

**Project Evaluation Series**

# **Evaluation of the project “Improved Land Tenancy in Sindh Province”**

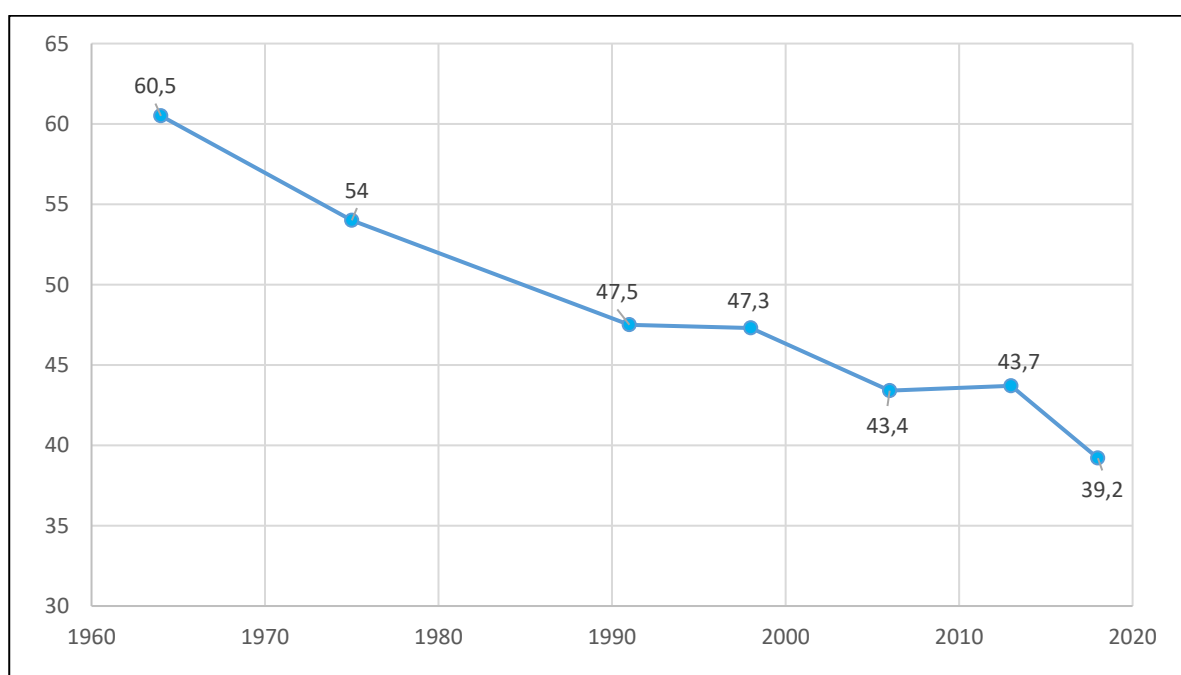
**Project code: GCP/PAK/137/EC**

**Annex 1. Trends in the evolving landlord-tenant relationship**

## Trends in the agriculture labour and output markets

1. The situation analysis leading to the project design refers to two sets of factors that have influenced the landlord-tenant relationship over time (project design document, pp. 10 and 8, respectively):
  - i. “The system breaks down in times of natural disaster and crop failure (e.g. 2010, 2011, 2012, 2014 and 2015 floods, and the 2013 drought) when *haris* are not able to repay loans to landlords and become increasingly indebted and ‘bonded’”.<sup>1</sup>
  - ii. “Changes over time, the influx of migrants and the introduction of modern tractor-based technologies have altered the relationship to the disadvantage of the *hari*.”

