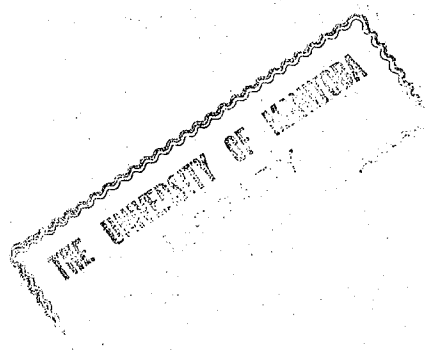


The Land Revenue of British India and the Native States: a
Study and Contrast.

A Thesis by R. A. King, B.A. '95

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THE LAND REVENUE OF BRITISH INDIA AND THE NATIVE STATES:

A STUDY AND CONTRAST.

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The phenomena of the Indian Land Revenue system present some interesting problems both to the theoretical economist and to the practical politician. Indian conditions are not easily grasped; they probably present more difficulties to an Englishman than to an American or Canadian. Here is a land where 80% of the population is dependent very directly on the soil, a land with comparatively few towns and with poorly developed industries. In Britain the place occupied by the land tax is very insignificant, amounting as it does to less than 1% of the total income of the state; here it bulks to a quarter of this income, and to over a third of the revenue proper. In some districts as much as 50% of the gross produce is taken as Land Revenue. This last fact which will not impress unduly a western farmer accustomed to the arrangement of renting land on half and half shares, has, nevertheless, along with other seeming impositions called forth from students of the classic writers on social and economic affairs no mild criticism of British administration in India.

Nor do the anomalies stop here. Hidden under a mass of technical terms which are far from uniform throughout the country, lie a number of systems of tenure which have nothing in common with those obtaining in the British Isles, but rather approach those of Continental Europe. Instead of the land tax growing historically out of Rent as in Britain, here rent, as we shall see, has grown out of Revenue, being in reality that share which has been relinquished by Government to the landholding community. It follows, then that no criticism of the Indian system based on mere analogy can be either fair or complete. Moreover, the history of the system must be considered. It was not invented by the British but inherited by

them from their predecessors in possession. The present administrators have not been blind to its defects, but in making changes the in-born conservatism of the Indian has had to be reckoned with. He resents changes and, not least, those in taxation. The opposition to cesses for educational purposes and local improvements testify to this. Under these conditions it is easier to pass judgement than to indicate a better yet practical method of raising revenue—the *sine qua non* of government. There is, however, a fairer way of testing the worth of the present system. Two-fifths of India to-day is under Native Rulers, the successors in office of the old emperors. Like ourselves they inherited their Land Tenures. The policy of the Government of India is to allow these Native states to work out, within bounds of course, their own salvation—or undoing. A comparison, then, between a British Province and an adjoining Native State should bring to light the defects or the advantages due to any changes which the British authorities may have introduced.

The plan which we must follow becomes plain. We shall firstly note the conditions obtaining in India before the British took over control. Secondly, we shall outline the present system; and lastly, by comparison with the native regimes, both past and present, estimate the value of Britain's work in this department.

I. Concerning Ancient India, we have few historical records. When a thing was done, it was done, and it seemed to the Hindu mind, folly to write a book about it. So we are dependent largely on Greek and other outside sources for information. It appears certain, however, that from time immemorial the land was considered as belonging to the ruler who, let it be noted in these days of Nationalist talk, was in North India, at least, invariably an invader. Thus, Megasthenes, who was sent as ambassador by Seleucus to Chandragupta of Patna about 300 B.C., remarks that the Indian paid taxes to the king, "because all India is the property of the crown, and no private person is permitted to own

land. The husbandman tilled the land on condition of receiving one fourth of the product⁽¹⁾. This again is confirmed by Strabo in 20 A.D.

