

A Study of Mechanism and Impact of Land Administration in British India

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Abstract: Land revenue or land tax remained the primary source of revenue for all Governments or Empires in India, ranging from ancient to the modern period. It has been universally accepted, in the contents of history, that principal authority of the State was entitled to collect a portion of the agricultural produce from the cultivators in lieu of protection of their lives and property and to meet the common expenses of the community. During sixteenth and seventeenth centuries, Akbar and other ambitious rulers streamlined the land revenue administration for the prosperity and progress of the Empire. The dissolution of the existing land systems became inevitable with the foundation of the British administration. However, between the process of destruction and that of construction, there was an inevitable gap of time when innovations were carried out. With territorial expansion in India, the British faced the question from whom to settle with for the land revenue, whether revenue be taken directly from individual cultivators or contracts be made with intermediaries, etc. In addition to the demand of high land revenue, rural indebtedness and commercialization of agriculture led to the pauperization of poor peasants. The land revenue policy made the Company administration stable and its economy healthy. In contrast, it left the peasants in deplorable condition and ultimately broke the economic backbone of India.

Keywords: Land Revenue, Permanent Settlement, Diwani, Ryot, Famine, De-industrialization

OBJECTIVE OF THE STUDY

The paper focuses on the economic outlook of British imperial rule in India. Evaluating different experiments made in the procedure of land revenue collection, this paper compares the condition of peasantry in pre-colonial period and colonial period. It also underlines the basic design of newly introduced revenue collection settlements and their consequences on India society and economy.

INTRODUCTION

From the times of origination, extension and consolidation of any Empire or government the role of land revenue, the primarily source of State income, has been identified as deciding factor[1-2]. It is proven that sound economic had produced mighty empires in India. The *Arthashastra*¹ is the first Indian work to narrate elaborately the worth and operational mechanism of

land revenue[3]. This text mentions that the village officer known as '*gopa*' was appointed for preparation of various registers for the village fields, proposed revenue, due taxes, etc. In Mauryan and Gupta period, there was well-defined administrative hierarchy to look in the matters related with land[4-6]. Attempt to reform this system was, firstly, made by Sher Shah Suri (1540-45), where as it was the Mughal Emperor Akbar (1556-1605) who made this system more scientific and rational [3]. In fact, Akbar's settlement widely resembles the later settlement introduced in British rule[2]. The primary interest of the British rulers was the collection of land revenue and consequently, the system of land records was also organized to serve that purpose.

British imperialism was more pragmatic than that of other colonial powers. Its primary motivation was economic, where land revenue continued to be the major source of Government[7,8]. The East India Company's² conquest of various territories in India

¹ Kautilya or Chanakya, contemporary of Chandragupta Maurya (323-298 B.C.), is well known as the author of *Arthashastra*. Literary it means wealth, however, it narrates elaborately about the functioning of the State and moral duties of the King. It is very detailed and methodical in prescribing solutions to the various problems associated with governance. Numerous administrative suggestions prescribed by the author are still relevant and practicable in the modern administrative machinery.

² The East India Company (*EIC*), initially known as, *Governor and Company of Merchants of London trading into the East Indies* or *United Company of Merchants of England Trading to the East Indies*, was an English joint-stock company formed on December 31, 1600. Acting as a monopolistic trading body, the company actively

typically brought one issue forward i.e., how would land taxes, the principal source of Governmental revenue, be collected? However, taxation was not an independent concept itself; it was multifariously linked with ownership and indeed with the entire structure of land rights [9]. For the justification of the land revenue the Government officials tried to support from the Ancient Indian history as remarked by Trevaskis, *“the most pressing problem facing the British on annexation was that of land revenue, which had from the earliest times constituted the only material item in the State revenue. The Hindu kings had taken a share of the produce of their domain lands not generally exceeding a quarter, the actual amount being measured by the village accountants and collected in kind by the village headmen.”*

For an agricultural country like India, economic development depended upon the improvement of agriculture and prosperity of agrarian class. However, from the initial phase, the burden of taxation fell heavily on the peasants. More to the stipulated land revenue, the peasants had to pay for wars of expansion and for the cost of administration[10-11]. Land revenue was the viable source to maximize revenue collection and to make every Indian a taxpayer. Early land revenue policy of British rule had disastrous effects on the peasants, and the experiments of Clive and Warren Hastings (1772-85) compounded their woes[12-13]. Even the peasants deserted the villages and gave up cultivation of land due to tax burden. Up to a first approximation, all cultivable land in British India fell under one of three alternative systems: (a) a landlord based system (zamindari/Permanent Settlement), (b) an individual cultivator based system (Raiytwari), and (c) a village-based system (Mahalwari). Out of the total cultivated area in British India, the Permanent Settlement, the Raiytwari, and the Mahalwari system covered 57%, 38%, and 5% respectively, as shown in fig. 1[14-15].

