

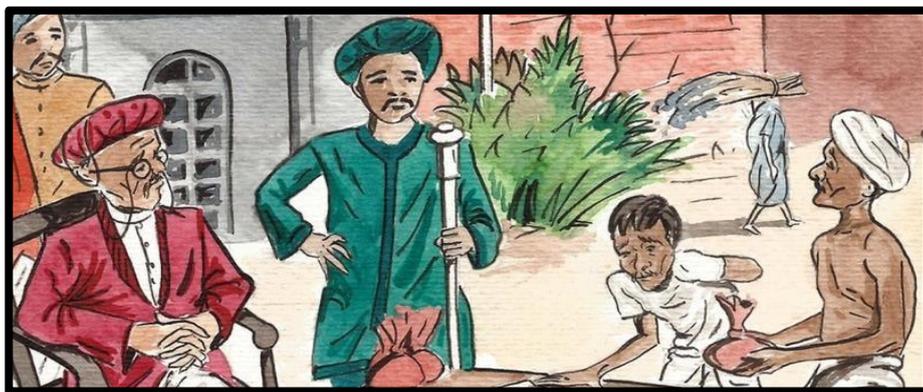
LAND REVENUE SYSTEMS IN COLONIAL INDIA AND THEIR IMPACT ON PEASANTS

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ABSTRACT

This paper provides a detailed analysis of the land revenue systems introduced by the British and their impact on peasants. All the three systems, Zamindari, Ryotwari, and Mahalwari, were devised with the sole aim of maximizing the Company's revenue and they proved to be disastrous for the peasants. Cultivators lost their customary rights and got converted into landless laborers. The rise of absentee landlords, money-lenders, etc. led to the sub-feudalization of the Indian economy. The land became a commodity for the first time in the history of India. Payment of taxes in cash led to the commercialization of agriculture and the production of food grains declined thus causing frequent famines. Moreover, no investment was made in the agriculture sector.



INTRODUCTION

Land revenue refers to the tax levied on agricultural production on land. It is either collected as a percentage of the total crops produced or a fixed amount is collected per unit of cultivated land. It is collected either directly by servants of the State or indirectly through intermediaries who keep a part of the revenue collected from cultivators as their commission.

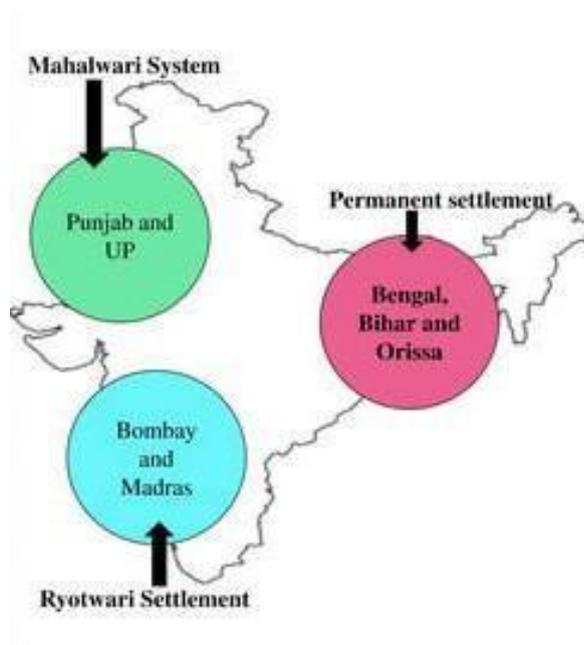
Agriculture has been an important activity in India since time immemorial. Land revenue has been a major source of revenue for empires. But the pattern of land ownership has undergone changes. In medieval times, land was divided into Jagirs and allotted to Jagirdars who further split it and allocated it to sub-ordinate Zamindars. These Zamindars made peasants cultivate the land and collected a part of their revenue as tax.

As the British government established itself in various parts of India, it instituted different types of land revenue settlements to extract maximum revenue. Peasants bore entire burden of the Company's profits, administrative cost, and war expenses. The new policies of revenue collection replaced the old system of revenue administration. These policies were devised to extract maximum income from the land without taking into account any repercussions on cultivators. This paper provides an overview of the changes in land revenue settlements and their impact on peasants in colonial India.

