called. The original instructions prescribing the procedure for determining the land revenue rates, already quoted, make it clear that the right of Government is to a land revenue which "ought to be so lightly assessed as to leave a surplus or *rent* to the occupier, whether he in fact let the land to others or retain it in his own hands." Now, ryots are of three classes, viz., first, land-owners, who do not farm their lands but lease them to farmers; second, ryots, who farm their own lands employing hired labour for performing the manual operations of cultivation; and third, peasant proprietors, who cultivate their lands themselves with the aid of the members of their families without employing hired labour. In the first case, the *rent* is the payment made by the farmer to the land-owner *minus* the cultivation expenses borne by the latter and the return for such permanent improvements to the land as might have been made by him. In the second and third cases, the *rent* would be what the land would fetch annually, had the land been let to a tenant instead of being cultivated by the owner. Where the rent is not ascertainable in this way, it must be taken to be the surplus produce left after paying the cost of hired labour, other expenses of cultivation, interest on stock and farming profits, which last must at least be sufficient for the subsistence of the farmer's family, according to the standard of comfort prevailing in the class to which it belongs. In this Presidency, owing to the prevalence of peasant properties, the letting value of lands is not in the majority of cases ascertainable, and consequently the distribution of the gross produce into its three components, viz., rent, farmer's profits and expenses of cultivation, has to be arrived at by estimating separately the several items of cost. In doing this, the settlement calculations make no special allowance for farming profits.

The enhancement of revenue in districts settled moderate Hence the success of the settlements, growth of the value of landed property and rise in the standard of living among the agricultural classes

73. In a previous portion of this memorandum, I have adduced evidence to show that, notwithstanding the difficulties above alluded to in making even approximately correct land valuations, the assessments imposed by the Settlement department have not been excessive, but on the contrary have been such as to admit of the large increase which has actually taken place in the money value of landed property—an increase which is considerably higher than the increase in the prices of agricultural produce. This result is due to the fact that the Government has in all settlements hitherto made taken care to see that the aggregate revenue of the

tracts settled is not enhanced by more than a very moderate [82] percentage. With the exception of Nellore and Vizagapatam in which the increase of revenue was 11 per cent. and 15 per cent., respectively, and the Nílgiris and the Wynaad taluk of the Malabar district in which a peppercorn rent has been imposed on a large area of waste land included in private holdings, which, under the previously existing revenue system, was charged for only when cultivated, the increase of revenue has in no case exceeded 10 per cent.; and in most cases it has fallen far short of the percentage of increase in the area of holdings brought to light by the new survey as compared with the area entered in the old accounts.[83] The Godávari district and the Masulipatam portion of the Kistna district are really no exceptions to the above statement, because the large apparent increase in the revenue of those districts, shown as due to the revised rates of settlement in the accounts, is really due to extension of irrigation under the anicut works recently constructed and to the fact that the water-rate levied on lands irrigated with anicut water, which had been tentatively fixed at Rs. 3 an acre, was raised to Rs. 4 per acre at the time the settlement rates were introduced and to some extent also to the land assessment itself having been raised in view to the increased value conferred on them by the construction of the anicut works. The statistics collected as regards leases registered in the Coimbatore district in 1889 and referred to in para. 48 of this memorandum show that the rental for which wet lands are leased out are between 4 and 5 times the Government assessment; in the case of dry lands the rental is between 3 and 4 times the assessment and as regards garden lands, or lands irrigated by means of wells, between 5 and 6 times. Of course the lands leased out under registered leases are mostly

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[82] *Vide* statement printed as appendix (*2*) to section VI-A Sir George Campbell, in his minute on certain proposals submitted by Lord Hobart's Government in 1874, in connection with the Madras Settlements (*vide* Notes on Indian Land Revenue, pages 134, &c, in Appendix I to the Famine Commission Report, 1881), has remarked "According to the Governor they (the Settlement department) are supposed to be elaborately carrying out, under explicit instructions from Home, a system of valuation and assessment, on the basis of half net profits, but practically the rate of assessment is decided by very different and simpler considerations, the most important of which *is that no cultivator is to pay more than he paid before, plus a very small percentage*" This circumstance is referred to in a spirit of depreciation by Sir G. Campbell and other persons not acquainted with the objects and methods of Madras settlements and the previous history of the question, but there can be no doubt that it is precisely this moderation so frequently and emphatically enjoined by the Home Government that has ensured the success of the settlements and the improvement of the agricultural classes.

[83] The excess in the area of holdings brought to light by the survey is not in all cases due to waste land encroached upon by ryots and held without payment of tax In many cases they were due to the fact that areas expressed in native land measures were converted into acres in the old revenue accounts at rates which were below the truth.

of superior qualities and form only a small proportion of the total lands under cultivation, and the whole of the rent is not realized in adverse seasons, and consequently it would be erroneous to accept the ratios, ascertained as regards them, as applicable to all lands leased out, much less to all lands generally. From inquiries I have made, I find that in most districts, and more especially in Coimbatore and Tinnevelly, the rental of wet lands taken as a whole is a little less than 3 times the Government assessment, and that of dry lands is about twice. The land-owner has to bear a portion of the cultivation expenses in connection with farm repairs and pays the Government assessment and local cesses out of the rental. Roughly speaking, the net profit of the owner of wet lands may be stated to be half as much again as the Government assessment and that the owner of dry lands makes as much as the Government assessment. Lands in the vicinity of towns, on which market garden produce can be grown give an enormous profit, but, on the other hand, there is a large extent of land of very poor quality on which chance crops are grown. These lands which are on the margin of cultivation pay no rent, and the land tax imposed on them is not a share of the *rent* but a *tax* on the earnings of labour. Individual districts have, of course, been dealt with, more or less liberally, according to the circumstances of the period during which the new settlement rates were introduced and the views entertained by the officers who had a predominant influence in the decision of the question of the extent to which the tracts settled could bear increased taxation. Thus in the Trichinopoly district, which was settled by Mr. Puckle at a time when the country had just begun to recover from the prolonged depression from which it had suffered and when the enormous rise in prices which soon after took place could hardly be foreseen, the assessments were reduced by 25 per cent., notwithstanding that the survey disclosed an increase in the area to the extent of 18 per cent. Salem, Nellore and Chingleput, settled at the end of the period of high prices, were treated less liberally, this being the result of the re-action of the lenient assessments of the earlier period. The enhancement of the revenue in Nellore, especially, viz., 11 per cent., must be considered heavy when it is remembered that the survey, so far from disclosing any excess in the area of holdings, showed a slight deficiency. Taking all the districts in which the settlements have been completed, as a whole, the increase in the revenue due to the enhanced settlement rates does not exceed 5 per cent., which cannot be considered excessive. In special tracts and as

regards individual holdings, the increase of assessment has been much higher and has caused occasional hardship, and it is open to question whether sufficient consideration has been paid by the Settlement department in settling districts to the hardship in individual cases. The question came up for discussion in connection with the settlement of the Nellore district, and the rule was then laid down that, where the revised rates exceeded the old rates by 25 per cent., the difference should not be levied at once but by gradual increments. This is undoubtedly a great boon to the ryots and mitigates, so far as it goes, the hardship caused by a sudden and large increase of assessment, but it is obvious that in years of deficient produce, the revised assessment, even though imposed in this manner, must bear hardly on the ryots and possibly cause a deterioration in the standard of living, if the enhancements be great and general. This danger has to be guarded against even if the settlement calculations are so thoroughly reliable as to justify the confidence that the true "half-net" has been found. To quote Mr. Pedder again. "The conclusion with which Mr. Knight's writings (Editor of the *Indian Economist*) have made us all familiar—that the rates of Government assessment should increase in proportion to a general and permanent rise in the prices of agricultural produce—is based on the assumption that Government tax is or should be a fixed and definite proportion of the gross or net produce. Granting the assumption, the argument cannot be refuted. If the assessment in 1840 averaged in a particular district Re. 1 per acre, and this was equivalent to one-tenth the produce with the grain at Re. 1 a maund, it being assumed that one-tenth produce is a fair assessment, it is perfectly clear that when, in 1870, grain has risen to Rs. 3 a maund, the assessment should be raised to Rs. 3 an acre. Differences in rates of wages, &c., have nothing to do with the question; if the one-tenth produce is fair assessment, it is equally fair whatever the price of grain may be. But the case is entirely altered if we consider the assessment, not as a tax of a certain proportion of the produce, but as a [84] rent regulated and determined by the ordinary standard of comfort

[84] In this connection, it should be mentioned that in the Bombay Presidency the Government has all along been considered as the sole landlord and the occupancy right of the ryot as a recent concession and it is known by the name "Survey tenure." Waste lands are treated as the property of Government and sold to applicants for cultivation. In this Presidency, on the other hand, the ryot has all along been considered joint proprietor with Government and in the case of waste lands, they are granted to strangers only in cases in which the resident ryots refuse to cultivate them and pay the revenue assessed thereon. The land tax, according to the instructions laid down by the Home Government, is or should be in this Presidency not a "competitive" rent, but a *moiety* of the surplus produce "regulated and determined by the ordinary standard of comfort of the peasantry at a particular time."

among the peasantry at a particular time. If, in 1840, the ordinary subsistence of a peasant was then represented by the then equivalent of 10 maunds of grain, but in 1870 it is represented by the equivalent of 20 maunds, it is evident that (assuming the efficiency of cultivation to have remained the same), the assessment of Re. 1 an acre with grain at Re. 1 a maund can only rise to an assessment of Rs. 1-8-0 with grain at Rs. 3, unless the standard of comfort is to be lowered." It is in view of these considerations that the Bengal Tenancy Act of 1886 provides that the rent of an occupancy ryot shall not be enhanced by the landlord even with the consent of the ryot by more than 2 annas in the rupee or $12\frac{1}{2}$ per cent. and that the rent once fixed by contract shall not be liable to enhancement during a period of 15 years from the date of such contract.

Districts in which settlements are in progress Those which remain to be settled, the wealthiest and the most prosperous Necessity for applying the principle of "moderation" to these districts also to prevent impairment of the standard of living

74. The land assessments in 16 out of the 22 districts have been revised in accordance with the principles above referred to, and settlement operations are in progress in the remaining 6, viz., South Arcot, Bellary, Anantapur, Tanjore, Malabar and South Canara. In South Arcot, the settlement rates have been introduced into the two most important taluks, viz., Cuddalore and Villupuram. The revenue from wet lands has been increased by 8 per cent., and that from dry lands diminished by 1 per cent., the net increase on the whole being 3 per cent., while the excess area discovered by the Survey is 8 and 9 per cent., respectively, in the two classes of lands. The Bellary and Anantapur districts are, as recently remarked by Government, "the poorest and most backward in the Presidency, the most sterile and the most subject to drought;" and for this reason, the Government declined to sanction a scheme for the settlement of these districts which would have raised the revenue by 12 5 per cent. After prolonged correspondence, the Government has accepted a modified scheme which will have the effect of increasing the revenue in five taluks in these two districts by 8 per cent., while the increase in the area is only 4 per cent. There is to be practically no increase in the case of wet lands, but on dry lands the revenue is to be increased by 9 per cent. In the Tadpatri taluk, the increase is to be as much as 15 per cent. in the case of dry lands, while the increase in the area is hardly 2 per cent. I venture to think that, having regard to the general poverty of the districts and the unsatisfactory nature of the data on which settlement rates are based, which fact was fully brought out in

the correspondence, even the modified scheme finally sanctioned is not as liberal as the circumstances of the case require. It is true that the taluks to which the scheme sanctioned relates are the best taluks in these districts, and it may be that in the remaining taluks considerable relief from taxation will be afforded; but there is obviously great necessity for caution in enhancing the revenue even in the favorably circumstanced taluks of these backward districts. As these two districts are the poorest in the Presidency, so Tanjore, Malabar and South Canara are reputed to be the wealthiest and the most prosperous. The manner in which these latter districts are dealt with by the Settlement department will form a precedent for adoption in revising settlements in the case of other progressive districts, and the question, therefore, demands, and will doubtless receive, the most careful consideration. In view of the importance of the subject and of the extent to which any decision that is arrived at is likely to influence the prosperity of the agricultural classes, I beg to be permitted to make the following remarks. The Settlement department was, as will have been seen from the account already given, organized to reduce assessments in backward districts, to correct inequalities in the assessments, to promote the growth of the value of landed property and to secure the prosperity of the agricultural classes. To attain these objects, in the early settlements taxation had to be largely reduced. The methods of the Settlement department were acknowledged to be necessarily rough, but any nice adjustment of the rates of land tax on lands of different qualities was not then a matter of great consequence as the question before Government was one of *relief* from taxation and not the imposition of fresh burdens. No ryot could, under the new settlement, be placed in a worse position than he was in previously, though in the adjustment of glaring inequalities found in the old assessments and the merging of the innumerable rates then existing in a few broad classes, one ryot might receive more or less relief than another. The enormous rise in prices which subsequently took place in the decade ending 1870 rendered a large reduction in revenue unnecessary and made it possible to enhance taxation to a reasonable extent, to meet the growing cost of administrative improvements, which the progress of the country and the ever widening duties and responsibilities of Government necessarily entail. The additional taxation imposed has, on the whole, been moderate, and though in individual cases here and there, hardship was caused by heavy enhancements, in the general result the reduction in incomes was probably not much

in excess of what is met with in the ordinary fluctuations of fortune and certainly not such as to cause any deterioration in the standard of living of the agricultural classes. The aspect of the question as regards the districts which remain to be settled is, however, quite different. These districts are believed to be lightly taxed,[85] and whether this is so or not, they

[85] I have based the above remarks on the assumption that the Tanjore, Malabar and South Canara districts are very leniently assessed as compared with other districts already settled by the Settlement department My belief, however, is that as regards Tanjore at all events, this impression is, in the main, unfounded Quality for quality, I do not think that irrigated lands in Tanjore pay a much lower tax than lands in other districts The settlement scheme for Tanjore, now under consideration, will, doubtless, undergo extensive modifications before it is finally sanctioned, but for the purposes of the present argument, the average outturn per acre of irrigated land in the Cauvery delta may be accepted at 24½ kalams or say 33 bushels of paddy In the previous settlements (Mr Kindersley's and Mr Ramiengar's) the outturn had been assumed to be a little less than 24 kalams, and Mr Venkasami Rao in his *Manual of the Tanjore District* calculates the average outturn, with reference to the average rate of assessment and the recognised proportion of the gross produce which the assessment is intended to represent, at 22 kalams Since the earlier estimates were framed, the area of cultivation of lands of necessarily poorer qualities has largely increased, and this must have reduced the average outturn per acre, both because a larger proportion of poor lands than formerly is cultivated, and because the quantity of water available has had to be distributed over a larger area, thus diminishing the supply of water per acre and of the fertilizing silt which it brings On the other hand, the irrigation of the district has been materially improved by the construction of the Collcroon anicut and the Cauvery regulating works, and there is probably much less wastage of water now than before Lands also are believed to be much more carefully cultivated now than in the old days It is, therefore, impossible to say at what figure the average outturn should be taken But assuming simply for the sake of argument the settlement average in round figures, viz, 25 kalams per acre, the cultivation expenses and rent may be calculated roughly as follows The customary charges for reaping are about 5 and for threshing 3 per cent, or 8 per cent of the produce harvested on the whole, after deducting these charges, 25 per cent is paid as porakudivaram or the cultivator's share Other sundry charges, such as farm repairs, manure, and artisans' fees, amount to about 5 per cent The total cost of cultivation not including the landlord's wages for superintendence, comes to about 36 per cent If the land be rented out for fixed rent, the landlord's net rent amounts, on an average, to only 60 per cent of the gross produce, and it must be remembered that, when there is deficiency in the outturn of produce, reductions are allowed in the stipulated rents Under the principles of the existing settlement, the Government assessment is the commuted money value of 47 per cent of the gross produce, of which roughly 45 per cent represents land revenue proper and 2 per cent is set apart for the remuneration of village servants 40 per cent being, as above shown, absorbed by cultivation expenses, the remaining 13 per cent represents the land-owner's profit Applying these percentages to the average produce per acre, the distribution of 25 kalams will stand thus 10 kalams cost of cultivation, 11¼ kalams land revenue, ¼ kalam village officer's remuneration, and 3¼ kalams landlord's net rent The average price of a kalam of paddy in Tanjore may be taken to be about 1 rupee I have examined a large number of registered leases and found that this rate is the one most frequently adopted Out of 556 leases examined in villages belonging to the Tanjore and Kumbakónam taluks the price of paddy mentioned is 1 rupee and less per kalam in 279 and more than 1 rupee in 277 cases for the years 1889 and 1890 On account of the favorable commutation rate fixed for the district, the land-owner, instead of paying for the Government share of the produce made over to him at 1 rupee per kalam, pays only at the rate of 8 annas, or more correctly, 7 annas 8¾ pies. The Government, therefore, instead of getting Rs 11-12-0 on account of land revenue and village officer's remuneration, gets only Rs 5, both because the Government share is commuted at a rate which is only half the market price, and because the gross produce has been under-estimated. The landlord's rent which should be Rs 8-4-0 is, on the other hand, increased to Rs 10, or in other words, the landlord's rent is double the Government assessment This estimate I believe to be above and not below the mark. Now in revising the settlement of the district, three courses may be adopted. The first is to retain the principle of the old settlement and to recalculate the assessment with reference to existing conditions as regards gross produce and market prices. If this were done, the assessment would be increased from Rs. 5 to Rs. 11-12-0 or by 135

are comparatively more favoured by nature than most other parts of the Presidency with the exception of the Godávari and Kistna districts. The unfailing south-west monsoon rains, the ancient anicut works and facilities of sea communication had given these districts an early start in the career of prosperity. Ryots in these districts have had a valuable pro-

