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NOTES

on

INDIAN

LAND

REVENUE.

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A PLEA FOR PRINCIPLE AND SOUND POLICY.

BY

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## NOTES ON INDIAN LAND REVENUE.

The gross revenue received by the Government of India in the year 1878-79 amounted to £65,207,694, or in round numbers 65 millions. This revenue is thus classified by the Famine Commissioners :—

Class I. Receipts other than Taxation .....	£23,953,206
Class II. Land Revenue.....	£22,450,803
Class III. Taxation proper .....	£18,803,685

£65,207,694

The land revenue shown is in excess of the average amount which is stated to be about 21 millions. From this sum deductions are made partly on account of receipts from irrigation, and partly on account of alienations, so that the revenue from land, which is really received, amounts approximately, as shown by the Commissioners, to £19,075,000, which is thus distributed :—

	£
Punjab .....	1,910,000
North Western Provinces .....	4,165,000
Oude .....	1,400,000
Bengal and Assam .....	4,050,000
Central Provinces .....	600,000
Bombay .....	2,970,000
Madras .....	3,160,000
Burmah .....	820,000

£19,075,000

“ The land revenue—say the Famine Commissioners—is a source of income which in India must be distinguished from taxation properly so called, as by immemorial and unquestioned prescription the Government is entitled to receive from the occupier of the land whatever portion it requires of the surplus profit left after defraying the expenses of cultivation. This right was and is very often exercised by the Native Governments to the extent of taking from the occupier the whole of this surplus. But the Government under British rule instead of sweeping off the whole margin of profit in no case takes more than a fixed share which is estimated at from 3 per cent. to 7 per cent. of the gross out-turn or 50 per cent. either of the net produce or of the rent.”

According to the Famine Commissioners “ the land revenue may, therefore, with more propriety be regarded as a rent paid by a tenant,



often a highly favoured tenant, to the paramount owner, than as a tax paid by the owner to the State.”\*

It is significant that this formal and important declaration of the nature and extent of the State dues from land was not allowed even amongst the Famine Commissioners themselves to pass altogether unchallenged. Mr. H. E. Sullivan of the Madras Civil Service has recorded an emphatic note of dissent against the sweeping theory of State rights enunciated by the Famine Commissioners protesting 1, that the State is not the owner of the soil ; 2, that the State is entitled to receive a certain fixed share of the produce only ; 3, that the State share of the crop is a true land tax and cannot be called rent without a serious misuse of terms. Mr. Sullivan's remarks on this subject are as follows :—

“ 4. + Still more earnestly do I protest against the process of reasoning by which it is sought to uphold the theory put forward by Mr. Wilson that the land revenue of India is of the nature of rent, and is not raised by taxation. Rent is a payment made by the occupier of a property to the owner for the use of the same, and to establish the above position it must be shown that the ownership of the soil in India vests in the State. Mr. Wilson did not venture on such a statement, possibly because a few weeks before he made his speech a bill had been introduced into the Legislative Council to amend an existing Act for the acquisition by Government of land for public purposes ; but it is directly asserted in the Report. It is there stated that ‘ the land revenue is therefore with more propriety regarded as a rent paid by a tenant, often a highly favoured tent, to the paramount owner than as a tax paid by the owner to the State.’ This idea of the Government of India being a vast landed proprietor, and the occupiers of the soil its tenants, was repeatedly brought forward in the course of our discussions, and, although opposed by me to the best of my ability, has found expression here and elsewhere in the Report. I, therefore, now place on record my reasons for dissenting from a doctrine for which I believe there is no historical foundation, which the action of Government itself goes to disprove, and which, if accepted, might lead to most mischievous results.

“ 5. In support of the theory of the proprietary right of the State in the soil it is stated in paragraph 2, page 90, that by ‘ immemorial and unquestioned prescription the Government is entitled to receive from the occupier of the land *whatever portion it requires* of the surplus profit left after defraying the expenses of cultivation.’ If for the sentence which I have italicised the words ‘ a certain fixed portion ’ be substituted, the claim of the State would be correctly represented. That foreign conquerors did by force take such portion as they required may be conceded, but it is inaccurate to say that

\* Famine Commission Report, Part II., p. 90.

+ Famine Commission Report, page 183, paras. 4 and 5.





they were entitled to do so. The claim of the State is distinctly limited by Menu, the oldest authority on the subject. He says, 'The revenue consists of a share of grain, and of all other agricultural produce. . . . On grain one-twelfth, one-eighth, one-sixth, according to the soil and the labour necessary to cultivate it. This also may be raised in cases of emergency, even as far as one-fourth.' Now here there is not a word which can be twisted to show that the State has any right of ownership in the soil; all that it is entitled to is a certain fixed share of the produce; and on this ancient right, and on this only, our system of land revenue settlement is based, as were those which we found in existence when the country came under our rule. Coming down from Menu to our own times, let us see if the British Government has ever asserted a general right of ownership in the land. When Railways were first commenced in India one of the concessions made by the State was the provision, free of charge to the companies, of the requisite land. If, as represented in the Report, the Government was 'the paramount owner,' and the agricultural community merely its tenants, all that it had to do was to exercise its rights of ownership, give its tenants notice to quit, and hand over the land to the Railway companies. But so unconscious was it of having such rights that legislation was had recourse to, and in 1850, 1857, 1860, and 1870 Acts were passed to enable the Government to acquire land for public purposes, and an elaborate code of procedure was framed to regulate the mode of acquisition and the price to be paid by Government to the owners. And if further evidence be thought necessary to support my view as to the relative positions of the Government and the people of India in regard to the land, I turn to that chapter of our Report which treats of tenures, and ask attention to paragraph 3, page 111, where the position of the ryot in the Madras Presidency is described. His proprietary right in the soil is there fully recognised, and it is explained that he is absolutely free to let, mortgage, sell, devise or otherwise alienate his holding; and to this may be added that he also has full liberty to fell timber and to open mines and quarries thereon, nor is there any restriction as to his mode of farming or the description of crops he may raise. I defy anyone to show that the rights of the Indian landholder, under whatever name he may be known in various parts of the country, are here overstated, and I submit that the exercise of all or any of them is inconsistent with the position of a tenant of the State, which is that assigned to him in the Report. If the foregoing be correct, what vestige of ownership in the soil remains to the Government? That it is practically *nil* is shown by the fact above referred to, that legislation was necessary to enable the State to acquire by purchase the rights of the people in the land. If then the State be not the owner, the people cannot be its tenants, nor can the share of the produce of the land which they contribute towards the public necessity be designated rent. It is therefore a tax, and as such must be taken into account in calculating the incidence of taxation."\*

\* The views stated by Mr. Sullivan appear to be strongly supported by the recorded opinions of Sir Thomas Munro, the Hon. Mountstuart Elphinstone, Capt Briggs, Mr. Chaplin and many other distinguished officers. But it must be remembered that the Hindu theory of State rights was not accepted by the Moguls, who claimed as conquerors to be absolute lords of the soil.



The divergence of opinion disclosed in the extracts above

Inconsistent views of Home Government.

quoted is nothing new in the history of Indian administration.

Without going into the interminable controversy whether the State demand from land should more correctly be termed rent or revenue, it may be well to call attention to some of the remarkable inconsistencies of the home authorities in various accounts and public descriptions given by them of the source and character of Imperial land revenue. These inconsistencies are thus described by Sir Louis Mallet :—

“Lord Cornwallis’ permanent Settlement proceeded on the principle that the State was the proprietor of the soil. In that capacity it renounced its rights to a progressive share in the rental of the land. But it was the rent which was renounced, it was not revenue, and yet this day we are told that the land of Bengal is to be exempted from its share in the taxation necessary for the purposes of Government to all future time.

“Mr. James Mill in his evidence before a Select Committee in 1831 speaks of the *rent* of land in India having always been considered the *property* of Government.

“In a return to the House of Commons in 1857 on Indian Land Tenures, signed by Mr. John S. Mill, I find the following general statement.

“Land throughout India is generally *private property* subject to the payment of revenue, the mode and system of assessment differing materially in various parts.

“On the occasion to which I have already referred, viz., the correspondence with Madras in 1856 the Court of Directors emphatically repudiated the doctrine of State proprietorship, and affirmed the principle that the assessment was revenue and not rent; the revenue being levied upon rent as the most convenient and customary way of raising the necessary taxation which in a self-contained country possessed of vast undeveloped agricultural resources is perhaps the soundest, simplest, and justest of all fiscal systems.

“Sir C. Wood in 1864 reaffirmed this principle, but went beyond the Court by fixing the rate of assessment at 50 *per cent.* of the net produce, fully recognising however that this was merely a general rule and that in practice the greatest possible latitude must be given.”

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“I have referred to the instructions of 1854 and 1864 as regards Madras. In the year 1861 proposals were made by the Government of India for the redemption of the land revenue. These were not entertained; but I mention them as showing that here again that Government at all events proceeded on the theory of rent and not revenue, and in the policy put forward, although still in abeyance by the Home Government so late as 1865 (see Rev. Despatch No. 11 of 24th March, 1865), the general principle of which appears to be that a permanent settlement after revision might be made on estates in which the actual cultivation amounts to 80 per cent. of the cultivable



ated. This is a return to the order of ideas which prevailed in Lord Cornwallis' day." \*

When the highest authorities are thus found to be at issue on a fundamental question of principle, and are apparently unable to agree as to the extent and limits of the State demand from land, it is not surprising that no definite policy or consistent practice is to be found in the history of the Indian land revenue under British management.

Two opposing currents of official opinion reflecting more or less accurately the views stated above have always been manifest in Indian administration. A party that practically claimed for the State unlimited rights, and a party that urged the rights of private proprietors, and wished to limit the indefinite claims made by officials on behalf of the State. It is needless to say that the former party has almost always been the stronger at head-quarters, and has usually succeeded in enforcing on behalf of the State whatever demand it was thought politic or desirable to make.†

The declaration of the Famine Commissioners that by immemorial and unquestioned prescription the Government is entitled to receive from the occupier of the land *whatever portion it requires* of the surplus profit left after defraying the expenses of cultivation is the latest and most authoritative assertion of the dominant theory.

It is somewhat remarkable that the Famine Commissioners should have apparently overlooked and ignored the very important and explicit limitation of the State demand contained in the despatches of 1856 and 1864 above quoted. It is true that Sir Charles Wood's order fixing the rate of assessment at 50 per cent. of the net produce has in practice never been regarded as more than a mere paper instruction ; but the order seems at any rate to imply a distinct recognition of the principle that some limit—if only a theoretical limit—ought as a matter of justice and sound policy to be imposed on the State demand.

If this demand be in theory subject to no limitation

\* Minute by Sir Louis Mallet, dated 3rd February, 1875 ; see Notes on Indian Land Revenue, Famine Commission Report, App. L, p. 134.

† The two currents of opinion noted seem to correspond substantially with the rival Hindu and Mussulman theories on the subject of State rights in the soil. The Hindu theory has been briefly stated above in the passage quoted from Mr. Sullivan. The Mussulman theory regarded all conquered land as the absolute property of the conquerors. The conquered lost everything but what was restored by the victor.



whatever, it is tolerably certain that the tendency in practice will be to increase this demand from time to time according to the financial exigencies of the day. And as the financial wants of the Empire are constantly increasing, it is morally certain that the State demand from the land must and will increase *pari passu* until the strain becomes almost intolerable.

There is no doubt an important and very influential class of officials who do on principle repudiate all attempts to limit the State landlords prerogative, who admittedly look to the land for the means of meeting all increased obligations, and who regard the financial stability of the Empire as practically dependent upon the unlimited power of the State to increase at will the burden upon the land. Even in the Indian Council traces of this uncompromising theory are not unfrequently to be met with in public correspondence. Sir Erskine Perry thus writes :—

"Government in India has always assumed a right to take what it chooses, and the amount claimed as its due has for the last 3,000 years varied between such wide limits as one-fourth and one-twelfth of the gross produce. In the former case the amount would be on certain soils rent, in the latter it would be only revenue. In the Madras Presidency up to very recent times (and perhaps even now 1875) the assessment on the poor lands amounts to a rack rent, and this is shown by the cultivator ceasing to cultivate land when he finds he can obtain no profit from it beyond the expense of production.

"The 50 per cent. of net profits is stated by Sir Charles Wood in his despatch of 1864 to be equivalent to half rent, but in practice I apprehend in Madras no nice calculation is ever made, but the care of the Collector or Settlement officer is directed towards making the assessment on each field moderate."

To which Sir Louis Mallet rejoined some force that the defence put forward for the present policy seemed to be a very unsafe one.

"Sir Erskine Perry would, I think, readily admit that the doctrine of Government to which he refers although very appropriate and sufficient at the Court of the great Mogul might be made to form an inconvenient text for House of Commons orators and newspaper correspondents appealing to the British householder. And even now is it not nearer the truth to say that the Government of India takes not what it chooses, but what it dares?"†

\* Minute by Sir Erskine Perry, dated 8th March, 1875; see Notes on Indian Land Revenue. Famine Commission Report, App. I., p. 138.

† Minute by Sir Louis Mallet, dated 12th April, 1875; see Notes on Indian Land Revenue. Famine Commission Report, App. I., p. 142.

on this question of theory is no mere speculative thesis, or *speculation oisif*. It has a most practical bearing; and is of fundamental, nay of vital, importance both to Government and the community. Is the State demand from the land absolutely unlimited as asserted by Sir Erskine Perry and recently by the Famine Commissioners, or is it really limited both by express instructions as well as by the dictates of natural justice and sound policy?

The answer humbly suggested is that the doctrine of unlimited State rights in the soil is absolutely untenable, is based upon a theory which cannot be maintained by any civilized government, and is in practice simply ruinous. The State, it must be remembered, is here in India a simple partner in the practical matter of fact business of agriculture. If the State demand absorbs more than a due share of the profits it is clear that the agricultural industry cannot fail to be injuriously affected. The business of agriculture can no more than any other business be permanently conducted at a loss; and if the profits of agriculture are dependent upon the moderation, or in other words upon the fiscal exigencies of the State, it is clear that the agricultural industry is placed on a very precarious footing.

Sir Louis Mallet has forcibly called attention to some of the dangers of the present situation, and no one, it would seem, can reasonably doubt that the warning given is amply justified.

"It seems to me that enough weight is not given to the changed aspect of this question owing to the assumption of the sovereignty of India by the Crown, and the recognition of its natives as British subjects. It is always said that it is idle to apply English ideas to India, but if any of those ideas are of a kind which an important class in India sees its clear interest in adopting, is it safe to assume that they will never do so?"

"So long as the exactions from the land by the State were levied by the Company as the inheritor of despotic Governments, and frugally dispensed in the several functions of administration or even sent in form of tribute to England, I can understand the Indian people accepting their fate without dangerous imputations as a customary incident in their condition. But when the sums so often largely spent as they now are, for the avowed purpose of bettering the Indian Empire and people at large in public works, education, health, famine, and all the objects which under the influence of modern ideas fall within the province of State Expenditure, and attempts are made



more and more to resist and remove taxes such as Income tax and Customs, which fall on other than the landholding classes, while to meet the increasing burdens of the State additional charges are laid on the land, may they not awaken to the fact that they are being made the subject of an experiment, which I venture to think in spite of Sir Henry Maine's criticism can only be appropriately described wherever it is found as "communistic."\*

"It is I think impossible to deny that there is some danger in this direction, and it cannot I believed be safely met by temporising, and by leaving to the enemy so formidable a weapon as the theory of State landlordism. Nearly all modern Anglo-Indians, so far as I have seen or heard,—the whole generation of English public men and Economists trained by Mill, and Manchester for the sake of a free trade tariff—would in this country warmly support in principle the largest possible appropriation of the rent of the land. What degree of support their policy would now obtain or may hereafter obtain in India I cannot pretend to say, but Indian opinion does not always go for much, and much is in the power of an all embracing and powerful bureaucracy with the press in its hands, and with a Government at its back, which may be any day at its wit's end for money, and which can hardly undertake an object on which it has set its heart without a cess in the land.

"From this point of view the policy of further taxing the land might easily become a political danger, and the large margin on which under the rent theory the State has a right if it be not a duty to encroach, lends itself too easily to such an extension.

"In an economical point of view I regard such a policy as especially mischievous.

"The function of rent is to restrain the undue pressure of population on the soil. The presence of rent is the result of the demand for land pressing on the supply. To take the rent and divide it among the whole population which is done when it is substituted for taxes, is to counteract and neutralise the operation of the law of supply and demand by stimulating the demand anew without increasing the supply, and tends directly to a progressive pauperisation of the community.