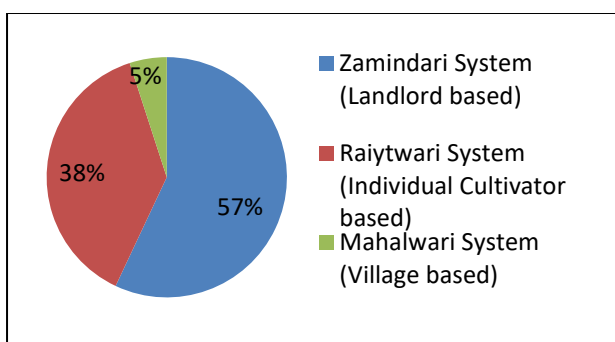


Fig.- 1: Cultivated Area under Land Tenure Settlements in Colonial India

engaged in politics and emerged as an agent of British imperialism in India from the early 18th century to the mid 19th century.

After the battle of Buxar (October 23, 1764)³ the existing Mughal Emperor, Shah Alam II had granted the Diwani of Bengal, Bihar and Orissa to East India Company in 1765. Henceforth, the Grant of Diwani empowered the East India Company to collect revenue from the occupied territories of Eastern India, which were well known for their fertility and agricultural production[16]. For a commercial enterprise like East India Company, extraction of maximum revenue was considered as the higher profit, in comparison to occupy monetary assets through fierce wars.

DISCUSSION

From the second half of the eighteenth century, the British used their control over India to elevate their own interest. The nature of the British rule and its policies, changed with the changing pattern of Britain's own social, economic and political development [12,17]. Under the colonial rule, land revenue was of notable importance because not only it occupied a very pivotal position as a source of revenue to the Government, but it also played a vital role in regulating the general administration of the country.

The colonial state used the system of taxation to secure its basic colonial needs or maintenance of the administrative and military structure. Moreover, land revenue also created surplus monetary asset for the British for its 'investment' in the purchase of Indian goods to sell abroad on the first stage of colonialism; and to secure a sufficient export of food grains and raw materials on the second[18-21].

It is a well-accepted historical fact that land revenue was the most important source of income in India during the British rule. Numerous primary sources narrates that land revenue contributed nearly 190 million out of the total revenue of 470 million in 1881-82; and it rose to 290 million in 1901-02, where the total generated revenue was 610 million[22]. The above-mentioned data is portrayed in fig. 2.

As this figure shows that there was a steady increase in land revenue receipts during these years, the official explanation being that it was mainly due to extension of cultivation and rise of prices. The demand of Land revenue increased consistently throughout the British period. It is estimated that the total land revenue raised by the company stood at 4.2 million pounds in 1800-01 and has risen, mainly by an increase of

³ Buxar is a town located on the bank of the river Ganga, about 130 km west of Patna. The Battle of Buxar was significant event in the rise and establishment of British rule in India. In this ferocious battle British army, led by Hector Munro, defeated the military alliance of Mir Qasim (dethroned Nawab of Bengal), Suja-ud-duala (Nawab of Oudh), and Shah Alam II (Mughal Emperor). The foundation of the British Empire in India, which was led by Clive at Plassey (1757), was strengthened at Buxar.

territories, to 15.3 million pounds by 1911-12[14]. In 1936-37, the figure was 23.9 million pounds. The surveyor of a village in Pune area illustrates the increasing rate of revenue, which increased by 496 percent between 1698 and 1915, while the assessed area of the land revenue increased by 15 percent only. Unparallel to all data related to land revenue collection,

the case of Bengal was the worst. Fig. 3 depicts that within a short time span five years, after the grant of Diwani rights, the collection of land revenue accelerated with considerable magnitude [14].