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per cent. This will be simply tantamount to giving up all enlightened principles of administration and reverting to the old native system of rack-renting the land by taking a *moiety of the gross* produce. Such a proposal, it is unnecessary to say, Government will not for a moment entertain. The second course is to exact in full half the *net* produce which, as shown by me, is the *maximum* assessment leviable under the principles laid down for regulating the revision of assessment by the Settlement department. If this be done, the rate per acre would come out as Rs. 7-8-0 and the present revenue increased by 50 per cent. The third course is to treat the lands in the Tanjore district in the manner in which lands of the same quality and irrigational advantages in other districts dealt with by the Settlement department have been treated. I have already shown that irrigated lands in other districts pay a net-rent to the landlord equal to about half as much again as the assessment, or, in other words, that the land-tax is not much lighter, if at all, in Tanjore than elsewhere. One test of this is the value of the lands. For the Coimbatore district Mr. Nicholson, whose estimate is as accurate as any that can be framed, gives the average selling price of wet land at Rs. 250 per acre. Land-owners on an average get a return from investments in lands of not more than 5 per cent. At this rate the landlord's profit amounts to Rs. 12-8-0 per acre, which is two-thirds as much again as the average assessment per acre, viz., Rs. 7-8-0. In reasoning from averages, of course, large allowance must be made for possible error, and the calculations above given merely serve to illustrate the considerations to be taken into account in arriving at a decision on the question. The calculations themselves will have to be verified with reference to statistics as regards rental and prices of land taken from the records of the Registration department which are far more trustworthy for these purposes than conjectural estimates. To prevent possible misapprehension, I wish once more explicitly to state that the figures assumed here are hypothetical and are put forward for the purpose of illustrating the considerations applicable to the question and not as in themselves even approximately correct. The average outturn per acre especially might be anything, for ought we know, between 20 and 25 kalams per acre, and I have taken the higher limit for purposes of argument. It is in view of this uncertainty that the settlement calculations make a reduction for "vicissitudes of season" and this I have not taken into account in my calculations, though the Settlement department will have to do so, to avoid the danger of cutting the ryot's profit too close. On the whole I think it may be stated that the wealth and prosperity of the Tanjore district are due, not so much to the undue leniency, as compared with other districts, of the assessment of lands of the several varieties of soil enjoying similar irrigational advantages, as to the fact that the bulk of the lands in the former district is irrigated, or, in other words, consists of lands which yield a large net return. In the case of Malabar and South Canara, data for forming an opinion as to the weight of assessment are not available, and the conditions of agriculture are in these districts so different from those of the districts on the East Coast that it would be erroneous to argue from the one to the other. While, on the one hand, these districts enjoy the advantage of never failing south-west monsoon rains, on the other hand, cultivation is very expensive, in that cattle are scarce and the soil is very porous and the expense of levelling lands which become constantly cut up by torrents is specially heavy. Owing to the hilly nature of the country, to prevent the soil in the uplands from being washed off by the rains and impoverished, banks of great breadth and thickness have to be constructed round fields and the soil collected at the lower end of the sloping fields has now and again to be redistributed over the whole surface. The holding of landed properties by joint families consisting of members belonging to several generations under the Marumakkatayam and Alayasantana systems, the impartibility of these properties except with the consent of all the members of the families, the existence of complicated tenures and customs regarding payment of rent and of compensation for improvements and the fact of the country being covered with plantations which have been formed by the expenditure of much capital and labour both by land-owners and tenants in the course of generations render the revision of the assessment of these districts an undertaking of very great difficulty; and the hardships likely to result by a revision of settlement can be minimized only by making the enhancement of revenue extremely moderate at the outset at all events.

perty in land from time immemorial, while in other places the bulk of the land has only recently acquired value. In wealth, intelligence and enterprise these districts stand ahead of all others and the standard of living is much higher there than elsewhere. It is also true that, if the necessities of Government require extraordinary sacrifices to be made in grave emergencies, these districts are in a better position to make them than other parts of the Presidency. But the question is whether, in ordinary times, it is desirable that the principle of "moderation," referred to by Mr. Pedder, which has been the guiding principle in all settlements hitherto made, should be laid aside and that Government should impose additional burdens amounting, say, to 50 or 100 per cent. of the present revenue, simply in order to level up taxation so as to reach the "half-net," which the Madras Board of Revenue in 1870 pronounced to be "indeterminate," thereby causing depreciation of landed property and disturbance of the relations between land-owners and mortgagees and tenants, at the imminent risk of lowering the standard of living, the raising of which within the last 40 years has been the best proof of the undoubted beneficence of British rule in this Presidency. I do not think that the question can admit of any but one answer. Irrespective of all abstract questions of right, it is obvious that the transference to the public exchequer of a moderate percentage of incomes of the agricultural classes, though it may cause temporary inconvenience, is not likely to leave permanently injurious effects; it may, on the contrary, even call forth energy and forethought and engender habits of prudence among these classes. The augmented resources of Government will also enable it to undertake the many reforms in administrative arrangements and in other directions which the country stands sorely in need of, and a moderate increase of taxation will doubtless, while leaving the margin available for maintaining undiminished, and even increasing the standard of comfort interpose a salutary check to an inordinate increase of population. A sudden and great reduction of incomes must, however, paralyze energy and bring discontent and despair; and when a large portion of the population is subjected to this operation, its injurious consequences can be readily conceived. A landholder's income which has been, say, Rs. 2,000, Rs. 500 or Rs. 100 for 30 years may, without causing permanent hardship, be reduced perhaps to Rs. 1,800, Rs. 450, and Rs. 90, respectively, by additional taxation. The deficiency in the income, which is not much in excess of what one must be prepared for in the natural course of things, whether caused

by changes in the prices of commodities or in the value of money, may be met by effecting little economies in various directions and may even act as an incentive to exertion without compelling the persons affected to forego substantial comforts and conveniences. If the income be suddenly reduced to Rs. 1,000, Rs. 250 and Rs. 50, not in individual cases but in the case of the majority of the population which derives its subsistence from land, whether in the capacity of landlords and rent-receivers, farmers or agricultural labourers, the result cannot but be a great check to the growing prosperity of the country.

The question of permanent settlement of land revenue, the several phases it has passed through

75. The obvious remedy for the evils of periodical revisions of assessment is, of course, the permanent settlement of the land tax, a settlement, so far as the Madras Presidency is concerned, not of the kind made with middle-men in the early years of the century to the injury of the rights of cultivating ryots, but one with the ryot proprietors themselves. This question, as might be expected, has been much discussed during the last 30 years and a full account of the several phases which the discussion went through will be found in Sir Auckland Colvin's "Memorandum on the Land Settlements of the North-West Provinces." In 1862, the Secretary of State for India sent out orders directing that "a full, fair and equitable rent must be imposed on all lands under a temporary settlement," and that wherever this had been done a permanent settlement of the revenue might be made. The measure was considered to be calculated to accelerate the development of the resources of India and to ensure in the highest degree the welfare and contentment of all classes of Her Majesty's subjects. These advantages were believed to be sufficiently important to justify incurring the risk of some prospective loss of revenue in order to attain them. The probable effect of rail-roads, the construction of which was then being vigorously pushed on, it was anticipated, would be towards the equalization of prices in different parts of India and a general improvement in the wealth of the country, rather than to give any peculiar advantage to the land-holders; and the apprehension of a fall in the value of money was considered as not being of sufficient importance to influence judgment, to any material extent, on the question. The Madras Board of Revenue in 1868 also advocated strongly a settlement in perpetuity of the land tax imposed on ryotwar holdings. The Board pointed out that "the ryot is owner of his land in a very limited and uncertain sense so long as Government

retains the right of raising his assessment without his concurrence. It may, and doubtless will be, that the Government will exercise this right with prudence and forbearance, but the uncertainty necessarily lessens the value of the land and affects the ryot's relations with his sub-tenants. The ryot will naturally be debarred from freely investing his capital in the improvement of his estate, because its value is liable to deterioration whenever Government may order, or the public may apprehend, an enhancement of the assessment, and, while deprived himself of a secure title, the ryot can give his sub-tenants no more than leases which must terminate or vary with his own, and must reserve the power of raising his rents, if and when Government raise their assessment. The growth of large estates and the creation of a class like the tenant farmers of England cannot but be impeded by such a policy." The Board accordingly recommended that the land assessments should be declared permanent, while reserving to Government the right to alter, according to circumstances, the water rate levied on lands supplied with water for purposes of irrigation from Government works. The enormous rise in the prices of agricultural produce which took place in the succeeding years, and the influence of the agitation, which was started in England about this time for the appropriation for national purposes of the "unearned increment" in the rent value of lands, had worked a great change in the views of Government, and in 1869 the Secretary of State negatived a proposal made by the Madras Government to declare the grain valuations imposed by the Settlement department to be permanent, remarking that Her Majesty's Government felt themselves precluded from "sanctioning the surrender of such a legitimate source of revenue as the Government share of the increased value which has been conferred on the land by improved administration, the construction of public works, especially works of irrigation and railways, together with the improved prices of produce." In 1871 again, the Government of India directed that the permanent settlement of estates in the North-West Provinces should not be proceeded with, the previous orders on the subject being held in abeyance. They remarked "when the question of the permanent settlement was formerly under discussion, the magnitude of the economic revolution through which India is passing was less obvious than it is now. It may be doubted whether any parallel could be found in any country of the world to the changes which have taken place during the last 10 or 15 years in India; to the diminution in the value of the precious metals and the enormous increase in the prices of agricultural produce." Sir Auckland Colvin sums

up the several stages of the discussion as follows: "With the aspect of the day, the aspect in which the assessment of land revenue is regarded has changed. '*Increased security of fixed property*' has given way to the '*just rights of the State.*' '*Freedom from the interference of the fiscal officers of Government*' is now thought of little account, when compared with '*a sacrifice of any portion of that rental of the land to which the State is entitled.*' The fiscal side of the question is the one chiefly regarded in these days of peace and apparent security." Since Sir Auckland Colvin wrote, the views of the Government of India have once more, owing to the famine of 1876–78 and the distress suffered by the agricultural classes during that catastrophe and the fall in the prices of produce notwithstanding the fall in the value of silver, veered round, not indeed to the position occupied in 1862, but to a point midway between it and that of 1871 when the theory of "unearned increment" was in the ascendant and had taken possession of the public mind. The orders at present in force, regulating the procedure to be adopted in revising land settlements, which will be described at length later on, are based on an attempt to reconcile the claims of the State to share in the unearned increment in the value of property accruing from natural causes with the necessity for seeing that the interference with, and consequent depreciation of, landed property, which the ascertainment of the Government share must entail, is not carried to such an extent as to discourage the investment of capital in effecting improvements to land.

Arguments for a permanent settlement

76. The question of the permanent settlement of the land tax on ryotwar holdings is one in regard to which the arguments *pro* and *con* may be said to be nearly equally balanced. The arguments in its favour may be thus succinctly stated. The *first* is, that the theory of "unearned increment" in the value of land and of the advantage of making it available for meeting public expenditure, with a view to avoid the imposition of *taxation* properly so called, can have but a limited application in this country. The "true rent" of land, that is the rent due to the inherent qualities of soil and advantages of situation, as contradistinguished from value imparted to it by the application of capital or labour, is extremely difficult to discover and is subject to constant fluctuations. There is no certain measure of the fertility of lands, as the rent of the same land varies according to the crops grown and the systems of cultivation practised. There is further great difficulty in deciding what is "normal cultivation," "normal harvests" and "normal prices." As Professor Marshall has pointed out,

good and bad seasons come so much in cycles that many years are required to afford a trustworthy average of harvests and prices; and in those many years, the industrial environment, *e.g.*, the local demand for the produce, the facilities for selling it in distant markets, and for competitors from a distance to compete in local markets, may have all changed. Facilities of communication especially, by equalizing prices, decrease the advantages enjoyed by such districts as Tanjore, Malabar and South Canara, and enhance the values of rich soils in the districts which had been less favorably circumstanced owing to the difficulty of access to markets. *Secondly* the possibility of determining the "economic rent" presupposes the existence of alternative occupations and the possibility of movement of farming capital and labour to them to admit of the ascertainment of the "normal farming profits" and "normal wages." These conditions are almost entirely absent in this country, both because land can be worked as a practical monopoly in the hands of Government which has the power of enhancing the land assessments at its will, and because the manufacturing industries in this country are, relatively to agriculture, of little importance.[86] *Thirdly*, the question as to whether the funds required for public purposes are taken out of rent or raised by taxation is of far less importance here than in England. In England, the bulk of the land is owned by a comparatively small number of persons who have benefited by the enormous[87] rise in rent at the expense of the

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[86] It is the absence of alternative occupations that makes it necessary that a liberal margin should be allowed in settlement calculations for farming profits and labourer's subsistence. Professor Marshall observes: "In the greater part of India the cultivator holds lands directly from the Government under a lease the terms of which can be revised at intervals. And the principle on which these leases are arranged, especially in the North-West and North-East where new land is being settled, is to adjust the annual payments due for it to the probable surplus produce of the land after deducting the cultivator's necessaries and his little luxuries, according to the customary standard of the place, on the supposition that he cultivates with the energy and skill that are normal in the place. Thus as between man and man in the same place the charge is of the nature of economic rent. But, since unequal charges will be levied in two districts of equal fertility, of which one is cultivated by a vigorous and the other by a feeble population, its method of adjustment as between different districts is rather that of *tax*, than a *rent*. For, *taxes* are supposed to be apportioned to the net income which actually is earned, and *rent* to that which would be earned by an individual of normal ability; a successful trader will pay on ten times as large an actual income ten times as large a tax as his neighbour who lives in equally advantageous premises and pays equal rents." As holdings consist of lands of different qualities, it is not by any means easy to adjust the land assessment on the principle above stated, and moreover, over and above the cost of subsistence of the peasants, a margin for profit with a view to accumulate savings to tide over bad seasons has to be allowed for.

[87] It has been estimated by Sir James Caird that the rental of land in England, owing to the increased competition of foreign corn due to improvements in ocean transport, fell from 1876 to 1886 by 20 millions sterling. If, therefore, the proposal of the Land Tenure Association in 1870 of buying up the land-lord's rights and of nationalising land with a view to secure for the State the future "unearned increment" had been carried out, the loss to the country would have been 20 millions sterling annually, which capitalised at 33 years' purchase would have amounted to 660 millions, a sum nearly equal to the national debt of the United Kingdom.

general community. In this country, on the contrary, property in land is diffused throughout the population almost to an inconvenient extent, so much so that landed properties consist mostly of "five-acre farms" and there are nearly as many properties as there are families. The rent of land, therefore, instead of going to swell the fortunes of a few is distributed over the whole population and the objection to raising the funds required for the purposes of Government by taxation of earnings instead of by appropriating the "unearned rent" is deprived of much of its force. The right of Government to increased revenue from waste lands brought under cultivation will, under the ryotwar system in force in this Presidency, of course remain intact. *Fourthly*, the limitation of the land-tax will allow large scope for the development of taxation [88] for local and provincial purposes on lines determined with reference to the wants and requirements of the several provinces or districts, and will, subject to the condition of contributing to the common expenses of the Empire according to actual needs, enable Local Governments to devote their energies to the improvement of the provinces committed to their care in the way best calculated to secure it, without being subjected to external interference. In this connection it must be remembered that, when the principle regulating the share of the net produce which was to represent the land tax was settled in 1856, it was intended that the charges for the maintenance of roads and of village establishments should be met out of the Government assessment, and accordingly it was declared that the assessment included a percentage set apart for these purposes. The original principle has since so far been departed from by the development of the system of local taxation that, as regards the local land-cess at all events, the charges which it was intended should be met from the Government share of the produce are now practically met out of the ryot's share. Various proposals on an extensive scale, such as, the improvement of village sanitation and water-supply, extension of elementary education, relief of the poor and distressed not merely in times of famine but in years of partial failure of crops, are being pressed on the attention of Local Governments, and the work and responsibilities of these Governments are being enormously increased in various directions; and if these responsibilities are to be adequately discharged, it can be done only by widening the basis of local

[88] In this connection the remarks of Mr. Giffen on the development of local rates in England in his "Essay on Taxes on Land" (see *Essays on Finance*, 1st Series) are so apposite that I have ventured to extract them in the appendix VI.-A. (3).

administration and, with it, of local taxation. The development of local taxation will also enable Government to call upon Zemindars who have largely benefited by the increase in the value of landed property throughout the country to contribute towards the performance of duties to their tenantry which, it was intended at the time of the permanent settlement, they should discharge, but which have now practically devolved on Government. The funds raised by local taxes will probably in no way fall short of the additional revenue obtainable from periodical revisions of assessment at long intervals, while the taxes themselves would be imposed according to the exigencies of each case after full discussion.

Arguments against a permanent settlement.

77. I will now proceed to state the arguments telling against a permanent settlement. When the scheme for introducing a permanent settlement throughout the whole of India under the orders of the Secretary of State issued in 1862 was abandoned in 1871, the Government of India was influenced chiefly by the consideration that the enormous rise in prices and the consequent increase in the rents of the landholders which had taken place in the decade ending 1870 would continue. During that period, while the silver prices of commodities had risen in India, there was no appreciable change in the relative values of gold and silver. After 1870 there was a re-action and prices fell considerably. More than 20 years have since elapsed and prices which now rule are still 15 per cent. below the average of the decade ending 1870, notwithstanding that the price of silver in terms of gold has fallen by more than one-third. If it were not for the de-monetization of silver in Europe, prices would probably have been 50 per cent. below the average of the decade ending 1870. This shows that the anticipation of continued increase in the rental owing to the general progress of the country has not so far been realized, and, that but for the fall in the price of silver, owing to causes specially affecting that metal in its relation to gold, the land-tax would have had to be considerably reduced. The objection to a permanent settlement on the ground that it involves a needless sacrifice of certain increase of future revenue has not therefore much weight; and, as already shown, the additional funds found necessary for meeting the increased cost of administration can be raised by developing the system of local taxation. The real objection is that a permanent settlement of the land revenue will be altogether one-sided. The future as regards the value of silver is entirely uncertain

and a permanent settlement, while debarring Government from increasing the assessments if there should be a further great fall in the value of silver leading to a corresponding rise in the silver value of produce in this country, would in no way obviate the necessity for granting remissions of revenue if the price of silver should rise to its old level of 2*s*. per rupee; for, land assessments even though permanently fixed would then have become very heavy in their incidence and unrealizable except at the cost of a permanent deterioration in the condition of the agricultural classes. Another objection is that there is difficulty in fixing permanently the assessment of lands irrigated by works constructed by Government from borrowed capital. The outlay on these works is regulated by commercial principles and it would be an injustice to the general tax-payer, if the money assessment leviable on the lands irrigated be permanently fixed and made independent of the changes in the value of money instead of the payments made by the land-holders specially benefited by the works being adjusted from time to time according to circumstances with reference to the value of the benefits received. It is possible to separate the charge[89] for water from land assessment *proper*, and to fix the latter permanently while the former may continue liable to alteration. As, however, the charge for water forms in the case of irrigated land the larger portion of the payment made to Government, the land-holder gains little or nothing by a permanent settlement of this kind. A *third* objection is that to tracts which are liable to frequent droughts a permanent settlement is unsuited. In these tracts it is not the amount of assessment that presses, but the collection of any assessment in adverse seasons when the ryot has reaped either no produce or only such short produce as hardly suffices for his subsistence. In tracts of this kind subject to extreme vicissitudes of season, the introduction of the old native system of sharing the crop, which is really an annual settlement, has been frequently advocated. Even in the case of irrigated lands, the duty of maintaining irrigation works

[89] This is the plan adopted in the case of lands irrigated by the Godavari and Kistna anicut works The plan has been found to work badly and has not been adopted in the case of other irrigation works recently constructed The separation of land assessment from charge for water is entirely artificial Lands unfit for unirrigated cultivation may be eminently fitted for irrigated cultivation The levy of a charge for water at a uniform rate unduly lowers the land revenue imposable on some soils and enhances that of others and causes great inequalities in the assessments The system of levying a water-rate on lands permanently irrigated from productive irrigation works has therefore been abandoned and the profit from the works is now roughly arrived at by taking the difference between the entire assessment of the lands irrigated and the highest dry rate which would have been imposed had the lands remained unirrigated, as the charge

devolves on Government and the Government assessment is remitted when there is a failure of supply of water for irrigation. These considerations, however, important as they are, only limit, it seems to me, the scope of a permanent settlement, but do not show that its application to the bulk of unirrigated lands in the country is impracticable. The advantages of a permanent settlement of land revenue are so great, that I am inclined to think that it should be introduced, wherever practicable. I must, however, at the same time admit that, considering the extreme uncertainty in regard to the future value of silver and the instability of the opium revenue, the present time is very inopportune for Government to commit itself to any irrevocable decision on this question.