"For these reasons without disturbing past settlements which we cannot afford to do, and cannot now do without gratuitous fiscal sacrifices, I shall rejoice to see a limit placed on future assessments with a view to which the renunciation of the theory of State landlordism would be the most effectual step. In speculating on its future resources, I should like to see the Government steadily put-

\* In Sir Henry Maine's Minute of 13th March, 1875, he wrote as follows. "There have doubtless been a series of compromises on the subject of revenue as Sir Louis Mallet observes during the whole period of the British Government of India. But I must enter my protest against describing them as a struggle against 'communism,' and the recognition of private rights. We often hear all resistance to the abolition of protected tenancy stigmatised in India as socialistic, and all vindication of the rights of the State to land revenue denounced as communistic. But the application of very modern words to very ancient things which is always of doubtful propriety in many ways has a tendency to effect a dangerous reversal of the burden of proof. He who in India wishes greatly to diminish the land revenue and to extinguish co-ownership and protected tenancy is not on the Conservative but on the ultra Radical side, and must be listened to with all the reserve demanded by the arguments of those who would put an end to institutions of enormous antiquity bound up with the whole mechanism of Government and Society."





ting rent out of view as only liable to taxation in common with other forms of property.”\*

It seems difficult to dispute the general accuracy of Sir Louis Mallet's warning words. The dominant theory of unlimited State rights is by many believed to have exercised a most disastrous practical influence over the revenue administration of the State. The rent theory of the late Mr. Wilson, Finance Minister, of which Mr. Robert Knight is known as the ablest recent exponent, practically asserted the unlimited power of the land to bear increased taxation, and the right if not the duty of Government to increase the existing burdens on the land. This theory is believed to have been mainly responsible for excessive enhancements of the State demand, some 70 or 80 per cent., in different parts of the Bombay Presidency; and it is a theory which though now somewhat discredited has recently exercised, and does still exercise a very perceptible influence upon official opinion.

To such an extent has this extraordinary theory been carried that able and experienced officials have gravely proposed to increase the State taxation on the land as a remedy for debt. In a note written by Mr. C. A. Elliott of the Bengal Civil Service, Secretary to the Famine Commissioners, on the indebtedness of the landed classes, he has proposed to abolish the right of transfer of land, *to increase the land-tax*, and to substitute permanent Courts of Equity for the Ordinary Civil Courts. As regards the proposal to increase the land tax Mr. Elliott writes as follows :—

“The second course is to impose a heavier land tax and thus to make the proprietary right a less valuable article of transfer. It may seem cynical to propose heavier taxation as a remedy for indebtedness, but I am so persuaded that the extreme, the excessive moderation of our demand has been at the root of the disaster, and that it is an economic mistake to surrender so large a margin of profit to unimproving landholders, that I do not shrink from the danger of being misunderstood in making this suggestion.”†

That Mr. Elliott's view is not exceptional may be fairly gathered from the following remarks made by Mr. Javerilal U. Yajnik, one of the ablest native

Opinion of Mr. Javerilal U. Yajnik of Bombay.

\* Minute by Sir Louis Mallet, dated 12th April, 1875; see Notes on Indian Land Revenue. Famine Commission Report, App. I., p. 142.

† Note on Agricultural Indebtedness, by Mr. C. A. Elliott, Section I., para. 14. Famine Commission Report, App. I., p. 186.



**gentleman of Western India on the Hon. Mr. Crosthwaite's Note on Agricultural Banks :—**

"2. I would remark in the first place that much of the anxiety of the British Government in India to improve the status of the cultivating classes would be allayed and much of the necessity for interference by law or otherwise on the part of the Government to render smooth the relations between the money-lender and the cultivator would be obviated if the present policy of rack-renting the land in this Presidency were made to give way to the more liberal one of so assessing the Government demand, as to leave the ryot a fair margin of profit from the land after the payment of the Government demand and the expenses of cultivation. It has been maintained by a certain school of revenue officials in this Presidency (Bombay) that any leniency shown to the ryots in this respect would be thrown away, since it is thought that what the Government may give up will go to benefit the Soukar instead of the ryot who after all will remain in the same depressed condition as at present. I cannot help thinking that this notion lies at the root of much of the mischief done by excessive rates in revised settlements of land in the Bombay Presidency. The notion never had the sanction of the early pioneers of our Bombay revenue system, and unless it is got rid of and made to give way to a more enlightened and liberal policy, I am humbly of opinion that our efforts to free the ryots from the clutches of the Soukar would be of little avail."

No doubt Mr. Javerilal's estimate of the land revenue policy of the Bombay Government will in some quarters be disputed and perhaps be contradicted; but when prominent officials like Mr. Elliott are found gravely recommending to the Famine Commission increased taxation on the landed class as a remedy for debt, it is not unreasonable to conclude that the excessive enhancements made in some of the revised Bombay Settlements were the outcome of a similar policy.

That there exists in the minds of many experienced officials a general belief that the agricultural classes are lightly taxed, and can well bear some additional burdens is clear from several passages in the Famine Commission Report. At Part II., page 93, of the Report occurs the following Table in which an attempt is made to show the general incidence of taxation upon the various classes of the community, and the moderation of the aggregate burden.

"10. Assuming that the class which enjoys some interest in the soil is about 55 per cent. of the population, that agricultural labourers are about 20 per cent., artisans 10 per cent., and traders, with the official professional, and other classes, 15 per cent.; that land revenue and cesses are paid by the landed classes, excise by labourers and artisans, stamps by traders and others classed with them, and the landed class,

CLASS.	Population.	Land Revenue and Cesses.	Incidence per Head.	Excise.	Incidence per Head.	Stamps and Registration.	Incidence per Head.	Customs.	Incidence per Head.	Salt.	Incidence per Head.	Licence Tax.	Incidence per Head.	Total.	Total Incidence per Head.
	*	*	†	*	†	*	†	*	†	*	†	*	†	*	†
	£	£		£		£		£		£		£			
Landed.....	101,750	21,635	·211	...	...	1,615	·016	843	·008	3,850	·038	...	...	27,943	·273
Agricultural Labourers.....	37,000	...	...	1,730	·047	...	...	...	...	1,400	·038	...	...	3,130	·085
Artizans.....	18,500	...	...	865	·047	...	...	283	·015	700	·038	...	...	1,848	·1
Traders, Officials, and Professionals.....	27,750	...	...	...	...	1,615	·058	1,124	·04	1,050	·038	800	·029	4,589	·164
TOTAL.....	185,000	21,635	...	2,595	...	3,230	...	2,250	...	7,000	...	800	...	37,510	·2

\* Three 0's omitted,

† The decimals represent decimals of £1.

customs by the landed class, traders and others, and artisans, license tax by trader and others, and salt-tax by all classes alike, the taxation of the country and its incidence on each class might be stated as follows :—



"This statement may be put in a more easily intelligible form by saying that the general incidence of all taxation, including the land revenue in this term, on the whole population is four shillings a head. The landed classes pay about five shillings and sixpence (44 annas) per head; but, excluding the revenue they pay for their land to the State, their share of taxation is one shilling and nine pence (14 annas) per head. The agricultural labourers pay taxes on their liquor and salt, amounting to one shilling and eight pence (or 13½ annas) per head, or each family pays about a fortnight's wages in the year. The artisans pay about two shillings (16 annas) each, or about the average earnings of five working days. Traders pay three shillings and three pence (26 annas) each. But any native of India who does not trade or own land, and who chooses to drink no spirituous liquor and to use no English cloth or iron, need pay in taxation only about seven pence a year on account of the salt he consumes personally; and on a family of three persons the charge amounts to 1s. 9d., or about four days' wages of a labouring man and his wife."

Again at p. 58 of Part I. of the Report occurs an important suggestion that additional rates should be imposed on the agricultural classes of Madras and Bombay for the purpose of providing additional protective works against the occurrence of famine.

Mr. H. E. Sullivan of Madras has however recorded his dissent from the views expressed by the Famine Commissioners regarding the alleged general lightness of taxation, and the ability of the agricultural classes in Madras and Bombay to bear increased taxation. The views expressed by Mr. Sullivan seem to be of considerable importance, and the conflict of official opinion which is disclosed by the correspondence is a good illustration of the two opposing currents of opinion before noticed, which are commonly reflected both in official correspondence and in the public press. Mr. Sullivan's remarks are as follows\* :—

1. "In a speech delivered before the Legislative Council of India, in February 1860, the late Mr. Wilson, when, in his capacity of Finance Minister, he introduced a bill for the levy of a license duty and a tax on incomes, made the statement that the opium revenue of India could 'in no sense be called a tax,' and that the land revenue could 'only be regarded as rent.' As these views have been adopted in the Report, I propose briefly to record my reasons for considering that they are unsound.

2. "In propounding the above theory Mr. Wilson desired to show that the natives of India, being but lightly taxed, were able to submit to a further contribution to the necessities of the State, and as it has been suggested, at paragraph 180 of the first part of our Report, that additional cesses should be imposed on the agricultural classes of

\* Famine Commission Report, Part II., p. 183 and 184.



Bombay and Madras to meet the cost of protecting those provinces from the effects of drought, I presume that in adopting his ideas on the subject my colleagues have the same object in view. I wish I could see my way to arriving at the same conclusions, but as it is a fact that in most parts of India, and especially in the above-named provinces, the agricultural classes already contribute largely to the public revenues, a proposal to increase their burdens cannot be hastily accepted, and the mere assertion that the deductions which are now made from their profits are not of the nature of taxation will not put them in a position to bear additional imposts which, if no such deductions were made, might not press heavily on them. They know that year by year they have to pay a certain amount to the official tax-gatherer, and it is a matter of indifference to them by what name their contribution is known to economists. The distinction aimed at in the Report is far too subtle for the mind of the Indian taxpayer to appreciate, even if it had an accurate basis to rest on, and this, notwithstanding that the high authority of Mr. Wilson can be cited in its favour, I am inclined to doubt.

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6. "Section VII. of the first part of the Report, pages 56-59, is devoted to setting forth the advantages of local financial responsibility in the administration of famine relief, and as conducive to judicious economy such a policy has my cordial support. But whilst agreeing to this, as a general principle, I wish to guard myself against appearing to assent to any proposal which in order to carry out the doctrine, aims at an enhancement of local burdens irrespective of the consideration, whether each and every province is equally able to bear the addition. The main object to be kept in view is, to use the words of our instructions 'how far it is possible for Government by its action to diminish the severity of famine or to place the people in a better condition for enduring them,' and it seems to me that we shall not attain this end by unduly pressing on the resources of the inhabitants of any particular tract in time of prosperity. The difficulties in the way of a development of this system of local financial responsibility are fully recognised at paragraphs 173 and 174 of the first part of our Report, and the Government of India have declared that such responsibility must be limited by the power of each province to protect its people against famine and to meet the cost of relief. In making proposals, therefore, for any particular province which will entail additional taxation, the ability of the inhabitants of the locality to bear it must be carefully considered. It does not follow because the incidence of taxation when it is distributed over 185 millions is individually light, that the pressure is uniform. Some may have to bear less than their proper share of the burden whilst others are unduly weighted. In the proposal to levy additional taxes on the landed classes of Bombay and Madras, which finds expression at paragraph 180, page 58 of Part I, this necessary discrimination has not been exercised. At paragraph 10 page 93, of Part II, it is stated that the share of general taxation borne by the landed classes, including the land revenue, is about 5 shillings and 6 pence per head, and a further calculation shows that the incidents of land revenue and local cesses connected with the land is only 3 shillings and 9 pence. This is based on the assumption, borne out by the census returns, that the proportion of





the agricultural class to the whole population of India is about 55 per cent., and so far I do not challenge the accuracy of the calculation. But when we come to estimate the burden which the landed classes of each province have to bear we find that the above measure of individual incidence no longer holds good. I take first, for the sake of comparison, the North-Western Provinces and Bombay. A reference to the Census Returns of 1871-72 will show that in the former province the land revenue and local cesses amount to 4,773,020*l.*, which, distributed amongst an agricultural population of 17,376,967, gives an incidence per head of about 5*s.* In the latter province 4,188,613 persons have to pay 3,158,763*l.*, or about 15*s.* per head. In the North-Western Provinces the agricultural population is more than half of the total population, and in Bombay it is about one-fourth. If a comparison be instituted of the individual incidence of the land revenue as regards adult males engaged in agriculture, the extent to which the amount varies in different parts of the Empire is similarly shown. In Bengal and Assam the land revenue and local cesses amount to 3,946,289*l.*, and the number of male adults employed in agriculture is 11,690,478, which gives the incidence per head at 6*s.* 6*d.* In Madras the land revenue and local cesses amount to 4,930,649*l.*, and the adult males employed in agriculture number 6,958,492, giving an incidence per head of 14*s.* These figures, I think, clearly show that the lightness of the general incidence of taxation cannot be accepted as a proof of the ability of each and all of the provinces which make up the Indian Empire to support additional burdens, nor does the circumstance of such having been imposed without undue pressure in Northern India and Bengal two years ago prove that the adoption of similar measures in Bombay and Madras would not unfairly tax the resources of the agriculturalists in those provinces; for even if it be admitted that the special causes which in 1878 were held to be sufficient to exempt them from the additional rates on land have ceased to operate, the fact still remains that their agricultural profits are already far more heavily taxed.

Whatever may be the truth regarding the real condition of the agricultural classes, and their ability to bear increased taxation, it is unfortunately evidently enough that the fact of extensive and chronic indebtedness has in many parts of India greatly complicated the natural relations that should exist between the Government and its tenants.

The State landlord has no longer to think only of adjusting the State demand so as to leave a liberal margin whereby the prosperity and well-being of the tenants can be secured. In dealing with a depressed and practically insolvent class it is often evident from the first that all the estimated profits of the land for a succession of years have been already forestalled and anticipated by the ordinary creditor. Under these circumstances finding the tenants' position hopeless at starting, the settlement officer is strongly tempted to try to divert to the State trea-



surey as large a proportion of the supposed profits as possible, arguing that any moderation of the state demand is under the circumstances uncalled for, and would be merely playing into the hands of the money-lender. In the case of an indebted peasantry the State landlord too often represents, it is feared, merely the strongest and most formidable creditor; and it is scarcely an exaggeration to say that in many districts the revenue administration to a great extent practically resolves itself into a simple game of 'grab' between the Statelandlord and the ordinary creditors. That a game of this kind can only end sooner or later in utter ruin to the miserable tenants is clear enough. In practice it is found in many parts of India to come to this, that whatever the State landlord leaves the private creditor takes; and the tenant thus finding himself between the devil and the deep sea is strongly tempted to grow sulky, and to end by a resolution to pay no one. A motive of this sort if widely entertained would simply end in a general strike against all payments whatever; and in various parts of the Empire indications have from time to time been given that a general strike of this kind is a contingency that can by no means be overlooked.

Enough has apparently been stated above to show that there are abundant reasons of public policy why the State demand from the land should be clearly and definitely limited; and the limitation it may be observed to be effective must be based on some clear intelligible principle capable of easy application.

Sir Charles Wood's well known rule limiting the Government demand to 50 per cent. of the net profits has naturally proved in practice a mere paper instruction. The practical application of the rule would apparently involve a very difficult and laborious calculation; entirely beyond the power of any State agency whatever. It would be a far simpler and more effective rule of limitation to prescribe for each province a fixed scale of maximum cash rates per acre, based upon existing statistics and all the ample information available.

But the limitation of the Government demand, though a matter, it would seem, of very great practical importance, is still only one incident in a larger and more complicated question. Assuming that the State demand could be effectively limited as desired, there would still remain for con-





consideration the fundamental question whether any system of State proprietorship and State landlordism is expedient.

Now on this subject the first remark to be made is that the system of State proprietorship which we find in India was not the creation of the British Government. It was in existence when the British power was established, and it has descended to the British Government as a political inheritance from its native predecessors. The whole system is undoubtedly a survival from a very ancient order of things, and one to which it would be difficult now to find a parallel out of Asia. Sir Louis Mallet quoting from Sir Henry Maine gives the following general sketch of the genesis of the system, and shows how opposed it is in principle to all modern ideas :—

“Sir H. Maine, in his recent work, has enabled us to trace the gradual disintegration of the primitive cultivating groups, by the double process of the successive encroachments of tribal chiefs on the one hand, with their ulterior developments, territorial sovereignty and the feudal system, and on the other, of the growth, owing to the decaying authority of the tribe, of a landless outside population, with its modern outcome, the ‘proletariat.’

“The principle of absolute ownership, including free exchange, which has been gradually gaining ground in the long struggle against feudalism, privilege, and monopoly, finds itself at last as the idea of territorial sovereignty represented in the person of the sovereign recedes, confronted with the claim of the proletariat to inherit the sovereignty of the soil in the name of the nation.

“Thus are two irreconcilable principles at last brought face to face. On the one hand, the principle of private property and free exchange ; on the other, that of State property and monopoly.”\*

As regards the economical and political effects of State

Economical and political proprietorship Sir Louis Mallet effects. writes as follows :—

“Under a system of State proprietorship, the tendency certainly is to stimulate and concentrate population, and to increase the demands on the soil of a particular district or country until there is hardly a potato, or a spoonful of rice, left to divide. Under the system of private ownership the tendency certainly is to restrict, to deter, to disperse, and in the last resort to extinguish by eviction and expatriation the surplus growth of population. I do not agree with Mr. Mill that because land is limited it is not a fit subject for appropriation by individuals, but should be considered the common property of all. On the contrary, the fact that land is limited, affords the strongest possible reason for its appropriation by individuals, as the only

\* Minute by Sir Louis Mallet, dated 12th April, 1875 ; see Notes on Indian Land Revenue. Famine Commission Report, App. I. p. 143.



method consistent with personal liberty by which the population can be kept in due proportion to the means of subsistence.