**Figure 1. Share of agriculture in Pakistan’s total employment (percentage), 1964–2018**



Source: Government of Pakistan. n.d. Pakistan Bureau of Statistics. In: *PBS*. Islamabad. <https://www.pbs.gov.pk/>

2. Changes over time, mentioned generically but not discussed in the project design document, include a steady movement of labour out of agriculture and rural areas into the services sector and urban centres. This is reflected in the declining share of agriculture in employment (see Figure 1), which is a countrywide trend in the national labour force survey reports published over the years.
3. In Sindh, in addition, a large number of rural families, particularly *haris*, moved permanently from their villages to urban centres after the 2010 and subsequent floods:
  - i. The evaluation team heard from government officials in Dadu District that a large number of people (“perhaps 50 percent”) displaced by the 2010 floods, particularly *haris*, remained in the cities after leaving their villages for temporary shelter.
  - ii. An in-depth study of land tenure systems (Bengali 2015, pp. 45-46) noted, “An instructive oft-heard comment by internally displaced persons [from rural Sindh] in government relief

<sup>1</sup> “Bonded labour” refers to a labourer who has forfeited the right to move and to seek employment elsewhere because of debt incurred with a creditor; in agriculture, most often with the landlord.

camps in Karachi during the 2010 floods was: ‘Give us work here, we do not want to go back to the village, we are *mazdoors* [labourers], we do *mazdoori* [labour] there, we will also do *mazdoori* here. There we do *mazdoori* and are kicked around, here we will do *mazdoori* with honour’.”

- iii. An Oxfam report (Oxfam 2011, p. 10) observed that “many [of the displaced] have been unable to [return]. They regularly cite interlinked livelihood, debt, and protection concerns as reasons for remaining homeless or for seeking alternative solutions such as resettling permanently in the areas where they have been staying.<sup>2</sup> There are no reliable figures for how many people fall into this category. A recent study in Sindh reported that there were still 37 000 displaced people living in 300 camps in the province in June 2011. With an estimated 1.7 million people living in debt bondage in Sindh, there is the bleak prospect of a return to feudal working conditions. Urban economies are also a strong draw.”
4. The shortage of agricultural labour served, over time, as an incentive for landlords to adopt farm machinery and inputs that reduced their dependence on the tenants’ labour and draught animals, the two resources that defined the status of the *hari* in traditional agriculture. This, together with the growing importance of cash crops, introduced a higher degree of cash orientation in agriculture, including the landlord-tenant relationship, as well as greater uncertainty for both landlords and tenants in the face of market trends.
5. This is part of a continuously evolving dynamic. As wages up in rural areas due a shortage of labour, there is an incentive for labour-saving measures in agricultural production, including mechanization. The increasing use of inputs that must be purchased with cash, including mechanized technology, increases the tenant’s reliance on the landlord for cash. As landlords and tenants respond to changing market conditions, changes have been observed in sharing the cost of inputs and the shares in outputs. The ways in which these trends have influenced the landlord-tenant relationship and the relevance of the Sindh Tenancy Act are discussed below. There is no evidence so far that long-term socio-economic and market trends have been taken into account in official or civil society recommendations affecting the legal and regulatory framework.

## **The changing traditional system: overview**

6. The core of the sharecropping or *hari* system in rural Sindh is the economic relationship between the landlord (or *zamindar*) and the sharecropper tenant (or the *hari*). The basic sharecropper-landlord verbal contract is referenced around the two primary inputs of traditional agriculture, land and labour. The landlord, obviously, provides the land, and the sharecropper traditionally provided all labour power, including the labour power of draught animals. Given this traditional sharing of inputs, the output or harvest was traditionally shared equally between the landlord and the sharecropper. The process of division, also known as *batai*, was premised on the two parties getting equal shares of the gross produce.
7. The minimum period of a sharecropping contract was to be at least one crop cycle, that is, from the time when the land is prepared for sowing to the time when the crop is harvested, cleaned and stored or marketed. Also, it is widely reported that verbal contracts between sharecroppers and landlords could run over several crop cycles and even up to five years or more. The ILTS project covers canal irrigated or canal-based crop cultivation. Agricultural input, output and labour markets have been changing, with implications for choice of land use and technology as well as landlord-tenant arrangements.

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<sup>2</sup> In the riverine areas of Sindh, 753 000 houses (close to 30 percent) were completely or partly destroyed by the floods (Oxfam, 2011, p. 12).

8. Many of the farm operations that were traditionally carried out manually or using animal draught power have been fully or partially mechanized. Levelling and ploughing were traditionally undertaken by sharecroppers with the use of their own draught animals. Those sharecroppers who did not own their own draught animals were able to work with their landlord's animals but were then entitled to a quarter of the total harvest. Seeds and fertilizers were traditionally on-farm products but are now mostly purchased from the market. In addition, crop cultivation is also supported by the application of pesticides. Manual levelling is being replaced by tractor levelling and, more recently, by laser levelling.