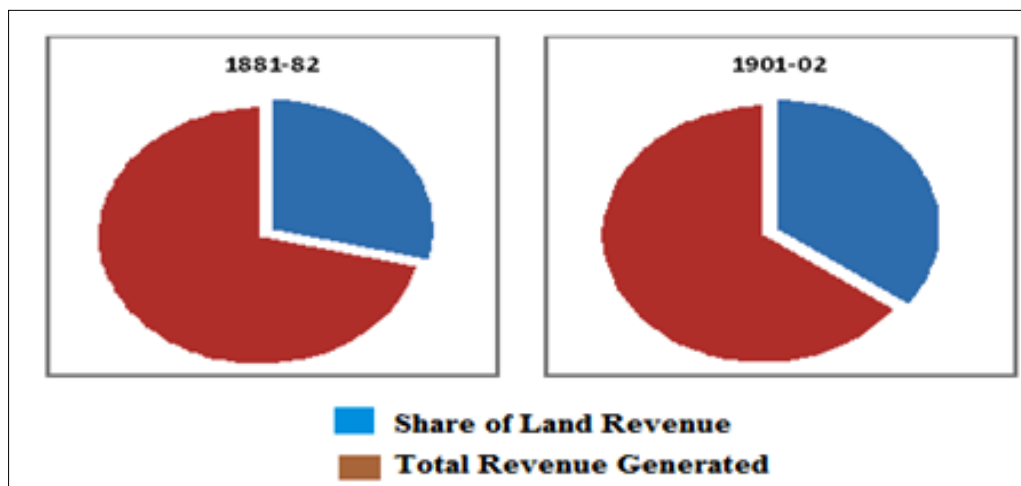


Fig-2: Share of Land Revenue in Total Revenue Generation

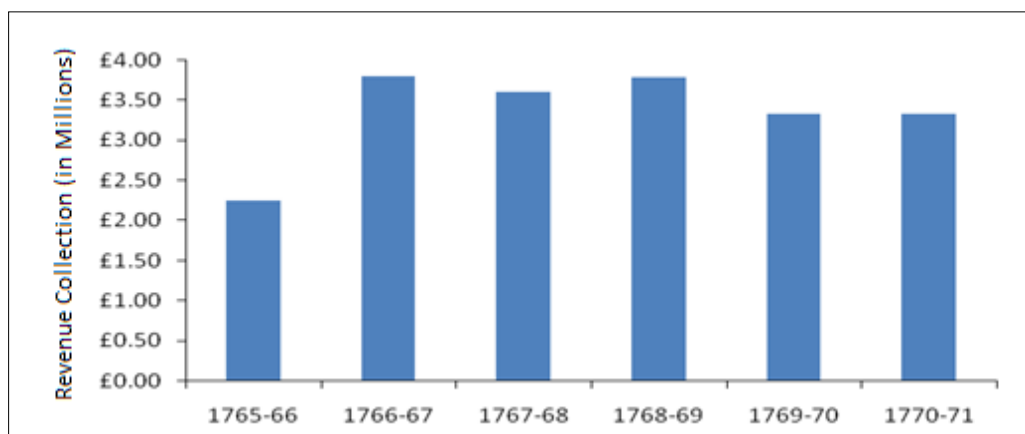


Fig-3: Gross Revenue Collected from Bengal (1765-71) through Permanent settlement

Experimentation done by Warren Hastings and Cornwallis

In 1772, Warren Hastings introduced Five-year land revenue settlement, according to which the right of collection of revenue was given to the highest bidder for five years. Hence, this revenue collection phenomenon was based on the contract basis. However, this settlement failed and Warren Hastings resorted to annual settlement[23-24]. Cornwallis (1786-93), who followed Warren Hastings (1772-85), as Governor General of Bengal was sent with detailed instructions to improve the land revenue procedure to be collected from Bengal. As we know that, the British Parliament by an Act of 1784 directed the Court of directors to give up the practice of annual settlement of revenue to be collected and to fix up the collection of revenue of land on a permanent basis.