But it is not until we come to the time of the Moghuls that we have anything like definite information concerning land tenure and revenue. The Great Akbar cut off from the Afghan ~~base~~ of the earlier rulers of his dynasty, determined to ~~follow~~ pursue a policy of toleration and conciliation. Nevertheless, we have it laid down as the governing principle of revenue administration, by a Muhammedan lawgiver of his time, that "there shall be left to every man as much as he requires for his own support till the next crop be reaped, and for that of his family, and for seed. Thus much shall be left to him, what remains is the land tax".⁽²⁾

The accuracy of Megasthenes' information and the practicability of suspiciously simple scheme of the Moghul legislator may well be questioned.⁽³⁾ But their testimony along with that of Chinese pilgrims in the fifth and seventh centuries of our era, and of European adventures, like Niccolai Manucci, establish the fact that ~~as~~ down through the ages it had been a recognised principle that the land and its produce belonged to the crown, and that the cultivator was allowed a certain share for the privilege of cultivating it.

The primary form of collecting the revenue was simply to annex a part of the cultivator's grain heap after the crop had been harvested. By this method, up to the 16th century, the bulk of the revenue was ~~raised~~ raised. It ~~shall~~ still exists in some of the backward Native States—a yearly contest of wits in which the rapacious under-official had decidedly the advantage.

(1) Quoted by Sir J.D. Rees in "The Real India", page 5

(2) See Abul Fazl — Ain i Akbari. Blockmann & Jarret's translation

(3) ~~See~~ Sir Bampfylde Fuller — Studies of Indian Life, page 264

The difficulty of collecting from a large area by such a method is apparent. The Moghuls as they extended their territory evidently felt this. They further felt the need of ~~4~~ cash to carry on their extensive military operations. A mint accompanied the army of Akbar! At any rate, his minister, Todar Mal, introduced some important reforms. Cash payments were largely substituted for those in kind described above. Rates were fixed for a term of years. A system of accounts was established which is practically the system obtaining to-day.

The Muhammedans also introduced another change, the far-reaching consequences of which may be traced to-day. They found it no easy matter to control a multitude of petty Hindu officials, and they resorted to a method not unknown in the west of "farming" the revenue to persons who undertook to collect it for a term of years in return for a small ~~collection~~ commission and whatever else they could extort from the occupant. Some of these 'farmers' were mere speculators; others were small chiefs who in the change of regime had yet managed to retain some feudal authority; still others were the village headmen, the natural representatives of some community of cultivators. "The theory on which these contracts were made subsists to this day. In Upper India a man is under no legal obligation to pay the land revenue that is assessed on his land: he pays it in virtue of an agreement with the state. He may refuse to contract, and is, in this case, excluded from possession during the period of contract, but is allowed a small rent charge⁽¹⁾". We are, however, anticipating.

As to the amounts obtained by the Moghuls the following is as close an approximation as can be made from the sources extant.

(1) Sir M Bampfylde Fuller -- "Studies" - Page 268

(5)

DATE	Approximate relation of area of portion dealt with to present British India.	Total Land revenue in Rupees excluding Afghan provinces	Land Revenue of the areas corresponding roughly to the Punjab the United Provinces and Bengal
		Rs.	Rs.
Akbar A.D. 1594	3/5ths	13,21,36,831	7,85,89,108
" 1605	3/5ths	17,45,00,000 *
Shah Jahan 1628	3/5ths	17,50,00,000 *	...
" 1648	3/4ths	21 1/2 15,00,000	12,20,00,000
Aurangzeb 1661	"	26,35,12,752	16,18,05,020
" 1665 (?)	"	22,06,70,500 †	11,44,35,500 †
" 1695	"	20,12,76,425	11,88,01,650
" 1697	4/5ths	38,30,39,552 †	12 1/2 87,69,050 †
" 1700 (?)	4/5ths	33,68,16,584	12,42,42,674
" 1707	"	29,77,70,876	13,15,69,338
Muhammad Shah, 1720 (?)	4/5ths	29,40,76,776 //	10,71,01,533 //
Land Revenue demand of 1900 - 1	ALL	26,25,45,459	12,85,36,508

* Total for whole Empire: Provincial details not available.

† Omitting Bengal

‡ Omitting Oudh

// Omitting Orissa. (1)

(1) From Gaz. of India, Vol. 10. Checked by Sir W. Hunter's table in "India After the Queen" pg. 169. Both columns are based on Mr. E. S. Thomas's "Revenue Resources of the British Empire", 1871.