"So long as the present law of population operates, there is nothing short of State control, which can operate with so much force in restraining its undue growth in particular places or countries, as the institution of private property in the soil.

"To divide the rent of a country among all its inhabitants, is an act of gratuitous distribution, with no corresponding service rendered by the recipients. The private landlord performs for society functions analogous to those of the forestaller or regrater in adapting demand to supply, population to means of subsistence. His demand for rent is a warning to pass on to unoccupied lands, and pastures new, or to cease to increase, and multiply without replenishing the earth, and it is a warning which cannot be disregarded with impunity, or by the juggler's trick of taking the rent from the agricultural class in the name of the State, and handing it back to the whole population as proprietors of the soil.

"It may be said that it is idle to apply an abstract law such as this to a society so vast and complex as that of India, but I contend that it is a far sounder course to start from a general principle and qualify it as you go along by the thousand considerations which its application requires in the practical conduct of Government, than to discard it altogether, and deal separately with every set of facts which presents itself. This is to embark in a boundless sea of inquiry without chart or compass."\*

The gist of Sir Louis Mallet most suggestive remarks seem briefly to amount to this, that State proprietorship and State landlordism are opposed to all the teachings of history and economic science; are, in fact, politically dangerous and economically unsound. The institution of private property in the sense in which that term is used by economists, is popularly declared to be one of the prime conditions and preliminaries of civilisation. It affords we are told, the only effectual check against the unrestrained growth of population, and is the only real guarantee for any permanent advance in material prosperity. The misfortune of the existing State system is that while it exercises a dangerous tendency to remove all the natural checks on population,

\* Minute by Sir Louis Mallet, 12th April, 1875; see Notes on Indian Land Revenue. Famine Commission Report, App. I., p. 143.

† On this subject the following well known passage from Mill seems specially pertinent :—

"The idea of property does not however necessarily imply that there should be no rent any more than that there should be no taxes. It merely implies that the rent should be a fixed charge not liable to be raised against the possessor by his own improvements or by the will of a landlord. A tenant at a quit rent is to all intents and purposes a proprietor; a copy holder is not less so than a freeholder. What is wanted is permanent possession on fixed terms. 'Give a man the secure possession of a bleak rock and he will turn it into a garden; give him a nine years lease of a garden and he will convert it into a desert.'"  
 Prin. Pol. Ec., Bk. II., Chap. VII., p. 171.





it represses production, and thus tends directly to a progressive pauperisation of the community.\*

The vital importance of the unchecked growth of population in India is only by slow

Growth of population.

degrees beginning to be sufficiently appreciated. It is somewhat remarkable that the Famine Commissioners have in their general report apparently to some extent overlooked the extreme importance of this subject, and have not paid sufficient attention to a point which many persons consider to be the crux of the whole famine problem. Some general remarks are made and statistics furnished in Part II., Section VI., of the Report, but the general conclusion seems to be that the official statistics are more or less unreliable, and that the figures, so far as they go, furnish no cause for anxiety or even special remark.

The omission of the Famine Commission has however

been to some extent supplied by Sir James Caird's views. James Caird in his separate report

to the Secretary of State for India, dated 31st October, 1879. In this Report Sir James appears clearly to recognise that the unrestrained growth of population together with an exhausting system of agriculture was the most serious feature in the general outlook. His remarks are as follows† :—

"The available good land in India is nearly all occupied. There are extensive areas of good waste land, covered with jungle, in various parts of the country, which might be reclaimed and rendered suitable for cultivation, but for that object capital must be employed, and the people have little to spare. The produce of the country, on an average of years is barely sufficient to maintain the present population and make a saving for occasional famine. The greatest export of rice and corn in one year is not more than ten days' consumption of its inhabitants. Scarcity deepening into famine is thus becoming of more frequent occurrence. The people may be assumed to increase at the moderate rate of one per cent. per year. The check caused by the late famine, through five million of extra deaths, spread as it was over two years and a half, would thus be equal only to the normal increase over all India for that time. In ten years at the present rate of growth, there will be twenty million more people to feed; in twenty years upwards of forty millions. This must be met by an increase of produce, arising from better management of the cultivated area, and enlargement of its extent by immigration to unpeopled districts, and by emigration to other countries. We are

\* The social customs of the Hindus, and the universal practice of infant marriage must also in fairness be taken into consideration.

† Condition of India. Report by James Caird, Esq., C.B., with Correspondence, dated 31st Oct. 1879. Blue Book.



dealing with a country already full of people, whose habits and religion promote increase without restraint, and whose law directs the subdivision of land among all the male children. As rulers, we are thus brought face to face with a growing difficulty. There are more people every year to feed from land which, in many parts of India, is undergoing gradual deterioration. Of this there can be no stronger proof than that the land revenue in some quarters is diminishing. It is unsafe to break up more of the uncultivated poor land. The diminution of pasture thereby already caused, is showing its effect in a lessening proportion of working cattle for an increasing area of cultivation."

In their comments on Sir James Caird's Report the Government of India on the following observations on the general question of over-population :—

25. "It is quite true that the population of some parts of India is very dense, especially in the Ganges Valley, from Saharanpur in the North-

West to Tippierrah in the South-East. What the rate of increase in this population is, we do not precisely know ; but it is clear that the population is in some parts already too thick for the country and its produce, more especially as the great mass of the people are dependent, directly or indirectly, on the land. But we do not see how the Government can take steps to restrict the increase of population. Emigration from the densely peopled districts to the Colonies, to the tea districts, or to others sparsely peopled parts of India is conducted on a voluntary system, regulated by law, and under carefully devised rules for the protection of our Indian subjects ; and no restrictions are placed on those who seek to better themselves in foreign lands. As yet such emigration may be comparatively small, but obviously it would be impossible to make it in any way compulsory. We have at different times tried to promote systematic emigration from the Ganges Valley into Burma, into the Central Provinces, and into the tea districts. But, if our efforts have borne very little fruit, it may said to be in a great measure due to the strong attachment to their homes which prevails among all classes of India. During the last few years communications between the districts of redundant population and the tea districts, where labour is much in demand, have been improved ; we are considering the advisability of largely reducing the fees on the registration of emigrant labourers ; and we hope that, before long, the transport of labourers to Assam or Cachar may be somewhat cheapened. But such emigration could never, without heavy State subsidies, which we do not advocate, provide for the normal increase of population among the 100 millions of the densely peopled Ganges Valley. We fully admit that the density of the poor population and the gradual increase of the landless labourer classes in Bengal and the North-Western Provinces constitute a very serious administrative difficulty. But we look to the spread of education, the improvement of communications, the gradual growth of manufacturing, and other industries, as the agencies by which the evils of over-population may be mitigated."

\* Condition of India. Report of James Caird, Esq., C.B., with Correspondence, p. 29, para. 25.



It would seem from these remarks that the vital question of principle discussed by Sir Louis Mallet has been altogether overlooked, and has perhaps been intentionally ignored. The remarks of the Government of India appear to be based on the general assumption that the existing State system is right, and must necessarily be maintained ; but, Sir James Caird's Report, and more particularly his proposal to redeem the land revenue clearly raises the whole question of principle—private property *versus* State proprietorship ; and this large and very important issue was not apparently allowed to be discussed at all.

The subject of the unchecked growth of population has again been recently discussed in a letter addressed to the Editor of the *Times* by Sir James Caird a few months ago. The facts stated in this letter are so important, and have so direct a bearing on the subject under discussion, that it seems best to give it as it stands.\*

"I heartily agree with you in the appreciation you have expressed of Mr. Giffen's masterly address as President of the Statistical Society. From the many important topics which it embraces I venture to select the one which since my visit to India in 1878-79, as a member of the Famine Commission, has appeared to me one of the most formidable problems which have to be dealt with by the Imperial Government. I refer to the unchecked growth of the population under the "Roman peace" we have established in India.

"This was the subject mainly dealt with by me in my individual reports to the Government of India in 1869 and 1880, and it was brought by me before the Political Economy Club as the subject for discussion, on the 5th of May of this year, at which Mr. Giffen was present. He had done me the honor to adopt my figures and to enforce my argument on that occasion, as to the gravity of the problem ; and by doing so he has added weighty testimony to its pressing importance.

"It may be answered that the last census return does not show so great an increase as 1 per cent. per annum. But that is because the abnormal famine deaths are not taken account of. When these are added, the natural increase of population in 10 years would be more than 10 per cent., and, therefore, somewhat in excess of 1 per cent. per annum.

"But it would, indeed, be a thankless task to press this upon public notice if no mode of meeting the difficulty could be suggested or devised. And here I differ with Mr. Giffen, for I do not regard the situation as hopeless. Population cannot long increase beyond the means of subsistence ; but the pressure on these means incites to their increase by prompting a resort to new land, or to obtain a larger return from that at present cultivated. A bad Government

\* Letter to the *Times* by Mr. James Caird, C.B., under the heading "Mr. Caird on the Indian Problem."



by paralyzing industry may rid itself of the difficulties which would arise from an increase of population. But a Government such as ours in India, which is bound to take all precautions to preserve life from famine or disease, must have for its object measures which will relieve industry, and facilitate its efforts to keep the means of subsistence on a par with the increase of population. I believe it possible to obtain such a gradual increase of production in India, as would meet the wants of the present rate of increase of population for a century to come, and there we may for the present leave it. And it was to this point I addressed my inquiry on the several occasions on which I have ventured to approach the subject.

"The area under cultivated crops in India is equal to one acre per head of the population. That increases at the rate of two millions a year, and may be provided for by two methods—either by a progressive increase in the area of the cultivated land, or by a gradually increasing produce from the land at present cultivated. The equivalents of the two methods are an extension of cultivation by two million acres annually, or an increased produce by one-tenth of a bushel annually from the present acreage. In a country like India, of ancient cultivation, the best and most available land has long been occupied. The cultivable area still untouched is stated to be abundantly extensive, but it will require much beyond the ordinary capital of an Indian cultivator to bring it into a state of production.

"We must therefore chiefly rely on the second method. One bushel of increase per acre gained gradually in 10 years from the present cultivated area, would meet the demand of a gradual increase in the same time of 20 millions of people. And, if a proportionate rate of increase could be attained in each decade, the increased population for a hundred years could be fed without much increase of area. The produce would then have gradually risen from 10 to 20 bushels an acre. Each acre, instead of maintaining one person, would thus have become capable of maintaining two. This is a great step, doubtless, but it is from a low point of production. And, considering the generally fertile nature of the soil, and that in most parts of India two crops can be got in the year, it would seem a very possible result. By these two methods more or less combined, the increase of population may be safely met for a long time to come, and upon their wise development the success of the future Government of India must mainly depend.

"It is not necessary that I should do more than refer here to the aid which the Government can give towards this by promoting the construction of railways and irrigation, and by facilitating movement from the most densely peopled tracts. But beyond these effective means, there remains the need of a more direct remedy for the poverty of the great mass of the cultivators. A rate of interest varying from 2 to 3 per cent. per month (24 to 36 per cent. per annum) is the common charge made by the native bankers to millions of small farmers, most of whom are never out of debt. In any country such a rate of interest would render profitable agriculture impossible. And there can be no hope of solving the Indian problem till a remedy is found for this.

"But even this is aggravated by the fees charged by the State on litigation. For in India much of the business of the local courts is to aid in collecting the debts of the money-lenders. The cost of



this is repaid by fees exacted by the State amounting to about 20 per cent. of the value in dispute, paid by the losing party, who, as a rule, is the impoverished cultivator. These fees bringing in a public revenue of £2,000,000, add 10 per cent. to the burden of the Land Revenue, and if we assume that as much as one-fourth in number of the small landholders, and those the poorest, are always before the courts, the fees operate as an addition of 40 per cent. to the Land Revenue paid by these unfortunate litigants, as they fall chiefly on them. This is a blot which should as early as possible be met by a large reduction in the scale of fees.

"The greater subject demands the most careful consideration of the Government of India and the British Legislature. In all European countries where the agriculture is chiefly in the hands of the peasant proprietors it has been found necessary by the State to support their credit by a system of the land banks. The principle upon which such aid can be economically given is that the State, which represents the credit of all its people, can borrow on lower terms than individuals.

"And in India, where the Government administration reaches directly the great majority of the cultivators, there would be special facilities for the introduction of this principle. The native capitalists and bankers might be associated with Government in order to utilize an existing and well-organized local interest, who should find their profit by assisting the Government to restore the agricultural class to a solvent and prosperous condition. There is a large available native capital seeking safe employment, probably enough to supply all the legitimate need of the cultivation. I found in the Deccan, where the cultivators were at the lowest ebb, that the money-lenders who would not risk their money on the security which the farmers had to offer for less than a rate of 36 per cent., were ready to lend it at 5 on a pledge of silver ornaments or jewels. And they were willing to compound the existing debts of the impoverished landowners by a composition of 50 per cent.

"This would seem to be the direction in which the fittest and most natural aid may be sought by the Government for the re-establishment of the credit of the Indian landholders. The subject has been ably treated in a paper on "Agricultural Banks for India," by Sir William Wedderburn, a distinguished member of the Bombay Civil Service, whose personal experience of the people and the country gives great weight to the views he advocates. Bring the debtor and creditor together, he says, to make a friendly settlement of the old paper debt and to fix the amount of the redemption money. After that, the financial operation is on all fours with that applied to the European peasant—viz., to advance the redemption money in cash where the compromise is a reasonable one, and to recover the amount from the cultivator by instalments spread over a term of years.

"If, by some wisely-devised interposition of the credit of the State, the security which the cultivators could offer to the native bankers, should relieve them from the ruinous pressure of 2 to 3 per cent., per month, we might hope to see a gradual revival of industry when its fruits remained the property of the hand that earned them. For the art of culture is well understood in India, and it is only the present hopeless poverty of the majority that paralyzes their industry.

"It must be gratifying to those who take an interest in this subject





to observe, by the latest news from India, that the Government there have recognized the necessity of earnestly dealing with this question. It will be an immense gain to Indian agriculture if Major Baring's arrangements result in diminishing the charge for the use of the capital, by the cultivator, to a maximum of one-third of its present usual amount.

"An important beginning appears at the same time to have been made, in the Council at Simla, in the direction of the provincial self-government. In this direction something has already been successfully done, and we may hope that it may yet be permitted to extend to its natural limit, that each of the presidencies having its own Budget, from which, according to its circumstances, and the public requirements, a contribution should be paid to the General Government for Imperial purposes, and the remainder be retained for the service of the Presidency. From such self-reliance as would thereby ensue, and the direct responsibility then cast upon each Government to make the most of its own resources, the best results may be confidently anticipated. Meantime the problem to be solved in India, otherwise than by famine, is one of pressing and intense importance. And the recent establishment of an Agricultural Department there will, through its provincial links, place in the hands of Government that timely information of the weak parts of the system, which demand the most immediate attention."

The effects of a system of State proprietorship in stimulating and concentrating population are undoubtedly serious enough. The general truth of the abstract economical argument stated by Sir Louis Mallet is found to be strongly confirmed by the independent testimony of Sir James Caird, whose experience on the Famine Commission makes his evidence particularly valuable. But the system under review besides removing some of the natural checks on the too rapid growth of population, operates as before noticed most injuriously to repress production. Here is what Sir Louis Mallet has to say on this vitally important matter :—

"Whatever opinions may be held as to the principles of land tenure, certain facts, are, I think, apparent.

"On the one hand, we see a system which sweeps into the coffers of the State 50 per cent. or more of the net produce of the soil, thus diverting a fund which, in countries where private property is absolute, would, to a great extent, find its way back again into channels of agricultural improvement.

"But the amount of produce thus diverted is not only large—it is also uncertain. The percentage itself is uncertain, varying with the views of successive Governments, and the amount actually assessed, even within the prescribed limits, is uncertain, varying with the accidents of seasons, with the character of the cultivators, and with the judgment and knowledge of the Settlement service.

"Whether the Government or the assessor leans to the side of indul-



gence, or to that of severity, all the consequences of uncertainty are equally involved. What those consequences are likely to be it is needless to enumerate. It is enough to say that security and permanence are the essential conditions of productive energy.

"This system is, moreover, one in which proprietary rights are so confounded or so confusedly divided, that they are separated from their corresponding duties; and such is the dislocation of the forces engaged in this artificial mechanism, that these rights as often serve to maintain and perpetuate inefficiency as to rouse and stimulate industry and the spirit of improvement.

"Such are a few of the salient features of the system. What on the other hand, do we find as the characteristics of the industry and of the people to which that system has been applied?

"A marked absence of any adequate accumulation of capital upon the soil, and (as a consequence) of any sufficient appropriation of such capital to purposes of agricultural improvement, deficiency of stocks, of manures, of roads, of tanks, often of seeds and of implements.