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**Changes in Mirpur Khas, as narrated to the evaluation team by an experienced agriculture extension officer**

The first sugar mills were set up in Mirpur Khas in 1965–1966 and more of them in the 1990s, when sugarcane cultivation started in a big way. The mills gave fertilizer in advance and the growers shifted from cotton to sugarcane, which requires more labour than the *haris* were happy to provide. Over time, the situation became really difficult for *haris*, who started running away. Then landlords started moving to daily-wage labour.

Outmigration started in the 1990s and picked up after 2000. There was increasing scarcity of water: discharge from the Nara Canal decreased from 18 000 cusecs to 8 000–10 000 cusecs. There was increasing waterlogging and salinity because of floods and the Left Bank Outfall Drain constructed in the 1990s. Farming became less productive.

When landlords started using tractors, they charged 100 percent of the cost to the *haris*. Disputes arose and the *haris* started leaving. The use of weedicides and pesticides spread after 2000, and laser levelling after 2010.

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9. Operations such as picking (cotton and vegetables) and also sowing are still labour intensive but weeding is being replaced by chemical weed killers. Two crucial aspects of crop cultivation remain highly labour-intensive: water management (surface irrigation), and harvesting. In canal-irrigated areas there are additional tasks associated with channelling water from the water course to the farm. All of this requires not only manual labour, but frequent and timely attention.
10. In contrast to the traditional technology, production increasingly requires considerable cash investment upfront. The use of draught animal power has declined significantly, and landlords as well as sharecroppers now prefer to use tractors for much of the levelling and ploughing operations. Since sharecroppers generally do not own tractors, these have to be hired in. The cost of hiring a tractor, therefore, implies cash outlay. Seeds and fertilizers, as well as pesticides also need to be purchased from the market. This also requires considerable cash investment. It is considered quite normal for the landlord to take on the initial cash liability of these and other inputs and for the accounts to be then settled at harvest time.
11. The evaluation team conducted an analysis of the ILTS database for 4 344 tenancy agreements signed between 15 October 2018 and 17 November 2021 (see **Error! Reference source not found.**). A snapshot based on the 1 905 agreements that report relevant information indicates a variety of cost-sharing arrangements for inputs such as land preparation, seed, farmyard manure, pesticides, chemical fertilizers, irrigation, and a category called "other inputs" in the database. The variety of arrangements is illustrated by the observations that:
- i. The tenant's share of the cost of pesticides and chemical fertilizers is 50 percent in 89 percent of the agreements, and for land preparation and irrigation it is 50 percent in approximately half the agreements.
  - ii. However, in approximately one-third of the agreements the tenant's share is zero in the cost of land preparation and irrigation.
  - iii. There are also instances of the tenant's share being 25, 40, 75 or 80 percent of an input's cost. The prevalence of 75 or 80 percent share is negligible.

- iv. There is greater homogeneity in output shares: 89 percent of the agreements stipulate the tenant’s share to be one-half of the production. The share is one-fourth in six percent of the agreements, and zero or 40 percent in rare cases.
12. This situation can be compared with what is stipulated in the Sindh Tenancy Act, as summarized in a study undertaken by the Applied Economics Research Centre, University of Karachi, and commissioned by ILTS in 2018 (Khalil *et al.* n.d., p. 7). This information is reproduced in the table below. The study was conducted in all eight districts in which ILTS is working and reportedly used a methodology that included:
- i. 13 village focus group discussions with men (tenants and landlords);
  - ii. individual interviews with 16 male and 16 female farmers in the same 16 villages (two males and two females in each of eight villages); and
  - iii. 64 farm household interviews, four in each village, using convenience sampling; the sample was equally divided between the male and female heads of household.

