

# Irrigation and Tenancy in Nepali Agriculture: A Rapid Appraisal in 5 districts

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## **Objective**

This study highlights the important factors that conditions the leasehold practices in these areas and suggest policy changes to facilitate the leasehold practice for the benefit of leaseholder and lesse.

## **1. Introduction**

Rapid assessment was carried out to know the extent and type of tenancy in relation to the irrigation availability in five districts Kaski (hill), Chitwan (inner terai) and Bara, Sunsari and Jhapa (terai). The information was collected through structured questionnaire and checklist with the villagers representing various segment of the population in the community. The Important characteristics of the study area and the tenancy practices are summarized in table 1.

## **2. Extent and drivers of tenant-farming**

Nepal's Land Reform Act of 1964 in fact attempted to address landless and tenancy issue through land ownership ceilings and guaranteeing tenancy rights. Nevertheless, only 1.5 percent of total agricultural land was distributed because of widespread evasion of land ceilings.

The Land Reform Act of 1964 established the right of the tenants to one fourth of the land ownership they cultivated.

The owner-operated constitute 83 percent of the total holdings. Likewise, 15 percent of the land were partly owned and partly rented, whereas 2 percent of the holdings were under full tenancy (CBS, 1994)<sup>i</sup>.

**Table 1: Characteristics of Study Area and Leasehold Tenancy**

Characteristics	Kaski		Chitwan		Bara		Sunsari	Jhapa
	Hemja	Khudibzaar , Lekhnath- 12	Ratnagar	Gitanagar	Fattehpur	Pipra Simara	Babiya-6, 7	Khadibasti
Major Ethnicity / % of SC	Brahmin / 25	Brahmin / 5	Tharu / 14	Brahmin / 4	Tharu / 16	Tamang / 8	Mehta / 10	Brahmin / 20
% of marginal farmers		75	85	83	39%	37	45	24
% of landless	25	0.5	7	8	56%	50	15	8
% of irrigated area			79	80	None**		90	40
Dominant source of irrigation	Canal	Canal	Shallow Tubewell	Canal* and STW	Some irrigation during monsoon from river	Canal, STW and DTW	Canal (Morang- Sunsari Irrig. Project)	Tubewell
% of tenants among landless	-	100	33	33	50	50	10	-
% of tenants	-	25	17	25	51	82	10	24
Types of leasehold	-	Share cropping	Share crop/ Contract	Share crop/Contr act	Share crop and Hunda	Share crop, Contr act (cash) and Hunda (crop)	Fixed rent in kind (Crop)	Fixed rent on one year contract

\* It is not functioning, as the water lifting (from river) device is not in operation. Otherwise 90% of the land would have received water.

This dual ownership is more prevalent in the terai than in the hills and the mountains.

This is because of the absentee ownership and those having large chunk of land who have leased out land for cultivation.

**Table-2: Land Ownership by Farm Size in ha**

NLSS-I	Area owned	Net Area	Operated	Gross Cultivated Area
Terai-Non-farm	0.25	0.03		0.05
Other-Non-farm	0.12	0.08		0.14
All Rural	0.88	0.98		1.58
NLSS-II				
Terai-Non-farm	0.26	0.04		0.10
Other-Non-farm	0.12	0.07		0.14
All Rural	0.66	0.75		1.35

Note: Net operated area is defined as area owned plus area rented in minus area rented out. As net operated area varies by season, the maximum of the area operated in either season is used as the annual net operated area. Gross cultivated area is the sum of area cultivated in the wet and dry seasons.

Landlessness is also one of the primary reason for tenant farming. Landlessness in terai is more acute (18%) compared to the hills (3%).

### **3. Determinants of Terms of Tenancy Transactions**

Three types of renting

Share cropping (47%) is the most common form of renting

Fixed quantity of produce (30%) and

Mortgage arrangement (18%).

Size of holdings is a major determinant on the tenancy

Share cropping is more common in the *terai*

Wage labour is preferred in hill

The availability of irrigation is a major factor for determining the terms of tenancy.

The leasehold practice in the hills has declined over a period of time.

In the hills owner cultivation is in practice, in which the owner used to hire wage labourer for cultivation.

The presence of large owners and absentee ownership is for the prevalence of tenancy in the rural areas.

Small holders and land less population is also the determinants of the tenancy practices for in the village.

#### **4. Irrigation Impact on Land Rentals**

The contract is mainly for vegetable farming in the hills.

The rent for the land varies between NRs. 3000-NRs. 10,000 depending on the availability (year round) and reliability (in time) of the water.

In inner terai there is no large variation in the rent of the land and it ranges between NRs 20,000-22000 in case of cereal crops.

However, the annual rent of the land varies between NRs. 25000- 30000 in which the fruit and vegetable is cultivated.

The land irrigated through shallow tubewell powered by electricity commands higher rent than surface irrigation due to reliability of irrigation water.

Likewise, in case of diesel operated pump irrigation, the rent is lower (Rs. 15000) because of high cost of diesel compared to electricity.

The access to irrigation and closeness of the market are the major determinants of the rent in case of inner terai.

The rent in terai varies according to the quality of land NRs 5000 and NRs 8000 for superior quality land for rain fed,

Likewise, the rent paid is NRs 11000 and 16000 for average and superior quality land respectively where canal irrigation is available. Also, it came to be known that the rent for superior quality land where irrigation has to

The other factors that affect the rent are the price of fertilizer and its availability, availability of agricultural inputs, mainly fertilizers and reliability of irrigation water.

The possibility of vegetable farming increases the land rent to NRs. 20,000 per hectare. The leasehold is for a fixed rent for a period of one year.

## **6. Conclusion**

The general trend in leasehold farming in the studied area suggest that new policy changes are required to promote leasehold to address the issues related to landlessness, tenancy and to increase agricultural production and productivity. The policy should encourage consolidation of the farms, investment in assured irrigation and right of tenants.

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<sup>i</sup> Out of the total cultivated land two percent of the holdings were fully rented out i.e. owners did not cultivate any parts of the land themselves.