Lord Cornwallis was the first Governor-General who paid his attention to the revenue collection mechanism. After his arrival in India, Cornwallis found, *“agriculture and trade decaying, Zamindars and ryots sinking into poverty and the money lenders the only flourishing class in the community.”* He reorganized the Board of Revenue, which had the power of supervising the works of the revenue collectors. In 1786, the Court of Directors permitted Cornwallis to implement a settlement with the Zamindars, at first for ten years and to be made permanent if it found satisfactory [25]. During his stay in India, Cornwallis introduced various reforms, in which some of his reforms even continued for more than twenty years. It is correct to accept that Warren Hastings laid the foundation of the administrative reforms, the superstructure of which was

built by Cornwallis. Evaluating the works of Cornwallis, as Governor-General of Bengal, Dr. Aspinall writes, “*He possessed many qualities of mind and heart which inspired confidence in others; devotion to duty, modesty, perseverance, moderation, the art of conciliation, willingness to accept the advice of those who possessed a more expert knowledge of a subject than himself.*”

In 1789, Cornwallis prepared rules for a decennial settlement. After many discussions and debates, two theories involved Cornwallis, which were propounded by Sir John Shore and Mr. James Grant. Sir John Shore was the President of the Board of Revenue, and Mr. James Grant was the Record Keeper with regard to the revenue settlement[26-27]. John Shore opined that the Zamindars were the owners of the land, and the State had the right to a customary revenue from them. James Grant, on the other hand, held the outlook that the State was the owner of every piece of land and the State had the right to make the settlement either with the Zamindar or with the ryot (cultivator). Ultimately, Cornwallis accepted the view of John Shore. Accordingly, in 1790 a settlement for ten years was made with the Zamindars who were recognized as the sole owners of the land. With the approval of the Court of Directors, the proposed decennial Settlement was declared permanent on March 2, 1793 [18, 21]. The basic features of the settlement were as, the Zamindars were made hereditary owners of the land under their possession, the Zamindars could sell and purchase the lands, the State had no direct contact with the peasants, and the company’s share in the revenue was fixed permanently with the Zamindars. Broadly speaking the Permanent Land Revenue settlement involved three parties as the British Government, the Zamindar and the ryot (cultivator). As per this settlement, the role of the British Government and the Zamindar was fixed, but the role of the ryot was nowhere defined; and the ryot was put at the mercy of the Zamindar[28, 29].

According to the newly introduced settlement, the Zamindars were recognised as the permanent owners of the land. They were given instruction to pay 89% of the annual revenue to the State and were permitted to enjoy 11% of the revenue as their share. They were left independent in the internal affairs of their respective districts. The Zamindars were required to issue *Patta* and *Quabuliyats* to the cultivators mentioning the area of their land and other details. This legal document pointed out the amount of revenue to be paid by the respective peasant.

Nature and consequences of land revenue systems

The land settlements, whether the Permanent Settlement or the Raiytwari Settlement or the Mahalwari Settlement, aimed to extract as much as possible from peasantry. Every experiment neglected the interest of the peasants and made no provision for

development of agriculture[7]. All these settlements were primarily concerned with smooth collection of revenue.

Numerous studies show that 18th and 19th centuries witnessed industrial stagnation along with agricultural deterioration. It is aptly quoted that, “*When industrialization⁴ accelerated in Europe, de-industrialization was going in India.*” Due to closure of cottage and handicraft Industries, a couple of thousands of artisans and craftsmen lost employment. Hence, they were forced to change their occupation and switched over to agriculture[13]. In addition, population of the country in post 18th century, grew rapidly and growing population concentrated on land for livelihood. Thus, pressure of land increased and income from land fell dramatically day-by-day[23, 26, 27]. In addition, failure of crops due to natural calamities such as flood, drought, famine, etc. worsened the condition. There was no provision for reduction of land revenue in the years of natural calamities. Irrespective of harvest, the peasants had to pay land revenue on the fixed dates. If they failed to pay, the Government put the land on sale. So the peasants themselves sold or mortgaged a part of their land to pay land-tax on due dates.

The worst effect of land revenue collection systems was the growth of rural indebtedness that flooded the entire rural population in debt. In this scenario, the India money-lender worked like a parasite. Whenever the peasants needed money either to pay revenue or to meet expenses of social customs like marriage and other ceremonies, they ran for debt at higher rates of interest from the money-lenders. More often, they mortgaged their land to get the loan with the hope to get back the same. But, it never happened as the peasants found it impossible to come out from the mesh of money-lender[12]. On the other hand, the money-lenders charged excessively high rates of interest. In most cases, we found that within a short time span the amount of interest grew more than the principal. Usually, the cunning and thrifty money-lenders used fake methods to cheat the peasants. Anyhow, they managed to get the thumb impressions of the illiterate farmer on the blank agreement papers or loan deeds and later entered larger amounts than the borrowed one. In this process, the loan swelled and went beyond the paying capacity of the peasants. Thus, the peasants were left in hopeless condition from which they never woke up.

