---------|---------|-------|--------|--------|------------------|--------|--------|--------|---------|
|       |    |      |        |             |         |       |        |         |         |       |        |        | UP.              | N.W.P. | Punjab | Bombay | U Burma |
| Wheat | .. | 1973 | 1054   | 1723        | 1150    | 1634  | 1172   | 1796    | 1056    | 1176  | ..     | 1318   | 850              | 555    | 555    | 510    | 322     |
| Maize | .. | ..   | 3487   | 3191        | 1135    | 2059  | 1097   | ..      | 1489    | 1525  | ..     | 1372   | 1100             | 735    | 766    | ..     | ..      |

Both these truths are painful enough to have startled many people into inquiring the causes of this low productivity. As a result, attention has now been concentrated on the excessive sub-division and fragmentation of agricultural holdings. Enlarge and consolidate the holdings, it is confidently argued, and the increase in agricultural productivity will follow in its wake!!

### III

#### CONSOLIDATION

Consolidation of holdings is a practical problem while the enlargement of them is a theoretical one, demanding a discussion of the principle which can be said to govern their size. Postponing the consideration of the theoretical question of enlargement, we find that the problem of consolidation raises the following two issues:—(1) how to unite such small and scattered holdings as the existing ones, and (2) once consolidated how to perpetuate them at that size. Let us consider them each in turn. Sub-division of land need not involve what is called the fragmentation of land. But unfortunately it does, for, every heir desires to secure a share from each of the survey numbers composing the entire lands of the deceased instead of so arranging the distribution that each may get as many whole numbers as possible, i.e. the heirs instead of sharing the lands *by* survey numbers, claim to share *in* each survey number, thus causing fragmentation. Though fragmentation does subserve the ends of distributive justice it renders farming in India considerably inefficient as it once did in Europe. It involves waste of labour and cattle power, waste in hedges and boundary marks, and waste of manure. It renders impracticable the watching of crops, sinking of wells and the use of labour saving implements. It makes difficult changes in cultivation, the making of roads, water channels, etc., and it increases the cost of production. These disadvantages of fragmentation are to be recounted only to lend their support to the process of restripping or consolidation. The methods of “restripping” are many, though all are not equally efficacious. Voluntary exchanges can hardly be relied upon for much. But a restricted sale of the right of occupancy may be expected to go a good deal. For, under it, when survey numbers are put to auction on account of their being relinquished by the holders or taken in attachment for arrears of assessments, only those may be allowed to bid in the auction for the sale of the right of occupancy whose lands are contiguous to the *land* hammered out. Again as further helping the process of reunion, the right of pre-emption may be given to farmers whose neighbour wishes to sell his land. These methods, it must be admitted, can achieve the desired result in a very small measure. The evils of fragmentation are very great and must be met by a comprehensive scheme of consolidation. It is, therefore, advocated\* that if two-thirds of the Khatiedars, dealing more than half of

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\*RBC, p. 38.

the village lands, apply, Government, should undertake compulsorily to restrip the scattered fields of the village. This compulsory restripping is to be executed on two principles, (1) of "Economic Unit" and (2) of "Original Ownership". Regarding the merits of these two principles the Baroda Committee observes.<sup>6</sup>

"In the first the value of each holding is ascertained, then the original boundaries are removed, roads are marked out, lands required for public purposes are set apart, and the rest of the land is parcelled out into new plots. Each of these new plots must be of such a size as, having regard to the local conditions of soil, tillage etc. to form an economic field, i.e., a parcel of land necessary to keep fully engaged and support one family. These new plots may be sold by auction among the old occupants, restriction being placed on purchase so as to prevent a large number of cultivators from being ousted. The purchase, money may then be divided in a certain proportion among the original owners of pieces, a portion being reserved for expenses, in which Government would also contribute a share. Another mode would be to acquire all the land of the village then to sell it in newly constituted plots by auction as is done by City Improvement Trusts or by Government when laying out new roads in Cities or when extending a town. But we do not recommend its adoption in the improvement of agricultural land. It may result in land speculation and the small holders may be ousted in such numbers as to cause a real hardship."

"According to the second method when the restripping has been decided, a list of Khatedars and their holdings is made and the latter are valued at their market price by Panchas. Then the land is redistributed and each Khatedar is given new land in proportion to his original holding and as far as possible of the same value, difference to be adjusted by cash payment. In this method no Khatedar is deprived of his land. Each is accommodated and in the place of his original small and scattered fields gets one plot of almost their aggregate size. It is only a few people whose holding may be very small and whom it would not be expedient to keep on as farmers, that may have to lose their small pieces. But they too would benefit as they would get their full value in money."