The comparison is very much to the credit of the present administration. It may be ~~concluded~~^{conceded} that there was greater elasticity under the Muhammedans, but this did not redound to the clemency of the rulers. It was rather inevitable in a land where harvests varied and taxation was usually up to the limit of possible payment. On the ~~other~~ other hand, it should be noted that the population was much less and the purchasing power of the rupee two or three times what it is to-day. "In the Punjab, the United Provinces and Bengal for instance, the assessment of Akbar was calculated to form the equivalent of some 4.8 million tons of wheat, while the present assessment of the same provinces corresponds approximately to 1.9 million tons" ⁽¹⁾

As the Moghul power began to wane, the practice of leasing large tracts of land especially in the more distant provinces became common. Fewer checks were laid on the "Farmers" of Revenue who often assumed a position of semi-independence. The Governor of the Deccan threw off all allegiance. The Sikhs arose in the north and the Marathas in the west. Then followed a disorganised ~~scramble~~^{scramble} for what could be obtained by contract or by force from the oppressed sons of the soil.

II. As the country, district by district, came under the control of the British, an attempt was made to maintain the assessments of the ~~Moghul~~ Moghul emperors. These assessments were in great confusion, and had, in the first place, to be reduced to some semblance of order. But the supreme government was careful to avoid unnecessary uniformity either in principle or method. The general theory of State ownership was accepted, but the various rights of peasants and ~~intermediaries~~ intermediaries not always the same in different districts, had to be conserved. Thus, in reality, a number of systems evolved on lines mutually independent. It is this which makes difficult any brief description.

(1) Gazetteer of India (1907) vol. IV, page 238 -- Calculation based on prices given in Ain i Akbari (Brockmann)

However, a rough differentiation may be made according to the status of the person from whom revenue is actually collected.

1 Zemindari, where it is collected from an individual or community owning an estate. The Zemindar holds a position somewhat similar to that of the English landlord. This mode of tenure is commonest in Bengal, United Provinces, Punjab and Central Provinces. It represents about 53% of British India.

2 Ryotwari, where it is collected from individuals who are the ~~sett~~ actual occupiers, or from their representatives. Some 37% of the land is held under this tenure, mainly in Bombay, Madras, Assam and Burma. The remaining 10% bears for special reasons no revenue, or is under some exceptional arrangement.

But whatever system holds, the processes involved in the present revenue administration are two. First, there is the "settlement", the determining of the amount of the assessment; then, the actual collecting of this amount.

1 An essential preliminary to the "settlement" is the preparation of the 'Cadastral Map', a work which has been carried out in conjunction with the Great Trigonometrical ~~survey~~, and which in the older districts has been very carefully done. Corresponding to this map is a field register which shows:

- (a) the amount to be paid by the holders of each several tract.
- (b) The person from whom the revenue is to be collected. (The question was not the simple one of noting the party in possession. Various rights had to be considered, those, for example, of the over-proprietor, mortgagee, tenant, etc. The problem was often one of great intricacy and only of late years can it be said that "the study of the technique of Indian Land Revenue" has "been separable ~~as~~ from the historical investigation of the existing rights in land". (1)
In some cases it was found that the tenant had paid directly to Government; in others through an intermediary. Again, frequently there was more than one intermediary.

(1) Mr. E.D. ~~MacLagan~~ MacLagan -- "Land Revenue", Gaz. Of India, vol. IV

Government was often guided largely by convenience in issuing the matter; some one must be in the place of the proprietor and held responsible. This accounts to a large extent for the differences in tenure in the various provinces as noted above.

(c) A record of rights in land, e.g. mortgages.

This record is, in ryotwari districts, corrected from year to year; in Zemindari areas every few years. Thus, there is being built up a very useful and complete system of registration by public entry. While important transfers may have a supplementary "registration of assurances," for most people the only evidence of title, or attestation of transfer is the revenue record.

We have seen that under Akbar certain reforms were introduced. The standing crop was assessed at a cash rate per bigha ($\frac{5}{8}$ th of an acre), this rate being fixed for a term of years. Much of the revenue was still realised in kind, but the accounts were kept in cash equivalents. Later a district was contracted for at bigha rates, but as the Moghul power declined these bigha rates, which had some approach to fairness, were lost sight of and the contract assessment was unfairly enhanced.