Government of India scheme for minimizing the evils of periodical revisions of assessment

78. Barring a permanent settlement, the scheme of the Government of India propounded in 1883 for minimizing the evils incidental to periodical revisions of assessment, is undoubtedly the best that can be devised. As these orders are not as well known as they deserve to be, a summary of them will be given here. In these orders the Government of India announce that the policy of a permanent settlement, pure and simple, proposed in Sir Charles Wood's despatch in 1862, has been definitely abandoned as involving an unjustifiable sacrifice of the future resources of the State. The evils of periodical revisions of assessment are at the same time admitted in the most unreserved manner. The most prominent among them are "the uneasiness arising from uncertainty, the harassment of the agricultural classes, the discontent engendered by mistaken assessments, the check to expenditure on improvements, the positive deterioration of agriculture in the last years of the term of settlement, and the heavy cost and great delay involved in the operations." In calling attention to these evils, the Government of India is careful to point out that it is not intended to disparage or under-value in any way the work done by the Settlement department. That department has had a gigantic task to perform and has done it in a creditable manner. It has demarcated the boundaries of every property, and provided a map of every field; and in the face of almost insurmountable difficulties has effected an official valuation of land which is as approximately correct as it is possible for an official valuation to be; and indeed without an initial valuation of this kind it would be impossible to introduce any reforms whatever in the system of settlement. The problem for solution is how best to secure to the land-holding classes a

diminution from the vexations incidental to a settlement without a complete sacrifice by the State of its right to a reasonable share in the increase of agricultural wealth due to causes independent of the exertions of the agriculturists. One thing is quite clear, viz., that the object in view cannot be secured so long as the valuation of the various classes of soil forms the main part of the work of a settlement officer; for, such a valuation cannot in the nature of things be effected without enquiries of a minute and prolonged, and therefore of a troublesome and vexatious, character; and attempts to arrive at a valuation by rough methods and hasty generalizations have only too frequently resulted in uncertainty and inequality of assessment to the injury of the agricultural classes. An absolutely equal assessment of land is, in any case, impossible, both on account of the imperfection of the data on which the valuation has to be based, and the constant variation, in the natural course of things, of the conditions which affect the valuation. The Government of India has accordingly declared that, when once the soil has been carefully classified, there should be no re-valuation when the assessment has to be revised, and that the revision of the assessment should be effected under such principles and based on such data as will enable any person investing money in landed property or in improvements to land, to forecast, with tolerable precision and without official aid, the enhancement of revenue to which he will in future be subject, in order that "certainty of assessment might become one of the inherent attributes of agricultural property." The procedure prescribed for effecting this object, so far as it is applicable to the conditions of this Presidency, is as follows. The causes which contribute to an enhancement of the value of estates are: 1st, increased area brought under cultivation; 2nd, increased produce due to improvements to land, and the adoption of improved methods of cultivation; 3rd, rise in the prices of produce; and 4th, diminished expenses of cultivation or diminished cost of bringing the produce to market. In this Presidency, the question of increase of revenue due to extension of cultivation does not, so far at least as the East Coast districts are concerned, arise at periodical revisions of assessment, as, under the system of field assessments in force, every new field taken up for cultivation is made to pay the prescribed assessment at once. In the case, however, of estates in the Wynaad taluk of the Malabar district a large area of waste lands has been assessed at nominal rates, because to assess them at full rates while they remain uncultivated will enhance the assessment on the holding far beyond its

present capabilities; and it will be a question whether, when the term of the present settlement expires, these lands will be allowed to pay pepper corn assessments, if they should, in the meanwhile, have been brought under cultivation. The same considerations will apply to large estates containing waste lands brought under the settlement now in progress in the South Canara and Malabar districts. Under the 2nd head, increased produce due to improvements effected by Government, such as the construction of irrigation works, will be charged for by the imposition of a water-rate. The increased produce arising from the improvements effected by the landowners at their own expense is, of course, to be left entirely untaxed. These improvements consist chiefly of wells and other works for irrigation, and the rule of freedom from taxation as regards these, has indeed been scrupulously observed in this Presidency since 1850; and reductions of assessment amounting to several lakhs of rupees have been granted on lands irrigated by works constructed prior to that date. In Upper India and Bombay, however, a less liberal policy appears to have prevailed till a very recent date. It further appears that in Upper India, the gradual enhancement of value of land effected by improvement in the system of cultivation and increased application of labour and skill to the operations of tillage by the agricultural classes had formed an important item in the increment of revenue obtained by new assessments. The Government of India has relinquished the right to tax improvements of this kind, being convinced that it is false economy to discourage in any way the employment of such increased skill and labour. It is under the 3rd head, viz., the rise in prices, that an enhancement of assessments at periodical revisions of settlement is to be mainly looked for. Even here it is not every rise of prices, however small, that is to form a ground for enhancement; nor is the assessment to be enhanced in full proportion to the rise in prices. There should be a substantial rise in prices to justify an enhancement, and the Government of India has also directed that at each periodical revision a margin, say 15 per cent., of the profits arising from increase of prices, should be left untouched "with the view both of raising the standard of living among the agricultural classes, and of meeting the increasing cost of labour, stock and implements." In cases in which there is a fall in prices and the assessments fixed become on this account really oppressive, remissions or suspensions of revenue are to be granted at the discretion of Government, as the circumstances of the case might require. Under the 4th head, the most important consideration is the

saving in the cost of carriage of produce to market and consequent enhanced value of produce by provision of increased facilities of communication by the construction of railways or canals. The Government is of opinion that it would be best to leave these advantages untaxed with a view to avoid the minute enquiries that would otherwise be necessary. The saving in cost of cultivation by labour-saving appliances, such as improved water-lifts, will, of course, in like manner with increase of produce due to the adoption of superior methods of cultivation be left untaxed. The assessments once fixed are not to be liable to variation for 20 years. In the case of prices, an initial schedule is to be prepared with reference to which future adjustments of the revenue are to be made. This initial schedule, according to the instructions of the Government of India, is to be based, not on the prices of any one year, but on the average prices of a period of years, say ten, immediately preceding the year which is taken as the commencement of the settlement, excluding years of famine or severe scarcity. The staples which are to be taken into consideration, the markets at which prices are to be registered, the period for which the average is to be calculated and such like matters, are to be decided after full discussion with the Local Governments. The Government of India further directs that in those cases in which there are interests subordinate to those of the land-holders to be safe-guarded (*e.g.*, tenants in South Canara and Malabar holding at fixed rates), arrangements should be made for the limitation of future enhancements of assessments according to well-recognized principles easy of application, being accompanied by similar limitation of the rents payable by tenants to land-holders. The principles enunciated by the Government of India have been accepted by the Madras Government with modifications on two points and are to be applied to revisions of assessments in all districts which have been settled by the Settlement department. The modifications are : *first*, that as regards the calculation of average prices, a period of 10 years being too small to give a fair average, a longer period should be taken, the precise period being left for consideration when the time for a revision of settlement approaches; *secondly*, that when a substantial rise in the value of agricultural produce justifies an augmentation of the State demand, a limit to the increase to be made at any one time should be laid down. The second condition added by the Madras Government is most important and is calculated to protect agricultural classes from the hardship of large and sudden enhancements, to whatever cause they may be due.

79. It will be seen from the scheme described above, that it would be impossible to have rules regarding revisions of assessment conceived in a more liberal spirit or more calculated to minimize the annoyances to land-holders arising from the operations connected with revisions of assessment and to remove the uncertainty in the value of landed property resulting therefrom. These rules, however, are not generally known, and unless the widest publicity be given to them, it is obvious that the object in view, viz., to enable persons desirous of investing money in the purchase of land or in improvements to it to forecast with reasonable certainty the changes in its value likely to result from the enhancement of Government assessment, apart from changes arising from natural causes, cannot be attained. I beg to suggest, therefore, that the rules should be embodied in a legislative enactment, or if this is considered undesirable, that they should be notified in the Official Gazettes. Before this is done, certain preliminary questions will have to be settled. The *first* is the initial schedule of prices which is to be taken as the standard and with reference to which future revisions of assessment are to be regulated. The commutation prices adopted for the existing settlements cannot be taken as the standards for reasons which will be apparent from the account already given in regard to the manner in which the calculations as to the land valuations made for purposes of settlement are adjusted with a view to see that the enhancements of revenue resulting therefrom do not exceed what the tracts settled may be expected from their general condition to be called upon to pay with ease. Moreover, the principle adopted in fixing the commutation rates has not been uniform in all districts. In the earlier settlements, the commutation rates were based on the average prices of as many years as there were accounts for. In connection with the Salem settlement, this rule was altered and it was laid down that the commutation rates should be based on the average prices of 20 years ending 1864. Then again, in connection with the settlement of the Madura district, the latter rule was modified, and it was enjoined that the commutation rates should be the average prices for the 20 years preceding the year of revision of settlement *minus* a percentage allowance for cartage and merchant's profits, subject to the condition that, where the rate thus deduced was higher than the lowest price which had obtained during the period of 20 years, the latter should be taken as the commutation rate. This latter condition has since 1887 been dispensed with. In the earlier

Suggestions as to measures to be adopted for making the Government of India scheme effective for the purpose intended.

settlements the prices taken were the prices of ryot's selling months. In recent settlements the average prices of whole years are taken subject to the deductions above referred to. In view of these differences, it seems to me, that the commutation prices should be discarded and that the average prices of 20 years prior to the existing settlements or such other period as may be considered sufficiently long for arriving at a fair average should be taken as the initial standard and compared with a similar average of the period immediately preceding the year in which the revision of settlement is undertaken. This evidently is the course enjoined by the Government of India, and it is the fairest under the circumstances. The price lists on which future enhancements of assessment are to be based should also be published in the Official Gazettes under arrangements similar to those prescribed in section 39 of the Bengal Tenancy Act.[90] The deduction to be made from prices for cartage and merchant's profits in order to find the producer's prices and the margin to be left untouched in the increased value of produce—whether 15 per cent. as mentioned by the Government of India or other proportion—should be definitely fixed. The limit to the enhancement of assessment at any one time, suggested by the Madras Government, should likewise be laid down. When these provisions are embodied in definite rules and promulgated, the object aimed at by the Government of India in propounding the scheme above referred to will be fully secured.

II. The uncertainty of the Tenure of Ryots in Zemindaries.

The condition of Zemindari ryots not improved to the extent that the condition of Government ryots has.

80. Before the commencement of the present century the ryots in Zemindari tracts, as well as the ryots who paid revenue direct to Government, were rack-rented and oppressed. During the last 90 years, however, the latter class of ryots have prospered in consequence of the measures adopted from time to time

[90] The provisions of this section are based on the principles adopted in the English Tithe Commutation Acts For finding the average prices arrangements will have to be made for the selection of markets for the several descriptions of produce with reference to their relative importance Allowances will have to be made for the fact that the average is unduly raised (1) because the average is struck on quotations of prices merely, without taking into account the quantity sold at each price, quantities sold at higher prices being smaller than quantities sold at lower prices; and (2) because the grain sold by ryots is of superior qualities while that consumed by them is of inferior quality. The average varies also according as the quotations are in terms of varying amount of money for a definite quantity of the article sold or in terms of varying quantity of the article for a definite sum of money. It is the former that is *price* properly so called, but in practice retail prices are quoted at so many seers per rupee. These and other details will, of course, have to be carefully considered when revisions of land assessments are made to depend solely on changes in prices.

for the amelioration of their condition, as detailed in the foregoing pages, while the former have remained in most parts of the country in much the same condition as before. The Zemindari ryots form nearly one-fourth of the total agricultural population of the Presidency, and as the question of improving their status is now engaging the attention of Government, the following remarks are offered for consideration.

The rights of the cultivating classes to the lands held by them under the Hindu and Muhammadan systems.

81. For a proper understanding of the relations of Zemindars and ryots, it is necessary briefly to glance at the state of the case before the permanent settlement was carried out in the beginning of the century, and to form some idea as to how far the relations then subsisting have been affected by subsequent legislation and judicial decisions. Ancient Hindu law recognized only two beneficial interests in land, viz., (1) that of the sovereign or his representative, and (2) that of the cultivators holding the land either individually or as members of a joint family or a joint village community. Neither the sovereign nor the cultivators had unlimited proprietary right or full ownership in the modern sense. The sovereign's right consisted in his power to collect a share of the produce of the cultivated lands, known by the name *Melvaram* in the southern districts of the Presidency; and this *Melvaram* is not *rent* in the strict signification of the term. The share of the ryots or cultivators is known by the name *Kudivaram;* and by ryots [91] is to be understood "the cultivators who employ, superintend and assist the labourer, and who are everywhere the farmers of the country, the creators and payers of the land revenue." The ryot's right to land arises from mere occupation; [92] and is not derived from the sovereign in the manner in which the right of an English tenant is, under modern English law, derived from his landlord. The relation between the Government and the ryot may perhaps be described as one of co-partnership,[93] but it is certainly not that of landlord and tenant. The ancient Hindu law-books clearly establish this position. The Hindu law-giver Menu declares [94] cultivated land "to be the property of him who

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[91] See definition given by the Madras Board of Revenue in Proceedings, dated 5th January 1818, page 370 of the "Papers on Mirasi Right."

[92] *Vide* Judgment of the Madras High Court in Sivasubramanya *versus* the Secretary of State for India: I.L.R., IX, Madras, page 285. Also decision in the Attapadi valley case: I.L.R., IX, Madras, page 175.

[93] See para. 45 of this memorandum and the authorities quoted in the note at its foot.

[94] See minute of Sir Charles Turner, late Chief Justice of Madras, on the draft Bill relating to Malabar Land Tenures.

cut away the wood and who cleared and tilled it?" Another Hindu sage, Jaimuni, states that the expressions magnifying the power and glory of the king, such as that he is "lord of all," ought not to be understood as placing all property at his unrestricted disposal. His kingly power is for government of the realm and extirpation of wrong, and for that purpose he receives taxes from husbandmen and levies fines from offenders. But right of property is not thereby vested in him; else he would have property in house and land appertaining to the subjects abiding in his dominions. The earth is not the king's, but is common to all beings enjoying the fruit of their labour. "It belongs to all alike; therefore, although the gift of a piece of ground to any individual does take place, the whole land cannot be given by a monarch; nor a province by a subordinate prince; but houses and fields acquired by purchase and similar means are liable to gift." Again, "the revenue only is to be taken by the prince; therefore, in a gift or other alienation by him of such lands as aforesaid, gift of lands is not effected; it is only a provision of income; but in purchase from the land-holder, ownership does accrue in the houses, land or other property purchased; and through ownership thus acquired and such objects given, the benefits to the donor of the gift of land may really be obtained." On the other hand, the property of the ryot did not necessarily carry with it power to dispose of it in any manner he thought fit; and this for several reasons. One is that the right of individual ownership had not in most parts of the country been developed, as lands were held in joint-ownership by members of joint families and village communities and regarded as constituting "an estate dedicated equally to the support of sacrifices to the deceased members, as to the sustenance of those living, and still to come into life."[95] Ancient Hindu Law accordingly required that the deed of sale of land should be attested by the "heir, kinsmen, neighbours, villagers, an officer of the sovereign and scribe." Dr. Burnell in his *South Indian Palæography* gives the results of his examination of ancient documents and inscriptions relating to transfers of property as follows: "Down to recent times the land in South India was held by village communities, and thus the greatest number of existing private deeds are of grants by Sabhaiyar (from Sanscrit Sabha), the heads of the community acting on its behalf. The earliest documents of this kind, which are now in exist-

[95] *Vide* decision of the Bombay High Court in Bhaskarappa *versus* the Collector of North Canara: I.L.R., III, Bombay, page 452.

once, indicate that the earliest form of communal property (in which the common land was cultivated by all the owners in common who divided the produce) had already become uncommon; for though townships exist where this system is followed,—and there are traces of it,—yet the inscriptions indicate that the system which still exists to a great extent in South India, viz., communal lands with shifting lots exchanged periodically, was already widely practised. Under this system the rights of ownership in a township are divided into a number of shares, and these again subdivided to a great extent. The township land is divided into *kattalais* which answer to fields. And these are sub-divided into lots which answer to the shares (*pangu*) or fractions of shares owned by the several members of the community. But the township land consisted only of the arable land; the ground on which the houses of the community were built (*úrnattam*), that on which the serfs or artizans resided (*paraseri nattam, &c.*,, the village burning ground (*Súdúkadú* , water courses and tanks, temples, waste land (*arayili nilam* = land without owner) were private property or reserved for the public use in general, and over which the members of the community had merely the right of use. What could be transferred was, therefore, a certain extent of land corresponding to a share or shares together with the undefined rights over the public property which attached to every member of the community, but which were not, and seldom are, mentioned in deeds, or to the separate property of the individual member of the family. There can be no doubt that all such transfers of either kind were illegal and void without the sanction of the community, and the Sanscrit lawyers clearly recognized this principle. . . . The numerous attestations to transfers of property are intended to represent the co-proprietors' assent and ratification, rather than evidence of execution of the document." Even where the communal and joint family systems had given way to individual property, land might still not be transferable, both because, by heavy taxation the value of the interest of the cultivator might have been reduced to little or nothing, and because owing to the sparseness of the population and abundance of waste lands the difficulty might be not in finding lands but in finding men to cultivate them. The fact that the ascertainment of the share of the sovereign and its valuation were left to his officers led to continual encroachments on the cultivator's share and thus rendered his property an uncertain one, is an objection applicable to all forms of property which were exposed to inroads of this kind. All rights

were in former times based on the authority of custom, and the ruling power professed to respect custom, even though it might violate it on special occasions. The Muhammadan rule did not alter the internal constitution of villages and the rights of landed property, except by increasing the tax and diminishing the value of the ryot's interest by collecting the revenue by means of farmers. The limitation of the share of the sovereign applied of course to lands newly reclaimed from waste as well as to lands previously under cultivation. In parts of the country where joint village communities were in existence—and this was generally in tracts where lands were irrigated under great systems of irrigation—these communities claimed the right to cultivate the waste within their villages to the exclusion of strangers. In the portions of the country exposed to the ravages of frequent wars, droughts and famines, village communities would constantly tend to disappear almost as rapidly as they were formed; and the rights in cultivated land would consequently be of small value; and there would be no assertion of any right to cultivate waste lands because there was no necessity to do so. Even here, when waste land was cultivated, the right of Government was limited to taking the share recognized as its due in the case of lands already under cultivation. On this point, Sir G. Campbell in his *Essay on Indian Land Tenures* observes, "In no part of India and under no form of Government did the State undertake the latter functions (of letting lands at competitive rents) or any others analogous to those of an English landlord. Except in the assignment of waste land to be cultivated on the *customary tenure*, there never was any system of interference with the immediate possession of the soil; no letting it by competition or anything of that kind."