In the people, prevalent habits among the higher classes of prodigality and indolence, and among the lower, a character of helpless dependence of Government, extreme poverty, and, generally, very low conditions of existence. Nowhere do we see a spirit of enterprise, of initiation, or of progress."

It would be satisfactory were there any ground for believing that Sir Louis Mallet's picture was over-coloured or exaggerated. Unfortunately what he states is believed to be only too true, and the facts he refers to are sufficiently notorious to many observers in India. Sir James Caird's valuable report, dated 31st October 1879, shows in some detail the various causes which tend at present to repress production. The chief of these causes may be briefly summarised as follows :—

1. The uncertain character of the land tenure and the periodical re-settlements of the State land.
2. The indebtedness of the agricultural classes.
3. The exhaustion of the soil under the increasing pressure of population, and the stationary condition of agricultural knowledge.
4. The moral disorganisation produced by unsuitable laws affecting property and debt.

That some or all of the causes assigned have, in fact, affected very injuriously the productive energy of the country seems to be admitted on all hands; and although the various remedies proposed by Sir James Caird and others may well give rise to differences of opinion, there can be no doubt whatever that the agricultural industry is from various causes seriously depressed, and that some radical change of system is required to restore it to a healthy condition.

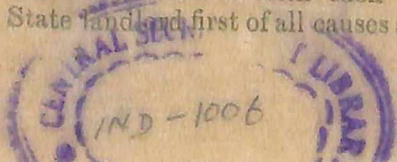
The main problem requiring to be solved seems substan-



tially to amount to this—how are the admitted State rights in the land to be exercised so as to secure the maximum of advantage or at least the minimum of injury to the community? On this subject two opposing current of opinion are almost invariably to be found, and the question at issue seems practically to resolve itself into the general question of the respective advantages of direct State agency versus private enterprise.

The tendency of all centralised bureaucratic administrations in India as elsewhere is to trust to State agency and State initiative for everything, and to leave as little as possible to private enterprise. Indian officials as a class are prone to act on the Napoleonic maxim of 'Everything for the people, and nothing by the people,' and are inclined habitually to hold exaggerated views of the power of State agency and the limits within which State interference can be usefully exercised. It is this confirmed habit and tendency which partly accounts for the perpetual and increasing demand for improvements in the administrative machine, for the creation of new departments, for improved methods and statistics of all kinds. State agency to be efficient must be well informed, and the State landlord must at least make an effort to acquire on a grand scale the detailed information that every private landlord is necessarily bound to obtain on a small scale for his own guidance.

Nothing can of course be more desirable for the purposes of Revenue administration than accurate surveys and reliable statistics; but the work of measuring in minute detail enormous areas as vast in extent as many European kingdoms, and of assessing and collecting the State demand by direct official agency from many millions of human beings is an undertaking of such vast cost and magnitude as may well suggest the question whether the operation does not savour too much of a *conseil de perfection*, and whether a simpler and less ambitious scheme would not sufficiently answer all purposes of practical administration. The system of course varies in different parts of India, but of late years the tendency has distinctly been in favour of the more detailed and laborious system known in Madras and Bombay as "ryotwari," under which the State landlord is brought into direct relations with each individual cultivator. The State landlord first of all causes a detailed survey to be made;



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assesses in detail the land of each individual cultivator ; keeps a separate account with him in the Government books ; and at harvest time collects from him direct the Government dues so assessed.

It is not very easy to realise at once the extraordinary magnitude and complexity of the task undertaken by Government in attempting to execute a detailed survey and assess and collect the Government dues from some millions of agriculturists whose holdings extend in area over many thousands of square miles. The detailed survey of the land, and the assessment and direct collection of the Government dues are all three separate tasks of a huge and costly character. So vast is the work and so infinite the detail that of course a large margin has to be allowed for inevitable mistakes. The general correctness of the survey can be tolerably fairly guaranteed as it involves the co-operation and assistance of the cultivators concerned who are usually as much interested as the State landlord is to see that their holdings are correctly measured. But the assessment system both in Madras and Bombay, and wherever in short a ryotwari system has been introduced, is manifestly open to criticism. The following description is given by the Famine Commissioners of the assessment system as carried out in Bombay and Madras.\*

3. "In Bombay the assessment is carried out by a separate Department, on a very ingenious and complicated system, an explanation of which, fuller than can be given here, will be

*Assessment in Bombay.*

found in the Appendix. The same principles have been adopted in Berar and Mysore. The land is broken up into blocks of from 5 to 40 acres each, which are separately assessed. The soils are classified on a uniform system according to their depth and their faults, such as sloping surface, liability to inundation, or having a mixture of sand, clay or gravel in the soil, all of which are sources of deterioration. The field which bears a maximum value is a level one of black soil, deeper than  $1\frac{1}{2}$  cubits ; this is the standard, valued as 16 annas. Every 'fault' and every quarter-cubits decrease in depth deducts one or two annas or sixteenths from the valuation. Further, a definite value is attached to three other characteristics of position ; the nearness of the field to the village site ; the nearness of the village to a market town ; and the water privileges. Thus every field or block is valued at a certain specified number of annas or sixteenths of the standard maximum. This being done, it only remains to fix the value of the standard, or to say what should be paid per acre by a field of the first-class. This is mainly done on a consideration of the course of prices and the past history of the taluka

\* Famine Commission Report, Part II, pp. 124 and 125.

concerned. If the general tendency of prices is upwards, and they stand (say) 20 per cent. higher than they did 30 years ago, it would be urged that the same amount of produce which the ryots then sold to pay a revenue of Rs. 100 would now bring in Rs. 120. In this case the advantage of the rise would be divided between the two parties and the assessment be raised by about 10 per cent., provided it is also seen that the taluka has been prosperous; that cultivation has spread and waste land been taken up; and that the general level of material comfort is higher. This system was introduced originally in the year 1847, and the whole presidency, except Sindh and the South Canara district, has been assessed upon it. The 30 years' period is now elapsing, and has elapsed in many cases; and several districts have been resettled on the same system. The instalments are usually two in number and are fixed in January and March, or in February and April, according as the chief harvest of the year is the kharif or rabi.

"It is estimated that the assessment falls on varying soils, and according to the different productiveness of different years, at from 3 to 16 per cent. on the value of the produce; and a further proof of the lightness of the assessment is found in the fact that many of the Native States have been surveyed and settled on the same system, but that the rates there are always from 10 to 15 per cent. higher than to the British Districts.

4. "In Madras the assessment (which has been going on since about

#### Assessment in Madras.

1864, but, has as yet only reached 10 districts out of the 22) is based directly on the average produce of the soil. After survey every field is classified by the eye (there are seven classes and 34 sub-divisions of those classes), and experiments are then made by cutting, threshing out, and weighing the produce of quarter acre plots in different fields of the various classes. From these experiments the average produce per acre of each class of land is worked out. Then the average price prevailing in that part of the district during the years 1845-64 is ascertained, and after deducting from it from 8 to 20 per cent. to cover the difference between market and village prices, that rate is applied to the average quantity of produce, and so the average value of the produce per acre is obtained for each class of soil. From this is further deducted (1) about 20 per cent. on account of vicissitudes of seasons; (2) the calculated cost of cultivation; and of the balance which is called the net produce, half is taken as the share of Government. The assessment thus made is fixed for 30 years, and the intention is that at the close of that time the only part of the assessment to be revised should be the valuation of the average out-turn per acre. A new set of price-currents will be taken, and the new assessment will be altered accordingly. The instalments fixed for the payment of revenue are generally four in number, but in some cases are as many as six; they are arranged in relation to the time and value of the ripening crops."

Now of the Bombay system above described it has to be

Observations on the Bombay system.

observed (1) that the success of the system entirely depends upon the accuracy of the classification; (2) that the classification even if correctly performed, furnishes



no sure test of the real yield of land. As a matter of fact it is notorious that the classification is the weak point of the Bombay Revenue Survey system. This system lends itself easily to fraud, and detection is at once difficult and uncertain. The system again is a purely arbitrary one, taking no account of many of the numerous conditions on which the productiveness of land is notoriously dependent. No minute or detailed enquiry is made into the previous agricultural history of each field, nor is the caste and condition of the cultivator taken into account. The supposed fertility of each field is calculated by a standard which, though undoubtedly ingenious, is a standard which no practical agriculturist would dream of accepting; and no attempt has till recently been made to check the results obtained by enquiries regarding the actual ascertained yield.\* In short the Bombay system seems to amount to very little more than a most elaborate and ingenious rule of thumb; and the assessments imposed though often moderate enough—sometimes a great deal too moderate, bear no certain relation to the actual yield as ascertained by experience.

It is a peculiarity of the Bombay system that the assessment is fixed by a special department which has no concern with the land revenue administration.

Peculiarity of Bombay system. after the settlement has once been sanctioned by Government. The business of assessment is entirely in the hands of the Bombay Revenue Survey Department, while the collection and subsequent administration of the land revenue is entirely in the hands of the ordinary revenue establishment, the Commissioner, Collector, and Mamlutdar. The assessment of the land, it will be observed, is thus entrusted to a department which has no practical acquaintance with land revenue administration at all, while the opinion of those who have the most intimate knowledge of the actual working of the system is for the purpose of assessment practically ignored altogether. The Collector is consulted, it is true, regarding some of the details of the settlement recommended before it is finally sanctioned, but regarding the principles of the assessment system and the expediency of limiting the application of that system he is practically not allowed to raise any question.

\* The crop experiments now conducted by order of the Secretary of State are an attempt to remedy this obvious defect. But no series of experiments, however elaborate or carefully conducted, can possibly take the place of detailed and exhaustive enquiry about the actual yield of each field as ascertained by experience. Such enquiry is clearly beyond the power of any State agency whatever and is not attempted.



The final result of the arrangement described is to stereotype effectually the settlements made. The Revenue Survey Department has no opportunity of verifying by experience the actual pressure of the assessments recommended ; while the Collector's department has itself no independent power to correct mistakes or to lighten the pressure of the assessment under any circumstances whatever. The significance of this fact is obvious when it is remembered that the normal pressure of the assessment as calculated by the Settlement Department is liable to be indefinitely increased by such common accidents as floods, pestilence, locusts, rats, caterpillars, &c., to say nothing of scanty rain fall and any general fall of prices. The Government of course can, and in exceptional cases does, grant remissions on the Collectors recommendation, but such remissions are only made in extreme cases when large numbers of persons have been affected ; and of late years the tendency has been to discourage remissions as much as possible. The main points to be noted are that the chief local authority is not allowed to exercise any independent power at all, and that remission of assessment which constitutes in practice the safety valve of the whole system is retained in the hands of Government, and is only exercised under the exceptional circumstances noted.

On many thousands of acres the normal assessment has been largely increased on account of presumed advantages of water-supply, either natural or artificial. In very many instances the water-supply has during the currency of the existing settlements been seriously diminished or has disappeared altogether under the influence of natural causes, but the assessments fixed at the time of the settlements are levied all the same, while the equitable obligation either to restore the water-supply or to remit the extra assessment has proved in practice for the reasons stated very difficult to fulfil. A settlement once made is to all intents and purposes final for 30 years. The whole tendency of the Bombay system and the actual manner in which it has of late years been worked is, in fact, to deprive the Collector of much of the discretionary power with which he is popularly credited. His establishment has in consequence become little more than a machine for collecting the State dues which have been fixed by another department, and in the settlement





of which the Collector has to a great extent ceased to have any direct personal interest. The amount of land revenue collected is, it is feared, too commonly regarded as the ultimate test of a revenue officer's efficiency, and any interference with the rigid and almost mechanical action of the present revenue system, however necessary, has undoubtedly been rendered specially difficult by all the circumstances above described.

The Madras system of assessment appears to be essentially based upon an elaborate system of crop experiments; and the whole success of the system

Observations on the Madras system. seems to depend upon the skill and accuracy with which these experiments are conducted. That the whole assessment system is liable to be vitiated by any serious error in the initial experiments seems clear enough. The selection of specimen quarter acre plots in different fields of the various classes is by no means an easy task as any one familiar with crop experiments will know. Judicious selection requires at once no small amount of training and experience, and the delicate operation of choosing sample quarter acre plots is one that would fairly task the skill of the most shrewd and experienced agriculturists. How far a delicate and difficult operation of this sort is likely to be successfully accomplished by any subordinate State agency may well be doubted. The system is clearly one most difficult to work satisfactorily; but the Madras officers are apt to boast that their assessment system is theoretically superior to that of Bombay, and on the whole the Madras system is reported to work very fairly well.

That the assessment systems of Bombay and Madras are both of them open to very obvious criticism seems to be in the face of it clear enough; but in drawing attention to some of the weak points in both systems there is no intention whatever on my part to espouse the cause of one system against the other. Madras officers are doubtless as firmly persuaded of the intrinsic superiority of their own system as the Bombay officers are of theirs, and champions of both systems can easily be found. Sir Henry Montgomery will probably be accepted as a very competent witness on this subject. His opinion is thus expressed:—

"We all have our views as to the best system, and though that in force in Madras may not meet with the full approval of experienced Revenue administrators elsewhere, it is in the main the result of the study of the most experienced Revenue authorities of that Presidency.



and it is believed by them to be the best suited to the wants of the country. There are, of course, differences of opinion in matters of detail, which, I would submit, are best left for disposal by the local Government. But I would deprecate attempts to adapt even the ascertained or apparent advantages of other systems, and I would refrain from any important departure from the orders already issued from Home Governments which are now in force, and I would simply direct the carrying on of the assessment on the principles already laid down in those districts where it is proposed this should be introduced, and that this work should be vigorously pursued, under the supervision of the Madras Government, from whom reports of progress should be periodically made to the Secretary of State.

"The Madras system seems to me to have, at all events, one superiority over that of Bombay, viz., that the assessing part is not executed by the scientific survey officers, without apparently communication with the District Revenue officers, and without control, whereas, in Madras, the survey is alone the occupation of the scientific department, acting under the general control of the Board of Revenue."\*

On the other hand, Sir George Campbell has expressed Sir George Campbell's a strong opinion in favour of the Bombay system.

"I believe," he writes,† "that sufficient pains being taken, and a sufficient machinery employed and circumstances favouring the ryotwari system has really been worked out to a very successful issue in Bombay, and that the revenue has been benefitted as well as the people." \* \* \* "My visits to Bombay districts have impressed me very favourably. I can say that all that we can hear from the people of the adjoining villages of the Central Provinces goes to show that the Bombay system is extremely popular, and the highest authorities connected with the Bombay administration assure me that the social results are so far altogether good."

The Bombay and Madras systems agree in the fundamental point that the State landlord is brought into direct relations with each individual ryot, and the Bengal system of joint village responsibility is repudiated except in the case of a few privileged tenures.

There is probably no subject connected with Indian Land Revenue Administration which has more divided official opinion than the respective merits of joint versus individual responsibility. In Northern India, and in Bengal generally, the enforcement of the principle of joint responsibility is regarded as the cardinal point of revenue administration.

In Bombay and Madras, on the other hand, the opposite

\* Minute by Sir Henry Montgomery. See Notes on Indian Land Revenue, App. I, p. 137, Famine Commission Report.

† Sir George Campbell's Essay on India. "Systems of Land Tenure in various Countries," pp. 171 and 172.



principle of individual responsibility is held by most officials as an article of faith.

Regarding this divergence of opinion the following very suggestive remarks of Sir George Campbell deserve to be attentively considered, for they seem to throw much light on a subject which would otherwise be not very easily intelligible to persons who are not conversant with Indian official life :—

“ It is singular how much Englishmen educated in the same way, and dealing with very similar institutions, have fallen into different grooves when separated in different localities in a foreign country. Perhaps no two sets of men bred in different planets could have diverged more widely than Bengal and Madras Civilians on the land question. The fact seems to be that the country to which the rule of India has fallen is that of all the countries of Europe in which there is least that is analogous to oriental institutions. And Englishman, set down amid scenes entirely new to them, are very amenable to local influences. Local schools being once established, men isolated and coming little into personal contact with those following other systems, maintain their own views with a persistence and intolerance which we do not find when men are brought more together.