The British system was to adhere to a fixed annual payment in cash. In the early years it often pressed heavily on the cultivator. The theory that he was able to lay aside in good years enough to carry him over a bad harvest, was far removed from the practice of the Indian ryot who had always lived up, not only to the extent of his cash, but to the power of his borrowing. But, only lately with increased accuracy of knowledge as to ^{conditions} ~~creditors~~, has it been possible to modify the principle. Now it is common to postpone or remit payments in time of distress. A larger and more trustworthy staff is necessary but the practice is growing.

The Revenue, then whether fixed or otherwise, is levied by a cash demand on each unit assessed. How is this amount determined?

The old native assessments were a fraction of the gross produce. The Law of Manu permitted $\frac{1}{4}$ when necessary. Under Akbar it was $\frac{1}{3}$, and later $\frac{1}{4}$. The Hindu Rajas of South India claimed $\frac{2}{5}$ th to $\frac{3}{5}$ th, Marathas sometime $\frac{1}{2}$.

According to the Famine Commission of 1878-79 the assessment in British India was estimated as ~~estimated~~ varying from 4 to 8 percent of the gross produce. Evidence taken by a similar commission in 1900-1 came to much the same conclusion. There is no gainsaying the fact that the British Government takes a much lower share of the estimated gross return. We say, 'estimated', for gross produce is used now-a-days only for comparative purposes. A uniform rate so assessed is unfair to those opening new lands, and has been abandoned. Revenue^{now} is rated as a share of the net produce, except in Bombay where it is not in terms of produce at all. ⁽¹⁾ This share, in the zemindari districts of North India & Central Provinces, may be taken to represent rent. In Madras and Lower Burma where Government deals directly with the ryot it is ^{a share of} ~~it~~ the difference between the assessed value of the gross produce and the estimated cost of production. Throughout, the revenue is based on a calculation of the net production of the land to the payer. The methods of ascertaining the exact amounts vary in different parts of the country. In the U.P. an attempt is made to find directly the actual renting value of the land, noting the recorded rental of plots under tenants. In Madras, the net produce is calculated from the gross. It is recognised everywhere, however, that the results are only approximate and that, therefore, extreme moderation must be used in Calculating.

The maxim of the Muhammedan lawyer cited above shows that the theory was to absorb the whole economic rent. This in many instances was the actual practice before the British Annexation. The intermediary got from the net assets only the cost of ~~calculating~~ collecting.

(1) See A. Rogers. "Land Revenue in Bombay." Vol. I.

Land so taxed was often abandoned; mortgages were impossible. In 1793, Government declared that previous practice had been, after deducting expenses of collecting, to claim as the State's share 10/11 of the "assets". 1/11 went to the Zemindar or land lord. On this basis a 'permanent settlement' was effected in Bengal. The cash value of 10/11 was determined. This amount was settled in perpetuity as the share which the 'landlords' should pay government. At first, the ~~amount~~ amount claimed was a sore ^{burden} ~~tax~~, so much had land values depreciated during the unsettled times of Muhammedans oppression. But in recent years such has been the development of the country that the assessment has fallen from 90% of the rental to less than 25%. The intention of Government at the time of the settlement was to raise up a class of gentry who would take an interest in the welfare of the peasantry. Instead, it created a plague of absentee landlordism and it has had, more than once, to step in to protect the ^{rights} ~~rights~~ from oppression. The matter of 'Permanent Settlement' was for years a subject of debate but Government has now abandoned the principle, which was really a surrender of "unearned increment", foreign to the genius of the country and without any compensating advantages to the community at large.

Revision in the terms of settlement are now made periodically, and the policy of Government has been to reduce gradually the proportion borne by the assessment to the net 'assets'. Thus in Agra in

1812	the percentage of economic & rent claimed was	90
1822	"	80
1832	"	72½
1849	"	66 2/3
1855	"	50

Since then further reductions have been made by changes in the method of calculations.