The Baroda Committee prefers the second method because:

"It takes as its starting principle, that nobody (except perhaps a few, holding plots of insignificant sizes) is going to be driven off the land. It will give even the smallest man, chance to better his condition. Each land holder receives a new compact piece of land proportionate to the

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6. R. B. C, p. 35

value of his old small and scattered field. In this way the previous sub-divisions together with their attendant evils totally disappear.”<sup>7</sup>

Regarding consolidation, Prof. H. S. Jevons says:

“The principles which should guide the choice of a method of carrying out the re-organization of villages on the lines above described are the following. In the first place compulsion should be avoided as far as possible and the principle adopted that no charge should be imposed upon any area unless the owners of more than one-half of that area desire the change. Should this condition be satisfied for an area..... it would seem expedient that legal power should be taken to compel the minority to accept the redistribution of holdings under the supervision of Government. In the second place.....the expense of the operation should be kept as low as possible.....In the third place considerable elasticity should be permitted in the methods of carrying through the re-organization in the different places during the first few years, as the whole undertaking would be in an experimental stage so that different methods might be tried, and the best be ultimately selected for a permanent set of regulations. Fourthly, the possible necessity for a considerable change of the existing tenancy law in the re-organised villages must be faced..... ..For the sake of completeness I may add as a fifth principle the obvious condition that redistribution of land must be made upon the most equitable basis possible, and that liberal compensation should be given to those, if any, who may be excluded from a former cultivating ownership.”<sup>8</sup>

As for procedure in the compulsory consolidation of holdings both Prof. Jevons and the Baroda Committee propose the appointment of Commissioners to hear applications for consolidation and to carry it out, leaving to any objector the right to petition the Court to stay the proceedings in case he felt that an injustice was being done to him.

The problem of perpetuating such a consolidated holding will next demand the care of the legislator. It is accepted without question by many that the law of inheritance that prevails among the Hindus and the Mohomedans is responsible for the sub-division of land. On the death of a Hindu or a Mahomedan his heirs are entitled without let or hindrance to equal shares in the property of the deceased. Now a consolidated holding subject to the operation of such a law of inheritance will certainly not endure for long. It will be the task of Sisyphus over again if, after consolidation, the law of inheritance were to remain unaltered.

7. R. B.C. . p. 35.

8. The Consolidation of Agricultural Holdings in the United Provinces, 1918, pp. 45-46.  
The author is grateful to Prof. Jevons for a copy.

But how is the existing law of inheritance to be changed ? If it is not to be the law of equal sub-division shall we have the law of primogeniture.<sup>9</sup> The Baroda Committee thanks that,—

“It is not necessary that it should be introduced. All that it wanted is, that there should not be sub-divisions of land beyond a certain limit, which may be fixed for the sake of good agriculture. There is no objection to a holding being sub-divided, so long as by so doing each of the parts does not become less than the limit fixed for the sub-division of land. But when a holding reaches a stage to render further sub-division uneconomic, the other members of the family may not be allowed to force further sub-division of the holding. Instead of being sub-divided, it may be either cultivated in common or be given to one of the members of the family as a whole, and that member made to pay amounts equal to the value of their shares as compensation to the other members.”<sup>10</sup>

The principle of not dividing immovable property among the heirs, when division would result in inconveniently small shares, but of giving to the highest bidder among the sharers or in case none of them is willing to have it, to outside bidders, and dividing the money realized in proportion to the recognized shares, has been accepted in the Indian Partition Act, No. 4 of 1893, section 2 of which runs thus :

“Whenever in any suit for partition, in which, if instituted prior to the commencement of this Act, a decree for partition might have been made, it appears to the Court that, by reason of the nature of the property to which the suit relates, or of the number of the shareholders therein or of any other special circumstance, a division of the property cannot reasonably or conveniently be made and that a sale of the property and distribution of proceeds would be more beneficial for all the share-holders, the Court may, if it thinks fit, on the request of any such share-holder interested individually or collectively to the extent of one moiety or upwards direct a sale of the property and a distribution of the proceeds.”

Granting the advisability of thus changing the law of inheritance it only requires to amend the Civil Procedure Code so as to make it obligatory on the Courts to refuse partition whenever it would reduce a field beyond the economic limit fixed in advance.