LAND REVENUE SYSTEMS IN BRITISH INDIA

Broadly three types of land revenue systems existed in India during British rule -

1. The Zamindari System
2. The Ryotwari System
3. The Mahalwari System



SOME EARLY SETTLEMENTS

When the British East India Company (BEIC) acquired the Diwani rights of Bengal, Bihar, and Orissa in 1765, it decided to retain the Nawabi administration. But rampant corruption of British employees led to complete disorganization and was one of the causes of the Bengal famine of 1769-70, in which one-third of the population of Bengal died.

In 1772, Warren Hastings introduced a new system of land revenue called the 'Farming System' under which European District Collectors were made in-charge of revenue collection. Rights to collect the revenue were given to the highest bidder (called farmer) for five years. Under this system, the amount of land revenue collected fluctuated every year and rarely met official expectations. This led to instability in Company's revenue.

Peasants did not have enough money and the contractors did not have a permanent interest in land, so both did nothing to improve the production conditions in agriculture. Ultimately, this system failed when peasants deserted the land due to the very high burden of taxation. Contractors were arrested for default.

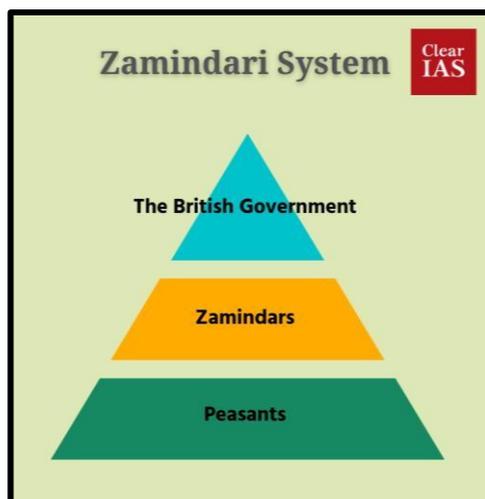
In 1793, Lord Cornwallis was sent to India with the task of streamlining the Company's revenue administration. The idea was to permanently fix the land revenue.

THE ZAMINDARI SYSTEM (PERMANENT LAND REVENUE SETTLEMENT)

It was introduced in Bihar, Bengal, Orissa, Banaras division of modern UP, and Northern Carnatic in the 18th century by Lord Cornwallis and John Shore. It covered 19% of the total area under British rule and resembled the British land revenue system.

FEATURES

- Under this system, revenue was collected from peasants through intermediaries called Zamindars.
- Indian Zamindars did not enjoy proprietary rights over land before 1773. But the new Zamindars owned the land in their Zamindari. This right was hereditary and transferable.
- Cultivators became tenants and were deprived of their customary rights.
- This system was introduced for ten years only in 1790 but it became permanent in 1793.



- The amount of revenue to be collected from a particular Zamindari was fixed forever taking 1789 as the base year.
- The share of the Company and Zamindar was also fixed permanently. Zamindars had to pay 10/11th of the revenue collected to the Company and could keep 1/11th of the revenue for themselves.
- Theoretically, Zamindars were to collect only the fixed amount from the peasants but in reality, there was no such restriction. The rate of tax imposed on peasants was at the discretion of Zamindars and it was fixed arbitrarily.
- The company did not have any claim in surplus production of any particular Zamindari.
- In 1794, the Law of Sunset was introduced under which the Zamindars had to pay revenue to the government by the evening of a pre-determined date; otherwise, they would lose their ownership. Thus, Company retained ultimate ownership.
- Tax, which could earlier be paid in kind, was to be paid in cash now.
- No relief was given for natural calamities.

REASONS FOR INTRODUCTION

Zamindari system was perceived to be beneficial for all stakeholders.

For the Company -

- A new system of land revenue was required after the failure of the Farming System.
- A regular and institutionalized income was ascertained for the Company.

