

## Can I see your papers, please?

Tuesday, Oct 21, 2014

By *Dr. Ashikur Rahman*

Ownership of land had remained an important source of prestige and honour across countless societies



·  Land remains a fundamental factor of production for most economic activities

Photo- Syed Zakir Hossain

Galileo Galilie – the father of modern science – often relied on unique strategies to investigate key scientific inquiries of his time. In particular, his decision to investigate the motion of Venus to settle a range of imperative questions concerning the revolutions of planetary objects within our solar system highlights not only his scientific brilliance, but it carries a core message for the countless generations of scientists of all time.

That is, any scrutiny dedicated to understand a physical or socio-economic phenomena fundamentally depends on our choice of variable or subject and whether it carries the necessary information that will aid the growth of our knowledge in that discipline.

 Consequently, in this piece I will argue why it is essential to rigorously evaluate the nature of the land market in Bangladesh to understand the quality of its economic modernisation over the last four decades and whether we are successful in creating conditions that are necessary for supporting our development momentum in the long-run.

Land, needless to mention, remains a fundamental factor of production for most economic activities. But, apart from its economic importance, ownership of land had remained an important source of prestige and honour across countless societies. Even within Bangladesh's development context, access to and ownership of land has historically been a powerful

source of both political and economic status.

Moreover, given the demographic structure of Bangladesh at present, high population density allows land to emerge as an invaluable asset. The economic transformation over the last four decades also means that the use of land has witnessed drastic changes, as the conversion rate of agricultural land to non-agricultural units has witnessed substantial rise.

This has raised the prospects of dispute as the economic importance of land ownership has exponentially increased. Land, in essence, has emerged as an instrumental capital for enhancing both livelihood and economic opportunities.

Thus, the way we have managed our land market and its relative effectiveness is a fundamental ingredient that will shape our development prospects within the capitalist framework. In that context, it is critical that the nature of property rights that prevails within Bangladesh receives a critical scrutiny as it will shape the manner in which we bring about our economic transformation. This also necessitates that we ask the right questions such as:

(i) Is our land market sufficiently modernised to cope with our economic aspirations?

(ii) What do we actually know about its current state? This, undeniably, needs data derived through a reliable scientific methodology so that we can articulate a correct assessment of the state of land market in Bangladesh.

To this end, Policy Research Institute of Bangladesh and BRAC HRLS has recently conducted a study that evaluates some crucial inquiries on the state of land market and land disputes in Bangladesh. More precisely, the investigation brought to attention some important issues that demands our sincere reflection.



First, there is a strong indication that a large share of land parcels are owned through inadequate documentation, even though it is still not clear what exactly shapes this phenomenon. To be specific, across a sample of 1050 randomly chosen households across 42 upazilas from 14 districts, nearly 45% households maintain the ownership of their land parcel

through un-registered land documents (i.e land documents did not receive mutation and the record of right were not updated; See: Table-1).

Interestingly, this phenomena is more observed for household with inherited land parcel as opposed to households with purchased land parcels. Of course, the principal determinants of this outcome is still not known but our analysis reveals some important issues that the existing policy-makers must immediately address:

There is an acute scarcity of service oriented mind-set within land related offices, especially AC (Land) Office, which makes it difficult for rural households to avail such services. AC (Land) Offices are also heavily understaffed, which means UNOs often undertake the role of acting AC (Land) and this undermines the efficiency of the overall institution.

Corruption within AC (Land) office and Tehsil office also makes it problematic for ordinary households to undertake necessary land registration.

There is a general presence of “carelessness” among land parcel owners regarding such matters.



Male household head who inherited land parcels from their parents are often comfortable maintaining land ownership through informal arrangements (bantana nama) as land registration will compel them to accommodate their sisters under Islamic inheritance law. This essentially creates a scope for subsequent land dispute as children from such sisters often claim their inheritance from their maternal lineage, creating tension among third generation claimants of the property.

It is also stated that after the death of parents, male household heads often bribe the union parishad chairman to receive incorrect inheritance certificate (waris nama) stating that household head had no female children. This false inheritance certificate is then submitted and used for facilitating the mutation process by the AC (Land). Such malpractices also create scope for future disputes.

Second, our examination also reveals that the tendency to maintain land through informal arrangements is positively correlated with both land disputes and fear of land disputes across households. As shown in Table-2, approximately one in five household in our study has or had land disputes on their land parcel. This is a dangerously high estimate of the severity of the problem and it provides some indication concerning why our courts are filled with large volume of land related litigations.

Furthermore, while it is difficult to estimate macro-economic consequences of such disputes in land market, it is nonetheless pragmatic to state that households with land disputes incur a wide array of costs. To mention few, the average time costs associated with pending land disputes is approximately eight years, with some disputes enduring for nearly 50 years.

Moreover, when we study the distribution of time spent on pending disputes, it appears that 20% disputes are going on for less than a year and 25% pending disputes are there for more than 10 years. Our examination also reveals that a one year increase in pending land dispute is associated with a rise in total costs by 12.3% (Figure-1). For pending dispute, the estimations also pinpoint that a one year increase in time since land dispute is associated with an increase in cumulative lawyer fee by approximately 22% (Figure-2).

The results also point out that across household with past or pending land disputes female headed households are more prone to both violence and fear of violence. This brings to attention that female headed households are vulnerable and it raises gender centric equity concern.

On the whole, the discussed descriptive scrutiny of the land market in Bangladesh has brought to sight a host of issues that casts the overall land sector in a less than encouraging picture. In particular, not only are there indications that the land market in Bangladesh is not sufficiently modernised, but there are reasons to believe that such backwardness is associated with household level adverse consequences.

The findings on the state of land market in Bangladesh also echoes the principal concern of DeSotto in his work *The Mystery of Capital* – where he argues that capitalism has not yielded its appropriate dividend due to lack of well-defined property rights. More precisely, it is stated that the poor in under-developed countries have assets, but that their real property

is often owned informally, and thus cannot be used to generate capital.

While we cannot assess the accuracy of this conclusion through a single study, there is nonetheless enough evidence to be less optimistic that the existing land market is well tuned for our development aspiration. Accordingly, policy-makers must dedicate more resources and political commitment to identify reforms and institutional changes that can (in practice) aid the economic transformation that are currently constrained by the institutional and cultural backwardness of our land market.