**Table 1. Landlord and tenant shares in output and cost of input, as stipulated in the Sindh Tenancy Act 1950**

| Outputs and inputs                                       | Percent share of: |        |
|----------------------------------------------------------|-------------------|--------|
|                                                          | Landlord          | Tenant |
| Output (main crop)                                       | 50                | 50     |
| By-products (straw, stubble, etc.)                       | 33                | 66     |
| Bullock ploughing and levelling                          | 0                 | 100    |
| Tractor ploughing and levelling                          | 50                | 50     |
| Seed/nursery seedling                                    | 100               | 0      |
| Labour for sowing/transplanting, weeding, crop tending   | 0                 | 100    |
| Agrochemicals                                            | 50                | 50     |
| Harvesting, picking and threshing                        | 50                | 50     |
| Tube well irrigation                                     | 50                | 50     |
| Land revenue, water rates, drainage cess, taxes and cess | 100               | 0      |
| Silt clearance of canal and water course                 | 100               | 0      |

Source: Khalil, S., Ali, S.A., Shah, R.A. and Hussaini, A. n.d. *Review of Current Sharecropping Arrangements in Sindh*. Karachi, Applied Economics Research Centre (AERC), University of Karachi. <http://www.aerc.edu.pk/wp-content/uploads/2019/12/FAO-Report-Review-of-Current-Share-Cropping-Arrangements-in-Sindh.pdf>. p. 7.

## Additional information on sharing of output and cost of inputs

### Shares in output

13. According to the historically practiced agreement and traditions, the equal sharing of outputs is common and there is no deviation from this provision, as stipulated in the Sindh Tenancy Act (Khalil *et al.* n.d., p. 10). At times, the landlords engage landless farmers as tenants and retain 75 percent of the produce (as reported in Table 2), saying that they are providing land, irrigation water, seed, and all the cash inputs to the landless farmer, while the landless farmer is only providing labour. This is a common practice and it is generally believed that this arrangement does not violate the Sindh Tenancy Act.

**Table 2. Landlord and tenant shares in output in 16 villages of eight ILTS districts, as reported in a study commissioned by ILTS, 2018**

| District            | Village                  | Visited by evaluation team | Percent share of: |        |
|---------------------|--------------------------|----------------------------|-------------------|--------|
|                     |                          |                            | Landlord          | Tenant |
| Larkana             | Abdul Qadir Jokhio       |                            | 50                | 50     |
|                     | Usman Kalhoro            |                            | 50                | 50     |
| Dadu                | Kandi Nawazio            |                            | 50                | 50     |
|                     | Lal Bux Shahani          | Yes                        | 50                | 50     |
| Jamshoro            | Hashim Chachar           |                            | 50                | 50     |
|                     | Budhapur                 |                            | 75                | 25     |
| Matiari             | Kot Satar Dino           |                            | 50                | 50     |
|                     | Kot Feroz Din Shah       |                            | 50                | 50     |
| Sujawal             | Bhallo Kolhi             |                            | 75                | 25     |
|                     | Ahmed Khan Zour          | Yes                        | 75                | 25     |
| Tando Allahyar      | Khair Mohammad Jarwar    |                            | 50                | 50     |
|                     | Jafar Hakro              |                            | 50                | 50     |
| Tando Muhammad Khan | Haji Ghulam Hussain Daal |                            | 75                | 25     |
|                     | Haji Urs Sathyo          |                            | 75                | 25     |
| Mirpur Khas         | Abdullah Abad            | Yes                        | 50                | 50     |
|                     | Haji Fareed Khan Lashari | Yes                        | 50                | 50     |

Source: Khalil, S., Ali, S.A., Shah, R.A. and Hussaini, A. n.d. *Review of Current Sharecropping Arrangements in Sindh*. Karachi, Applied Economics Research Centre (AERC), University of Karachi. <http://www.aerc.edu.pk/wp-content/uploads/2019/12/FAO-Report-Review-of-Current-Share-Cropping-Arrangements-in-Sindh.pdf>. p. 11, for the data and evaluation team for its visits.

### Shares in cost of inputs

14. According to the Sindh Tenancy Act, the landlord is responsible for paying the full cost of the seed and equally sharing the cost of agrochemicals (fertilizer, weedicides, and pesticides) (Khalil *et al*, n.d., p. 11). The field study suggests that in almost in all cases the cost of seed is borne by the landlords. However, it was mentioned that there are instances where the cost of vegetable seed is equally shared between landlords and tenants, but such cases are rare. The study also shows that the cost of agrochemicals is shared according to the Sindh Tenancy Act provision.