Melvaram and Kudivaram rights independent rights and other interests derived from these.

82. The melvaram and kudivaram rights are thus the two principal independent interests in land, and all other interests are derived from, or are subordinate to, either the one or the other. The ryot or *ulkudi* or mirassidar was the receiver of the kudivaram, and he might cultivate the land himself or have it cultivated by tenants in cases in which the Government share of the produce left him a kudivaram which had a margin above the cost of the cultivator's subsistence. The tenant put in by the ryot was called a *porakudi* or stranger cultivator. In exceptional cases, the *porakudi* was permitted to acquire a beneficial interest in land and the status of an *ul-porakudi*, but this was not recognized as a part of the general common

law of the country.[96] At the other end of the scale, there were the Zemindars, Jaghirdars, and Inamdars, who derived their rights from the sovereign with jurisdiction over portions of the country which would not, under the Hindu law, affect the kudivaram right vested in the ryots. The Zemindars were of very various origin. Some of them were the descendants of ancient chiefs, holding the territories assigned to them on condition of paying tribute and rendering military service. Others were revenue officers and farmers of revenue employed by the Hindu and Muhammadan Governments, who had acquired power and influence which led to their being recognized as Zemindars. Others, again, were originally heads of villages or ryots or even kavalgars, taliaries, or watchmen who had collected round them armed bands of robbers and levied blackmail from the surrounding villages, and by the assistance rendered to sovereigns during troublous times got themselves recognized as Poligars. In all cases, the Zemindar's right extended only to the melvaram, except in the case of *Khamar*, *Pannai* or home-farm lands which were kept distinct from lands cultivated by ryots. This was the common law of the country, but in practice, of course, owing to the absence of settled authority, the ryots were grievously oppressed by the levy of illegal cesses. In a few cases, where the "sist" or regular assessment was a fixed sum of money, the extra assessments represented the additional value of the Government share due to the rise in the value of produce, and as such was legitimate enough; but in most cases the extra assessments were purely arbitrary. In the Northern Circars, as we have already seen, the ryot's share of the produce which was originally not less than one-half was, by the additional imposts levied on various pretexts, reduced to one-fourth or one-fifth. Mr. Stratton has given a full account of the revenue system prevailing in the Chittoor polliems in his report, dated 14th July 1801. His report shows that, besides the mamool teerva which was in itself sufficiently onerous, imposts were being levied in the Venkatagiri and Kálahasti Zemindaries under the denomination of *katnams*, and that most of these were arbitrary exactions which had originated within the previous 35 years. In the Ramnad Zemindari also, additional cesses over and above the mamool teerva were levied, among which may be mentioned *Nilavari* (land-tax), *Vakkalvari* (the straw tax), *Pádakánikkai* (a present placed at the feet of the Zemindar), *palam katchi* (a present made to the Zemindar when the glad

[96] See decision of the Madras High Court I.L.R., VII, Madras, page 374.

tidings of the ripening of dry crops was conveyed to him), grain fees for the maintenance of an English writer in the establishment of the Zemindar, &c. Venkatagiri and Kálahasti Zemindaries are instances of Zemindaries in which the existence of a kudivaram right in the ryot is denied: in the Ramnad Zemindari, on the other hand, the right is fully admitted and transfers of lands by sale or mortgage are quite as common as in the Government ryotwar taluks.[97]

Permanent settlement with Zemindars in 1802

83. The rights of the Zemindars to hold their estates were, before the permanent settlement, much more uncertain than those of the ryots, and the object of the permanent settlement was to place the rights of the former on a secure basis by limiting the demands of the Government on Zemindars on account of the revenue, in order that the demands of the latter on the ryots might be equally defined and limited. On the occasion of introducing the permanent settlement in Bengal in 1792, the Court of Directors remarked as regards the tenure of Zemindars as follows: "On the fullest consideration, we are inclined to think that whatever doubt may exist, with respect to their

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[97] The nature of the ryot's right was everywhere the same, though its saleable value varied in different places and in most was nothing This is clear from the following extract from Board's Proceedings, dated 5th January 1818, in which the Board stated the results of their enquiries into the nature of the ryot's right in different parts of the Presidency "The universally distinguishing character as well as the chief privilege of this class is their exclusive right to the hereditary possession and usufruct of the soil, so long as they render a certain portion of the produce of the land, in kind or money, as public revenue, for whether rendered in service, in money, or in kind and whether paid to Rajahs, Jaghirdars, Zemindars Polygars Mootahdars, Shrotriemdars, Maniemdars or to Government officers, such as Tahsildars, Amuldars, Ameens, or Thanadars, the payments which have always been made are universally termed the dues of the Government

"The hereditary right of the ryot above described though everywhere the same or at least of a similar nature, is in value different in different districts After discharging the wages of his hired labourers, and defraying the subsistence of his slaves or other immediate expenses of cultivation, if the public assessment payable by him is so moderate as to leave him a considerable surplus, his interest in the soil is that of a landlord, and his land yields a clear land rent and is, of course, a saleable and transferable property, but where the revenue payable by him is so high as to absorb the whole of the landlord's rent, and to leave him a bare and precarious subsistence only, his interest in the land dwindles into mere occupancy, and from a *landlord* he is reduced to a *landholder* still indeed clinging to the soil and subsisting by tilling it, but no longer possessing any saleable interest

"The value of the ryot's right, therefore, varies with the weight of the public assessment on the land, which is generally found to be heavy in proportion to the length of the time that the country may have been subjected to the Muhammadan Government. On the West Coast of the Peninsula, where the Mussalman power was both of most recent introduction and short duration, this right constitutes property of great value, which is vested in each individual ryot In the Tamil country, it is vested more frequently in all the ryots of a village collectively than in each individually; and is of less value than in Canara and Malabar, and sometimes of little or no value as a saleable property. In the Ceded Districts and Northern Circars, which were the longest under Muhammadan rule, though the Coombees, Reddies, Naidoos and other Kadeem inhabitants assert their hereditary right to a priority and preference of occupancy, they do not now appear to possess any saleable right in the soil."

original character, whether as proprietors of land or collectors of revenue, or with respect to the changes which may in process of time have taken place in their situation, there can at least be little difference of opinion as to the *actual* condition of the Zemindars under the Moghul Government. Custom generally gave them a certain species of hereditary occupancy, but the sovereign appears nowhere to have bound himself by any law or compact not to deprive them of it; and the rents to be paid by them remained always to be fixed by his arbitrary will and pleasure, which were constantly exercised upon this object. If considered, therefore, as a right of property it was very imperfect and very precarious, having not at all, or but in a very small degree those qualities that confer independence and value upon the landed property of Europe. Though such be our ultimate view of this question, our originating a system of fixed equitable taxation will sufficiently show that our intention has not been to act upon the high claims of Asiatic despotism; we are, on the contrary, for establishing real permanent valuable landed rights in our provinces, and for conferring that right upon the Zemindars, but it is just that the motive of this concession should be known and that our subjects should see that they receive from the enlightened principles of a British Government what they never enjoyed under the happiest of their own." The authors of the permanent settlement inappropriately called the rights conferred on the Zemindars, "proprietary rights," being influenced by the notion fostered by modern English law, that there should be full ownership vested in some one person, and all other rights should be considered as derived from or through him. This view of the case placed the rights of the ryots at a disadvantage in that they were regarded as a sort of inferior, derivative, possessory rights. The existence of the latter rights was, however, fully acknowledged and the Government reserved to itself the fullest power to legislate, when necessary, for the protection of the ryot's rights. The Court of Directors specially cautioned the Governor-General "to so express himself as to leave no ambiguity as to their right to interfere from time to time, as it might be necessary, for the protection of the ryots and subordinate landlords, it being their intention in the whole of this measure effectually to limit their own demands, but not to depart from their inherent right as sovereigns of being the guardians and protectors of every class of persons living under their Government;" and the Governor-General in accordance with the Court's injunctions issued, in 1793, a proclamation containing, among

other things, the following declarations addressed to the "Zemindars, independent Talukdars and other actual proprietors of lands," viz., "It being the duty of the ruling power to protect all classes of people, and more particularly those, who from their situation, are most helpless, the Governor-General in Council will, whenever he may deem fit and proper, enact such regulations as he may think necessary for the protection and welfare of the dependent Talukdars, ryots and other cultivators of the soil. No Zemindar, independent Talukdar or other actual proprietor of land, shall be entitled on this account to make any objection to the discharge of the fixed assessment which they have respectively agreed to pay." It was further declared "that implicit obedience be shown by the proprietors to all regulations which had been or might be prescribed by Government, concerning the rents of the ryots and the collections from under-tenants and agents of every description as well as from all other persons whatever." In the Madras Presidency the permanent settlement was made on the same principles as in Bengal. The instructions issued to Collectors for the purpose of carrying out the permanent settlement acknowledge that "distinct from these (Zemindar's and Talukdar's) claims are the rights and privileges of the cultivating ryots, who, though they have no positive property in the soil, have a right of occupancy as long as they cultivate to the extent of their usual means, and give to the Sircar or proprietor, whether in money or kind, the *accustomed* portion of the produce." Laws were to be made for the protection of the ryots and under-tenants on the one hand, and for enabling Zemindars on the other, to recover the rents due to them. In order that the Courts might easily determine the rents payable, the Zemindars were to enter into specific engagements, called puttahs, with the ryots. The rents to be paid, by whatever rule or custom regulated, were to be given in specific money amounts, wherever possible. In cases where the rate only could be specified, such as when the rents were adjusted upon a measurement of the lands after cultivation, or on survey of the crop, or when they were made payable in kind, the rate and terms of payment and proportion of the crop to be delivered, with every other necessary condition, were to be clearly specified. Every Zemindar was to be required to prepare a form of a puttah or puttahs, adapted to the circumstances and usages of his Zemindari and after obtaining the Collector's signature to it in token of his approbation, to register a copy of it in the Civil Court of the district and deposit copies also in the principal Cutcherries of the

Zemindari Every ryot was also to be entitled to receive a copy on application and no puttahs which were not in the prescribed form were to be held valid. Refusal on the part of a Zemindar to grant a puttah to a ryot was to be punishable by a fine "proportioned to the expense and trouble of the ryot in consequence of such refusal." Receipts were to be granted for all rents paid, and a refusal to grant a receipt was similarly to be punished with fine equal to double the amount of the rent paid by the ryot. The instalments in which the rents were payable were to be fixed with reference to time of reaping and selling the produce and a Zemindar violating this rule was liable to be sued for damages. It was hoped that in course of time, Zemindars and ryots would find it to their mutual advantage to enter into agreements in every instance for a specific sum fixed on a certain quantity of land, leaving it to the option of the latter to grow whatever crops they might consider most profitable to them. In the meantime, the ryots were to be protected from the levy of any new taxes "under any pretence whatever," and any Zemindar who imposed such taxes was to be made liable to a heavy penalty. The attention of the Collectors was drawn to the taxes which were already being levied, and which it was apprehended had already become oppressive and too intricate to adjust; and the hope was expressed that the Zemindars would revise the same in concert with the ryots and consolidate the whole into one specific sum, by which the rents would be much simplified, and much inconvenience to both parties be thereby obviated in future. The Government was prepared to relinquish its right to derive any revenue from the cultivation of waste lands which were "to be given up in perpetuity to the Zemindars, free of any additional assessment, with such encouragement to every proprietor to improve his estate to the utmost extent of his means, as was held out by the limitation of the public demand for ever, and the institution of regular judicial Courts to support him in all his just rights, whether against individuals or the officers of Government, who might attempt in any respect to encroach upon them." The advantages expected to accrue from the improvement of these lands were stated to be "to put the Zemindar upon such respectable footing as to enable him with the greatest readiness to discharge the public demand, to secure to himself and family every necessary comfort and to have, besides, a surplus to answer any possible contingency."

These instructions formed the basis of the series of regulations passed in 1802 defining the rights and liabilities of Zemindars with whom a permanent settlement was entered

into, both as regards Government and the ryots who were placed under them. The Zemindars were, of course, in accordance with the erroneous ideas as to the rights of ryots prevailing at the time, declared to be "proprietors of the soil" (section 2 of Regulation 25 of 1802). The safe-guards provided for the *protection* of the ryots were these: First, it was made imperative on the part of the Zemindar to offer puttahs to his ryots (and to exchange muchilikas with them) clearly specifying the rent demandable from them, within six months from the date of the permanent settlement. These puttahs and muchilikas were to be signed and registered, not by the Collector as originally contemplated, but by the kurnam of the village who, by another regulation passed at this time, was made independent of the Zemindar on the one hand, and the Collector on the other (section 14 of Regulation 25 of 1802 and section 3 of Regulation 30 of 1802). The expectation was that by insisting on the terms as regards rent, &c., being reduced to writing with the mutual consent of the parties interested, and registered in the office of a village officer who was supposed to be placed in a position in which he would not be amenable to the influence of the Zemindar, the rights of the ryot would be secured and the Courts would be furnished with the means of deciding readily disputes regarding rates of rent between Zemindars and ryots; secondly, Zemindars were required to consolidate rents and imposts of all kinds customarily levied from ryots into one specific sum within two years from the date of the permanent settlement and enter it in the puttah; and if the Zemindars neglected to do so, the rents and cesses were not to be enforceable in a Court of Law (section 6 of Regulation 30 of 1802); thirdly, Zemindars were forbidden to impose any new cesses or taxes on the ryots, under any name or pretence, and the levy of any sums other than those included in the consolidated amount entered in the puttah was made punishable with fine equal to three times the amount levied unauthorizedly (section 7 of Regulation 30 of 1802); fourthly, it was laid down that if disputes arose between Zemindars and ryots regarding rates of assessment, in money, or of division in kind, the rates were to be determined according to the rates prevailing in the cultivated lands in the year preceding the permanent settlement of the revenue of the estate; and where these rates might not be ascertainable, according to the rates established for lands of the same description and quality as those respecting which the dispute arose (section 9 of Regulation 30 of 1802). By these provisions it was thought that, though cesses which previous to the permanent settlement had been

unauthorizedly imposed might be perpetuated, the imposition of any further cesses subsequently would be prevented and that the adoption of the rates levied in the year previous to the year of the permanent settlement, would in most cases obviate the necessity for enquiry into difficult questions of vague and undefined usage as regards rates of rent. On the other hand, the *powers* conferred on the Zemindars for the recovery of their rents were the following: first, they were authorized to distrain for rent the moveable property of the ryots, with the exception of lands, houses, articles of trade or manufacture, and also ploughs, implements of husbandry, ploughing cattle or seed grain so long as other property might be forthcoming (sections 2, 3 and 4 of Regulation 28 of 1802); secondly, they had power to eject from their lands the ryots who refused to accept the puttahs offered to them in the presence of witnesses, and to grant the lands to other persons (section 10 of Regulation 30 of 1802); thirdly, where a person who made default in the payment of rent had by grant or established usage of the country a transferable right in the land, the Zemindar might apply to the Court to sell such right in satisfaction of the rent due; and where the defaulter was a lease-holder or other tenant having a right of occupancy only so long as he paid the rent, without right of property or possession, the Zemindar could eject him of his own authority (Regulation 28 of 1802, section 34, clause 7); fourthly, Zemindars were empowered to summon, and, if necessary, compel the attendance of ryots for the adjustment of their rents, or for measuring lands, or for "any other lawful purpose." These powers were exerciseable without any previous application to the Courts, but for abuse of these powers the Zemindars were liable to fine and damages (section 34, clause 8 of Regulation 28 of 1802). Zemindars were prohibited from confining or inflicting corporal punishment on ryots on pain of prosecution in a Criminal Court (section 29 of Regulation 28 of 1802).

Mr. Webbe, the Chief Secretary to the Madras Government in 1802, was appointed Special Commissioner for carrying out the permanent settlement in this Presidency, and the duty of drafting the regulations passed in connection with the settlement devolved on him. In a communication made to Mr. Webbe by Messrs. Hodgson and Greenway, the latter gentlemen strongly urged the desirability of inserting in Regulation 30 of 1802 certain provisions which would have had the effect of placing the rights of ryots on a secure basis. The section suggested was to the following effect: "No Zemindar, proprietor (or whatever name be given to these

persons) was entitled by custom, law or usage to make his demands for rent according to his convenience, or in other words, that the cultivators of the soil had the solid right from time immemorial of paying a defined rent and no more for the land they cultivated." Mr. Hodgson pointed out that "the first principle of the permanent settlement was to confirm and secure these rights" and that "the proprietary right of the Zemindars was no more than the right to collect from the cultivators that rent which custom has established as the right of Government; and the benefit arising from this right was confined, first, to an extension of the *amount*, not the *rate*, of the customary rent by an increase of cultivation; secondly, to a profit in dealings in grain, where the rent may be rendered in kind; thirdly, to a change from an inferior to a superior kind of culture, arising out of a mutual understanding of their interest between the cultivator and proprietor." Mr. Webbe, however, did not think it necessary to adopt Mr. Hodgson's suggestion on the grounds that the rights of the ryots would be best *developed* in the Courts, then for the first time to be established, and that to suppose knowledge of them would be suppressed by the acts of the Zemindars was "contrary to the whole course of human experience." [98]

The safe-guards provided for the protection of the ryot's rights nugatory and further measures taken in 1822.

84. As might be expected the safe-guards provided by the permanent settlement regulations for the protection of the rights of the ryots proved entirely unavailing. No steps were taken to see that in accordance with these regulations, puttahs and muchilikas were exchanged between the Zemindars and their ryots and that all cesses levied under various denominations were consolidated into a single specific sum within two years from the date of the permanent settlement. The ryots were mostly illiterate peasants who could not understand written agreements containing stipulations regarding rates of rent; and the kurnams who were supposed to be the guardians of their rights were in the pay of the Zemindars and had no motive to help the ryots, even if they dared to do so. The ryots themselves had for long periods of time been subjected to the arbitrary power of the Zemindars and could not be expected to become bold enough to try conclusions with them, by a mere legislative declaration that they were free to do so. The Courts, then for the first time established, and in which the rights of the ryots were to be "developed," were also far

too distant and inaccessible to be of any use to persons who had never left their villages, nor known any other judicatory than their own caste punchayets. The powers possessed and arbitrarily exercised by the Zemindars of forcibly procuring the attendance of the ryots and of ejecting them for not accepting puttahs offered had been distinctly legalized. The only course open in the circumstances for affording effectual protection to the ryots was for Government itself to have settled the rents payable by the ryots and recorded them carefully. The Government of the day had, however, too much of other urgent work on hand to enter on this laborious and difficult enquiry. It was therefore not at all surprising that the Board of Revenue reported in 1820 on the condition of the Zemindari ryots as follows :

"The Board are assured, not only from the reports of officers deputed to enquire into complaints in the Provinces, but from other unquestionable sources of information, that the great body of ryots is not in that state of ease and security in which the justice and policy of the British Government mean to place them. In general, the ryots submit to oppression and pay what is demanded from them by any person in power rather than have recourse to the tedious, expensive and uncertain process of a law-suit. The cases in which they are sufferers are so numerous, various, intricate and technical, —they and their witnesses are so far from the seats of the Courts of Judicature—delays are so ruinous to them—they are so poor, so averse to forms, new institutions and intricate modes of procedure—they are so timid and so simple a race, that it is necessary for the Government to endeavour to protect them by a summary and efficacious judicial procedure ; and it is evident that the officer entrusted with the general government of the Province, as having the greatest and most immediate interest in the welfare of those under his government, and as the only officer having a free and full intercourse with them, should be vested with the duty of conducting these summary proceedings. It is necessary, therefore, in the opinion of the Board to provide by regulation, first, for the protection of the ryots, the great object of all our provincial institutions, and indeed of civil government in the country, but one most difficult of attainment; and for that purpose the Collector or other officer entrusted with the general government of the Province, his assistants when he delegates his authority to them, and the native officers acting by his orders should have primary and summary jurisdiction in all disputes between Zemindars and their under-farmers and ryots regarding rates of assessment, occupancy of land, and

payment of revenue, and that they should hold a revenue Court for the investigation and settlement in the first instance of such disputes, custom or special agreement and should regulate the demand of the Zemindar against the ryot. The Zemindar should not eject the ryot from his land, unless the ryot should refuse to pay the stipulated rent as soon after the beginning of the season for the settling for the cultivation of the year, as may be reasonable and customary; nor should the Zemindar demand more than the customary or stipulated waram or rent."

