

Subject- History

Course – B.A. Part III

Paper – VI History of India (1765-1950)

Topic - Land Revenue Policy of East India Company

The main burden of providing money for the trade and profits of the Company, the cost of administration, and the wars of British expansion in India had to be borne by the Indian peasant or ryot. In fact the British could not have conquered such a vast country as India if they had not taxed him heavily. The Indian state had since times immemorial taken a part of the agricultural produce as land revenue. It had done so either directly through its servants or indirectly through intermediaries, such as zamindars, revenue farmers, etc., who collected the land revenue from the cultivator and kept a part of it as their commission. These intermediaries were primarily collectors of land revenue, although they did sometimes own some land in the area from which they collected revenue.

The Permanent Settlement:

Reasons to introduce Permanent Settlement: In 1765, the East India Company acquired the *Dewani*, or control over the revenues, of Bengal, Bihar, and Orissa. Initially, it made an attempt to continue the old system of revenue collection though it increased the amount to be collected. In 1773, it decided to manage the land revenues directly. Warren Hastings auctioned the right to collect revenue to the highest bidders. But his experiment did not succeed. Though the amount of land revenue was pushed high by zamindars and other speculators bidding against each other, the actual collection varied from year to year and seldom came up to official expectations. This introduced instability in the Company's revenues at a time when the Company was hard pressed for money. Moreover, neither the ryot nor the zamindars would do anything to improve cultivation when they did not know what the next year's assessment would be or who would be the next year's revenue collector. It was at this stage that the idea first emerged of fixing the land revenue at a permanent amount. Finally, after prolonged discussion and debate, the Permanent Settlement was introduced in Bengal and Bihar in 1793 by Lord Cornwallis.

Features of the Permanent Settlement system: It had two special features. Firstly, the zamindars and revenue collectors were converted into so many landlords. They were not only to act as agents of the Government in collecting land revenue from the ryot but also to become the owners of the entire land in their zamindaris. Their right of ownership was made hereditary and transferable. On the other hand the cultivators were reduced to the low status of mere tenants and were deprived of long-standing rights to the soil and other customary rights. The

use of the pasture and forest lands, irrigation canals, fisheries, and homestead plots and protection against enhancement of rent were some of their rights which were sacrificed. In fact the tenantry of Bengal was left entirely at the mercy of the zamindars. This was done so that the zamindars might be able to pay in time the exorbitant land revenue demand of the Company.

Secondly, the zamindars were to give, 10/11th of the rental they derived from the peasantry to the state, keeping only 1/11th for themselves. But the sums to be paid by them as land revenue were fixed in perpetuity. If the rental of a zamindar's estate increased due to extension of cultivation and improvement in agriculture, or his capacity to extract more from the tenants, or any other reason, he would keep the entire amount of the increase. The slate would not make any further demand upon him. At the same time, the zamindars had to pay his revenue rigidly on the due date even if the crop had failed for some reason; otherwise his lands were to be sold.

The initial fixation of revenue was made arbitrarily and without any consultation with the zamindars. The attempt of the officials was to secure the maximum amount. As a result, the rates of revenue were fixed very high. John Shore, the man who planned the Permanent Settlement and later succeeded Cornwallis as Governor-General, calculated that if the gross produce of Bengal be taken as 100, the Government claimed 45, zamindars and other intermediaries below them received 15, and only 40 remained with the actual cultivator. It was later generally admitted by officials and non-officials alike that before 1793 the zamindars of Bengal and Bihar did not enjoy proprietary rights over most of the land.

Reasons to recognize the zamindars as the proprietors of land: In England, the central figure in agriculture at the time was the landlord and the British officials made the mistake of thinking that the zamindar was his Indian counterpart. It is, however, to be noted that in one crucial respect the British officials clearly differentiated between the positions of the two. The landlord in Britain was the owner of land not only in relation to the tenant but also in relation to the state. But in Bengal while the zamindar was landlord over the tenant, he was further subordinated to the state. In fact he was reduced virtually to the status of a tenant of the East India Company. In contrast to the British landlord, who paid a small share of his income as land tax, he had to pay as tax 10/11th of his income from the land of which he was supposed to be the owner; and he could be turned out of the land unceremoniously and his estate sold if he failed to pay the revenue in time.