While the percentage is now about 50% throughout India, Government does not tie itself down to a definite share. A multitude of circumstances, into the discussion of which it is impossible to ^{enter} ~~venture~~, are

taken into consideration. Their general result is to lessen the rate. Further, it should be noted that the revenue assessable according to the rate is in most parts of India subject to certain deductions e.g. to prevent sudden enhancements when a new settlement is made, and to ~~and~~ protect private improvements.

The term of assessment calls for some notice. Local cesses may be changed from time to time but when the land revenue is settled it is announced that it will not be altered for a term of years. The first attempt so to fix it was under Akbar, the term being ten years. Under the later Moghuls, however, the ordinary assessments were open to modification at the caprice of the 'farmers' of revenue on whose rapacity few checks were placed. A system of annual assessments was recognised by the British in Bengal in 1765, but the principle was so vexatious that in 1772 and 1786 the term was extended to five and then to ten years. In 1793 a 'permanent settlement' was effected, as we have seen, in the hope that the landlords would improve and benefit the country. In 1795 the permanent principle was extended to the United Provinces (Benaras) and in 1882 to some parts of Madras. To-day 5% of Bengal, 1/8 of Assam, 1/10 of U.P. and 1/4 of Madras-- in all 1/5 of British India -- is under "permanent settlement." This is now ^{charge} ~~more~~ ^{a rent} ~~than~~ a taxation.

The principle of such settlements having been abandoned, the Government reserves the right to change the term from time to time. AS NEW PROVINCES WERE ANNEXED THE length of lease was at first short. In general, lands which would likely feel the beneficial results of the development of the country were settled at first for a short ~~time-~~ ^{over} period. The commonest term, however, the country is 30 years. And now that surveys are complete and classifications more accurate, the periodic revision of assessment is not accompanied by the tedious and harassing investigations which made them so vexatious to the tenant in earlier years.

The Indian system, absorbing in taxation, as it ~~does~~, 50% of the economic rent, must at first sight appear strange to the European. In the light of its historical development it is not so open to criticism. In India, Land Revenue as has been shown is anterior to private rents. It is the only considerable class of state revenue which can be raised without enhancing prices or diminishing general consumption. It effects very largely the 'Nationalization of the Land' and approximates 'Single Tax' -- two subjects which are not without their fervent advocates among men who, by a strange perversity, are often the most *vehement* critics of the British Administration.

Two points, however, should be noted. The rates under British rule are much less than under the old emperors, and the proportion of the land revenue to the total income of the state is gradually diminishing with the general development of the country. This is evident from the following figures

Proportion borne by the land revenue to -	1870-2 p.c.	1880-1 p.c.	1890-1 p.c.	1900-1 p.c.
✓ The gross income of the state	39.0	29.5	28.0	23.2
✓ The taxation proper	43.9	41.6	40.8	38.6

(Gazeteer of India Vol. IV page 234)

2. A full discussion of the collection of the Land Revenue would carry us into the realm of practical politics. Suffice it to say that it occupies so important a place in the management of affairs that the chief officer in a district is called the "Collector". The choice of name, however, is unfortunate. He has other, and, to the country, more beneficial functions to perform than those of ~~collecting~~ gathering taxes.

The peasantry are proverbially without ready money, thus the revenue is seldom collected in ~~one~~ annual payment, but in portions after each harvest. It is a first charge on the land, and the

and the Collector is armed by law with ample powers of recovery. These are exercised ~~with~~ with increasing leniency as the knowledge of actual conditions has become more accurate. During times of famine taxes are often remitted in part or as a whole, and advances given for seed. During a recent famine, to the writer's knowledge 'takavi' was claimed and given where, as was afterwards discovered, there was no such need.

While the percentage of the net 'assets' claimed as revenue has steadily decreased, as shown above, the total receipts from land revenue have increased.

In 1856 -7	total receipts were,	Rs. 17,30,00,000
1870-1	--	19,96,00,000
1890-1	--	24,05,00,000
1900-1	--	26,25,00,000 (1)

This expansion of course has come from lands temporarily settled. Under the "Permanent Settlements" the enhancement has gone to the landlords, who have given no share of ^{benefit} ~~the~~ to the tenants in the shape of reduced rents. In Bengal, where the competition for land had become very great as a result of increasing population rack-renting became so grievous that government had to assert for the ~~aggrieved~~ ryots their original rights in the soil. In the ryotwari districts where government deals directly with the cultivator the charge has decreased with each settlement. This affords a striking commentary on the India's ^h treatment of his fellow-Indian.