“ It has been said that the different schools of Bengal Civilians agree in this, that under no circumstances shall the Government deal direct with the individual ryots. The Madras Civilians, on the other hand, have made it the root and foundation of their faith that under no circumstances shall the Government deal with the land in any other way. Much of the country was really in that state which suggested the ryotwari, system, there being none who could claim the character of proprietors, unless they had been created, as would have been the case in Bengal or the North-West. But it is abundantly clear, from the descriptions of the early administrators, that in some parts of the south there were village communities just as completely constituted as those of the Punjab, and well accustomed to pay the revenue in the lump, and manage their own affairs. The system was rejected as unjust and inexpedient ; and, by the force of the Government, the communities were generally dissolved into the individual units, each man being separately assessed for the land which he held ; although in some instances the villages maintained their system in spite of the Government.”\*

This controversy appears to be instructive in more ways than one. Both the Bengal and Madras officers appear to have tacitly accepted the theory of State landlordism as a necessary factor in the problem ; and the whole of the arguments as to the respective merits of joint and separate management seems to be based on this fundamental hypothesis. No administration seems recently to have raised the broad question of principle whether the theory of State

\* Sir George Campbell's Essay on India. Systems of Land Tenure in various Countries, p. 168.



landlordism was sound ; nor was it apparently considered whether the industrial development of the community was likely to be more fostered or retarded by any close and direct connection with the State. But to anyone who looks at the question without local or official bias it seems clear enough that the matter has been hitherto considered from a very narrow and purely official stand-point. The problem for solution as hitherto stated may be thus roughly expressed. Given a certain amount of State dues from land which have to be assessed and collected from several millions of agriculturists *by the State landlord direct*, is it more convenient to deal with village communities jointly or with individual cultivators separately? To this question different Presidencies have, as above shown, returned different answers, and the probable explanation is perhaps to be found in the different local wants and peculiarities of different parts of the Empire. But change for one moment the form, the problem, and put it thus. Given a certain amount of State dues from land which have to be assessed and collected from several millions of agriculturists, is it desirable that the State landlord should deal with them direct, or should it rather entrust the collection of its dues to some intermediate agency? The question to be answered is, which mode of administration will best promote the industrial development and material welfare of the community. It is clear that the problem thus stated raises questions of a completely different character ; and the issues raised must, it is submitted, be clearly answered before any definite or consistent revenue policy can be adopted. To these who repudiate the doctrine of State landlordism the question of joint versus separate management will appear to be of very secondary importance. Once abolish the direct connection of the State with the land, the question will practically settle itself as local circumstances or a special wants might render most expedient. Wherever village communities could be found able and willing to manage on the joint system, it would ordinarily be expedient on every account to allow them to follow their own bent and inclination. Wherever the circumstances were such that joint management was found to be either impossible or inconvenient, the separate system known as ryotwari could always be resorted to.

So long as the theory of State landlordism is maintained  
Necessary imperfection of some State machinery or another  
State machinery. must be devised to assess and





recover the State due from land. The various assessment schemes in force in different parts of India are all of them marked by great practical skill and ingenuity. They are the out-come in fact of all the administrative ability and experience that could be brought to bear on a most complicated and difficult subject. And schools of official opinion have gradually grown up, each of which implicitly believes in the superiority of the system with which it is most familiar. But no one can possibly doubt that each and all the State schemes of assessment now in force leave much to be desired. The results are notoriously very unequal and very uncertain. The good land is as a rule let off far too easily, while the poor soils are said to be very generally over-assessed. The whole system in short is inevitably imperfect; and however carefully conducted can scarcely fail to be an extremely rough and unsatisfactory method of determining the true amount of the State dues from land. Try and realize for one moment the infinite complexity of the facts and circumstances with which the Settlement officer is called upon to deal. He has, in fact, to determine by means of a given formula what is a reasonable share for the State landlord to claim from lands of infinite variety. He does not and cannot attempt to calculate the actual yield as ascertained by experience. He simply applies an arbitrary formula, and works out the result.

Compare with this artificial process the ordinary practice of a private landowner anxious to obtain his just dues, but wishing at the same time to deal fairly and reasonably with his tenants. The first matter for enquiry is the gross produce of each field under the existing normal conditions of the village and its surroundings. Now this gross produce, as every proprietor is aware, is dependent primarily on three main conditions—1. Water-supply. 2. Season. 3. Skill of cultivator. Where each one of these three conditions is variable, it is clear that the problem of determining the average gross produce is one of no little difficulty and complexity, and the difficulty was in practice solved under the old native method by sharing the crop according to a system of mutual agreement. When the landlord's share has once for all to be commuted into cash, the problem to be solved is, what sum in cash will represent the average annual value of the landlord's share of the crop. This problem also is clearly one of very considerable difficulty, being governed



by a number of variable factors of which perhaps the most important are the state of prices and the general condition of local trade. Now a private owner entitled to recover the landlord's share of the crop, and wishing to commute this share into a permanent cash charge, would undoubtedly be forced to realize the full difficulty and complexity of the task. He would understand that if he asked too little, he would himself be the sufferer. If he asked too much, he must in the long run ruin his own tenants. In this dilemma what does he do? As a matter of fact whenever landlord and tenant are in a position to contract on equitable terms, the landlord usually takes the most reasonable course. He submits the matter to arbitration, and a question, which is really one of the utmost difficulty, is usually left to the decision of a skilled panchayat of village elders. And what better decision, it may be asked, can possibly be obtained under the special circumstances of the case? Clearly none. But if this elaborate and laborious procedure is necessary, and is in fact commonly employed by the smaller landholders to determine the amount of their own dues whenever commuted into cash, how is it conceivable that any artificial system or State device however elaborate can possibly enable a State landlord to ignore without injury the vital conditions above-mentioned upon which the husbandry of the country is dependent. The British Government is the largest State landlord in India, but all Native States are State landlords also, and my remarks are quite as applicable to the arbitrary and oppressive revenue systems of many Native States as they are to the so-called scientific system introduced by the British Government.

The point on which I lay special stress is this, that no State system or device, however elaborate, is fitted to perform satisfactorily the delicate business of assessment, which can only be properly conducted by private agency enquiring carefully into details, and assisted by the fullest local information. However ingenious or elaborate the State system may be, it must by the necessity of the case be applied almost mechanically; and bearing in mind the infinite variety of the conditions on which Indian husbandry is dependent, it would seem that inequalities of all kinds are practically inevitable under any State system. The injurious effect of these inequalities is seriously aggravated

State assessment, and direct management.





whenever the direct management is retained in the hands of the State landlord.

It is well known that Akber's great financier, Raja Todar Mal, is supposed to have introduced the first idea of a scientific survey and settlement of the State dues from land; but direct management of all the State land by stipendiary officials was, it is believed, no part of his revenue system; and, in fact, the collection and management of the State dues was under native rule almost invariably entrusted to some kind or another of middle man such as Zemindars, Polygars, Talukdars, and the like. It is to be noted that even at the present day the British system of direct management by State officials finds few imitators amongst Native States. Both Sindia and Holkar adhere to the old native system of farming the revenues of the State, and few Native States care to incur the trouble and risk incidental to the direct collection and management of the State dues.

The real character of the Government demand depends, it must be remembered, partly on the amount of the State dues, and partly on the manner in which those dues are collected. The British system differs from the popular native system chiefly in this, that the State agency employed is far more thorough and effective. It is supported, moreover, by an elaborate judicial machinery which is applied with the utmost regularity and precision. The rigid and compulsory character of the British system is considered by some to be the chief merit, by others the chief defect of that system; but in considering the alleged moderation of the Government demand, it is important that these incidents should be taken into account.

The true character of the Government demand has in my opinion been much obscured by the practice of considering the average incidence only, and of generalising from too wide a field. *In generalibus latet dolus*. In an elaborate table prepared by the Famine Commissioners, some very comforting statistics are put forward in support of the popular official theory that the average incidence of the land revenue per cultivated acre and per head of population is very moderate. But as Mr. H. E. Sullivan very naturally points out in his note of dissent, it does not follow that because the incidence of taxation when it is distributed over many millions is individually light, that

the pressure is uniform. Some may have to bear less than their proper share of the burden, while others are unduly weighted.

Appeal again is often made to the increasing practice of subletting, and to the increasing sale value of Government land in proof of the moderation of the Government demand. But these tests taken by themselves are inconclusive and altogether unreliable, for they take no account of the increasing pressure of population which is believed by many to be the true explation of both the phenomena noted. As this pressure of population increases, so surely will the competition for land increase, whether the Government demand be moderate or not.

Again, it is often urged in proof of the moderation of the Government demand that private owners notoriously levy rates largely in excess of the Government rates from their own private tenants. To this it may be replied (1) that even if true, the standard of private owners is not a safe standard for a State landlord to adopt; (2) that there is an essential distinction to be drawn between the nominal rents demanded and the actual rents recovered by private owners; (3) that no private landlord has at his back the cast-iron machinery for distraint and ejectment which the State landlord has, and which makes in practice the whole difference. But as a matter of fact and exceptional cases apart, it will, I fancy, be found that there is no very great difference between the dues actually recovered by private owners and by the State. The principle of both is substantially the same, viz. to levy as much as they think they safely can levy; but there is this material difference in the method of working that the State landlord thinks mainly of the aggregate sum, and leaves the distribution practically to the discretion of the Revenue Survey Department, while private owners reverse the process, and take counsel how they may squeeze each tenant in detail. It cannot be denied that there is often a very great difference between the nominal rents demanded by private owners and the dues demanded by the State; but private landlords can in practice recover only such rents as their tenants can be induced to pay; and in most private estates there are as a rule large arrears. The Government rules in the Bombay Presidency forbid assistance being given to recover cash rents in excess of the survey standard except in cases where formal agree-





ments have been passed, and this very important rule has, it is said, a potent influence in keeping down private rents in that Presidency to a reasonable standard.

The term moderation, as used to denote the character of the Government demand, is, it may be noticed, often misleading.

Ambiguity of term moderation. The term itself is a mere comparative; and a State demand that may in one sense be moderate enough, may in another sense be highly oppressive. The actual pressure of the State demand depends partly on causes inherent in the assessment system, and partly on external causes. The Bombay assessment system, for example, takes no account (1) of the increased expense of breaking up new land, or (2) of the previous agricultural history of each field, or (3) of the caste and condition of the cultivator. Yet it seems clear that the real pressure of the assessment materially depends upon each one of the incidents noted. An assessment of Rs. 2 per acre on land in good cultivation may be moderate enough, while the same assessment on unbroken land might be so oppressive as to prevent cultivation except at a loss. Again, a similar assessment on well manured and carefully tended land may be a mere quit rent, while on land of equal quality which has not been well looked after, it may easily prove excessive. Similarly an assessment which a Kunbi or a Brahmin cultivator would find nominal may easily break down an unthrifty Kōli or Bhil. The actual pressure of the State demand may again be affected by causes altogether external to the State system such as the indebtedness of the cultivators and growth of population. The serious effect of indebtedness in complicating the relations between the State landlord and the tenants has been noticed above at p. 14, and attention has also been called to the increasing importance of the unrestrained growth of population. As between the State landlord and the cultivators the nature of the impending dilemma may be briefly described as follows. The crop of each field, subject to Government demand, is theoretically divided into two shares, the Raj Bhag or State landlord's share, and the Khedut Bhag or cultivator's share. The cultivator's share is supposed to leave a sufficient margin for the reasonable subsistence of the cultivator and his family. But the cultivator's family increases, and from various causes he falls into debt, and mortgages everything he has to the money lender in order to pay his way. It is obvious at once that as the



pressure on the cultivator's share increases, *pro tanto* will the Government demand, however moderate in appearance, become more and more onerous. Now this illustration, though expressed in very general and familiar terms, gives, I believe, a tolerably accurate idea of the real nature of the problem which is impending in all parts of India. Population is increasing fast; and no less than two-thirds of the agricultural community are alleged on the highest authority to be in debt. The Famine Commissioners put the matter as follows :—

“We learn from evidence collected from all parts of India that about one-third of the land-holding classes are deeply and inextricably in debt, and that at least an equal proportion are in debt, though not beyond the power of recovering themselves.”—Famine Commission Report, part II, p. 131.

The fear is commonly expressed that in many parts of India the population is gradually outstripping the means of subsistence. Land which 30 years ago paid the Government dues and supported a community averaging in number about 200 per square mile pays to-day the same Government dues, and is required to support a community often twice as numerous, or 400 per square mile.\* How can it possibly be doubted that a State demand from the land which may have been moderate enough when first imposed is liable to become oppressive as the pressure of population increases.

In the present condition of agricultural knowledge the aggregate outturn of land in India has little tendency to increase, while on the other hand the number of mouths to be fed is constantly increasing. So far from the aggregate outturn increasing, there is very general complaint that the best soils are becoming exhausted by overcropping and by neglect of fallows; and this exhaustion of the soil, which seems in many places to be well authenticated, is by no means the least serious feature in the general outlook. Under the circumstances described it can easily be understood that the struggle for existence is year by year becoming more intense. However moderate the Government demand may

\* I have for the purpose of the general argument adopted Mill's estimate of the term which population requires for doubling itself under moderately favourable conditions. Prin. Pol. Ec., Book I., Chap. X., Law of the Increase of Labour.

Sir J. Caird reckons that the population of India increases at the rate of about 1 per cent. per annum. The Government of India has expressed a doubt whether any certain estimate on the subject can be formed. See Report No. 33 of 8th June 1880, Home Revenue and Agricultural Department, para. 25, commenting on Sir J. Caird's report of 31st October 1879.





be, and however skilfully it may be adjusted, the natural forces at work must necessarily cause that demand to become by degrees more and more burdensome to the cultivator. It is as certain as any proposition in political economy can be, that whatever share of the crop is left by the State landlord to the cultivator, that share will, unless production increases, become from year to year less and less able to support the increasing population dependent on it; and the greater the pressure upon the cultivators share, the more oppressive will the unvarying State landlord's share necessarily be felt.

The crucial and all important administrative question which then arises is this. Should the State demand be assessed according to the theoretical rights of the State to take what share it chooses of the net profits of land, or should the State demand be regulated according to the actual pressure on the cultivator's share? If it be habitually assessed on the first principle without regard to other considerations, it is certain that the Government demand will never fail to be in practice oppressive on the humbler classes of cultivators, who constitute perhaps three-fifths of the whole number. Chronic misery and ever-increasing debt will be the infallible result, and political trouble can scarcely be averted.

If, on the other hand, the amount of the State demand be regulated according to the pressure of population, it is clear that the revenue from land is placed on a most precarious footing, and that this important source of revenue would be liable to diminish as the pressure of population increases. In other words, the adoption of the second alternative would apparently strike at the root of that financial stability which is supposed to be secured to the Government by the possession of this valuable source of revenue. The dilemma suggested is by no means imaginary. In various parts of India the State landlord is at the present moment face to face with the problem suggested; and the Government has to decide the vitally important question whether it will continue to levy the existing State dues at all risks, or whether it will readjust them so as to relieve the ever-increasing agricultural population.

I do not pretend to have any solution to offer for a difficulty which is clearly one of the most formidable character. The nature of the dilemma which





seems to menace the State landlord is clear enough, and I can only suggest, with humility, that the critical nature of the problem may be duly pondered by those who are in authority. The State landlord cannot possibly evade responsibility under the customary pleas that the State is entitled by prescription to take such and such a share, or that the State demand, as assessed, is extremely moderate when tried by official tests. With a vast indebted and miserable population of cultivators living from hand to mouth, the term moderation as commonly used to describe the character of the Government demand, has very little meaning. To a drowning man it matters little whether the water is ten or twenty feet deep; and there can be very little doubt that there are in all parts of India many cultivators whose total crop is insufficient to pay the cost of cultivation, and who are physically incapable of paying from the profits of agriculture any State dues at all however moderately assessed.\* That the State land tax is regarded by very many of those who have to pay it as intolerably burdensome cannot admit of doubt, and as population increases, it seems perfectly certain that the land tax, however moderate in appearance, must necessarily become more and more burdensome without any fault whatever on the part of the State landlord.

In this dilemma what is the State landlord to do? Is he in many cases to forgo his dues altogether, and readjust the State demand according to the proved ability of the cultivators to pay, or is he to continue to levy the State dues regardless of consequences? It is doubtful whether any responsible administrator would venture to adopt the second alternative which clearly raises questions of the most serious political importance. A starving and miserable population will not long remain loyal, and a foreign Government cannot afford to run the risk of a general strike against the payment of rent. It would seem then that the Government will sooner or later be driven to accept the unwelcome conclusion that the revenue from land is in many places precarious, and that the existing demand must be lightened if the cultivators are to live and business and social relations be maintained. Those administrators who have hitherto regarded the revenue from land as the sheet

\* It is notorious that many of the humbler cultivators pay their dues almost entirely out of wages earned by themselves as labourers during the slack season of the year. This fact surely is a suggestive commentary on the character of the assessment system as applied to them.





anchor of Indian finance, and whose panacea for all financial difficulties consists in enhancements of the Government demand will doubtless find it difficult to accept this unwelcome view, and every efforts will be made to prove that the Indian milch cow is not running dry, and that the cultivator is still able to pay all that the State landlord asks. But however much the difficulty may be ignored or underrated, there are natural forces at work which will soon bring to a practical test the truth or the falseness of official theories on the subject. The inexorable law of population and the constantly increasing struggle for existence are facts of the most vital importance which cannot safely be ignored or by any possibility be evaded, and when a vast agricultural population has strained its credit to the utmost and is living from hand to mouth and in constant danger of ejectment, it is time for the State landlord to consider whether it is worth while to run the risk of killing the goose for the sake of the golden eggs.