- The government got political friends and their loyalty at the time of crisis.
- It minimized the expenditure involved in the collection of revenue as the collection of revenue through a small number of Zamindars was simpler and cheaper than dealing with lakhs of peasants directly. It also eliminated the need for periodic land assessment and revenue settlement.
- It ended corruption as officials could not alter assessment at will now.
- Investment of Indian money in the field of trade and commerce could be averted because Zamindars will be more inclined to invest the surplus revenue in agriculture. Hence, the Company won't face stiff competition from Indians.
- Cornwallis thought that the landlords of Britain and the prevailing Zamindars in India were similar.

For Zamindars -

- Their social status improved as now they were recognized as owners of the land.
- They could retain the surplus production as the share of the government was fixed forever.

For Peasants -

- It was assumed that since land revenue will not be increased even when Zamindar's income increased, the latter will invest the surplus in agriculture which will improve agricultural productivity (this was being done by landlords in Britain).

CONSEQUENCES

Though this system was initiated with great hopes and expectations, it proved to be beneficial only for the government. In the very first year after implementation, Company's revenue increased by 80% but both Zamindars and peasants suffered. The system was adapted with undue haste and no attempt was made to survey the land to assess its value. The assessment was made roughly based on accounts of previous collections.

Impact on Peasants –

- Peasants became landless laborers and lost all rights and privileges which they enjoyed earlier.
- They were left at the mercy of Zamindars as no rules were made for the collection of revenue by Zamindars. Zamindars used very harsh measures to extract revenue from the peasants.
- There was no provision of relief even during natural disasters or hazards.
- Absentee landlords proved to be even more harmful. They lived luxurious lives in towns, entrusting rent collection to agents who extracted all kinds of illegal taxes from the peasants.
- Since the revenue was going to be fixed permanently, it was fixed at an arbitrarily high level (much higher than past rates). This burden was ultimately borne by the peasants.
- The income of peasants declined drastically and they got trapped in the vicious cycle of debt.
- Since the revenue fixed by the government was very high, the Zamindars did not make any investment in the agricultural sector. Agricultural productivity declined as both British and Zamindars shrugged off from their responsibility.
- Widespread discontentment among peasants fuelled many peasant revolts. E.g. Pabna, Mymensingh, and Naokhali revolt.

Impact on Zamindars –

- The revenue fixed by the government was very high. When Zamindars defaulted on payments, their property was seized and distress sales were conducted which led to their ruin. Many of the ruined Zamindars participated in the revolt of 1857.
- Zamindars who replaced the defaulters were generally from outside which led to absentee landlordism. These Zamindars were only interested in maximizing their revenue and had no interest in investing in agriculture.
- Though Zamindars were recognized as owners of land but the actual ownership was retained by the Company through the Law of Sunset.
- Many times, Zamindars had to face a revolt from peasants who held Zamindars, and not the State, guilty for their miseries.

Impact on the Company –

- The system proved to be beneficial for the Company in the short run. A regular income flow helped the government stabilize and expand its hold in India.
- Moreover, the Company received fixed income without any investment or administrative burden.
- Zamindars became loyal to the British government and helped in pacifying the 1857 mutiny.
- But the Company suffered in the long run because even when agricultural prices or exports increased, income from agriculture was meager as it was fixed.
- Zamindars used harsh measures to extract revenue from the peasants. These atrocities put a question mark on the credibility of British rule in India and led to many agrarian revolts.

Zamindari system led to sub-feudalization in the Indian society as absentee landlords, middlemen, and money lenders increased in a large number. It led to the rise of petty capitalists or bourgeoisie. While many British scholars consider the Zamindari system to be a bold, brave, and wise step of Cornwallis, his experiment to build a system based on benevolent landlordism failed.

THE RYOTWARI SYSTEM

It was introduced in Malabar, Coimbatore, Madras, and Madurai by Sir Thomas Munro and Alexander Reed at the beginning of the 19th century but was later extended to Maharashtra, East Bengal, parts of Assam and Coorg. It covered 51% of the total area under British rule and resembled the French land revenue system.