9. Besides these two systems of inheritance there is a third which allows a father liberty to do as he likes with a part of his estate provided he leaves sufficient for his heir to constitute what is called *pars legitima*. Under it the Germans have enacted a permissive law of *Anerbenrecht* designed to obviate the effects of the law of inheritance in causing unnecessary sub-division of land. In some aspects it anticipates the proposals of the Baroda Committee; in others those of the Hon. Mr. Keatings. For a description of it see Prof. N. G. Pierson's *Principles of Economics*, Vol. II, pp. 286-90.

10. R.B.C., p. 26.

Another method of dealing with the problem is advocated by the Hon. Mr. G. F. Keatinge, Director of Agriculture, Bombay Presidency. In the Statement of Objects and Reasons appended to his draft bill he says :

“4..... . The object of this bill is to enable such landowners as may wish to do so to check the further sub-division of their lands and to enable them, when it is otherwise possible, to effect a permanent consolidation of their holdings; and also to enable the executive government to secure the same results in respect of unoccupied land. The legislation proposed is purely enabling, and it will be operative in the case of any holding only upon the expressed wish of any person possessing an interest in that holding.

“5. The scheme embodied in this bill for securing these objects is briefly as follows. In order to be constituted an economic holding a plot of land must be entered as such in a register prescribed by rules. If the land is occupied, it will rest with some person having an interest in the land to make an application to the Collector to have the land registered as an economic holding..... . Unless the Collector considers that there are sufficient grounds for rejecting the application, he holds a careful enquiry in which he follows a procedure similar to that prescribed in the Land Acquisition Act, 1894. If the proceedings show that all persons interested agree, the land is registered. Land vesting absolutely in Government may be registered without inquiry. The holding must in any case be registered in one name only, and the act of registration annuls all the interest of all other persons, except the registered owner, in the holding. Thereafter the owner cannot divide the plot but must so long as he owns it, keep it entire. He may sell, mortgage or otherwise dispose of it as an entire unit, but not dispose of part of it or do anything that might result in splitting up the holding. On the death of the holder, if he has not disposed of the land by will it will devolve upon a single heir. If the provisions of the bill are contravened (for instance if the holder mortgages a part of his holding and the mortgagee obtains a decree for possession), the Collector is empowered to send a certificate to the Court, and the Court will set aside its decree or order. The Collector may also evict a person in wrongful possession. When a plot has been once constituted an economic holding, the registration cannot be cancelled except with the consent of the Collector; the grounds on which cancellation will be allowed, will be laid down by rule and it is proposed that it shall be permitted chiefly in cases where economic considerations indicate that it is expedient.”

Summing up this discussion of the two issues of consolidation, it must be said that the problem has not been viewed as a whole by all its advocates. The Baroda Committee alone endeavours to consolidate as well as to preserve

the consolidated holding. Prof. Jevons makes no provision to conserve the results of consolidation. Mr. Keatinge does not deal with consolidation at all. He is concerned only with the prevention of *further* fragmentation. But fragmentation, there will be in a holding even after it is entered as an economic holding. By his measure he will only succeed in preserving the holdings as they will be found at the time of registration, i.e., he will not allow them to be reduced in size. But they will be small and scattered all the same. Mr. Keatinge, notwithstanding his legislation, leaves the situation more or less as it exists. Real consolidation is, however, aimed at by Prof. Jevons and the Baroda Committee. The principles they advocate for the purpose are almost the same ; and so are their procedures for carrying it out.

As for the preservation of consolidated holdings Mr. Keatinge as well as the Baroda Committee establish the one-man rule of succession. The Baroda Committee would adopt this rule only when division of land would result in uneconomic holdings and then too would compel the successor to buy off the claims of the other dispossessed heirs. Mr. Keatinge would let the dispossessed heirs off without compensation.

A more serious criticism against these projects of consolidation consists in the fact they have failed to recognize that a consolidated holding must be an enlarged holding as well. If it is said that Indian agriculture suffers from *small* and *scattered* holdings we must not only consolidate, but also enlarge them. It must be borne in mind that consolidation may obviate the evils of scattered holdings, but it will not obviate the evils of small holdings unless the consolidated holding is an economic, i.e. an enlarged holding. The Committee as well as Mr. Keatinge have entirely lost sight of this aspect of the question. Prof. Jevons, alone of the advocates, keeps it constantly before his mind that consolidation must bring about in its train the enlargement of holdings.