But the financial danger which is involved in the probable diminution of the land tax is by itself a small matter in comparison with the famine difficulty which the whole problem portends. Unless the aggregate outturn of land can be increased as to keep pace with the growth of population, it is clear that the increasing number of mouths to be fed will, as time goes on, absorb first the State share of the crop—now represented by the land tax, and will then stand face to face with actual famine. In various parts of India the pressing question of the hour is how to relieve the growing population from the constantly increasing burden of the Government demand. It is idle to dispute or ignore the fact that this demand is in many places oppressive. It is no faults of the Government that it is so. The increasing burden is as I have endeavoured to show chiefly due to natural laws the potent operation of which was not sufficiently understood, nor even considered when most of the recent settlement schemes were introduced.

For the reasons assigned it will, I think, be readily understood that the State demand is often far more moderate in appearance than in reality. The State landlord undoubtedly wishes and intends that the demand from its tenants should be strictly moderate. Moderation, in fact, is urged by every consideration of justice and sound policy. But apart from the defects which are inherent in all State





systems of assessment, there are natural and social forces at work which elude calculation, and which in practice affect materially the conclusions of the settlement officer, and which make the real pressure of the assessments infinitely heavier than is either intended or desired.\*

But the necessary and almost inevitable imperfection of State assessment schemes is not the only evil connected with the system of State landlordism. The dues assessed have also to be collected by State agency; and the evil of overassessment wherever it occurs is immensely aggravated by the addition of a rigid and compulsory State system of collection.

For the collection and punctual realisation of the State dues from land judicial machinery of the most powerful character has everywhere been provided. Precautionary measures can, if necessary, be taken in advance, and if any actual default occurs, it can always be met by distraint of moveables and in the last resource by ejectment. It is on this power of ejectment that the security of the State dues from land really depends. But the more complete and efficient as a State machine the collection system is, the more harm it is apt to commit. Any State system of collection must almost by the necessity of the case be harsh, rigid, and unyielding. It must be applied more or less mechanically for anything like a detailed enquiry into the merits of individual cases would be impossible, and even if possible, from the State landlord's point of view undesirable as opening a door to all sorts of abuses. The State landlord regards the collection of the State dues from land primarily as a matter of finance, and all the machinery and practice of the revenue courts is devoted to the task of securing punctual and methodical realisation. But the question obviously arises—How far is a mechanical and rigid system of this kind suited to the conditions of Indian agricultural life? Is there not some danger that a system of this sort may have the effect of crushing the weaker cultivators altogether, and driving the great majority of tenants into chronic and hopeless indebtedness?

On this point the opinions of revenue officers in different parts of India are known to be at variance. It was strongly urged upon the Famine Commissioners that the present

\* Note, for example, Sir James Caird's significant statement that the present scale of court fees operates as an addition of 40 per cent. to the land revenue paid by the humbler classes of litigants in the Civil Courts. See letter to the 'Times' quoted above.



rigid system of collection was not only productive of temporary hardship to the agricultural classes, but often inflicted permanent injury by plunging them into indebtedness from which it was rare for them to recover. Report, part II., p. 127.

The Famine Commissioners admitted that this opinion commanded great respect from the weight of authority by which it was supported, but they remarked that there was considerable divergence of opinion as to the degree in which the depression of the agricultural classes in parts of India was connected with the system of collecting the land revenue, and as to how far it would be safe or expedient to modify in any material respect the existing arrangements. They point out strongly the impossibility of enquiring into particular cases, and adverted to some of the advantages which certainty in demand for land revenue provided.

They observed—"So far as the land revenue partakes of the nature of rent, it is wholly impossible that the State through its officers can obtain the intimate knowledge of the condition of individual cultivators which is possessed by an ordinary landlord, and nothing but mischief could come of the attempt to regulate State action by the presumption that such knowledge could be obtained. So far again as it is of the nature of ordinary taxation the collection of the State demand will necessarily be largely governed by the principles which apply to such taxation, and among these certainty and inflexibility are universally recognised as most important." They pointed out that the principle of a fixed demand provided a strong incentive to thrift and self-reliance by encouraging the habit of laying by in a good year to meet possible losses in a bad year. The important general principle was at the same time expressed that nobody ought to be forced to pay the land revenue by borrowing when his crops have been such as to leave him no surplus above the amount needed for the support of himself and his family.

The Famine Commissioners also expressed their opinion in favour of Collectors using their discretion in individual cases, and thought that a system of yearly assessment was more suitable for tracts like Sind the cultivation of which



is dependent upon fluvial inundation than the Bombay form of settlement.

They also admitted that in the case of depressed populations an exceptional system might often be introduced with advantage.

“The plan, they say, of a fixed assessment regularly collected is based on the assumption that the people by whom it is to be paid are on the whole of a sufficiently thrifty and far-sighted character to lay up in good years the means of meeting the demand for revenue in years of less prosperity. But there are populations where such qualities exist if at all, only in a rudimentary form; and with these the rigid enforcement of the payment of revenue may tend to an indebtedness leading on to complete insolvency.”

The passage quoted seems to contain a very important admission; and I invite attention to it because it specifies with clearness and precision the point that is most frequently attached in the British settlement systems.

There can be no question that the assumption which underlies the plan of a fixed assessment is by no means of universal application; and although the Famine Commissioners admit that there are populations of agriculturists neither thrifty nor far-sighted enough to lay up in good years for means of meeting the demand in bad years, yet no practical application has yet been given to this most important principle.

No doubt there will in practice be much difference of opinion regarding the classes to which these remarks of the Famine Commissioners should apply. British officials will generally be found disposed to overrate rather than underrate the possession of sufficient thrift and prudence in the agriculturists concerned to justify the plan of a fixed assessment, while natives of experience will almost unanimously assert that at least three-fifths of the whole agricultural class are by habits and associations both careless and unthrifty, and that with people of this sort the plan of a fixed assessment rigidly enforced can only lead to hopeless insolvency.

The agricultural community as a whole is divided into two great and well understood classes, which are invariably distinguished under the native system as superior and inferior. The superior class in the Bombay Presidency consisting chiefly of Brahmins and Kanbis with a sprinkling of Talabda Kolis, Rajputs, Borahs, &c., are the

Analysis of agricultural classes.





cream of the agricultural community. They notoriously hold all the best land in the country, and are the possessors of all the agricultural skill and knowledge in Western India. They claim to be the original owners of the soil; and have in fact, outlived all the dynastic changes of several centuries. Such are the Khandesh Kanbis, the Rutnagheri Khotes, the Guzerat Narwadars, the Broach Borahs, and the Surat Desais. The inferior class consists of all others employed in the business of agriculture. It is mainly composed of Mussulmans, Rajputs, Grassias, Marathas, Kolis, and Bhils, all of whom have been compelled by sheer force of circumstances to change their swords into plough shares and to resort to agriculture for the means of bare subsistence. The Rajputs, Grassias, and Marathas were the fighting classes that gave the British Government most trouble when they first became connected with this Presidency. The Kolis and Bhils are the aborigines of the country. Up to the advent of British rule they were simple savages, armed with bow and arrow, and living by plunder. The reclaiming of this numerous and prolific class to peaceful industry is among the greatest achievements of British rule, but it must be clearly understood that the six classes mentioned differ *toto cælo* from the superior agricultural classes in skill, knowledge, and in all the various qualities requisite to success in agricultural life. One of the points which is most often attacked in the British system of land revenue administration is that sufficient attention is not paid to the essential differences between the various classes of agriculturists concerned. The British system has assumed a substantial equality to prevail between all classes of State tenants. The State landlord looks at nothing but the supposed productiveness of each field according to an artificial standard, and then proceeds to assess all cultivators substantially alike. Of course there are some exceptional cases where the Government demand for political reasons is kept below the usual standard, but the statement that all cultivators in the settled districts are assessed alike is broadly and substantially correct.\*

It is nothing to the purpose to say that the Government is not bound to underassess the State land because of the

\* The remarks above apply chiefly to the Bombay system, but it is understood that in Madras and other parts of India the same defect is almost always apparent.





laziness or inability of its tenants. Existing conditions cannot be ignored without mischief; and in practice it is perfectly well known that the productiveness of land and the ability to pay rent are essentially dependent on the personal skill of the cultivator which may be predicated with sufficient accuracy for all practical purposes from the caste of each. When it is stated that the inferior class of cultivators stand to the superior in point of numbers as about 5 to 2, it will readily be understood that the question discussed has a very practical bearing; and it is evident that this want of discrimination has an obvious tendency to cause much hardship to the poorer and less capable class of cultivators.

I have endeavoured above to describe in rough and general terms the actual working of State landlordism in practice, and to point out in some detail a few of the weak points which are inherent in the present State system. It may perhaps be replied that granting the general truth of what has been asserted, the obvious remedy is to correct the defects pointed out, and improve the administrative machine. That the present state system of assessment and collection is open to improvement no one can reasonably doubt; but if the principle of State proprietorship and State landlordism be really open to the grave objections of principle before noted, it is clear that no administrative improvement will go to the root of the matter. Such improvement can only palliate cannot possibly cure the radical evil of State agency.

The gist of all that I have written above is to show that the existing system of State agency is not only wrong in principle, but mischievous in practice. While, however, I condemn the principle of State agency, I have been careful to avoid the slightest reflection on the State landlord—the Government.

The existing system has descended to the British Government as a political inheritance. The Government did not create the system, and cannot easily get rid of it. They have accepted the position of State landlord as one of the many inconvenient and anomalous incidents pertaining to British sovereignty in India.

But the British Government claims to rule in India by the light of western knowledge and western civilisation; and when hard facts seem to remind us that there is danger



ahead and in the near future, it is time that the Government should take stock of its real position.

The fundamental position on which I would lay stress is this. That no successful land administration by the State is possible without a careful attention to sound principles.

Wanted a declaration of principle and cautious change of policy.

The past history of Indian land revenue administration is chiefly distinguished by a remarkable absence of consistency and a complete neglect of principles. The main thing now wanted seems to be a public and formal declaration of principle, coupled with a cautious and careful advance in the direction indicated by good policy and sound principle.

Proposals in this sense were actually made by\* Sir Louis Mallet in 1875, but were then deprecated by the Secretary of State for India on the ground (1) that the Government cannot afford to make any sacrifice of revenue; (2) that the home Government has no real power to enforce the working of any consistent policy. For these reasons he thought that the *status quo* should be maintained; and that the land revenue policy of the Government should be allowed for the present, as Sir George Campbell termed it, 'to drift,' until the teaching of experience had shown more clearly the direction in which some definite action should be taken. It may be remarked that since this opinion was recorded the terrible Bombay and Madras famine of 1877 has occurred, and the agricultural problem in various parts of India has become more distinctly accentuated. The disturbances in the Bombay Deccan followed by the Commission of Enquiry and the remarkable legislation instituted thereupon; the extreme depression of the superior landlord classes in Sind, in Guzerat, in Chota Nagpur, and in Jhansi, necessitating in each case resort to special legislation,—all these incidents have apparently materially altered the situation since Lord Salisbury wrote; and exhibit, it would seem, some of the more pressing dangers of the present situation.

Under these circumstances it is doubtful whether Lord Salisbury's advice any longer applies. It is quite possible that in view of recent experience he might feel that the policy

\* Minutes by Sir Louis Mallet, dated 3rd February 1875, and 12th April 1875. See Notes on Indian Land Revenue at pp. 134 to 146 of App. I. to Famine Commission Report.

of 'drifting' had lasted long enough, and that if the ship of State is to be kept of the shoals and rocks around, a definite course must be decided on, and a firm hand maintained on the rudder.

No doubt there will be found immense practical difficulty in effecting any radical change of system. The main current of bureaucratic opinion is almost entirely in one direction, and the expediency or even the possibility of abolishing State proprietorship is an idea which it will take some time for official opinion to realise.

In order to prevent the fundamental question of principle from being formally raised, there seems to be an increasing disposition on the part of officials to deny the gravity of the symptoms reported, and to maintain generally that the official system is working well. But the official view seems to be habitually contradicted, and it is matter of common observation that there is between officials and non-officials an unceasing struggle about facts. Is the agricultural community as a whole and exceptional cases apart, substantially prospering or the reverse? Are the cultivators as a class better off than they were thirty years ago?

In each province controversy does, and will continue to rage about the facts. The testimony of native societies, of the native press, and of non-officials generally, is distinctly hostile. The Government is denounced as an oppressive landlord, and the grievances of the agricultural community are the chief stock-in-trade of native journalists. The tendency of officials and officialism generally is to cry All's well, to palliate and minimise all the awkward symptoms, and to attribute them to special and removeable causes rather than to any question of principle.

The Famine Commissioners have apparently attempted to hold the scales as evenly as possible between two extreme views. They admit the fact of chronic and extensive indebtedness in all parts of India and they speak very strongly about the sad condition of the peasantry in Bengal, and the depression of this class in certain other localities. But at the same time they insist upon the general moderation of the Government demand, and the extreme lightness of taxation under British rule. They observe that although a section of the landholders has suffered, "we ought not to overlook

Opinion of Famine Commissioners.



"the fact that the class as a whole has prospered under British administration, and that the more enterprising and substantial landowners have greatly benefitted by the enlargement of their proprietary rights, and by the moderation with which the land revenue is now assessed." Part II., p. 131. No statistics on this point are given; and it is not very easy to arrive at any certain conclusion on the subject. Both parties may find in this Report some evidence in support of their respective views.

The extreme difficulty of arriving at any sound conclusion regarding the facts is nowhere better illustrated than in

Struggle about facts. the recent discussions and correspondence on the subject of the Bombay Deccan. The popular native view undoubtedly is that there prevails throughout the Deccan, amongst at least three-fifths of the agricultural population, poverty of an acute and hopeless kind, which has been mainly caused, it is supposed, by the harsh working of an unsuitable revenue system. The official view is that the extent and character of the agricultural depression has been much exaggerated and unduly emphasised, that the chief distress is confined to a comparatively small tract, that the community, as a whole, is prospering under a mild and suitable revenue system; and in short—to use Sir Richard Temple's words—that "the condition of the Deccan peasantry is improving, and goes on prospering and to prosper in a rude but substantial way."

Compare again on this subject the remarkable conflict of testimony which was elicited about the working of the Bombay revenue system at the recent debate in the Supreme Legislative Council on the proposal to amend the Deccan Agriculturists' Relief Act, reported at p. 7 to p. 40 of the Supplement to the *Gazette of India*, dated 6th January 1883.

Dr. Hunter on that occasion appears to have given expression to what is undoubtedly the popular native view of the question. "The fundamental difficulty, he said, of bringing relief to the Deccan peasantry, as stated by the chief special judge entrusted with the task, is therefore that the Government assessment does not leave enough food to the cultivator to support himself and his family throughout the year."

And although every effort was made to discredit Dr. Hunter's testimony on the point, the general tendency

of the debate appeared to show that there was a strong suspicion in the minds of several of the most experienced members of Council that the Bombay Revenue system was more responsible for the present state of the Deccan than it was found prudent or politic publicly to admit. The Hon. Mr. Crosthwaite is reported to have said that "speaking from his own experience as a Revenue officer" he did not believe that without a proper revenue system—"by which he meant a system that would ensure discretion" and moderation not only in the assessment but in the "collection of the revenue—the conditions being so bad" as they had been described to be, could be materially improved. He believed that when widespread indebtedness of this sort was found among the agricultural "classes of a large tract of country a prudent Government" would look to its revenue system to see if it was well "suited to the conditions of the country. As regarded the" present case he had the very best authority, namely, that "of his hon. friend Mr. Hope for attributing some part" of the indebtedness of the raiyats to defects in the "revenue system. He wished to speak in terms of the" greatest respect of the Bombay Survey and Revenue "Departments and of the Revenue officers and of the many" great men who had served in that Presidency; but he did "wish to see this question dealt with in a more liberal" spirit than that in which it had hitherto been met."\*

The same subject, namely the general condition of the peasantry in Bombay, again came up for discussion in the debate on the Bengal Tenancy Bill. The Hon'ble Kristodas Pal on that occasion commented on the excessive severity of the assessment in parts of the Bombay Presidency, and referred to official reports and statistics showing in his opinion the oppressive character of the revenue system which accounted as he thought for the "apalling severity" of the famine of 1877. He referred at the same time to a similar state of things in other parts of the Empire, and maintained that whatever might be said about the miserable condition of the Bengal peasantry they were certainly in no worse condition than the Government tenants in other parts of India. Of course a challenge so direct was immediately met by a reply that the description given of the Bombay peasantry was incorrect. The Hon'ble Mr. Hope is



reported to have said, " If the means were at hand I could " show with the greatest readiness from the most ample " statistics reaching back for a number of years both of " trouble and of plenty that the Province has gone on in- " creasing both in wealth and prosperity during the last fifty " years in which British rule has been gradually consoli- " dated and elaborated. This growth and prosperity I " could prove not merely as regards the Presidency gene- " rally but as regards particular districts. Taking even the " districts to which the Deccan Agriculturists' Relief Act " applies, it would be easy to show that these very districts " have largely increased in population, cattle, cultivated " land, wells and other substantial signs of wealth."\*

It seems to be fairly open to remark that if mere increase of population and cultivated land can be regarded as a substantial sign of wealth there is no part of India, Bengal included, that could not be easily shown to be in a flourishing condition. But of course the tests referred to are altogether inconclusive, and none but blind partizans can accept either of the extreme views above expressed. The Bombay peasantry as a whole are neither as much depressed as they are represented to be by the Hon'ble Kristodas Pal, nor are they in the extremely flourishing condition predicated by their official representative.