In accordance with the Board's recommendations, Regulation 4 of 1822 was passed which *inter alia* provided (1) that Collectors should summarily enquire into all disputes between Zemindars and ryots regarding rates of rent; (2) that no property attached for arrears of rent could be sold unless puttahs had been granted, tendered or refused, nor until notice had been given to the Collector and leave obtained for the sale; (3) that no ryot could be ejected from his land without the Collector's permission on the ground that he refused to accept a puttah offered to him; (4) that if the Collector found on examination that the puttah tendered by the Zemindar was *just and correct*, the ryot might be ejected, unless he assented to the terms; but if the rate should exceed the *just rate prescribed*, an order should be issued prohibiting the ejectment and requiring the issue of a proper puttah within one month, under penalty; (5) that suits preferred in the Zillah Courts for arrears of rent were to be rejected where no puttah had been granted unless it were proved that a puttah had been offered and rejected, or that both parties had agreed to dispense with the use of puttah and muchilika; and (6) that Collectors might refer disputes relating to rates of rent or to occupancy of land to village or district Punchayets for decision. The designation in the permanent settlement regulations of the right of Zemindars as "proprietary right" being calculated to prejudice the rights of the ryots, it was declared by Regulation 4 of 1822 that in passing the former regulations Government had no intention of authorizing any infringement or limitation of any established rights of any classes of its subjects.

Sir Thomas Munro, in his famous minute on "The condition of the Country" in 1824, has described the condition of the ryots in Zemindaries in the Northern Circars at this time as follows:

"When these districts came into our possession, one part of them was in the hands of Zemindars and the other and

most valuable part was in the hands of Government, and has since, by the permanent settlement, been made over to new Zemindars of our own creation. As in these provinces no fixed assessment has been introduced, nor the rights of the ryots been defined, the ryots can never become land-holders nor their lands acquire such a value as to make them saleable. It may be said that they have a right to be assessed only according to ancient usage, and that this right will secure them from undue exaction, and give them the same facilities as the ryots of the Government districts of rendering their land a valuable property; but many causes combine to prevent this. The ancient usage was different in every little district or even village. It is *not* recorded or defined, and is very little known to us. It is, I believe, in the Northern Circars very generally so high as to leave the ryot no more than the bare recompense of his labour and stock, and thus to preclude his ever obtaining any portion of a land-lord's rent. Even supposing that usage did leave to the ryot some surplus as land-lord's rent, the Zemindar might not permit him to enjoy it. He might raise the assessment. If he were an old Zemindar or hill Rajah, the fear of violence would deter him (the ryot) from complaining. If he were a new Zemindar, the ryot would, nine times in ten, submit quietly to the loss, not from fear of personal injury, but from the well founded fear of losing his cause in Court. He knows that the influence of the Zemindar would easily procure witnesses to swear falsely on the question of ancient usage, and that they would be supported by the fabricated accounts of the kurnam, who is entirely under the authority of the Zemindar, and that if he even gained his cause, it would be of no advantage to him, as the Zemindar, without transgressing any law, would be able to harass him in many ways and make his situation uncomfortable."

Notwithstanding these drawbacks, the rights of the ryots in this Presidency, do not appear to have suffered quite to the same extent as in Bengal for three reasons; viz., first, that it was all along acknowledged here that the rights of the ryots were distinct from and independent of those of the Zemindars; secondly, that the maximum rent demandable by the Zemindar was limited to the rent paid in the year preceding that in which the settlement was made, instead of being regulated by the indefinite pergunah rates as in Bengal; and thirdly, the maintenance of a record by kurnams or village accountants facilitated to some extent the ascertainment of the proper rates of rent. Even before the enactment of the Regulations 4 and 5 of 1822, the Sudder Court (of

which Mr. Greenway was one of the judges) had in several decisions declared that Zemindars had no power to alter the *rate* of division of crop obtaining in the year preceding the permanent settlement, although the money value of the Zemindar's share of the crop was a matter to be settled by mutual agreement by the Zemindars and ryots and to be entered in the puttahs issued to the latter, and that by the Act of permanent settlement, the government transferred to Zemindars "the proprietary right exercised by itself" and that "it could not do more without infringing the rights of others." [99]

Rent legislation in 1865

85. The enactments passed in 1822 continued to regulate the relations between Zemindars and ryots until 1865 when they were superseded by Act VIII of 1865. The immediate occasion for amending the old law was the necessity for the provision of summary remedies to enable Inamdars to recover their rents from their tenants, as the procedure prescribed by the old regulations was understood not to be applicable to estates which did not pay revenue to Government. The reduction of assessments granted by Government in the case of ryotwar lands and the great rise which had also taken place in the value of the ryot's interest in land had brought into existence a class of sub-tenants under ryotwar holders, and it became necessary to provide for the recovery of the rent due by such sub-tenants. While the proposed legislation was under the consideration of the Madras Legislative Council, Mr. Carmichael, the Collector of Vizagapatam, brought to the notice of the Board of Revenue a decision which had been passed by Mr. Collett, the District Judge, and which raised very important questions respecting the right of the Zemindar to enhance the rents payable by his ryots. A Zemindar of a permanently settled estate had applied to the Collector for the issue of an order for ejecting certain ryots who had refused to accept puttahs providing for the payment of enhanced rent. The Collector rejected the claim on the grounds that the Zemindar's demands on the ryots were absolutely limited by the Regulations 28 and 30 of 1802, and that rent could not be enhanced beyond the sums entered in the puttahs issued in accordance with the provisions of those regulations. Mr. Collett reversed the Collector's decision holding that sections 8 and 9 of Regulation 30 of 1802, which provided a limit of time for the issue of puttahs on demand and prescribed the

[99] See decisions quoted by the Board of Revenue in their Proceedings of 2nd December 1864, No. 7843.

mode of adjusting disputes regarding rates of assessment, were intended to apply only to the first occasion of issuing a puttah after the permanent settlement of an estate, that there was nothing in the regulation to preclude an enhancement of the demand in future years, that, on the contrary, such changes were contemplated was shown by the fact that the regulation provided for puttahs being renewable every year, that the terms "just and correct rate" and the "just rate prescribed" used in Regulation 5 of 1822 were equivalent to "fair and equitable" rate, and that to suppose that rents were intended to be limited by the Regulations of 1802 was incompatible with the declaration in Regulation 4 of 1822, viz., that those regulations were not intended to define, infringe, or destroy the rights of any parties.

Mr. Collett's decision left it in doubt whether he objected to the *money value* of the share of the produce representing the Zemindar's rent being considered as limited, or to the share of the produce itself being limited; and also whether the "fair and equitable rate" referred to by him had reference to rents payable according to customary usage, or to rents determined by the application of the principle of competition. In the latter case, the value of the ryot's interest in the land would, of course, be destroyed. A similar case had arisen in Bengal about the same time and it was decided that the principle of competition was to be appealed to in settling rates of rent and it was only in 1865 that this decision was overruled by the Calcutta High Court in what is known as the "Great Rent case." The Madras Board of Revenue, justly apprehending that the rights of the ryots were imperilled by Mr. Collett's decision, exhaustively reviewed the whole question and communicated their views to the Select Committee of the Legislative Council appointed to settle the lines of the proposed legislation.[100] In the report submitted by the Committee they stated that they unanimously agreed with the Board that the Regulations of 1802 were intended to protect the occupants of land under Zemindars by fixing the maximum rent demandable from them and forbidding their ejectment so long as the rent was paid, and that Regulations 4 and 5 of 1822 were passed for the increased protection of such occupants of land, in consequence of passages in the Regulations of 1802, which made mention of a *proprietary* right having been conferred on Zemindars, having led to doubt and misapprehension as to the rights of the

[100] The conclusions arrived at by the Board in their Proceedings, dated 2nd December 1864, No. 7843, are printed as appendix VI.–B. (1).

ryots. Experience, however, having shown that even these regulations were not free from ambiguity, the Committee was of opinion that the main principles on which disputes regarding rent should be decided should be clearly laid down as follows:—first, ryots who held in their own right hereditarily or by custom of the country, at a fixed or long established rent, were to be protected; secondly, a division of the crop between the land-holder and the tenant formed the ancient basis of rent, and the local rate of this division was to be referred to in cases of dispute, when other means of settling the rate of rent to the satisfaction of both parties proved unsuccessful; thirdly, land-holders were to be at liberty to arrange their own terms for rent in the case of unoccupied lands. The Committee was further of opinion that voluntary engagements regarding rent between the land-lord and tenant should be respected and that any other course would lead to great confusion and wrong. As regards the terms on which the occupation of waste lands was to be allowed, the Committee remarked, "While it is essential to protect the rights of old tenants, it would injure the due rights of the land-holder and oppose the advancement of the country to declare that he cannot let out unoccupied land to the best advantage. By introduction of valuable new products, such as indigo, silk, coffee, oil-seeds, &c., and by improved means of communication in some parts of the country, lands have attained an enhanced value, and as a land-holder can refuse application for waste lands, it would be anomalous and injurious to declare that he can only arrange for their cultivation by cultivating them himself or leasing them out on inadequate rent founded on an ordinary and obsolete grain crop. The Committee, therefore, proposed to enact the following rules, viz., (1) all contracts for rent, express or implied, shall be respected; (2) where no express contract exists, the payment of rent continuously at the same rate for 12 years is to be considered an implied contract to hold permanently at that rate; (3) in districts or villages which have been surveyed by the British Government and in which a money assessment has been fixed on the fields, such assessment is to be considered the proper rent, where no contract for rent, express or implied, exists; (4) where no express or implied contract has been made between the land-lord and tenant, and where no money assessment has been fixed on the fields, the rates of rent shall be determined according to usage, and where such usage is not clearly ascertainable, then according to the rates established or paid for neighbouring lands of similar description and quality; provided that if

either party be dissatisfied with the rate so determined, he may claim that the rent be discharged in kind according to the *Waram*, *i.e.* according to the established rate of the village for dividing the crop between the Government or the land-lord and the cultivator; (5) in the case of immemorial waste or of lands left unoccupied either through default or voluntary resignation, it shall be lawful for land-holders to arrange their own terms of rent. As regards the question of ejectment, the Committee provided that tenants of Zemindars were not to be ejected except by an order of the Collector or the decree of a Court. This provision, however, they explained in their report to be intended "to protect ryots who had land in their own right hereditarily or by the custom of the country against sudden ejectment" and that "the case of temporary tenants who refused to vacate land or who resisted the land-holder's entry when the term of their tenancy had expired did not belong to this bill" but was to be dealt by the Civil and Criminal Courts.

When the Bill was passed into law, the provision to the effect that payment of rent at a certain rate for a period of 12 years should be taken to import an implied contract to pay at that rate for ever was omitted, but the reasons for the omission have not been stated. On the other hand, the absolute right intended to be conceded to land-holders to arrange their terms of rent in the case of waste lands was qualified by the proviso that this provision was not to affect any special rights which, by law or usage having the force of law, are held by any class of persons in such waste or unoccupied lands.

Failure of Act VIII of 1865 to protect the rights of Zemindari ryots.

86. Act VIII of 1865, instead of clearing up the ambiguities in the law of land-lord and tenant and placing the rights of the ryots on a well understood basis, has had the effect of involving the relations of Zemindars and ryots in greater confusion than they were in before. By declaring that all contracts "express" or "implied" are to be enforced, it has opened a wide door for doubts and contentions of all kinds. It has entirely missed its object which was to accord legislative recognition to the principle that was understood to be part of the common law of the country, viz., that the ryots were entitled to hold the lands in their occupation as long as they paid the customary rent according to the established rates. As regards immemorial waste and lands left unoccupied by default or voluntary resignation, it has established a presumption in favour of the Zemindar's

right to let it on any terms he pleased, by throwing on persons contesting this right the burden of proving that they had special rights recognized by law or usage having the force of law which derogated from the Zemindar's right. The decisions of the High Court have also not tended to clear up the obscurities and supply the deficiencies in the law, and the frequent fluctuations in the views entertained by the courts as regards the rights of the ryots have, if anything, rendered the law more uncertain. In some of their earliest decisions, the High Court had upheld the view that a ryot was entitled to retain possession of the land as long as he paid the customary rent or share of the produce. Subsequently a change came over the views of the High Court and they ruled that a ryot "holding" as it is called "under a puttah" was not entitled to hold the land for a longer period than that during which the puttah was in force, unless he could prove a special contract, custom or usage to the contrary. This decision was arrived at in the case of lands paying revenue direct to Government and the express declarations of Government to the contrary in their Standing Orders were set aside as not "constituting rights enforceable at law." In recent decisions there has been a tendency to take a more favorable view of the rights of ryots in the case of ryots paying revenue direct to Government by regarding the ryot's right as arising from occupation of the land and not the puttah which simply defines the demand for rent on the ryot for the period specified therein, and not the duration of the occupancy. But still it is impossible to say what view the courts would take as regards the right of a Zemindari ryot to hold the land at the end of the term of any subsisting puttah.[101] If the Zemindar sued for ejectment on the ground that the ryot would not pay enhanced rent, the suit would probably go against him unless he showed that the demand for enhanced rent was justified on the score of the rent-value of the lands having been enhanced by improvements effected by him. If, on other land, the ryot were turned out of the holding on the ground that he had no right to hold the land beyond the term of the puttah, he would have to show either that he derived his title from some one who had occupancy right in the land prior to the permanent settlement of the estate—manifestly almost an impossibility,—or that the circumstances of the case were such as to "imply" a contract to allow him to hold the land, and this is a hardship, as there is no certain criterion to determine what circumstances will be accepted by the courts as leading to

[101] *Vide* note on the decisions regarding the rights of the ryots; appendix VI.-B. (2).

the inference that there was an "implied" contract. This state of the law is an incentive to violent proceedings and places at a disadvantage land-holders who are willing to allow ryots to retain their holdings on payment of enhanced rents. In some respects, the decisions of the court have disallowed the just rights of the Zemindars to enhance money rents with reference to the increase in the prices of produce, while the Government itself exercises such a right in the case of the ryots it directly deals with. The law as regards the rights of the Zemindar to regulate the mode of cultivation or the nature of the crops grown, and of the tenants to make improvements and obtain compensation therefor when they are evicted, is unsettled. In two other respects, the landlord is placed at a disadvantage. He cannot sue for rent either in a Revenue court or in an ordinary Civil court, unless he offers to the tenant such a puttah, as he is bound to accept. It often happens that there is a dispute about the terms of the puttah leading to litigation extending over several years, as to whether the puttah offered by the landlord was a proper one or not. If it is decided by a court that any condition in a puttah offered was an improper one, to whatever extent the claims of the tenant might be disallowed in other respects, the landlord forfeits the rent for the whole period of litigation Again, under the existing law, the landlord's claim for rent is not recognized as giving him a lien on the land in the hands of the stranger to whom the occupancy right might be transferred. This acts as an incentive to fraudulent conduct on the part of the tenant and, by rendering the recovery of rent difficult in cases in which a transferable occupancy right exists, makes it the interest of the landlord to endeavour to destroy it. There are, besides, various other flaws and omissions in the Act which promote disputes between landlords and tenants and embitter their relations, and the Act itself has been so carelessly drawn up that Mr. Justice Holloway once declared judicially that he did not in the least profess to understand its provisions.