FEATURES

- Under this system, the government collected the land revenue directly from peasants (ryots). Middlemen i.e. Zamindars were eliminated.
- Cultivators became owners of the land and had full rights to sell, mortgage, bequeath and lease the land as long as they paid taxes on time. If they failed to pay taxes, they were evicted.
- The government later claimed that land revenue was rent, not a tax. This negated the ownership rights of farmers.
- Land revenue was to be revised periodically after thirty years. But the government could enhance the land revenue whenever it wanted.
- A scientific method was adopted for the calculation and imposition of taxes. The land was surveyed and classified according to its fertility. The expense of growing a particular crop was

deducted before imposing a tax.

- The revenue rate couldn't exceed 50% on dry land and 60% on irrigated land.
- There was a provision for relief to farmers during famines but it was seldom applied.

REASONS FOR INTRODUCTION

- In the Permanent Settlement system, the income of the government was fixed forever and there was no scope of improvement even when agricultural prices or exports increased.
- While feudal lords existed in Bengal and Bihar since Mughal times, there were no feudal lords with large estates in south and south-western India. So, it was difficult to outsource revenue collection even if the British wanted to do so.
- The Company understood that the landlords in Britain and the existing Zamindars in India before the British rule were not the same. Here in India, they were only tax collectors and not owners of the land.
- Frequent atrocities by Zamindars had put the credibility of government under a question mark. Oppression by Zamindars was leading to frequent agrarian revolts which the government wanted to avoid.
- The government felt that the revenue was unnecessarily being shared with the Zamindars. This was lowering the income of the government.
- As per the utilitarian philosophy of Mill and Bentham (i.e. securing the greatest happiness for the maximum number of people), land ownership right was to be retained with the ryots.
- It was expected that due to the abolition of middlemen, the purchasing power of farmers will increase and this will raise the demand for British readymade goods in India.

CONSEQUENCES

Ryotwari system was called a liberal, progressive and noble step by the British. It was introduced in the name of utilitarian philosophy, but did nothing in the interest of peasants and was akin to the replacement of a large number of Zamindars by one giant Zamindar called the East India Company.

Impact on Peasants –

- The rate of land revenue was very high. A survey conducted in 1855 found that only 14.5 million acres of land was under cultivation and 18 million acres of fertile land was lying uncultivated. No one was ready to cultivate it because of heavy taxes.
- Another major drawback was the over-assessment of crop yields.
- No relief was given even during natural calamities.
- When peasants were unable to pay revenue, they mortgaged their land and took loans from moneylenders, thus getting trapped in the vicious cycle of debt. Hence the system came to be dominated by Mahajans and money-lenders.
- Large-scale migration took place when peasants were converted to landless laborers which sometimes led to social or communal riots.
- Even though the system aimed at establishing a direct link between farmers and government, landlordism and tenancy still existed. Unemployed artisans started working as tenant farmers for other rich farmers. More than 2/3rd of farmland was leased in many districts.
- Since revenue was to be paid in cash, farmers shifted from the cultivation of food crops to cash

crops which required higher investment. This led to indebtedness when prices of cash crops fell. E.g. Cotton export declined after the end of the American civil war but the government didn't reduce revenue. As a result, many peasants defaulted on loans and their land was transferred to money-lenders.

Impact on the Company –

- To implement the Ryotwari system, a good number of Company employees were needed in a hierarchical manner. Therefore, although this system met the targeted objective of the Company, it did so with a high administrative expense.
- Sub-ordinate revenue officials became very powerful because their activities weren't adequately supervised.
- Moreover, this system did not eliminate village elites (like Poligars and Mirasidars) who gradually positioned themselves in the sub-ordinate ranks of revenue establishments. Some of them bought large tracts of irrigated land after getting their official appointment. Enhancement of power of elites led to coercion, bribery, and corruption by sub-ordinate officials.

All this led to the establishment of the Madras Torture Commission in 1855 which suggested various reforms. As such, a fresh assessment of revenue based on a new scientific survey of land began.