Other historians think that the decision to recognise the zamindars as the proprietors of land was basically determined by political, financial, and administrative expediency. Here the guiding factors were three. The first arose out of clever statecraft: the need to create political allies. The British officials realized that as they were foreigners in India, their rule would be unstable

unless they acquired local supporters who would act as a buffer between them and the people of India. This argument had immediate importance as there were a large number of popular revolts in Bengal during the last quarter of the 18th century. So they brought into existence a wealthy and privileged class of zamindars which owed its existence to British rule and which would, therefore, be compelled by its own basic interests to support it. This expectation was, in fact, fully justified later when the zamindars as a class supported the foreign government in opposition to the rising movement for freedom,

Second, and perhaps the predominant motive, was that of financial security. Before 1793 the Company was troubled by fluctuations in its chief source of income, the land revenue. The Permanent Settlement guaranteed the stability of income. The newly created property of the zamindars acted as a security of this. Moreover, the Permanent Settlement enabled the Company to maximise its income as land revenue was now fixed higher than it had ever been in the past. Collection of revenue through a small number of zamindars seemed to be much simpler and cheaper than the process of dealing with lakhs of cultivators.

Thirdly, the Permanent Settlement was expected to increase agricultural production. Since the land revenue would not be increased in future even if the zamindar's income went up, the latter would be inspired to extend cultivation and improve agricultural productivity. The Permanent Zamindari Settlement was later extended to Orissa, the Northern Districts of Madras, and the District of Varanasi.

In parts of Central India and Avadh the British introduced a temporary zamindari settlement under which the zamindars were made owners of land but the revenue they had to pay was revised periodically. Another group of landlords was created all over India when the Government started the practice of giving land to persons who had rendered faithful service to the foreign rulers.

Ryotwari System: The establishment of British rule in South and South-Western India brought new problems of land settlement. The officials believed that in these regions there were no zamindars with large estates with whom settlement of land revenue could be made and that the introduction of zamindari system would upset the existing state of affairs. Many Madras officials led by Reed and Munro recommended that settlement should therefore be made directly with the actual cultivators. They also pointed out that under the Permanent Settlement the Company was a financial loser as it had to share the revenues with the zamindars and could not claim a share of the growing income from land. Moreover, the cultivator was left at the mercy of the zamindar who could oppress him at will. Under the system they proposed, which is known as the Ryotwari Settlement, the cultivator was to be recognised as the owner of his plot of land subject to the payment of land revenue. The supporters of the Ryotwari system claimed that it was a continuation of the state of affairs that had existed in the past. Munro

said: "It is the system which has always prevailed in India. The Ryotwari Settlement was in the end introduced in parts of the Madras and Bombay Presidencies in the beginning of the 19th century. The settlement under the Ryotwari system was not made permanent. It was revised periodically after 20 to 30 years when the revenue demand was usually raised.

Drawbacks of the Ryotwari Settlement: It did not bring into existence a system of peasant ownership. The peasant soon discovered that the large number of zamindars had been replaced by one giant zamindar—the state. In fact, the Government later openly claimed that land revenue was rent and not a tax. The ryot's rights of ownership of his land were also negated by three other factors: (1) In most areas the land revenue fixed was exorbitant; the ryot was hardly left with bare maintenance even in the best of seasons. For instance, in Madras the Government claim was fixed as high as 45 to 55 per cent of gross production in the earlier settlement. The situation was nearly as bad in Bombay. (2) The Government retained the right to enhance land revenue at will. (3) The ryot had to pay revenue even when his produce was partially or wholly destroyed by drought or floods.

Mhalwari System: A modified version of the zamindari settlement, introduced in the Gangetic valley, the North-West Provinces, parts of Central India, and the Punjab, was known as the Mahalwari System. The revenue settlement was to be made village by village or estate (*mahal*) by estate with landlords or heads of families who collectively claimed to be the landlords of the village or the estate. In the Punjab a modified Mahalwari System known as the village system was introduced. In Mahalwari areas also, the land revenue was periodically revised.

Impact of the British Land Revenue System: Both the Zamindari and the Ryotwari systems departed fundamentally from the traditional land systems of the country. The British created a new form of private property in land in such a way that the benefit of the innovation did not go to the cultivators. All over the country land was now made salable, mortgagable, and alienable. This was done primarily to protect the Government's revenue. If land had not been made transferable or salable, the Government would find it very difficult to realise revenue from a cultivator who had no savings or possessions out of which to pay it. Now he could borrow money on the security of his land or even part of it and pay his land revenue. If he refused to do so, the Government could and often did auction his land and realise the amount. Another reason for introducing private ownership in land was provided by the belief that only right of ownership would make the landlord or the ryot exert himself in making improvements. The British by making land a commodity which could be freely bought and sold introduced a fundamental change in the existing land systems of the country. The stability and the continuity of the Indian villages were shaken. In fact, the entire structure of rural society began to break up.