### Shares in cost of water

15. The responsibility for providing irrigation supplies is the duty of the landlord according to the Sindh Tenancy Act, but in many cases, the cost of water purchased by the landlord from a nearby tube-well is shared with tenant on 50-50 share basis. This is, however, a grey area, as the landlords argue that they are responsible to provide canal water only (Khalil *et al*, n.d., p. 13).

### Share in cost of machinery used

16. According to the Sindh Tenancy Act, the cost of the use of machinery for land preparation, land levelling, mechanical weeding, harvesting (or picking charges) is to be shared equally (Khalil *et al*, n.d., p. 14). In cases where the tenant uses the landlord's tractor, the share of the cost of tractor use shall not exceed the rent for the machinery as prevalent in the area. The household survey indicated that generally the cost is equally shared except for some insignificant instances, when the pretext is that the tenant is responsible for providing draught power and manual labour. However, such cases are few and exceptional.

### Conflict resolution mechanism

17. The frequent reason for eviction of *haris* from the landlord's holding is the inefficiency of the *hari*, alleged theft of input or output, followed by misconduct by the tenant (Khalil *et al*, n.d., p. 15). As reported in the field, sometimes a *hari* is evicted on a false pretext or for refusing *begaar* to his

landlord. The STA provides that any dispute that arises between landlord and *hari*, the aggrieved party can approach a tribunal authorized under the act, if the dispute is not resolved amicably between them. The local Assistant Commissioner, as head of the tribunal, is responsible to address the issues between tenant and landlord. Normally, such disputes are resolved at the village level. The process of village level arbitration is based on appointment of two *ameens* (referees) from each side and they resolve the issue. It is customary that their verdict is binding on both the parties.

18. Disputes related to eviction, even if the tenant's permanent rights have been established, are not contested in tribunals as the legal process is cumbersome, and tenants cannot afford the cost of the appeal and the wrath of the landlord. The pressure of the influential landlords (who have clout), and lengthy and delayed course of legal proceedings does not encourage tenants to approach district officers to file complaints. During the focus group discussions, no such instances were reported, and perhaps the lack of ability to pursue the case to establish the rights to the land as permanent *hari* has been accepted as a fact of life, but under pressure.

## Security of tenancy rights

19. The survey shows that the existing land arrangements and sharecropping system are carried out by and large through informal proceedings without a written contract between landlord and tenant (Khalil *et al*, n.d., p. 9). According to the Sindh Tenancy Act, *haris* who have cultivated at least four acres of land continuously for three years in the same village on a landlord's holding should be conferred the status of a permanent *hari*. This provision is not being complied with. More than 80 percent of the tenants had been working for the last four years or more on the same farm but not given the status of permanent *hari*.
20. The enforcement of legal provisions to secure the rights of the *haris* to permanent status as protection from summary eviction is not adhered to because the name of the *hari* is not recorded in the relevant revenue records (Khalil *et al*, n.d., p. 17). If the *hari*'s name is not mentioned in the field book of the tapedars (Revenue Book Form 6), the *hari* would never be a permanent *hari*, so the landlord can ask him to leave.

## References

- Khalil, S., Ali, S.A., Shah, R.A. and Hussaini, A.** n.d. *Review of Current Sharecropping Arrangements in Sindh*. Karachi, Applied Economics Research Centre (AERC), University of Karachi. <http://www.aerc.edu.pk/wp-content/uploads/2019/12/FAO-Report-Review-of-Current-Share-Cropping-Arrangements-in-Sindh.pdf>
- Oxfam.** 2011. *Ready or Not: Pakistan's Resilience to Disasters One Year on from the Floods*. Oxfam Briefing Paper, No. 150. Oxford, United Kingdom of Great Britain and Northern Ireland. <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/138689/bp150-ready-not-pakistan-resilience-disasters-floods-260711-en.pdf;jsessionid=0340162074C46FF8F8A7E743F74DC72A?sequence=1>

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