THE MAHALWARI SYSTEM

It was introduced in the Gangetic valley, north-west provinces, parts of central India, and Punjab by Holt Mackenzie and R.M. Bird. It covered 30% of the total area under British rule and resembled the Indian land revenue system.

FEATURES

- Under this system, Mahal (an estate consisting of one big or many small villages) was the basic unit of revenue settlement.
- For revenue collection, agreements were signed with the village headman, Taluqdar, or Lambardar (instead of Zamindars).
- The village headman or the village community (consisting of elders, nobles, and higher castes) divided the total tax among individual peasants based on individual landholding.
- Like Ryotwari Settlement, here also land ownership right was vested with peasants. It was hereditary and transferable.
- The peasants who defaulted on payment were evicted from the land.
- For the first time, registers and maps were used to record the land, and field to field surveys were conducted for revenue assessment.
- The administrative expenses were lesser as compared to the Ryotwari Settlement.
- The burden of land revenue was very high. 50%-75% of the produce was taken away from peasants.
- The government revised the taxes periodically.
- Taxes were to be paid in cash.

REASON FOR INTRODUCTION

In north India and Punjab, joint land rights on the village were common. The British utilized this traditional structure (of collective landholding by the heads of families or landlords) in a new form i.e.

the Mahalwari System.

CONSEQUENCES

The Mahalwari system was also called the 'Modified Zamindari' system because the evils of the Zamindari system were present in this system as well. Theoretically, the village itself was the Zamindar now.

- The survey which was at the core of the new arrangement failed because it was too complex to be carried out with the existing administrative machinery. The result was an over-assessment based on idiosyncratic estimates.
- The land became a commodity for the first time in Indian history when people were forced to sell their land during the agricultural depression of 1828.
- Since Punjab and north India had fertile land, the British had fixed a very high rate of tax. Consequently, peasants fled the countryside and villages became deserted in many regions.
- In many instances, the headman of the village became the owner of the land of the entire village and peasants became landless laborers.
- In case the farmers failed to pay the debt, moneylenders took away their land but they had no interest in self-cultivation. The confiscated land was leased out to other farmers. Thus, sub-leasing, indebtedness, and landlessness became widespread in the Mahalwari region.
- Productivity declined as land got fragmented with each passing generation. But the revenue demand was still high and it had to be paid in cash. Therefore, farmers had to borrow money from moneylenders.
- The officials had hoped that this system will transform cultivators into rich enterprising peasants but this did not happen.
- The grievances of the rural society of North India were soon expressed rather violently in the Revolt of 1857.

Therefore, even this settlement proved to be disastrous for the peasants.

SOME OTHER SYSTEMS

In the Awadh region and parts of Gujarat, the Zamindars were known as Talukdars and the settlement was known as Taluqdari Settlement. In parts of Central India, Zamindars were known as Malgujars and the settlement was known as Malguzari System. These were forms of the Zamindari system only with a few variations.

CONCLUSION

One would have expected the Company to provide the necessary support for facilitating economic development far better than the despotic and hostile regimes that preceded it. Quite to the contrary, all the three land revenue settlements proved to be painful affairs for the peasants of India. The Company struggled with three issues – a lack of understanding of the existing institutional arrangement, limited administrative capacity, and concerns related to political stability (especially after the Revolt of 1857). Moreover, the objective of the government was to exploit peasants, not to help them.

The rates of land revenue were exorbitantly high in all three systems. No relaxation was given even during natural calamities. The tax had to be paid in cash which led to commercialization of agriculture and the resultant scarcity of food grains caused frequent famines. Many peasants got converted to landless laborers. Neither the Zamindars nor the State made any investment to improve the production conditions in agriculture. The commodification of land was a fundamental change in the existing land

systems of the country. It led to a rise in the number of absentee landlords and oppressive money lenders thus causing further exploitation of the peasantry.

Thus, the land revenue systems introduced by the British shook the stability and threatened the continuity of Indian villages. The entire structure of rural society began to break. Initially, peasants held the Zamindars and moneylenders as guilty but later, they understood that the government was behind the curtain and they started revolting against the government. This forced the Company to come up with various Tenancy Acts to protect the interest of peasants.

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