

Model Land Leasing Act

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What is the current situation?

Currently, states impose varying degrees of restrictions on leasing of farm land. While Kerala prohibits leasing altogether, states such as Bihar allow leasing by certain categories of landowners—those who are disabled, widows or are in the armed forces.

In UP only disabled owners were allowed to lease land. In Punjab, Haryana, Gujarat and Maharashtra, tenants have the right to purchase land from the owner after a period of tenancy—a rule that discourages leasing or prompts owners to frequently change tenants.

The idea behind the model law is to allow owners to lease out agricultural land to tenant farmers without any fear of losing it. This would allow unused land to be used productively, and enable tenant farmers to invest in the land and access credit and insurance. As per estimates, about 20% of land holdings are managed by tenant farmers, with the figure in states like Andhra Pradesh going up to 60%.

Important features of the model Act:

The model law enables tenant farmers and share croppers to avail bank credit, crop insurance and disaster relief benefits.

The model law will allow consolidation of farm land so that small plots of land that are economically unviable can be leased out (using tractors and farm equipment is not economically viable for small plots of 2-3 acres). Large operational holdings will reduce the cost of cultivation and increase profitability of farming.

There will be no ceiling on the amount of land that can be leased out or consolidated as the state wants market forces to determine the size of operational holdings. The duration of

the lease and the consideration amount will also be decided mutually by the owner and the tenant.

Under the new law, land can also be leased out for allied activities like livestock or animal husbandry for a maximum period of five years.

The Model Act proposes quicker litigation process in case of disputes, by suggesting recourse through criminal proceedings and special tribunal. The dispute settlement will be taken up at the level of the Gram Sabha, Panchayat and Tehsildar and are kept outside the jurisdiction of courts.