Present unsatisfactory condition of the Zemindari ryots

87. The result is what might be expected, and there can be no doubt that the present condition of the Zemindari ryots is very unsatisfactory. In the Southern districts where the occupancy rights of ryots have all along been conceded, the ryots hold their own against the Zemindar and often defy them. In the Northern districts, the ryots are in a miserable condition and the Zemindars have everything their own way. There is abundant testimony to this effect. Mr. Forbes, the Col-

lector of [102] Ganjam, shortly after the famine of 1866 wrote, "The thirteen Oorya Zemindars of Ganjam are, with few exceptions, the most grasping landholders and the least enlightened proprietors in the world; they take 50 per cent. of the crops and lay out little or nothing in improving or in maintaining irrigation works. They lease their villages to middle-men, and the under-tenants are consequently deprived of all chance of accumulating capital and are little better than serfs of the soil; the bulk of the ryots in Zemindari estates would hail a change to Government management with joy." We have more recent information as regards the condition of the ryots in the Nuzvid Zemindari in the Kistna delta. The estate was placed under the management of the Court of Wards and the manager of the estate, Mr. Singarazu Venkata Subbarayudu, a Vakil of the High Court, reported in 1879 in the following terms of the manner in which the rents of the ryots had been screwed up by the previous Zemindars. "Once every 5 years it is usual to fix a certain amount of sist upon every village, taking into account the circumstances then existing, the nature of the soil and the quality of the crops, and to take joint muchilikas with 6 dry or 3 wet kists from the pettanadars (Headmen) and kurnums, &c., of every village with conditions following :— (1) the lands shall not be relinquished before the prescribed term; (2) for losses arising from excess or failure of rains, they shall hold themselves responsible and the prescribed rent shall be paid whether the land be cultivated or not; (3) payments made after time shall be charged interest at 1 per cent. per mensem; (4) no cultivation shall be carried on without obtaining a puttah after the termination of the prescribed time; (5) individual muchilikas shall be presented apportioning the total amount of the muchilikas on the different descriptions of land, viz., best, middling, and inferior; (6) all shall jointly and severally be responsible for the whole rent . . . . The tarams are subject to alteration when the villages are re-rented at the end of the cowle in the same manner as they are fixed at the beginning. . . . . Some villages have the same rate for the best and worst sort of lands, while others have the least rate for the best land and the highest rate for inferior land. These rates are now in force. The best lands are possessed by kurnums, pettanadars and rich inhabitants. It is most irregular that there should be hundreds of rates in every taluk, and that rates should be different for the same kind of land according to the caste, loyalty and otherwise

[102] *Vide* appendix VI-B. (3).

of the landholder." In forwarding this report to the Court of Wards Mr. Horsfall, the Collector, noted by way of comment: "The system is profitable, no doubt, to the Zemindar, but faulty and oppressive in the extreme. No tenant is secure of his tenure for more than the period of his lease, and any improvements that he may have effected during the period of tenure are turned against him and made the reason for raising his rent; should he not agree, his lands are given to another, and he is ousted. Besides this, under the system of joint liability, he was held responsible for land with which he had really nothing to do. It is by a system like this that the rents have been doubled during the past 10 years. Should no one be willing to pay the price demanded, the lands were included under Kamatam or home farm lands. The conditions speak for themselves." Mr. Wynch who was also in charge of this estate writes in 1890: "No remissions are granted for lands left waste or for loss of crop (*vide* condition of puttah); if the tenant does not pay the rent in full, it remains in the accounts as an arrear against him; and this system of never writing arrears off the accounts is productive of the greatest oppression. Payments are credited to arrears, in order that the right to distrain for the current arrears may be kept alive. If this is not done and if the tenant cannot obviously pay the arrears accumulated against him,—for it is observed that they run on from generation to generation —and supposing that one tenant dies or deserts his holding, the incoming tenant is made to bind himself to pay the arrears due against the holding; then a bond will be taken from the tenant, conditioned for the repayment of the whole debt, with interest, by instalments within perhaps 12 or 20 years or more, as the circumstances require; if default is made in payment of any two consecutive instalments the whole amount of the bond immediately becomes due." As regards the relative condition of Government and Zemindari ryots, Mr. Subbarayudu writes in 1879: "There is no doubt that the estate ryot is poorer than the Government ryot. The reason is to be found in the difference of sist and the difference of administration. Before the expiry of the cowle there can be no alteration of sist, but after it the Zemindar is at liberty to enhance it. Under Government besides occasional remissions, arrears are written off as irrecoverable after lapse of some time; and the ryot is annually allowed to relinquish lands which he cannot pay for. These privileges are not conceded to the Zemindari tenant. Unless the agreement is executed for the rich and poor lands together, no fresh lease is granted on the expiry of a lease. The poor

lands cannot be set aside. The ryot is always indebted to the Zemindar. . . . . Money is recovered according to his produce; he is always fettered." The report, printed as appendix VI.-B. (4), of Mr. Cotton who was employed as a relief officer during the famine of 1876 shows the miserable condition of the ryots in the Kalahasti Zemindari. In the Southern districts the condition of the Zemindari ryots is not, as already observed, so bad as in the Northern districts. Nevertheless even here, it seems to be the case that Zemindari ryots are worse off than Government ryots, taking tracts of similar climatic conditions for comparison. As regards the Ramnad Zemindari, Mr. Rajaram Rao, who was for several years the manager of the Zemindari, states that the condition of the ryots in this estate is not as good as that of the Government ryots and that this is due partly to natural disadvantages and partly to the evils incidental to the system of sharing the crop which is in force. He remarks, "the evils of 'Waraput' or sharing system are too obvious to need comment. Under this system, a ryot, with whatever good and efficient arrangements made, is necessarily left at the mercy of the village and taluk officials for getting his crop home. He is not at liberty to reap his crops, harvest them and take his produce of his own accord, but must obtain the permission of the estate officials for every one of those purposes. . . . . Attention was not paid to the proper supervision of harvest, &c., and to the punctual collection of rents. The result was that the ryots contracted a habit of dishonesty and unpunctuality in their dealings and the officers were habituated to corruption and foul play." [103] There are, of course, estates like Ettiyapuram in which the condition of the ryots is nearly as good as in the Government taluks, but this is mostly due to the fact of these estates having had the benefit of several years of careful administration by the Court of Wards during the minority of the owners. The Ettiyapuram estate was surveyed, and money assessment was introduced in lieu of the sharing system to the great advantage of both the Zemindar and the ryots.

Suggestions as to amendment of the law of landlord and tenant

88. An amendment of the law regulating the relations between Zemindars and tenants is therefore urgently necessary to prevent further injury to the ryot's rights, and a bill based on the lines of the recent legislation in Bengal is now under the consideration of Government. I have mentioned in a

[103] For a graphic description of the evils of the sharing system by Mr. A. Seshayya Sastriar, C.S.I., Dewan of Pudukota, see appendix VI.-B. (5).

note printed as appendix VI.–B. (6) the points in regard to which provision should be made in the new law. The history of the previous legislation, which I have attempted briefly to sketch in the preceding paragraphs, will, I trust, have shown the defects in the present law and the causes of its failure. The main cause seems to me to be the idea of the legislature that any attempt on its part to define, in an unequivocal manner, the relative rights of Zemindars and ryots might necessitate interference with "rights of property" and "freedom of contract" and that if it were made imperative that all contracts between landlords and tenants should be reduced to writing, and machinery provided for summarily deciding disputes between them, matters would adjust themselves in the manner best calculated to secure the public interests. This view of the case assumes that the Zemindar is the full owner of the lands in the Zemindari and that the rights of the ryot are derived through him. The assumption, as will be seen from the account already given of the origin of the ryot's property, is unfounded. The share of the produce which the Government was entitled to take was always limited in lands occupied as well as waste reclaimed, and the rights conferred on Zemindars were no higher than the rights possessed by the Government itself. Any doubts which the inaccurate language of the permanent settlement regulations might have given rise to in this respect were fully cleared up by the legislation of 1822. The ryot's interest in land had, however, no saleable value in most parts of the presidency at the time of the permanent settlement. The Zemindar's interest was likewise of small value as he had to pay the major portion of his receipts to Government. Now, owing to improved administration and the general progress of the country, and more especially owing to the great rise in the value of agricultural produce consequent on the expansion of foreign trade which has taken place during the last 40 years, the value of both the Zemindar's and ryot's interests has greatly increased. The question involved in according legislative protection to ryots is therefore not what shall be taken away from the Zemindar and given to the ryot, but how shall the Zemindar, while being allowed to enjoy to the fullest extent the enhanced value of his share of the produce, be prevented from appropriating, as far as legislation can do so, the enhanced value of the ryot's share. The experiment of allowing the ryots to establish their rights in the courts has been tried, and it has grievously failed. In the first place, the courts can act only on the evidence produced before them, and in a contest between a rich and

powerful Zemindar and a poor ignorant ryot, the odds are, of course, immensely in favour of the former. The rights too, whose origin has to be referred [104] back to times when there was no settled Government or regular administration of law, are not capable of easy proof or even of exact definition. In this state of things, the natural result is that whatever is not proved to belong to the ryot is taken to belong to the Zemindar. The only effectual way of protecting the ryot, then, is to define his rights precisely by legislation and to allow him freedom to contract himself out of them only to a limited extent, seeing that in the case of cultivators cultivating for subsistence, with no alternative occupation to fall back upon or education or means to hold their own in a contest with their landlords, there can be no real freedom of action. Bearing these considerations in mind, the principles on which the legislation should be based may be thus stated :—According to the common law of the country, there are two distinct interests in land recognized, viz., the *Melvaram* and *Kudivaram*. Melvaram belongs to the Government or its assignee the Zemindar; and the Kudivaram to the ryot. There are also two distinct classes of land, viz., one Pannai, Kamar, home farm or private lands, and the other Aiyan, Jeroyati, or peasant lands. In the first class of lands both the Melvaram and Kudivaram rights belong to the Zemindar; and in the second, the Melvaram right alone. The bulk of the lands belong to the latter class, and so the presumption must be that land not proved to be private land is peasant land. This rule should be applied to cultivated land as well as the waste. As regards waste, the Zemindar should be entitled to apply to a Civil Court for permission to enclose waste lands and treat the enclosed lands as " private " in view to forming plantations, establishing factories, growing jungles, &c. The Court should in such cases give notice to the ryots to state any objections they may have to the enclosure and, after hearing their objections and making such arrangements as may be found necessary to reserve sufficient area of waste land to meet the requirements of the ryots as regards *bonâ fide* increase of cultivation and pasturage, it may grant the application. In regard to the grant of unenclosed waste lands,[105] the

[104] *Vide* extract (appendix VI.–B. (7)) from Sir H. S. Maine's speech in the Legislative Council of India for a full explanation of the difficulty of ascertaining the rights of ryots when there is no settled Government. See also extracts from Sir Frederick Pollock's " Land Laws " regarding the manner in which the rights of tenants became gradually abridged (appendix VI.–B. (8)).

[105] As to the discussions in the case of Government waste lands and the final settlement of the question—*vide* note printed as appendix VI.–B. (9).

Zemindar's powers to grant them for cultivation must be assimilated to those exercised by Government. It would certainly be difficult to control the Zemindar's discretion in granting waste lands for cultivation or to prevent his making a profit out of them, but the recognition of the principle that the waste lands are not at the Zemindar's unrestricted disposal is necessary to prevent the lands being rack-rented and lands resigned being added as a matter of course to "private lands;" otherwise all peasant lands as they become vacant will be converted into private lands. The ryot should have the right to adopt such modes of cultivation and raise such crops as he finds profitable, and to make improvements to land, provided he pays the customary rent determined with reference to the standard crop of the village. As regards the rents, though these have been pushed up in the Northern districts so as to absorb nearly the whole of the increase in the value of the ryot's share of the produce that has resulted from the general progress of the country in recent years, still a sudden reduction of them would cause hardship to the Zemindars. Existing rents must, therefore, be recognized, and the efforts of legislation directed towards securing to the ryot the enjoyment of any increase in the value of his share of the produce which may accrue to him in the future. As regards the detailed provisions to be made for this purpose, the note printed as appendix VI.–B. (6) should be referred to. The most noteworthy point in connection with this question is the rule laid down to the effect that rents shall not be enhanced even with the consent of the ryot to a greater extent than 12½ per cent. at a time, and that rent once enhanced shall not be liable to alteration for 15 years. Zemindari ryots should be conceded the right to transfer their holdings after giving due notice to the Zemindars. This right is possessed by the ryots in the Southern districts, and though it is disputed by the Zemindars of the Northern districts, it should be recognized by legislation as it is the necessary consequence of the limitation of the demand of the Zemindar and the creation of a saleable interest for the ryot in the land. Public interests require that there should be no obstacles interposed to the consolidation of holdings for purposes of profitable cultivation; and the Zemindar himself may have to purchase ryot's holdings for such purposes. He loses nothing by conceding the right, more especially when he is not allowed to annex lands vacated to his "private lands." His interest will be amply protected by making him retain a lien for the rent due on the land in the hands of the purchaser. To prevent the Zemindar from allowing rent to accumulate by withholding remissions when due,

it should be ruled that not more than three years' rent shall be recovered by the sale of the ryot's interest in the land. As regards "private lands" the Zemindar is to have full liberty to deal with them as he likes. It seems to me that provisions of the kind above referred to will, without injuring the rights of the Zemindars, prevent, at all events, further encroachments on the rights of the ryots in the future. These provisions are based on principles recognized by the common law of the country and they do not ignore existing facts and conditions. The present unsatisfactory state of the law is injurious in some cases both to the Zemindars and tenants; and [106] every day's delay must add greatly to the difficulty of dealing with the question. This is especially the case in the Northern districts where lands have within the last two or three years greatly increased in value by the opening of the Hyderabad Railway; and when the East Coast Railway is completed the value of lands is likely to increase still further. If steps are not taken betimes to secure a share of this increase of value for the improvement of the condition of the Zemindari ryots, the growth of vested interests will make it difficult or impossible to do this in the future. Another measure which would effectually protect the rights of the ryots without injuring those of the Zemindars is the survey of Zemindaries. This should be encouraged as much as possible, and the survey should be carried out in all estates under the charge of the Court of Wards. The Court of Wards now naturally hesitate to carry out the survey in the Zemindari estates in the Northern districts, as the rights of the ryots are still undefined. When the new law is passed, this will no longer be the case.

Legislation to arrest the rapid dismemberment of large Zemindari estates

89. There is also for consideration the question of protecting by legislation large Zemindari estates in this Presidency from dismemberment. Out of a total number of 849 permanently settled estates covering an area of 27½ million acres, there are 135 estates covering an area of 15½ million acres, which are supposed to be held under the law of primogeniture and to be impartible. Some years ago it was believed that the holders of these estates had only a life interest in them, and that they could not alienate or encumber the properties so as to have effect beyond

[106] As regards the necessity for legislative interference to regulate the relations between landlords and tenants in view of the rapid changes that are taking place in the economic condition of the country—*vide* Extract from a speech of Mr. Ilbert on the Bengal Tenancy Bill before the Legislative Council of India in 1886 (appendix VI.–B (10)).

their own lifetime. Subsequently the courts discovered that the powers of a Zemindar were the same as those of a manager of a Hindu family holding property in co-parcenary under the ordinary law, with the exception that partition could not be claimed by the junior members of the family who were only entitled to maintenance out of the income of the estate. The Zemindar, it was declared, could, like the manager of an ordinary Hindu family, alienate the property in satisfaction of debts incurred for necessary family purposes, and that where there were no junior members, the powers of alienation of the Zemindar were unrestricted. Next, the Courts ruled that where the junior members of the co-parcenary family were sons, the latter were bound by the alienations made by the father even for debts not incurred for family purposes, it being the pious duty of sons under the Hindu Law to pay the debts of the father, provided they were not incurred for immoral or illegal purposes. The rule of primogeniture and impartibility was also declared not to attach necessarily to the property on grounds of public policy but was to be treated as a family custom liable to be annulled with the mutual consent of the members of the family. The question whether an estate was governed by the law of primogeniture or the ordinary law of equal division was thus made to depend upon the facts of each case and the conduct of the parties, there being no certain criterion laid down to determine the point in any particular case without resort to protracted litigation Lastly, in a recent decision the Privy Council has ruled that the Zemindar of an ancient and impartible estate is absolute owner and can dispose of it as he pleases, the property being impartible only in the sense that it is not divisible among the members of the family; there is thus nothing to prevent the Zemindar cutting it up into any number of portions and alienating them at his will and pleasure to the prejudice of the rights of succession of the junior members of his family. These rapid changes in the law, or at all events, in what was believed to be such by all the parties interested in the question in this presidency, have led to a great amount of litigation, the junior members in the case of several estates which had hitherto been supposed to be impartible having instituted suits for partition. The Zemindars themselves are apprehensive that the unrestricted powers of alienation conceded to them will lead to the rapid extinction of their estates and the decay of the influence and importance of their families which it was the intention of the rule of primogeniture to conserve. This apprehension seems well founded, for while in the case of

ordinary ancestral property the power of alienation by the managing member is restricted only to his fractional share of the property, there is no such limit in the case of an impartible Zemindari; and consequently the dismemberment of impartible estates is likely to be brought about more quickly than the dismemberment of properties to which the ordinary rule of inheritance applies. This result could not have been contemplated, whatever theory is adopted in regard to the origin of the rule of primogeniture, *i.e.*, whether the object of the rule is taken to be the maintenance of the dignity and influence of a certain official position, or the maintenance of the dignity and influence of certain ancient families; for to secure the object in view, the estate must be inalienable from the office in the one case, and from the family in the other. The means adopted by the English landed aristocracy to preserve the integrity of estates, viz., successive settlements voluntarily made by the owner of the reversion of the estate for the time being, as soon as he attains majority, are not available to the Zemindars, as the Hindu Law does not permit of the settlement of estates on 'unborn' persons. In fact, the ancient Hindu Law, as already observed, regarded land as constituting 'an estate dedicated equally to the support of sacrifices to deceased members, as to the sustenance of those living, and still to come into life;' and powers of alienation are a modern development. It seems to me, therefore, desirable that with a view to prevent litigation and dissipation of properties it should be declared by legislation, after due enquiry by a commission, (1) which estates are ancient Zemindaries subject to the rule of primogeniture and of impartibility, and whether the rule attaches to the estate or to the family which holds it at present; and (2) that the powers of the holder of the estate for the time being shall be those of the managing member of a Hindu family governed by the ordinary law of succession as they were understood to be before the recent Privy Council decision. The modern Hindu Law seems to steer clear of the evils of the strict entails of the English system as well as of the restrictions on the powers of bequest of self-acquired landed property imposed by the French Law on the one hand, and on the other of unrestricted powers of disposition of ancestral property in a purely agricultural country where the vast majority of the population has to subsist by the cultivation of land. The powers of the managing member in family property to deal with it for the purposes of its improvement are, under the Hindu Law, unrestricted; but at the same time he is prevented

from alienating the means of subsistence of the junior members of his family including his own sons, while parental control is, to some extent, preserved by the liability of the sons to pay the debts of the father except in certain contingencies; and as regards self-acquired property, the acquirer can do what he likes with it. In making the above remarks, I have assumed that the preservation of these large estates, which are found scattered in the midst of a vast multitude of peasant properties, is a desirable object. I do not propose to discuss the much vexed question whether the system of landholding in large estates or in peasant properties is the more conducive to the general prosperity of the country. Each system has its special advantages and disadvantages, and as Dr. Walker in his book on *Land and its Rent* points out, the most wholesome of national and economical organizations is perhaps that which admits of an admixture of large, medium sized and small properties, those of medium size predominating. It is true that the Zemindars as a body have as yet done nothing to assume their proper position as leaders of social and industrial movements; but in fairness to them, it must also be remembered that to a great extent circumstances have been against them. They were most of them in possession of unrestrained power in the beginning of the century, and the necessities of orderly and civilized government in the then existing state of the country required that they should be deprived of all power and influence and relegated to the position of landholders. The conditions also of farming in this country, so dissimilar to those which existed in England in the latter half of the last century, were not such as to render high cultivation profitable. Brought up in the old traditions, with no sphere of public usefulness open to them to develop their better qualities or enlarge their minds, they have hitherto, with some notable exceptions, formed an idle and dissipated class. Recently, however, a change has become perceptible. Several of them are being educated, and the proceedings of the Landholders' Association recently organized distinctly show that they are beginning to realize their duties and responsibilities and to feel that if they do not rise to the requirements of the present *régime*, they will lose all social influence and importance and be doomed finally to disappear. With the great increase in population and expansion of an export trade, the necessity for better methods of cultivation, such as those which only rich landlords have it in their power to adopt, will become greater and greater, and a sphere of usefulness will be opened out to them in this direction as well as in the management

of industrial enterprizes which peasant proprietors cannot be expected to undertake. It would, therefore, not be right to judge of the future usefulness of this class from what they have done in the past; and if they could be assisted to maintain their ground without the aid of legislation of any drastic character involving violent interference with private rights and weakening motives of self-help or personal independence, it would, it seems to me, be good policy on the part of Government to afford that assistance. The Government might also encourage in an indirect way, by the grant of titles and honors, such of the Zemindars as take interest in the welfare of their tenantry and prove useful auxiliaries to Government in its efforts to introduce agricultural knowledge and improvement in the country. This is now done to some extent, but in a spasmodic, isolated manner. What is required is more systematic and continuous action in this direction. It might be made a rule that all the more considerable Zemindars are to be invited to meet the head of the Government and the representative of the Queen-Empress on or about the New Year's day, when they would be expected to give in an informal way an account of the management of their estates. This will give them an opportunity of becoming personally acquainted with the head of the Government and with other Zemindars, and may be trusted to engender in them a spirit of emulation in works of public usefulness. The head of the Government will also have an opportunity of showing his appreciation of the more public spirited Zemindars by calling them to his council and treating them as the trusted advisers of Government; while those who neglected their duties and responsibilities would receive due warning that they would be incurring the displeasure of Government if they persisted in this course of conduct. In many cases, such warnings and indirect influence would prove effectual; and though it may not be possible to make any marked and immediate impression on the older Zemindars, the effect on the ambition for distinction in works of public usefulness of the younger generation cannot be otherwise than beneficial.