¶ In India as a whole the land revenue in 1900-1 came to R 1/3/7 per head of population⁽²⁾; in the U.P., R 1/4/-, in C.P., R 0/12/11⁽³⁾

The incidence per acre for the total area was R -/12/9, 1/2/- and -/4/6 respectively; for the cultivated area R 1/7/8, 2/0/0 and -/10/1 respectively.

(1) Gaz. of India vol IV page 239

(2) = United Provinces } and so elsewhere.
(3) = Central Provinces }

III We turn now to consider some of the Native States taking as our examples, Gwalior, Indore and Jaora. The first two are the largest in ^{the} Central India Agency; Jaora, chosen at random, is one of the smaller. Gwalior is bounded on the north by the U.P.; Indore, on the south by C.P. For purposes of comparison, figures relating to the incidence of the land tax in these two British districts were given above. These States like the adjoining British territory were at one time part of the Moghul Empire. Like ourselves they inherited their land systems. It only remains for us to note present conditions and from a comparison to *estimate* the worth of the Imperial methods.

Accurate information regarding these states can be obtained from their own gazetteers which are not likely to be hypercritical in matters referring to themselves. It is plainly stated that "all lands belong to the Durbar". In Nimar (Indore state) there are some exceptions to this, but, for some years this district was under British rule. Alienation of rights is forbidden except to subjects of the State. Europeans have difficulty in obtaining even a short lease.

In Gwalior the first settlement was in 1853, leases being drawn for 12 years. Up to 1890 there were no village maps, estimates were based on ~~rough~~ rough measurements made with a rope. Perquisites were numerous and *iniquitous*.

In 1890 a new settlement was made on the British system, though the term of leases was not extended.

In Indore settlements were made from rough calculations in 1865 and 1881. The term of lease was 15 years. In 1903 the service ~~was~~ of a British officer were procured and a detailed record made. Leases now vary from 15 to 30 years. Even up to 1895 arbitrary enhancements were imposed.

As for Jaora, no systematic ~~the~~ survey or settlement has yet made attempted.

According to State official statistics, for 1901 ⁽¹⁾ we find, whereas

(1) See over - page 15

(1)
According to State official statistics for 1901 we find whereas in British India the land revenue was 50% of the total income in Gwalior it was 55%; in Indore, 66 2/3 %; in Jaora, 80%.

The incidence of land revenue per head of population is in

Gwalior	Rs. 2	4	0
Indore	4	1	6
Jaora	9	8	0

The incidence per acre cultivated is in

Gwalior	2	9	0	(Mandsaur 4 . 15 . 0)
Indore	3	2	0	
Jaora	4	9	0	

The incidence per total area in

Gwalior	0	12	0	} Due to the prevalence of jungle lands.
Indore	0	8	3	
Jaora	2	4	0	

These figures compared with those from British Provinces given above bespeak the fairness of our administration. Nothing more need be said. "Starting with a fairly detailed knowledge of Native practice and a few axioms of orthodox political economy, the officers who have built up the present revenue administration of India have independently arrived at results which will, it is believed, compare very favorably with those reached in the contemporary systems of ~~the~~ continental Europe. The Indian arrangements are no doubt still in many respects defective. Some of them are in the experimental stage, and experiments in land revenue, like all experiments connected with land, require long period in which to mature. There are several questions in which finality cannot yet be said to have been attained, but the whole procedure is by slow degrees developing on broader and more liberal lines than heretofore. To secure an adequate land ~~revenue~~ revenue for the state with the least possible injury to the agricultural classes -- this is in its widest form the problem which is every

(1) Central India Gazetteer series, 1908. Gwalior State Vol I
Indore State " II
Jaora State.

year in one or other of its details taxing the ingenuity and enthusiasm of a large number of the officers of the government, and it is not unreasonable to expect that as time goes on the problem will be brought nearer and nearer to a satisfactory solution." (1)

1 Mr. E.D. MacLagan -- "Land Revenue" vol IV' Gazetteer of India.