It is ironically to mention that the British administrative mechanism assisted the money-lenders

⁴The introduction of Industrial Revolution compelled the British to find market for finished products. Consequently, there was a demand for controlled areas (colony) to get uninterrupted supplies of raw materials for their newly born factories. Asia and Africa proved profitable catchments, both for politics and economy, of Britain.

[12]. As we know, that the ownership of land was made transferable, the money-lenders found it suitable to transfer the land of the peasants. The poor and illiterate peasants could not have money and courage to fight a long lasting legal battle against the money-lenders. The shrewd money-lenders took advantage of the ignorance and poverty of the peasants.

For centuries, Indian peasants produced mainly food crops and such other non-food crops required for domestic consumption. These agricultural outputs were never used for commercial purposes or they were not sent remote located markets for selling purposes[30]. However, afterwards the mid of eighteenth century, this tradition changed. From the very beginning of industrialization in England, the British Government exported agricultural products to be used as raw material in the English Industries[4]. Consequently, commercialization of agriculture⁵ was encouraged. At the same time, peasants also needed money for cash payment of Government dues, repayment of the loans of the money-lenders, and for expenses of marriage and other social ceremonies. Therefore, the peasants changed agricultural pattern and produced non-food crops or commercial crops like cotton, jute, sugarcane, indigo, etc. Here again the poor peasants were exploited, as there was no provision for price control and procurement of the agricultural produces. The merchants took away a large share of benefit of the trade in agriculture and the peasants were thoroughly exploited. Local markets and price mechanism were controlled by the merchants and they fixed the price of those produces according to their profit or interest[4, 31]. The needy peasants bowed before the merchants who controlled the markets as well as price.

The peasants lost their land; the craftsmen abandoned traditional crafts, and indigenous industries were ruined. There was no initiative, both from the British Government and from private, for development of modern machine industry[24]. In other words, India was de-industrialized. The peasants, the craftsmen and the artisans-all depended on land, and pressure on land accumulated. They competed among themselves for a price of land and the landlords exploited them further

⁵ In India, revolutionary changes had occurred in the agrarian structure towards the end of the 19th century. The various changes introduced by the British in India were primarily motivated by their objective of keeping the Indian economy subservient to the parent economy (British economy). The commercialization of agriculture means that the agricultural crops and goods are produced by the peasants for sale in the market and not for their domestic consumption. It was a forced and artificial process for the majority of Indian peasants. It was introduced under coercion of the British and not out of the incentive of peasantry at large. The peasantry went for cultivation of commercial crops under duress. Cash transactions became the basis of exchange and largely replaced the barter system. The commercialization of agriculture had mixed effects. While it assisted the industrial revolution in Britain, it broke the economic self-sufficiency of villages in India.

by enhancing rent. Ultimately, there was a scarcity of land and was fragmented into tiny plots. Income from those small plots fell far short carry out the various responsibilities of the cultivator. In order to meet out the demands of the family and to pay the stipulated dues, the peasants were forced to work either as the tenants of the money-lenders or toiled hard as agricultural labourers. The Government, the landlords and money-lenders sucked the blood of the peasants and hardly left anything for him[32, 33]. The peasantry was left in starvation and impoverishment and died in millions whenever crops failed.

CONCLUSION

Tax from the land remained a primary source of revenue for the kings and emperors since time immemorial. However, in the pre-capitalist stage of Indian economy, the idea of absolute ownership did not exist. Unlike, the ancient and medieval period, the British imperial rule unleashed far-reaching changes in Indian agrarian structure. New land tenures, new land ownership concepts, tenancy changes and heavier demand for land revenue brought havoc changes, both in rural economy and social web. From their beginning, as political masters, the English Company relied on land revenue as the principal source of income for the functioning of state. British mercantile interests coupled with Free Trade principles sought to derive the maximum economic advantage from their rule in India. Appointed as Governor-General, Warren Hastings and Cornwallis carved out new phenomenon in mechanisms related with land revenue. These innovations were sound in design, but in reality, agriculture began to languish; large areas went out of cultivation and excessive land revenue demand proved counter-productive.

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