#### IV

#### ENLARGEMENT

Granted that enlargement of holdings is as important as their consolidation we will now turn to the discussion of regulating their size. It is desired by all interested in our agriculture that our holdings should be economic holdings. We would have been more thankful to the inventors of this new, precise and scientific terminology had they given us a precise and scientific definition of an economic holding. On the other hand, it is believed that a large holding is somehow an economic holding. It may be said that even Prof. Jevons has fallen a victim to this notion. For when discussing what the size of a holding should be he dogmatically states that in the consolidated village the mode

should be between 29 and 30 acres.<sup>11</sup> But why should the mode be at this point and not at 100 or say 200? We might imagine Prof. Jevons to reply that his model point is placed at that particular acreage because it would produce enough for a farmer to sustain a higher standard of living. Raising the general standard of living in India is the one string on which Prof. Jevons harps even to weariness throughout his pamphlet.<sup>12</sup> The error underlying this doctrine we shall consider later on. It is enough to say that he does not give any sound economic reason for his model farm.

The case with the Baroda Committee is much worse, Prof. Jevons at least sticks to one definition of an ideal economic holding; but the Report of the Baroda Committee suffers from a plurality of definitions. While commenting on the size of an average holding in the state as is summarized in the above table, it should be noted that the Committee, though it desired consolidation, was perfectly satisfied with the existing size of the holding as is clear, from the following:

“If the average holding of a Khatedar was a compact field of those figures, the situation would be an ideal one and would not leave much to be desired.”<sup>13</sup>

But absent-minded as it were, the Committee, without any searching analysis of the question it was appointed to investigate and report upon, lays down that:

“An ideal economic holding would consist of 30 to 50 bighas of fair land in one block with at least one good irrigation well and a house situated in the holding.”<sup>14</sup>

If the size of existing holdings is an ideal size why should they be enlarged? To this, the Committee gives no answer. But this is not all. The Committee does not even adhere to the *quantitative* limit it has already set down to its ideal economic holding. When it comes to discuss the project of re-arrangement of the scattered fields of the village on the principle of “Economic unit” it presents a third ideal of an economic holding. To realize this ideal it says:

“Each of these new plots must be of such a size, as having regard to the local conditions of soil, tillage, etc., to form an Economic field, i.e., a parcel of land necessary to keep fully engaged and support one family.”<sup>15</sup>

Thus with perfect equanimity (1) the Baroda Committee holds, not too fast, to three notions of an ideal economic holding. No wonder then that the Report of the Committee is a model of confused reasoning though it is a valuable repository of facts bearing on the subject.

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11. Opt. Cit. chart on p. 38.

12. Opt. Cit. Introduction.

13. *Ibid.*, p. 4.

14. R.B.C., p. 31.

15. *Ibid.*, p. 53.

According to the Hon. Mr. Keatinge an economic holding is :—

“a holding which allows a man chance of producing sufficient to support himself and his family in reasonable comfort, after paying his necessary expenses.”<sup>16</sup>

His definition of an economic holding will be accepted, we may expect, by the Baroda Committee; for, it does not differ from its own, given above as third in order. Assuming they agree, we may now proceed to see how far tenable this definition is.

It is plain that these definitions including that of Professor Jevons view an economic holding from the stand-point of consumption rather than of production. In this lies their error; for consumption is not the correct standard by which to judge the economic character of a holding. It would be perverse accounting to condemn a farm as not paying because its total output does not support the family of the farmer though as a *pro-rata* return for each of his investments it is the highest. The family of a farmer can only be looked upon in the light of so much labour corps at his disposal. It may well be that some portion of this labour corps is superfluous, though it has to be supported merely in obedience to social custom as is the case in India. But if our social custom compels a farmer to support some of his family members even when he cannot effectively make any use of them on his farm we must be careful not to find fault with the produce of the farm because it does not suffice to provide for the workers as well as the dependants that may happen to compose the family. The adoption of such an accounting system will declare many enterprises as failures when they will be the most successful. There can be no true economic relation between the family of the entrepreneur and the total out-turn of his farm or industry. True economic relation can subsist only between the total out-turn and the investments. If the total out-turn pays for all the investments no producer in his senses will ever contemplate closing his industry because the total out-turn does not support his family. This is evident; for though production is for the purpose of consumption it is for the consumption only of those who help to produce. It follows, then, that if the relation between out-turn and investments is a true economic relation, we can only speak of a farm as economic, i.e., paying in the sense of production and not in the sense of consumption. Any definition, therefore, that leans on consumption mistakes the nature of an economic holding which is essentially an enterprise in production.

Before going further, we must clear the ground by a few preliminary remarks to facilitate the understanding of an economic holding from the standpoint of production.

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16. Rural Economy in the Bombay Deccan, p. 51.