III.—Agricultural Indebtedness, its Causes and Remedies.

Extent of agricultural indebtedness.

90. The next group of questions we have to consider relates to the extent of the agricultural indebtedness prevalent in this presidency, its causes and the measures which it is possible for Government to take to mitigate the evil.

Without a minute inquiry extending over all parts of the country, it would not be possible to form an entirely trustworthy idea of the extent of agricultural indebtedness, as the conditions of different tracts vary widely. The following general account is based on inquiries made and information furnished on the subject by the officers of the Registration Department within the limited time allowed to them for the purpose.

The aggregate value of the documents registered in the registration offices of this presidency in 1891-92 amounted to about 15·68 crores of rupees; but it would, of course, be a mistake to take the aggregate value of registered transactions as a measure of agricultural indebtedness. Registered transactions are not all loans, but, on the contrary include a large number of cases of cancellation of debts, such as reconveyances of mortgaged property, releases and discharges of debts, receipts, &c., besides gifts, sales, leases, and partitions of immoveable property. Of the aggregate amount shown above, 14·45 crores related to immoveable and 1·23 crores to moveable property and simple bonds. The value of gifts of immoveable property amounted to 20 lakhs of rupees; of sales of immoveable property 4·29 crores, and of mortgages of immoveable property 6·67 crores. The annual rents of leases registered aggregated 48 lakhs and the amount of fine or premium paid therefor was 10 lakhs. Among documents not relating to immoveable property, the value of sales was 3 lakhs and of simple bonds 60 lakhs.

The total extent of debts registered—mortgages and bonds—therefore amounted to 7·27 crores of rupees. There is no means of finding out how much of this amount relates to debts renewed and how much to debts newly contracted. A rough analysis of a large number of mortgage deeds in the several districts shows that nearly 75 per cent. of the mortgages executed are for terms not exceeding three years, that in nearly 50 per cent. of cases there is either no term stipulated or the term is less than one year, and the average term stipulated for all mortgages is about three and-half years.[107] Mortgages for short terms might, of course, occasionally be permitted to run for the full period allowed by the law of limitation, but the practice appears to be to renew the mortgages as frequently as possible. 66,396 mortgage deeds and 12,720 bonds[108] registered in the registration offices of nine districts were examined, and it was,

[107] For particulars *vide* statement printed as appendix VI.-C. (1).
[108] Do. do. VI.-C. (2).

found that in 27,845 cases the purposes for which debts were contracted were not stated; and that in 28,206 cases the documents were executed either in renewal of subsisting mortgages or for obtaining loans to discharge other debts. In the remaining 23,065 cases, the purposes for which the debts were contracted were as follow:—To discharge court decrees 568; for purchasing lands and houses 3,873; for purposes of trade 836; for purchase of cattle and for cultivation expenses and payment of Government assessment 2,973; for sinking wells and defraying the expenses of garden cultivation 569; for marriage expenses 3,502; for funeral expenses 155; for other household expenses 5,194; for court expenses 298; and for various other purposes 5,097. The above figures relate only to a small number of transactions registered in a few districts, but a similar analysis of the statistics for all the offices in the presidency would entail an enormous amount of labour and take up considerable time.

The aggregate amount of debt may, perhaps, be guessed at four times the annual value of mortgages and bonds registered, viz., 29 crores of rupees for the whole presidency. The unregistered debts are mostly temporary loans which are either repaid in a few months or converted into debts secured by registered documents. Of the above sum of 29 crores, a considerable portion is secured on house property in towns. There is no means of estimating how much is so secured, but there is no doubt that the amount is considerable. In the Madras town, where the properties mortgaged are mostly house properties, the total value of the mortgages amounts to 26 lakhs of rupees a year.

We have also no information in regard to the total value of landed property and the extent to which it is encumbered, but there is no reason to think that, high as the figures relating to indebtedness look, they bear anything like the proportion to the total value of landed property that obtains in European [109] countries.

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[109] Mr. Jenkins, Assistant Commissioner, who reported on the state of agriculture in France to the British Royal Commission on Agriculture in 1881, remarks as follows on the indebtedness of the peasantry in France:

"A report on the agriculture of any portion of France without a mention of that spoilt child of the doctrinaires, the 'peasant proprietor,' would appear to many persons like the play of Hamlet without the impersonation of the Prince of Denmark. Therefore I feel constrained to say a few words on the subject, although, as a matter of fact, I have very little to add to what has already been reported by my colleague Mr. Sutherland. I quite agree with everything that Mr. Sutherland had stated in his report, and also with the views on the same subject expressed by my late friend Mr. Gibson Richardson in his well known work on the *Corn and Cattle Producing Districts of France*. But it seems necessary to draw attention to one remarkable omission by Mr. Sutherland, namely, the extent to which peasant properties in France are mortgaged. Mr. Richardson states that 'the mortgage debt is put at 480 millions sterling, which is one-sixth

In this country, there being no artificial obstacles interposed to the free transfer of properties, the extent to which property is annually transferred by private sale, taken in conjunction with the average term of mortgages, may, in some measure, serve as an index to the extent of indebtedness of the agricultural classes. In the year 1890–91, out of an extent of ryotwar holdings amounting to a little more than 21 million acres, the extent returned as transferred by private sale was a little over 366,000 acres or 1·7 per cent. The irrigated land transferred was 87,000 acres out of 4·1 million acres or 2·1 per cent.; and the unirrigated land 279,000 acres out of 17 million acres or 1·6 per cent. The assessment of lands transferred under each class to the total assessment of lands under occupation bore the following proportions; irrigated land, 2·2 per cent.; unirrigated 1·7; both classes 2 per cent. In his *Manual of the Coimbatore District*, Mr. Nicholson has given interesting calculations as regards the extent of land transferred, based on the registration statistics for the three years ending 1882–83. Mr. Nicholson estimated the value of land as follows: Irrigated lands, 90,000 acres at Rs. 255 per acre, 2·25 crores; unirrigated lands, 1,800,000 acres at Rs. 12 per acre, 2·15 crores; garden lands, 410,000 acres at Rs. 46 per acre, 1·9 crores; total 6·3 crores. He observes, "The actual

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of the estimated value of the land, borrowed at a high rate of interest, as much, including costs, as 7 per cent. calling for a yearly payment, mostly from the smallest owners, of 34 millions sterling.' The same writer states that small plots of land, when purchased, 'do not pay 2½ per cent. to let, and they can be sold when conveniently placed for division at a price which bears no proportion to the letting value.' Again, referring to the rights of heirs to their share of each kind of property, he remarks 'the consequence of this is a continual division and sub-division of plots of land, until at last no cultivation is possible, except with a spade, and in some cases that must not be a full sized one; and a tree cannot be planted in an estate, because it is illegal to plant one within two yards of your neighbour's boundary, and your neighbour on each side is within that distance.' These quotations from Mr. Richardson bring into relief the three vices of the French land system as it affects the peasant proprietor; these are (1) an excessive sub-division of the land which used to be called in France '*morcellement*' until the progress of facts rendered the word too feeble to express the reality, and so of late years, it has been replaced by the term '*pulverisation*'; (2) the 'demon of property' which is the curse of the French peasant, which causes him to beg, borrow, and almost to steal, to starve himself and his family, and in fact to do anything in order to obtain possession of a piece of land; and (3) the recklessness with which the peasants borrow money at even ruinous rates of interest to complete their purchases."

The following facts as regards agricultural indebtedness in European countries have been taken from Mr. Mulhall's *Dictionary of Statistics*:

United Kingdom.—Lord Reay estimates the mortgages at 58 per cent. in England of the value of real estate; in Ireland, according to Commissioner Greene, they amount to 40 per cent., say 120 millions sterling. *Germany.*—In 1870, the mortgages in Prussia reached 190, and in all Germany 273 millions sterling. Professor Meitzen, however, considers that 41 per cent. of all real estate in the Empire is mortgaged. An official return for 1883 shows that the houses of Berlin were mortgaged for 105 millions sterling, being 67 per cent. of their assessed value. *Russia.*—Mortgages of land are known to reach 148 millions sterling, but probably amount to much more. *Belgium.*—The registration of mortgages was as follows:—1860, 3·4 millions; 1870, 4·4 millions; and 1880, 8·3 millions sterling. *Spain.*—Mortgages are estimated to amount to 172 millions sterling; annual average of new mortgages, 8·5 millions. *Egypt.*—New mortgages average 1·3 millions per annum.

sales for the three years ending 1882–83 averaged about 12¾ lakhs per annum, or less than one-fourth of the transactions, and about one-fiftieth of the capital value. In 1882–83 the total of land transactions was 24,765, of which mortgages were 11,400 or 46·2 per cent., and sales 10,610 or 43 per cent. The ratio of all transactions to the kinds of land has not been ascertained, but in 1880–83 sales averaged as follows: wet lands 1,567 acres or $\frac{1}{35}$ of the total occupied area; dry lands 35,726 acres or about $\frac{1}{10}$ of the total occupied dry area excluding gardens; and gardens 3,462 acres or about $\frac{1}{118}$ of the nominal garden area of 408,326 acres and $\frac{1}{72}$ of the area (251,275 acres) actually irrigated. Of the prices realized, nearly $\frac{8}{14}$ are credited to the small area of wet land; $\frac{3}{14}$ to dry land; and $\frac{3}{14}$ to gardens. Acre for acre, wet lands as sold were worth Rs. 255 or 13½ times as much as dry land and 5½ times as much as gardens, while gardens were worth Rs. 46 or 2½ times as much as dry land, which averaged Rs. 19 per acre. The low garden rate is due to the fact that much nominal garden in a given field is only dry land, a 6-acre field having probably only 3 to 4 acres of actual garden, the total area actually irrigated being only 251,275 acres out of a field area of 408,326 acres; hence the actually irrigated area is probably worth about Rs. 60 per acre. The average value of the dry lands (Rs. 19) must not be taken as a gauge of the value of poor lands, such as VII 4, 5 and VIII 3, 4, 5; a vast area has little or no sale value, being so unproductive; an examination of the tables from 1878 to 1883 shows that sales are much larger where the generality of dry lands are most valuable; in Polláchi, where the soil is generally rich and the south-west monsoon abundant, and in Udamalpet, with its high-priced black cotton lands, the sales averaged in five years almost $\frac{5}{12}$ths of the total district sales, though the occupied area of these two taluks, including poliputs, is two-twelfths of the district occupied area. The number of professional money-lenders in these taluks possibly accounts for the large sales and the value of the lands for the money-lenders. Since, therefore, the average price of Rs. 19 has been struck upon the sale of an unduly large proportion of the valuable lands of the district, a lower rate (Rs. 12) has been taken in roughly estimating the capital value of the *total* occupied dry lands. The sales of garden lands in the Palladam taluk, including Avanáshi, were very heavy, totalling 8,563 acres out of 16,448 acres sold from 1878 to 1883 or above one-half, whereas the garden area of the taluk is above two-elevenths of the district garden area, and the dry sales were only about one-eleventh of the total dry sales." Information is not

available in a readily accessible form to make a similar analysis of statistics for later years. The agricultural returns published by the Board of Revenue show that in 1890-91, the area transferred by private sale was 58,000 acres in the Coimbatore district or 2·4 per cent. of the total area of ryotwar holdings, which pretty closely accords with the estimate arrived at by Mr. Nicholson. There is no reason to think that the percentage is higher in other districts.

It is also a noteworthy fact that land transactions take place mostly between the ryots themselves, and that money-lenders in not less than 80 per cent. of the cases belong to the agricultural classes. Information furnished by the officers of the Registration Department clearly establishes this point.[110] This fact explains the reason why the evils of agricultural indebtedness do not appear to have developed in this presidency to the extent they appear to have in the Bombay-Deccan. There the money-lenders are stated to be foreigners, different in religion from their clients; entirely out of sympathy with them; and accustomed to retire with their profits after a sufficiently long course of business to their homes in Rajputana. The money-lenders in this presidency may roughly be divided into four classes, viz., 1st, the richer ryots; 2ndly, the Komaties or Banya traders in the Telugu districts; 3rdly, the Lingayet traders in the tracts of country bordering on the Mysore territory; and, 4thly, the Muhammadan Lubbay traders on the East Coast and Moplahs in North Malabar, and the Nattukottai Chetties in the southern districts. As already stated, taking the presidency as a whole, not less than 80 per cent. of the money-lenders belong to the agricultural classes, who are of all castes. The Komaties or Banyas form a small class, and as they have been for generations permanently established in their several places of business, their terms are generally moderate, and harmonious relations prevail between them and their clients. In the Cuddapah and Nellore districts, where this class is numerous, the rates of interest are generally lower than in other parts of the presidency. The Moplahs are usurious money-lenders, and as they are keen men of business placed in the midst of an indolent population, alien to them in religion, they are more than usually hard in their dealings. The Moplahs do not, however, except in North Malabar, practise money-lending to any great extent and they are more often borrowers. The Nattukottai Chetties are the Marwadies of this presidency; but they are established only in a few trading centres

[110] For particulars *vide* statement printed as appendix VI.-C. (2).

and lend money to the poorer classes to a small extent, though the terms exacted by them are harder than those exacted by other classes of money-lenders. They do a large business in the way of lending large sums to zemindars and other big landholders and make an enormous profit.

The terms and conditions of money loans differ in different districts. 12 per cent. is the usual rate of interest for loans amounting to between Rs. 100 and Rs. 500; for loans between Rs. 500 and Rs. 1,000 it varies from 12 to 9 per cent., and for loans above Rs. 1,000 between 9 and 6 per cent., the rate of interest diminishing as the amount of the loan increases. On the other hand, for loans below Rs. 100 the rate of interest ranges between 12 and 18 per cent., the rate increasing as the amount of the loan diminishes. These are the most usual rates,[111] but in exceptional cases and for large amounts the rate of interest is occasionally less than 6 per cent. In the case of small sums when the security offered is insufficient and the risk in recovering the loan great, the rate of interest is even higher than 18 per cent. Sometimes it is stipulated that when there is failure in payment of the loan together with the usual interest at the appointed time, and the solvency of the debtor becomes doubtful, a higher rate of interest shall be paid from the date of default. This condition is not, however, generally enforced except when the money has to be recovered by resort to the courts. Loans on mortgages of value of Rs. 100 and upwards amounted in 1891-92 to 5·85 crores of rupees and loans on mortgages of value less than Rs. 100 to 82 lakhs or about one-seventh of the former, the average amount[112] of a loan in the first case being Rs. 313, and in the second, Rs. 44. Loans on simple bonds registered averaged in value Rs. 200. Taking all transactions together, the average rate of interest may, therefore, roughly speaking, be estimated at 12 per cent.

The transactions between money-lenders and ryots, especially in the districts subject to drought, are usually of the following description. The poorer ryots open an account with a money-lender who is generally a well-to-do ryot or Komati trader, and obtain from him small sums of money or food grain or seed grain during the cultivation season, June or July, on condition that the advance is to be repaid in grain after the next harvest with an addition which varies from 12½ to 50 per cent., the most usual rate being 25 per cent.

[111] For particulars *vide* statement printed as appendix VI.-C. (2).
[112] Do. do. VI.-C. (3).

As long as the ryots repay regularly what they have borrowed, they are allowed further advances on the same conditions. If there is failure in repayment, a bond or mortgage deed is taken. In the case of hypothecation of property the amount of the loan is about half, and in the case of mortgage with possession about three-fourths, of the value of property offered as security. Money on mortgages of land with possession is rarely lent except by persons belonging to the agricultural classes. Money is sometimes lent to ryots by persons who have no lands of their own with a view to secure food grains for their household consumption, the stipulation being that the borrower shall pay grain in lieu of interest at the harvest at a rate which is below the then market rate. In some cases grain merchants and dealers in commercial produce make advances to ryots stipulating for delivery of produce at certain fixed rates or at the rate prevailing at the time of repayment *minus* a deduction in the price on account of interest or at the lowest rate at which grain was sold soon after harvest. Sometimes the ryots deal directly with merchants, but in some cases, especially in the dry parts of the country, brokers are employed. In several cases, advances are made by landholders to agricultural labourers on the condition that they are not to pay interest so long as they work under them for the customary wages, and that, on default, the amount advanced should be repaid with interest at 18 or 24 per cent. Money is also borrowed by the industrial classes, viz., weavers, artizans, &c., under what is called "Kandu labha" system. An artizan, for instance, borrows Rs. 300 to make his wares and sell them daily. The interest for the whole amount is taken at Rs. 60 per annum and added to the principal and the whole amount is made repayable in daily instalments throughout one year at the rate of one rupee a day by the sale of his goods.