It is generally admitted by impartial observers that about two-fifths of the land-owning classes in Bombay are in a satisfactory and flourishing condition, while the remaining three-fifths are depressed in various degrees.

Unfortunately the debates seem to disclose some signs of official jealousy in high quarters, of a disposition to take sides, and to make controversial capital out of the discussion. In the interests of truth and of sound policy this tendency is to be deplored, for it diverts attention from principles, and is calculated to obscure and embitter a controversy which is quite difficult enough already. If the intricate question of land revenue administration has to be fought out on provincial party lines, Bombay or Madras versus Bengal; and if each provincial Government makes it a point of honour to fight for its own system, the country may despair, indeed, of the truth becoming known until a general collapse occurs.



But the truth though difficult to get at does not lie at the bottom of so deep a well after all. There are certain admitted facts and phenomena which require no official interpreter, which speak for themselves, and which he who runs may read. These central facts are (1) the normal and unchecked growth of population under the Pax Britannica which prevails throughout Hindustan, (2) the serious and apparently chronic condition of indebtedness into which the majority of the agricultural community in all parts of the Empire has admittedly sunk. It seems to be very generally allowed that the struggle for life in nearly all parts of the Empire is gradually becoming more intense; and debt, depression, and misery in various degrees seems to be generally regarded as the normal condition of the humbler cultivating classes. The Famine Commissioners state, as above already quoted, "that about one-third of the land-holding classes are deeply and inextricably in debt, and that at least an equal proportion are in debt, though not beyond the power of recovering themselves." When it is remembered that the agricultural population numbers at the lowest estimate some 35 millions, the very serious nature of the statement made by the Famine Commissioners will at once be apparent. Some 11 millions of agriculturists at least are now reported on the best authority to be "deeply and inextricably" indebted, while a similar number are reported to be involved but in a less degree. Surely no more damaging piece of evidence than this could possibly have been given by the most hostile witness.

The Native Press teems with complaints of the misery and want which is said to be generally prevalent amongst the humbler cultivating classes. Ominous facts are from time to time reported about the predatory classes taking to the hills and resorting to dacoity on an extensive scale; crime is known to be exceptionally prevalent among all the lower classes dependent on the land; and a general sense of unrest and insecurity has on several occasions recently been manifested in quarters where it was least expected. The facts referred to are only too readily accepted by discontented or disloyal writers as ample excuse for attacking the Government. They gladly make use of the facts to found a railing accusation against the State landlord. But the writers appear to be as a rule pro-

The Native Press and Native public opinion.





foundly ignorant of the \*social and economical forces at work, and scarcely ever even allude to them, or raise the broad question of principle. As witnesses in an important public controversy they habitually discredit themselves by their too evident animus and flagrant unfairness. But the facts which are thus misapplied are often correct and serious enough, though the reasoning which is founded on them, and the conclusions drawn are usually wrong.

However much these facts may be denied, or their significance palliated or minimised, it will sooner or later have to be recognised that the facts of the situation are fully as grave as Sir Louis Mallet, Sir James Caird, Mr. Giffen, and many other most competent witnesses have repeatedly asserted them to be. We are, in fact, face to face in India with a serious national peril; and it would be a fatal mistake to suppose that the administrative breakdown which has occurred in the Bombay Deccan, in Sind, Jhansi and elsewhere is due to temporary and exceptional causes which have no application elsewhere.

The agricultural community in India is very generally smitten with a baneful and depressing disease,—the disease of State landlordism and excessive State control. The agricultural industry is, in fact, working in fetters; and all the main incentives to industry and accumulation are conspicuous by their absence. Unless some drastic remedy be applied, this disease must in the ordinary course of things lead to a collapse; and the same climax may in all cases sooner or later be expected, viz., a general suspension of credit, and some marked manifestation or another of agrarian discontent.

Assuming then that there is grave danger in the present situation, the practical question now is, in what direction are changes required to be made?

For our compass we must look to the teaching of history and of economic science, and we much endeavour to adapt the teachings of Western experience to the actual wants and circumstances of modern Indian life. Sound principles based on European experience, modified by native advice to suit existing conditions, seem to offer the only chance of a safe and permanent solution of an ex-

\* The bearing of polygamy, infant marriage, and other social customs of the Hindus, on the general growth of population is a very suggestive and important matter which I commend to the attention of native thinkers.

remely difficult problem. I would urge then that a start be made by a clear and unhesitating declaration of principle to be followed by a cautious and well-considered advance in the direction of renouncing by degrees the policy of State proprietorship and State landlordism. It is unnecessary and probably undesirable to depart suddenly from all the old traditions or to introduce at once any violent or sweeping changes. India is vast enough and diverse enough in character to admit of the adoption of several systems, and as a matter of fact the existing provincial differences are considerable. Anything like uniformity for the mere sake of uniformity is neither necessary nor desirable. It is of course essential that some practical steps be taken in pursuance of the principle publicly declared. A mere declaration of principle would be of very little use. I have no intention of raising in these notes a mere academical discussion or what the late Sir Erskine Perry would consider a 'speculation oisif.' My purpose is of the most practical and commonplace kind, viz., to make clear the nature of the dilemma in which the Government is placed, and to suggest the most appropriate and convenient way of getting out of it.

Starting then from the fundamental position that State landlordism and State agency must be gradually got rid of, I would advocate (1) a cautious and careful substitution of private enterprise for State agency in the business of administering the land revenue, (2) a reconsideration of the policy of redeeming and permanently settling the State dues from land. There are probably more ways than one of giving effect to the policy suggested, but the following scheme which is based upon native custom and native revenue traditions seems to offer on the whole a better chance of success than any other scheme which I can propose.

To give substantial effect to the first suggestion

#### Agricultural Banks.

I would propose to make use of the valuable machinery of Agricultural Banks. The value of such Banks and their applications to the circumstances of Indian agricultural life has recently been discussed with much ability by Sir William Wedderburn, Bart., of the Bombay Civil Service. The idea has been warmly supported by Sir James Caird and other eminent authorities in England; and the Government of India have avowed their strong





desire to promote in every way the success of the proposed scheme.

The State dues which are now assessed and collected in detail by State agency should by degrees be made over in each District to a local syndicate of native capitalists, on condition of their undertaking to be directly responsible to Government for the aggregate sum of the State dues to be collected.

Assuming that a syndicate of substantial native capitalists could thus be formed in each district who were in a position to guarantee to Government the full amount of the State dues now collected, it is clear that the financial advantage to Government would be very great indeed. It would be spared all the trouble and risk of collection, while the imperial revenue from land would be secured far more satisfactorily than it is at present.

In addition to the provision for the punctual payment of the annual State dues the Banks might be required—

1. To effect a settlement of the cultivators' debts under Government supervision.
2. To advance money to cultivators at specified rates of interest for *bona fide* necessary purposes.
3. To maintain in proper repair all petty village works.
4. To arrange with Government for the construction and repair of irrigation works such as tanks, bunds, dams, &c.

Each of the heads mentioned would require of course to be carefully considered in detail before any definite arrangements could be effected; but assuming that the plan thus roughly sketched could be put into execution, let us consider briefly the terms which the Bank might reasonably ask in return for the performance of the very great public services enumerated above.

In the first place it would be necessary to give power to the Bank to effect a new settlement with the cultivators. This settlement should be based on the old Batai system of the country, the customary State share of the crop being for the purpose of this settlement valued in cash, and commuted for some fixed period. The justice of a settlement framed on these lines could not reasonably be disputed, being in accordance with universal native custom; and the correct cash valuation of the State share, though doubtless a difficult operation, could probably satisfactorily be accomplished for each village by a board



of experienced native arbitrators under official supervision acting as a Panch.

Secondly, for the recovery of its dues from cultivators the Bank should have the privilege of applying whenever necessary for the assistance of the revenue officers of Government; and should be entitled to employ for the recovery of their own dues the same compulsory process which is now employed by Government.

It would be an essential part of the proposed scheme

Working of proposed scheme.

that all compulsory process for the recovery of the Bank dues from cultivators should be executed only by the revenue officials of Government; and that ejection should only be permitted in the last resort, and subject to the recorded sanction in each case of the Collector, who must be satisfied (1) that the cultivator has been fairly treated by the Bank; (2) that he is unable to pay by any reasonable instalments the dues that he is equitably bound to pay. In any case in which ejection is enforced with the sanction of the Collector, the Bank should be entitled to make their own terms with the new occupant subject again to the Collector's confirmation. All cultivators under the proposed settlement should be entitled to written leases for not less than five years; and such leases should be signed by the Collector. Subject to the conditions stated, cultivators should enjoy under the new settlement in all other respects precisely the same rights and privileges which they now enjoy under the existing law. The Collector should be the final court of appeal in all cases of dispute between the Bank and the cultivator. He should sit as a Court of equity, and it would be his chief business to promote in every way the friendly and harmonious working of the scheme proposed. The Government would not part with its proprietary rights, nor abdicate its functions as State landlord, but it would under the scheme proposed delegate some portion of its rights to native capitalists, who would have most substantial inducement to do the work satisfactorily, and who are in every way more competent to manage the land and look after the interests of the tenants than any kind of State agency can be.

The proposed scheme would at once supply an extensive and much-wanted field for the investment of private capital, and would provide ample employment for competent native industry on a large scale. That there would be many





advantages in the realization of such a scheme seems obvious enough; but some doubt might be felt whether in the actual working it would be practicable to protect sufficiently the interests of the cultivators. I am humbly of opinion that it would be quite practicable to give them very substantial protection, and can entertain no doubt that the cultivators would experience the greatest relief by the substitution of an elastic system of collection by private agency for the present rigid and compulsory State system. The very ample powers which I would propose to confer on the Collector could not fail if judiciously worked to obviate any serious abuse; and with cordial and sympathetic direction it seems to me that the interests of all parties might be securely and efficiently provided for. There is no necessity for introducing the new scheme everywhere all at once. It would on every account be desirable to give the new scheme a fair trial in selected districts. If it were found to work well, it might be renewed from time to time on the distinct understanding that so long as the State dues were punctually paid by the Bank and the condition of the cultivators was deemed to be satisfactory by Government, the administration of the Bank would not be disturbed. An understanding of this kind would probably do more to secure the interests of the cultivators and to promote the general success of the whole scheme than anything which could be suggested. The Bank would then have the strongest inducement to make its administration as satisfactory as possible; while the cultivators would have a solid guarantee that their interests would not be sacrificed by any desire on the part of the Bank to make excessive profits in too short a time. If experience showed that the administration of the Bank was not satisfactory, there would be no insuperable difficulty in reverting to the ordinary state system.

It will probably be said that the scheme now proposed is in its essence merely a return to the familiar native system of farming which was tried many years ago, was found to be full of abuses, was condemned in its merits and discontinued. The proposed system involves no doubt a partial return to the farming system, but under conditions greatly changed and improved in every way. The old system broke down not because the system itself was bad, but rather because of the conditions under which it was



worked. Before the survey was introduced the Government was practically entirely at the mercy of its native subordinates. There were no accurate records or statistics available. All information as to the area of holdings and the out-turn of land was practically guess work, and there was a very general disposition on the part of cultivators and native subordinates alike to prevent the Government officials from obtaining anything like accurate information. An enormous amount of public land was found to be alienated on every sort of pretence, and without detailed and exhaustive enquiries it was absolutely impossible to tell what the rights of Government in any given area really were.

While the Government was in this state of ignorance the old system of farming the State dues was suggested by many considerations of convenience and expediency; but it is not surprising under the circumstances that all sorts of abuses very soon made their appearance. The Government, it was found, habitually farmed their dues either for too much or for too little. In the first case the cultivators were oppressed; in the second there were usually suspicions of fraudulent misrepresentation. It was very soon felt that a survey and accurate record of all existing rights in the land must be the foundation of any State system of land revenue administration and the introduction of the survey system marks the first serious attempt of British administrators to grapple with the difficulties of the land revenue problem.

But in throwing over the old native system and discarding entirely the revenue traditions of the past the Government only steered clear of Scylla to fall into Charibdis. The Government were no doubt animated by the most benevolent intentions in introducing a quasi-scientific settlement of the Government dues at moderate rates, in discarding middlemen as much as possible, and in deciding to bring the Government into direct relations with each individual cultivator; but they do not appear to have made sufficient allowance for the necessary and unavoidable evils of State agency, nor do they seem to have considered sufficiently the extreme importance in an economical point of view of fostering private industry and stimulating production. In thus suddenly breaking with all the old native traditions and introducing a system of direct State agency they practically ruined what was in effect one of the





most important private industries in the country, namely the collection and administration of the Government dues by middlemen of various kinds, and they closed thereby a most extensive and profitable field for the investment of private capital. In short the new system introduced by the British Government effected what really amounts to a complete revolution in the land system, and one which has profoundly modified all industrial and economical relations. The object of these notes has been to point out in some detail why the new State system has not been as successful as its founders predicted, and if it be admitted that there are grave practical objections to the present system of State landlordism and direct State agency, it would seem that some combination of the old and new systems offers perhaps the best chance of a safe and permanent solution of a problem which is undoubtedly a very difficult one. Instead of farming the State dues at sums fixed more or less at haphazard, the Government is now in a position to form a safe and trustworthy estimate of what they are really worth. It also knows with accuracy what the cost of State collection under the present system really amounts to. In handing over the administration in the manner proposed to a syndicate of competent native capitalists, the Government would be in a position to know the precise value of the bargain it was making, and to regulate with accuracy by the standard of the present system the working of the new scheme. The old native system which was found under former conditions to be practically unworkable might now apparently be introduced not only with perfect safety but with the greatest possible benefit to all the parties concerned.

But though immense relief may be anticipated from the substitution of private for direct State agency in the administration of the State dues it will need some stronger and more permanent stimulus to induce the cultivating classes to put forth their whole energy and to adopt improved methods of cultivation. So long as the State landlord claims to exercise the right of periodical resettlements of the State dues, and so long as the amount of these dues are practically dependent as they are at present, on the moderation of the Government for the time being, so long I say, it is idle to expect that the cultivators will invest any considerable amount of capital or will trouble themselves much about



improvements. The absence of any security under the present system sufficiently accounts for the stagnation of productive energy and for the general want of enterprise which is the common complaint on every side. This fact more than any other appears to have arrested the attention of Sir James Caird, whose remarks on this point are suggestive and important.

"There is strong proof that even a thirty years' settlement is not reckoned by the cultivator such a security as would lead him to spend any capital he may save on permanent improvements. A man having two holdings, one of which is only a few acres of personal "Inam" land, upon which the low quit-rent cannot be raised, will spend all his savings upon it in making wells or other permanent improvements, while he will not lay out a penny on the holding which is liable to future increase of assessment. This is a feeling common to cultivators in all countries, and when it attains that best form of permanent security, the right of private property, is the surest foundation of progress, order, and liberty. Whilst the majority of Indian cultivators may indeed find it necessary to adhere to the native principle of continuous tenancy, a Government such as ours in India should offer every facility for changing the tenure to freehold, both because it can be done without loss of revenue, and when done, and in the process of doing, that change would enlist the willing help of the most numerous and most industrious class in improving the yield of the land, and unite their interests with that of rulers through whom alone their possession would be assured. For this object I would suggest that a Freehold Commission might be established in each province who, on the requisition of any occupier under Government, should be empowered to change his tenure to freehold, at a valuation to be made by the officers of the Commission, on such terms as might fairly represent the freehold value at the time. The present system of handing over the right to mortgage the public land, without payment for it, is both a wrong to the general community, whose interest in the property of the State is thus encroached on, and an evil to the ignorant cultivator, who in this way acquires the too easy command of means without that labour and thrift which would enable him to value and retain the boon. The price of conversion might be paid either in cash, or in a rent-charge equal to the yearly value of the price, which might at any time be redeemable. It would then be in the power of any occupier under Government to convert his tenure to freehold by a moderate exercise of industry, frugality, and self-restraint."\*

That Sir James Caird has in this suggestive paragraph touched upon the most important factor in the whole problem can, I think, scarcely be doubted; and it seems difficult to resist the important conclusion that in the redemption of the State dues and the conversion of the tenure

\* Report of James Caird, Esq., C.B., with Correspondence headed Condition of India, p. 2.



into freehold, lies the only possible chance of calling forth the full energy of the agricultural community.

The Famine Commissioners, it may be remarked, appear carefully to have avoided dealing with this most important branch of the subject.

They write as follows at p. 113, Part II., of the Report:—

7. "Though we fully recognise the great importance of the questions that have from time to time been raised as to the permanent settlement of the land revenue, and the grant of a power of redeeming it, these are matters which appear to us to be excluded from the prescribed scope of our enquiry, and we here refer to the subject only to point out that this is the cause of our silence."