It would, however, be a great mistake to suppose that the rates of interest above referred to, high as they appear, are necessarily usurious. The gross profits derived from the use of capital consist, as is well known, of three parts, viz., (1) the remuneration for the labour of managing the capital, (2) the insurance against the risks involved in the particular use of it; and (3) the interest proper. Taking the case of a ryot borrowing a quantity of grain on condition of repaying at the end of six months the whole of it *plus* an additional 25 per cent., it might seem as if the interest paid were 50 per cent. per annum, a most exorbitant rate; but this is really not so. The price of the grain during the cultivation season is usually 15 or 20 per cent. higher than the price

at the time of the harvest, and occasionally even as much as 25 per cent. This difference in price is due no doubt partly to the inability of the majority of the ryots to wait for a price; but even if they waited they would not be able to profit by the whole difference, for that difference consists, to a considerable extent, of the wastage and dryage of grain during the intervening period and the charges for storing. The gains of the money or grain lenders are, taking one year with another, and allowing for losses, not more than what keen men of business can reasonably expect for the time they give to the business and the risks they undergo. And in the case of the poorest ryots, the money lenders are almost a necessity, seeing to what extent, under the conditions of climate, the outturn of harvests in this country differs from year to year. The late Rajah Sir T. Madhava Rao has explained the useful service this class renders to the ryots with reference to the state of things in the Baroda State. He states "The ryot can never, as a rule, altogether dispense with the services of the sowkar; for the seasons are not so regular, nor are the means of irrigation so extensive as to ensure equality or constancy of production. Again, the land tax is, in most cases, fixed, and absorbs a considerable proportion of the produce; and again, prices of produce fluctuate, changing the incidence of tax from year to year. In other words, while the outturn of the land is necessarily varying, the ryot has to pay a fixed and considerable tax which must come from the land. In other words, again, the exchequer has to draw a constant and continuous stream out of a fitful supply. The sowkar by his interposition meets the mechanical necessity of the problem. He is the receiver of the fitful supply, and makes the ryot pay the sirkar equably. He often performs another useful function, namely, he enables the ryot also to draw from that fitful supply an equable subsistence for himself and his family. It is thus to him that the sirkar and the ryot are indebted for equalizing the annual receipts from a fluctuating source. He, therefore, fulfils beneficial duties and deserves to be conserved as an almost indispensable part of the rural organization. At the same time we are bound to see that he does not over-ride the interests of the ryot. Let the Civil Courts enable the sowkar to recover his just claims from the ryots. But the Courts should not permit the sowkars to press the ryots to the point of crushing." The speculators in commercial produce perform equally useful functions. By watching the state of the market for different kinds of produce in different parts of the world, and entering into contracts to take the produce which

is likely to be in demand, they enable the ryots to realize a larger value for their produce than they would have done if they had been left to their own devices. In the case of the *Kandu labha* system, instanced above, the risks undergone by the lender are probably not very great, and the greater portion of the high interest charged represents the remuneration due for the trouble of collecting small sums at short intervals from a number of persons and lending them out again.[113] The true interest is what is obtained for loans of fairly large amounts on adequate security for considerable periods of time. Transactions of a genuine usurious type appear, however, to be common in Malabar. Traders sometimes combine money-lending with trade operations whenever they have money lying idle on their hands, but in such cases the terms allowed are very short and repayment is punctually and sometimes harshly enforced. The Moplahs, it is stated, expect to make as much profit by money-lending as they would do if the amount were employed in trade. From inquiries I have made it appears that, taking one year with another, the profits of trade amount to about 25 per cent., of which about 15 per cent goes to defray the charges including the trader's subsistence and 10 per cent. forms interest on the capital invested. An interesting account of the methods of dealing practised by the firms of Nattukottai Chetties settled at Karúr is printed as appendix VI –C. (4).

Has agricultural indebtedness increased in recent years

91. As regards the question whether agricultural indebtedness as measured in money value has increased in recent years, the answer must certainly be in the affirmative; first, because of the great rise which has taken place in the value of property of all descriptions and of the facilities available, owing to fixed laws and security of property, for raising money required for various purposes; and, secondly, because of the abundance of money and the growth of a money economy. If, on the other hand, the question be asked, whether the agricultural classes generally are more in the hands of sowkars or professional money-lenders than before, the answer must as decidedly be in the negative.

[113] Professor Marshall points out, "A pawnbroker's business involves next to no risk, but his loans are generally made at the rate of 25 per cent per annum or more, the greater part of which is really earnings of management of a troublesome business Or to take a more extreme case, there are men in London and Paris, and probably elsewhere, who make a living by lending to costermongers The money is often lent at the beginning of the day for the purchase of fruit and returned at the end of the day at a profit of 10 per cent., there is little risk in the trade, the money so lent is seldom lost. Now a farthing invested at 10 per cent. a day would amount to a billion of pounds at the end of a year. But no man can become rich by lending to costermongers, because no one can lend much in this way."

The evidence of Mr. Grant, Sir Thomas Munro, Messrs. Mellor, Bourdillon and Pelly, referred to in previous portions of this Memorandum, will show the extent to which the ryots in the Northern Circars and the Ceded Districts were dependent on the sowkars in former days for their means of subsistence. The extracts, printed as appendix VI.–C. (5 and 6), from Mr. Warden's report and Buchanan's *Journey in Mysore, Canara and Malabar* furnish particulars as regards the state of things in Malabar. There can be no doubt that agriculturists as a class have gradually been emancipating themselves from the thraldom in which they had been held by the money-lending classes formerly, and that the monopoly [114] and the tremendous power and influence exercised by the latter classes have been breaking down. In the Godávari and the Kistna districts the ryots, it is reported, "instead of being in the hands of sowkars, are becoming sowkars themselves," or in other words, the transactions are getting more and more to be between the agriculturists themselves, the richer ryots lending to the poorer. In Bellary, it is stated that, "whereas about 40 or 50 years ago there used to be only a few important ryots and sowkars scattered here and there in villages and taluks, each having at times a number of families depending on him as so many parasites, the present aspect is that wealth and importance are more generally distributed." The Acting Registrar of the South Arcot district, referring to the condition of things in that district as well as Chingleput, states: "I have experience of two or three districts, and I am able to state that the improvement is marked and is perceptible to all unprejudiced observers. Nearly one-half of the huts that existed 25 years ago have disappeared, and tiled houses have taken their places. Houses which were tiled then have changed their dimensions and appearance now. So in clothing and other comforts. Agriculturists have in their turn become money-lenders and have learnt to dispense with the aid of the professional money-lenders, to a very great extent. The improvement in material prosperity can be easily gauged by

[114] See para 62 *ante* Compare the following remarks of Sir Alfred Lyall "There is much vague talk about the English rule in India being the paradise of money-lenders, but the great bankers of Upper India with one accord look back regretfully from these levelling times of railway and telegraph to the golden days of immense profits upon daring ventures, when swift runners brought early secret news of a decisive battle, or a great military leader offered any terms for a loan which would pay his mutinous troops In those times a man whose bills were duly cashed in every camp and court of the Northern Provinces had often to remit specie at all hazards, and the best swords of Rajputana were at the service of the longest purse. A tremendous insurance policy was paid to some petty chief or captain of banditti, who undertook, by hook or by crook, to cut his way across the country and deposit the treasure at its appointed place, and who almost always discharged his contract with great daring and fidelity."

the fall in the rate of interest which [115] was then 12 per cent. at least (then called *dharma vaddi*, *i.e.*, equitable interest) and is now nearly 6 per cent. Time has come when ryots are able to take advantage of any help that may be rendered to them to organize a system of mutual credit. By getting a small loan for a bullock or two, by industry and economy, they become in time proprietors of a plough and a pair of cattle and are able to maintain themselves independently. As farmers they are able to repay their loans, which as servants they were not. By dint of exertion and thrift they are even able to purchase a small piece of land and attain the status of proprietors. Rich landholders, on the other hand, have been losing ground. The sons by partition get only a fraction of their patrimony, while their family and expenditure are in many cases equal to or greater than those of their parents. They involve themselves in debt and have ultimately to part with their lands. They become poor, and by hard necessity understand their position and try to lift themselves with those who were originally poor. The lands are passing from them to vakils and Government officials" (appendix VI.-C. (7)). The District Registrar of Tinnevelly remarks "the higher classes, who were sole landholders before, have become impoverished and have given up their land little by little, whereas the poor labouring classes have acquired land by dint of their economical savings. As agricultural profession is found to be more safe and secure by the lower classes, they lay out their earnings on landed property." The Honorable P. Chentsal Rao in discussing the question which forms the subject of this Memorandum observes, "You may ask, why is it that, in spite of all the improve-

[115] The inscriptions in the famous temple at Tanjore show that loans made to individuals or village assemblies in the eleventh and twelfth centuries out of temple funds paid interest at the rate of 12½ per cent. per annum. Even now, the usual rate of interest cannot be said to be so low as 6 per cent. It must, however, be remembered that most of the transactions in former days having been carried on by barter, the demand for money must have been much less than at the present day. Leaving out of account usurious transactions, the ordinary transactions were between persons belonging to the same community, thoroughly known to each other, generally kinsmen or co-religionists. Money was lent not for the sake of profit, but with a view to relieve the necessity of the borrowers. The interest taken was small, and no security was demanded, the only witnesses to the transaction being the "sun and moon"; such transactions were necessarily few. When lending becomes general, and the dealings are between strangers, greater security is demanded and the rates of interest are determined with reference to mercantile considerations; and the rates thus established are applied also to loans to persons who as kinsmen or friends of the lenders would formerly have been granted easy terms. This change is due to the extension of the system of credit and not to any loss of "confidence" as between borrowers and lenders as is sometimes supposed. Another circumstance which has possibly tended to keep up the rate of interest is the diminishing purchasing power of money. If the principal sum be not expected to be worth as much when returned as when lent, the difference must be made good by the rise in the interest. It may be doubted whether the lender is consciously influenced by this consideration, but these matters have a tendency to adjust themselves automatically.

ments I have mentioned, there is such a cry as that we are becoming poor. I fancy that this is due to three causes. One is, it is a fact that we now fail to see those 'big men' in the country who once existed with enormous wealth and great influence over the people. My grandfather once told me that when he was a Tahsildar, the Collector having on one occasion called upon him to expedite the revenue collections and intimated to him that if he did not remit at least Rs. 50,000 within a week, he would be dismissed, a single ryot in his taluk paid all the money in advance and received it afterwards from the ryots in his taluk, almost all of whom were dependent on him. Such men of wealth and influence over the ryots do not now exist. This change has taken place, because the lower classes of ryots have slightly recovered from their extreme poverty and dependence upon the bigger men. I myself knew that in some villages of the taluks of which I was the Tahsildar, there were one or two big men who paid all the taxes of the ryots of those villages and took possession of all the produce raised by them, lending them again small quantities of produce for their subsistence. Now such men have diminished in number, because the ryots are able to pay their own taxes and keep to themselves the little they could save, instead of sending it to the pockets of the rich men. Thus, wealth is now more spread than it was, and this change is mistaken by some of us to be a sign of poverty. I do not mean to say that the disappearance of large capitalists is not a misfortune in itself, for I know that Rs. 1,000 in the hands of a single individual may often do more [116] good than Rs. 2,000 distributed among 1,000 persons; but all that I mean to say is that the aggregate wealth of the country has by no means diminished. Another cause of the feeling that we are getting poorer is that the intelligence of the people having improved, the educated men compare themselves with the more wealthy and civilized nations, whose habits and tastes they have imbibed, and feel their poverty more keenly than their ancestors did. The third and most important cause is, that although we are on the whole undoubtedly better off than we were fifty years ago, still the masses are extremely poor and most of them are

[116] It is for the reasons stated here by Mr Chentsal Rao that his proposal to legislate in view to arresting the too rapid decay of the landed aristocracy of the country has commanded general approval As a return for protection thus afforded, greater public services than hitherto rendered will be expected from the great landed proprietors, and, if need be, will have to be enforced. Another important means of counteracting the evils of diffusion of capital amongst innumerable persons, instead of its being concentrated in the hands of a few individuals in a form readily available for industrial enterprises, is the provision of facilities for the establishment of banks and joint stock companies all over the country.

half-starving—a condition which is enough to induce an ordinary observer to think that we could not have been worse before." The growth of a money economy and the new wants created by it have not only deprived the classes, which had hitherto benefited at the expense of the working classes, of much profit which they had formerly enjoyed, but also by placing temptations in their way to adopt a more expensive style of living than they had been accustomed to, have diminished a large portion of their accumulated wealth which has been distributed among the earning classes. The condition of the working classes has improved to some extent by means having been placed within their reach of engaging in occupations for which they may be qualified, while the creation of new wants and the easy means available of satisfying them have to some extent improved the standard of living. So far as land is concerned, the tendency has been to transfer it to actual cultivators or to persons who, in addition to capital, have sufficient education and intelligence to adopt improved methods of cultivation when they are found to be profitable. The changes which have taken place, so far as this presidency is concerned, have, therefore, on the whole, been beneficial, though possibly it may be that the diminution of dependence of the lower on the higher classes has to some extent had the natural result of diminishing the protection afforded by the latter to the former.

Some remedies suggested for mitigating the evils of agricultural indebtedness retrogressive and inapplicable to this presidency

92. Various measures were suggested for remedying the evils of agricultural indebtedness, some of them of a drastic character, in connection with the inquiries instituted by the Famine Commission of 1878. The late Sir James Caird, a member of the commission, recommended a reversion to the old system of dividing the produce of land in defined proportions between the ryot and the Government, which he considered to be sound in principle, suited to the circumstances of small cultivators, and calculated to make them independent of the money-lenders, by taking from them a large quantity of produce by way of tax in years of abundance and a small quantity in years of scanty produce. The proposal was rejected by the Famine Commission as altogether impracticable. The "Fifth Report" of the Parliamentary Committee on Indian Affairs, 1812, shows that even under the old native governments, the principle of collecting the Government tax in kind by taking a share of the produce was adopted only in the case of lands irrigated by river channels and tanks. The lands cultivated with unirrigated

crops, of which there are a great many varieties, as well as those on which garden produce was raised, always paid money assessments. It is obvious that the application of a uniform rate in fixing the Government share of the gross produce must unduly benefit lands of the better qualities, while rendering the incidence of the tax very heavy on the poorer soils; and if the rates are to be graduated with reference to the qualities of the soil, situation of the lands and the nature of the crops raised, the number of rates must be so large as to entirely preclude the supervision necessary for securing the due share of Government. In the case of irrigated lands there was in former days a single rate for a whole village, and the ryots who held the lands jointly were left to adjust the differences in the produce of lands of different qualities in the same village by private arrangement. This was generally effected by giving to each ryot a share in the lands of every quality situated in every part of the village and by periodically redistributing the parcels so as to remedy any inequalities which may have arisen owing to changes in the conditions of the several parcels brought about by natural causes. The waste of labour involved in cultivating innumerable small plots of land situated in different parts of a village can be readily conceived. There can, moreover, be no incentive to make any improvements to land or to adopt superior methods of cultivation or raise valuable commercial crops under the sharing system, because all such improvements would be taxed by Government. The difficulties in securing the Government share of the produce and of disposing of it for a money price would also be enormous. To ensure even a fair amount of success in the application of the system, it would require minute and constant supervision on the part of the superior officers of Government and the cost of the establishments, if the officers employed were to be paid *bonâ fide* salaries and not be expected to make a living by colluding with the ryots to cheat the State and divide the gains with them, must be prohibitive. The graphic description given by Mr. A. Seshiah Sastriar (appendix VI.–B. (5)) of the evils of the system when it prevailed in the small State of Pudukóta and of the demoralization it caused has already been referred to. When the Government directly collects its share of the produce, it practically combines in itself the three-fold functions of a Government, a landlord and a sowkar or trader; an army of watchers, inspectors, estimators and measurers of produce will have to be let loose on the people, interfering with the ryots at every stage of production and the harvesting and storage of the produce,

The result must be oppression and peculation on the one hand, and fraud, evasion and concealment on the other. If the Government share is farmed out to renters, who must be armed with the necessary powers to collect the tax, such an arrangement must equally be disastrous to the ryot's rights which have been slowly built up by half a century of good government and fairly just administration of the laws; and the oppressions and exactions of the renters, must be far more difficult to be borne than the exactions of sowkars under the present system. In zemindaries where the sharing system prevails, the ryots are anxious for the introduction of a system of money assessments. There is, however, one fact to be remembered in the conversion of assessments in kind into assessments in money, viz., that under the former system the Government is practically both a landlord and a sowkar, and that it has in seasons of scanty produce not only to remit the assessment, but also to advance to the ryot the necessaries of life and the means of carrying on cultivation. When, however, money assessments are introduced and the Government divests itself of the functions of a landlord, the ryot being expected to shift for himself in all seasons except those of dire famine, the assessments must represent a tax pure and simple, and care should be taken to see that it does not include any portion of the landlord's and merchant's profits realized under the old system.

Another proposal of Sir James Caird was that the ryot should be deprived of the right of transferring his land by sale or of raising money on it by mortgaging it. The Famine Commission did not support this proposal either. So far as this presidency is concerned, it will have been seen that land is not being transferred from the agricultural to the non-agricultural classes to any injurious extent. Land is sought after as an investment to some extent by the labouring classes, and to throw any impediments in the way of transfer will arrest the beneficial process of land passing into the hands of those who can make the best use of it. Moreover, in all countries where peasant properties are the rule, France for instance, freedom of transfer of land has been found to have the effect of counteracting in some degree the minute sub-division of holdings which results from the law of equal division of patrimony among the children.

The Famine Commission suggested that restrictions should be placed on the power of a ryot to sub-let his lands. This proposal was negatived by the Madras Government, as no evil consequences, such as those apprehended by the Famine Commission, have been experienced in this presidency.

In the vast majority of cases the lands owned by the ryots are farmed by them, either by themselves working on the fields or by employing farm servants monthly or yearly or on the sharing system known in the southern districts as the *porakudi* system. In the last case it is often erroneously supposed that the land is leased out and that the porakudi is a tenant,[117] but the fact is that the land is farmed on the co-operative principle, the labourer being remunerated by a share of the crop instead of being paid daily wages, on condition of his furnishing the stock, the labour and the seed required, and the owner bearing the expenses of farm repairs, of the clearance of irrigation channels and of manures. The arrangement is highly advantageous to the labourer and is sought after by such of the labourers as have the means to purchase a pair of cattle and engage in cultivation. It is in fact the system of *metayage* prevalent in European countries in regard to which Professor Marshall remarks that it "makes a man who has next to no capital of his own to obtain the use of it at a lower charge than he could in any other way and to have more freedom and responsibility than he could as a hired labourer; and thus, the plan has many of the advantages of the three modern systems of co-operation, profit-sharing and payment of piece-work." The leasing out of land for fixed rent in kind or money marks the next higher stage in the status of a labourer. He attains to a

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[117] There is much misconception as to the part taken by the Mirassidars of Tanjore and corresponding classes in the other districts in the farming of lands The true state of the case was pointed out by Mr John Wallace, the Collector of Tanjore, in 1805 He said "Although the Mirassidars, in employing other class of porakudis, renounce all interference in the business of tillage, it is not to be considered that they neglect the management of their lands On the contrary, they superintend and direct the labours of the porakudis in all the particulars of rural economy Their engagements with porakudis are not for a fixed quantity of grain or a determinate sum of money. The porakudis have an active interest in cultivating the lands of the mirassidars in the most beneficial manner possible as a fixed proportion of the produce is the only remuneration they have to look to for their labour This proportion varies in different villages It is not anywhere less than 22 per cent. of the gross produce nor more than 30." The remuneration of the labourer is, of course, determined by the standard of living of his class, which, as pointed out in a previous portion of this Memorandum, has to some extent risen and certainly not deteriorated It must also be remembered that, 1st, where the land-tax is so high as to leave to the landholder nothing more than the barest means of subsistence, the State has to perform the functions of a landlord by supplying him with the means of cultivation and often of subsistence, 2ndly, where the tax is so moderate as to leave a sufficient margin to meet both the expenses of cultivation and of subsistence, the State is relieved of the functions of a landlord but the ryot has to resort to the money-lender on account of the vicissitudes of the seasons to obtain the wherewithal to live and carry on cultivation in years of scanty produce, the advances made being repaid from the surplus of years of abundant produce, and, 3rdly, where the tax is still more moderate so as to leave a margin sufficient to meet not only the cost of cultivation and subsistence, but also to enable him to lay by savings which would help him to tide over bad seasons, resort to a money-lender can be dispensed with. At this stage, however, the landholder in many places no longer consents to be a mere peasant actually working in the fields, but he becomes a farmer, with skill, intelligence and capital sufficient to adopt improved methods of cultivation *provided it is found to pay.*