In commenting on Sir James Caird's proposals contained in the passage above quoted the Views of Government of India. Government of India remarked as follows:—

33. "Though Mr. Caird advises that the power of transferring their lands should be withdrawn from landholders for their own and for their country's good, yet he at the same time recommends that all landholders should be allowed to redeem the land revenue payable on their holdings by paying double rent for (he says) 35 years. Over the lands thus redeemed the landholder would, of course, have the fullest possible powers of transfer, sale, and mortgage. It might perhaps be observed that this proposal to allow the landholder to redeem his land revenue and create for himself a "freehold" is somewhat inconsistent with the recommendation that the power of transferring their lands should be withdrawn from all landholders. But we, for our part, apprehend that much good would result from any strengthening of improvement of tenures in land, provided the boon can be given without serious pecuniary loss to the State. The proposal to allow either permanent settlement or the redemption of the land revenue on highly-cultivated estates formed the subject of discussion in India for many years. The proposal to allow redemption of the land revenue on a large scale, was, after the fullest examination, rejected by Her Majesty's Government in 1862. Power to redeem the land revenue was restricted to the case of lands required for dwelling-houses, factories, gardens, and plantations. But, at the same time, it was decided to permit permanent settlements in all districts, where the assessment was both adequate in amount and equally distributed. The endeavour to give effect to this decision immediately led to great difficulties. To obviate future loss to the State, it was necessary to define more closely the conditions on which a permanent settlement might be made; and it was declared that no estate should receive a permanent settlement until it could show that a high proportion of its cultivable land had been cultivated, and a high proportion of its irrigable land irrigated, and unless there was no prospect of an irrigation canal being constructed in the neighbourhood. But it was found that even these conditions did not sufficiently protect the State. Sir William Muir pointed out the case of a district in the North-Western Provinces, where a rapid

increase of rents was in progress, and was due, not to the expenditure of private capital, but to a process which would come to pass equally whether the settlement was in perpetuity or for a term of years. It was necessary to assess the Government demand on the rents as they then existed, but to declare that assessment permanent would have been a relinquishment of much future revenue, as it was certain that in the course of time the rents, and with them the Government share of the rents, that is, the land revenue, would be greatly increased. It was for these a similar reasons that the proposal to fix the land revenue permanently was not carried out.

"There are authorities who favour the notion that at some future time it may [not]\* be possible to fix permanently the land revenue of highly cultivated advanced tracts, subject to the proviso that, if the price of corn materially and permanently alters, the land revenue rates should alter too; and perhaps under such a system of permanent revenue rates, referable to a corn standard, some sort of redemption of the land revenue might be allowed. But such redemption would have to be at the rate of 25 years' purchase of the land revenue, and it is doubtful whether, in a country where the interest of money ranges from 6 to 12 per cent., any large sums would be vested in redeeming the land-tax at a rate yielding only 4 per cent. interest on capital. If such redemptions were ever made on a large scale, we think the Government of the day should hesitate to invest its capitalized revenue in public works, though the money might very well be used, either in redeeming the national debt or in converting it from  $4\frac{1}{2}$  to  $3\frac{1}{2}$  per cent. stock."<sup>†</sup>

These remarks seem to indicate that the subject of redeeming and permanently settling the State dues from land is found to be surrounded with great practical difficulties. The expediency of strengthening and improving the tenure of land, and the general policy of redemption is apparently not contested, "provided the boon can be given without serious pecuniary loss to the State." The question therefore practically resolves itself into a consideration of the terms on which a reasonable bargain might be struck. Sir James Caird's proposals on this subject are as follows:—<sup>‡</sup>

"There is a reasonable apprehension in the minds of many experienced Indian officials in regard to the policy of fixing a permanent limit to the growth of the land revenue. It may, therefore, be useful to show that this system of redemption would not diminish the growth of the public revenue. Let us suppose that Government would accept redemption on the plan of 5 per cent. per annum paid half-yearly, to redeem principal and interest in 35 years. This is the rate at which loans for the purchase of the freehold of their farms by

\* The word [not] appears to be erroneously inserted in the original blue-book from which the quotation has been taken. The sense seems clearly to require the exclusion of the negative.

† Report of James Caird, Esq., C. B., with Correspondence headed Condition of India, p. 33.

‡ Condition of India: Report by James Caird, Esq., C. B., with Correspondence, pp. 9 and 10.



Irish tenants are advanced by Government. But no advance of capital would be required in India, as in Ireland, this operation being for the redemption of the Government land, which is the capital. There would not, therefore, be that risk which must attend advances of capital made by Government to one class of its subjects out of the general fund. A landholder could begin to redeem by paying double the present assessment. For example, a man holding 20 acres, at the average rent of one rupee an acre, who desired to convert it into freehold—the land being, we may suppose, estimated as worth 20 years' purchase—would have to redeem Rs. 400, the redemption rate upon which at 5 per cent. would be Rs. 20. He would thus have to pay Rs. 2 an acre for 35 years, one being the present rent, and one for the annual redemption. At the termination of 35 years his land would be his own property. A very moderate amount of thrift and industry would accomplish this, the average present rate is so low. For the cultivators in British India would, even with this addition, still pay no more than the common rate charged to their tenants by the rulers of Native States. And how would the Government stand? There must be an absolute exclusion of the use of the redemption fund in anything but the payment of public debt, or the purchase of the guaranteed railways, or when these are exhausted, as loans for reproductive works. The land revenue of 20 millions sterling, if all should eventually be redeemed at 20 years' purchase, would realise four hundred millions. But it probably would be much more, for as the country improved (and the process would take a considerable time) the redemption rate would rise. Let us, however, assume this as the final result. The net receipts from the land revenue, after deducting cost of collection, are at present 17½ millions. If we can suppose the redemption accomplished, and the whole public debt, inclusive of the cost of irrigation and other public works, and the capital expenditure of the guaranteed and State railways paid off, and the balance of the redemption capital invested in productive works, we should have, between saving of interest on the debt, and the profits from the railways and reproductive works, a clear income greater than before, and with a principle of growth more steady and unobjectionable. But, besides this, there would be the immense gain of freehold tenure, which from the first payment of his redemption money would unite the interests of the landed class in maintaining a settled Government such as ours, with which his interests would be identified; and the costly instrument of a land revenue establishment would at the same time be gradually diminished. All this would be obtained through the industry and thrift of the people themselves.

Under the impulse of these qualities, and in the process of redemption, an improving, instead of an exhausting, agriculture would be introduced. The moment exhaustion is stayed and improvement begins, the fear of over-population will lose much of its danger. There is a large margin to be filled in the present yield of crops before a maximum produce can be reached. Each additional bushel to the acre of the present cultivated area of India is equal to the yearly maintenance of 22 millions of people. And there is as great a dormant fund of power for the attainment of this object in the insufficiently employed labour of India as in its imperfectly cultivated soil."

It would be quite feasible to test by experiment in some selected district whether Sir James Caird's proposals were sufficiently acceptable to be generally acted on. It is useless to attempt to make a bargain on terms which are found to be practically prohibitive. The great difficulty at present is that opinion is divided with regard to the general policy of redemption, and that exaggerated views are apt to be held regarding the real value of the State dues. Those who are adverse to the policy of redemption will be inclined to value the State dues at a price which under the circumstances would be simply prohibitive. Those who are favourable to that policy will be inclined to fix the price at the highest point which landowners anxious to redeem can be in practice induced to accept. If the object be to prevent redemption, nothing can be easier than to arrange prohibitive terms. If the object be to favour redemption it is obviously within the power of practical administrators to arrange terms that should be mutually acceptable.

In connection with the subject of redeeming the land revenue it is important to bear in mind that the State dues in all parts of India are of a very varied character. Sir Bartle Frere\* has very clearly pointed out that there are variations in the proportion of the produce of the land which the State exacts. Secondly, there is infinite variety in the *class of persons* connected with the land who are required to pay the Government demand. Thirdly, on any given area it will be found that different parts of the area contribute of the Government exchequer in very different proportions.

Supposing that the policy of redeeming the State dues were once definitely adopted by the British Government, there would be no necessity to introduce at once any sudden or violent changes, nor is there any reason why all the various kinds of Government dues should be treated in the same way.

Take, for example, the case of holdings subject to quit rents. It is difficult to see what possible objection of principle could be raised to the commutation and permanent redemption of this class of State dues. The Government would be saved all the annual trouble and expense of collection; while the con-

\* Minute by Sir Bartle Frere, dated 10th April, 1875; see Notes of Indian Land Revenue, Famine Commission Report, App. I., p. 111.



version of the tenure into true freehold, known in native nomenclature as 'Nukri,' would be a great boon to the persons concerned. There are many cases in which the Government deals with proprietary or quasi-proprietary bodies holding land on a parcellary. The redemption of the State dues would in many cases of this kind be a wise and politic act quite as much from political as financial considerations. The Government would rid of an immense amount of harassing and difficult administrative work, while the landlords concerned would obtain a vastly increased security of tenure. It will be understood from these remarks that the policy of redemption must be considered in detail with reference to each class of State dues concerned before any general conclusion can be drawn as to the wisdom or unwisdom of a most important measure of State policy. Enquiry would probably show that there are several classes of State dues which might be redeemed at once with great public advantage; while there are other classes which could only be redeemed at a price which the present owners might be unable or unwilling to pay.

The Permanent Settlement of Bengal is constantly denounced on account of its alleged improvidence, and in the recent discussion on the Bengal Rent Bill in the Supreme Legislative Council attention has been called to the difference between the permanently settled State dues and the sums actually received by the Zemindars. The figures are thus given by Mr. Justice Cunningham.

"There are 130,000 revenue payers who pay the Government a land revenue of about 3½ millions sterling, and enjoy a rental officially returned at something over 13 millions sterling."\*

The difference is supposed to afford some measure of the loss which the Government has incurred by permanently settling the State dues. But this reasoning is to some extent at least fallacious, for it assumes the very point which is at issue, viz., whether under the ordinary State system production would have been the same as at present. There are many who assert that the Permanent Settlement of Bengal, notwithstanding the notorious evils connected with it, has caused an immense amount of capital to be

\* Supplement *Gazette of India*, March 3rd, 1883, p. 269, quoted from speech by Hon. Mr. Ilbert, introducing Bengal Tenancy Bill.



invested, and has greatly stimulated productive is very doubtful whether an equal result would be produced without the guarantee of a Permanent Settlement and it must be remembered that it was a new proprietary body and the settlement with them of State dues, rather than the Permanent Settlement of the State dues that has led to all the trouble in Bengal. Had the Permanent Settlement been conducted with the ryots direct instead of with an oppressive body of middlemen who were transformed for the nonce into proprietors, the history of that measure would doubtless have been very different, and the principle of a Permanent Settlement which seems in theory to be unimpeachable, might not improbably have been by this time generally accepted. However that may be there seems to be no reason why the main principle of the Bengal settlement should not now be adopted, without being committed to any of the errors which have so discredited that settlement. In this matter the Government has the invaluable advantage of being able to profit by past experience, and while avoiding the errors of the Bengal settlement the Government need not be precluded from making use of the one really valuable principle of Lord Cornwallis' famous scheme.

It is in this way or in some way like this that we must look for a solution of the formidable famine problem which cannot possibly be solved by improvement of the present administrative machine. If Sir James Caird, Mr. Giffen and others have stated aright the main factors of the problem, various parts of the Empire will always be within a measureable distance of famine, unless some means can be discovered of increasing production so as to keep pace with the wants of a constantly increasing population. The Famine Commissioners as a body seem to place their chief reliance on measures having for their object the improvement of the present State machine. Sir James Caird alone in his separate report has raised the broad question of principle, and has shown that the economical difficulty can only be met if at all by stimulating and increasing production. Without wishing to cast any sort of reflection on the extremely valuable and exhaustive report of the Commissioners, it is open to remark that the question of famine seems to have been discussed by them almost entirely from the practical but narrow bureaucratic

Famine Commission Report.





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While the broad questions of science and sound almost entirely ignored. Sir James Caird is a member of the Commission who has discussed certain economical questions which seem to define the whole subject; and it would have added greatly to the value and general interest of the Report had the Commissioners as a body devoted more attention to the broad questions of principle, and had not deliberately ignored, as being beyond the scope of their enquiry, the extremely important bearing of the question of redeeming and permanently settling the State dues from land.

To any one who considers that the economical is infinitely more important than the administrative aspect of the question, it is impossible to help feeling a kind of suspicion that the elaborate recommendations of the commission do not really go to the root of the matter. The improvements proposed are all doubtless of much value, but they are essentially based on the assumption that the present system of State landlordism must continue. This assumption may have greatly narrowed and simplified the scope of the Famine Commissioners enquiry, but its effect has been to lessen materially the practical value of the Report, and if the view expressed by Sir James Caird is even approximately correct, the recommendations of the Commissioners are apparently little calculated to provide any permanent or substantial security against the effects of periodically recurring famine.

There is also another aspect of the Famine question which deserves to be attentively considered with reference to the proposed policy of abolishing all direct State agency in dealing with the land. It can scarcely admit of doubt that the treatment of scarcity and famine and the general policy to be adopted by the State landlord in such contingencies, essentially depends on the nature of the revenue system for the time being in force. If the State landlord deals direct with each individual cultivator the occurrence of every scarcity cannot fail to involve him in administrative difficulties of a serious character over and above all the financial difficulties arising from loss of revenue.

The question at once arises would not the Government



experience on such occasions the greatest p  
being freed from such administrative di  
getting rid of the overwhelming mass o  
enquiry has now invariably to be mad  
If the Government could be so relieved, would it n  
a far better position to fulfil its more appropriate  
useful functions of encouraging native enterprise and  
stimulating private effort?

There are many persons who think that the famine difficul-  
ties and responsibilities of Government have been seriously  
aggravated and increased by the existing revenue system ;  
and if this system were altered in the direction proposed,  
it is possible that the whole famine problem would assume  
a very different aspect. Of course I do not mean to imply  
that the responsibility of Government in times of scarcity  
and famine could be removed by any possible change in  
the mode of administering the land revenue ; but I assert  
with all due humility that the responsibility and difficulty  
of dealing with such calamities would be materially  
lessened by the adoption of a system which provided  
some kind of natural buffer between the State landlord and  
the ryot. In the presence of such emergencies the State  
landlord under present conditions can scarcely fail to be  
either over-strict or over-lax, for the requisite detailed  
enquiry is in practice beyond the power of any State agency  
whatever. The State landlord must by the necessity of the  
case act in broad general principles, and harshness and  
general want of elasticity can scarcely fail to mark the  
action of the State in dealing with all cases of scarcity.  
The advantage of having between the State landlord and  
the ryot some intermediate private agency would be that  
in all cases except in scarcity of a severe type amounting  
to actual famine the Government would be relieved  
of all detailed enquiry whatever, and would deal solely  
with the native capitalists, who *ex hypothesi* would be  
primarily responsible to Government for the aggregate State  
dues.

In conclusion, I venture to recapitulate very briefly the  
Summary of argument. chief points which I have endeavoured to establish in these notes.

I have denounced the theory of State landlordism and  
State proprietorship as unsound in principle and mis-  
chievous in practice. I have invited attention to the  
suggestive words used by Sir Louis Mallet in 1875 on



stant subject, and I have endeavoured to markably his words have been verified by independent enquirers by Sir James Caird, and others; (2) how entirely they are caused by the actual working of State landlordism in India. One of the theoretical arguments of Sir Louis Mallet has been illustrated in a very striking manner by Sir James Caird, whose chief contribution to the famine controversy was a suggestive and masterly account of the bearing of over-population on the general question of famine. Sir Louis Mallet had pointed out in 1875 the tendency of a system of State proprietorship to remove the natural checks on population; and Sir James Caird has clearly shown that the question of over-population in various parts of India is one of the most pressing importance. Sir James Caird did not indeed in terms connect the system of State proprietorship with over-population; but the importance which he attached to the redemption of the State dues and the conversion of the land into freehold, shows very clearly that he regards the system of State proprietorship in much the same way as Sir Louis Mallet.

I have endeavoured to show in general terms how the land revenue is affected by the vital question of the unrestrained growth of population, and I have pointed out the general direction in which a remedy may be found.

As regards the practical working of State landlordism I have endeavoured to show that the State machinery for assessment is by the nature of the case most imperfect, and that the collection system though complete and efficient enough is almost inevitably oppressive and injurious. For the reasons stated I have recommended a radical change of system in the general direction indicated by Sir Louis Mallet in 1875. I would abolish by degrees State landlordism and State proprietorship altogether, and to that end I would propose to make a commencement by substituting private enterprise for State agency in the administration of the land revenue; and by reconsidering the most important question of redeeming the State dues. The views which I have humbly ventured to express seem all of them to be supported by high authority; and to be in accordance with the received maxims of State policy, and political economy. The Indian problem, as it is now called, is one, the urgency of which is every year becoming more and more pressing, and the



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difficulty of dealing with it seems chiefly to the fact that the British Government in India paid little attention to principle, and has no finite or consistent policy. It is in this subject may be taken up by abler hands. I have ventured to call attention to some important points which are at issue.

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