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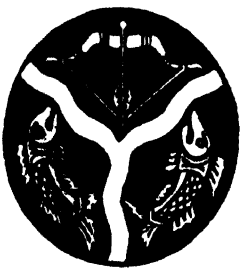
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UNITED PROVINCES

ZAMINDARI ABOLITION COMMITTEE

VOLUME I



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PART I

THE BACKGROUND

TABLE OF CONTENTS

Part I

THE BACKGROUND

Chapter *Page*

INTRODUCTORY xi

I—OUR MAIN ECONOMIC PROBLEMS 1

Growth of population 2

Unbalanced occupational distribution 4

Uneconomic and fragmented holdings 10

What is an economic holding? 19

Size of holdings in U. P. 24

Rural indebtedness 25

The cumulative effect on food production 30

Possibilities of increasing food production—

Extension of cultivation 41

Intensive cultivation 43

Conclusions 57

II—THE LAND SYSTEM OF THE UNITED PROVINCES—HINDU PERIOD 59

III—THE LAND SYSTEM OF THE UNITED PROVINCES—MUSLIM PERIOD 70

Chapter *Page*

IV—THE LAND SYSTEM OF THE UNITED PROVINCES—THE BEGINNING OF THE BRITISH PERIOD 79

V—THE LAND SYSTEM OF THE UNITED PROVINCES—EARLY SETTLEMENTS 92

The Permanent Settlement of Banaras 92

Ceded and Conquered Districts 96

The Avadh Taluqdari system 104

VI—THE LAND SYSTEM OF THE UNITED PROVINCES—PRINCIPLES OF SETTLEMENT ... 125

Regulation VII of 1822 125

Regulation IX of 1833 128

Directions for Settlement Officers, 1844 129

N. W. P. Land Revenue Act, XIX of 1873 and Oudh Land Revenue Act, XVIII of 1876 136

Third regular settlement 137

N. W. P. and Oudh Land Revenue Act, 1901 ... 138

U. P. Land Revenue Amendment Act of 1929 ... 144

General observations 151

VII—EXISTING RIGHTS IN LAND 157

Holders of proprietary rights 157

Inferior proprietary rights 159

Chapter *Page*

Temporary rights of a proprietary nature 161

Proprietary cultivation, i.e., *sir* and *khudkasht* ... 162

Tenants 164

VIII—LAND RECORDS AND AGRICULTURAL STATISTICS 175

Description of land records 178

Supervision over the land records 186

Agricultural statistics 188

Recommendations 193

IX—ASSESSMENT OF MARKET VALUE: PROVISIONS OF THE LAND ACQUISITION AND ENCUMBERED ESTATES ACTS EXAMINED 196

Income assessed in Land Acquisition proceedings ... 202

Items of income in Encumbered Estates Act proceedings 205

Assessment of market value in Land Acquisition proceedings 206

Assessment of market value in Encumbered Estates Act proceedings 209

Conclusions 211

X—LAND SYSTEM AND AGRARIAN REFORMS IN SOME PROVINCES 214

Central Provinces and Berar 214

Bombay 223

Bihar 231

Zamindari Abolition in Bengal 243

Madras 253

Chapter *Page*

XI—AGRARIAN REFORMS IN SOME COUNTRIES OF EUROPE 262

General 263

Eastern and South-Eastern Europe 268

Rumania 272

Poland 278

Hungary 286

Yugoslavia 293

Bulgaria 300

Czechoslovakia 306

XII—COLLECTIVE FARMS 311

Agrarian reforms in the U. S. S. R. 311

Co-operation in Palestine 328

Collective Farming in Mexico 332

XIII—CASE FOR ZAMINDARI ABOLITION 336

Part II

RECOMMENDATIONS

XIV—THE INTERMEDIARIES AND THEIR ELIMINATION 361

Who are cultivators? 368

Who are intermediaries? 369

Classes of land owned by zamindars 370

Inferior proprietors 376

Tenants with occupancy rights 378

Tenants with temporary rights 379

Redistribution of Land 385

Chapter	*Page*
XV—COMPENSATION	... 392
General	... 392
Calculation of gross and net income ...	... 402
Graded Rates of Compensation	... 409
Joint Hindu families	... 412
Discrimination on the basis of origin ...	... 413
Banks	... 416
Waqfs and trusts	... 416
Certain special cases	... 418
XVI—METHOD OF PAYMENT OF COMPENSATION	... 422
XVII—INTERMEDIARIES' DEBTS	... 427
XVIII—ADMINISTRATIVE MACHINERY ...	... 438
XIX—THE FUTURE PATTERN OF RURAL ECONOMY	... 448
Main defects of Indian agriculture ...	... 451
Different types of agricultural organisation ...	... 458
AGRICULTURAL TECHNIQUE	... 461
Does mechanisation lead to increased production?	... 461
Large and Small Holdings	... 467
Conclusion	... 475
AGRICULTURAL ORGANISATION	... 477
Capitalist Farming	... 486
State farming	... 487
Collective farming	... 488

Chapter		*Page*
	Peasant proprietorship	... 493
	Difficulties of peasant proprietorship ...	... 501
	Co-operative farming	... 505
	Difficulties of co-operative farming ...	... 514
	NEW SCHEME OF LAND TENURE	... 519
	Functions of the village community ...	... 520
	Rights of cultivators or *panch hissadars* ...	... 521
	Composition of the village community ...	... 523
	Conclusion	... 525
XX—REVISION OF LAND REVENUE	...	... 528
XXI—COLLECTION OF REVENUE ...	...	... 541
XXII—SOME ALLIED PROBLEMS ...	...	... 550
	Agricultural labour	... 550
	Stabilisation of agricultural prices ...	... 554
MAIN CONCLUSIONS AND RECOMMENDATIONS		561
MINUTES OF DISSENT:		
	By Shri Z. H. Lari, M.L.A.	... 585
	By Begum Aizaz Rasul, M.L.C.	... 599
	Note by Shri Ajit Prasad Jain	.. 611

INTRODUCTORY

The U. P. Legislative Assembly passed the following resolution on August 8, 1946:

> "This Assembly accepts the principle of the abolition of the Zamindari System in this Province which involves intermediaries between the cultivator and the State and resolves that the rights of such intermediaries should be acquired on payment of equitable compensation and that Government should appoint a Committee to prepare a scheme for this purpose."

To give effect to the resolution and to prepare the necessary scheme the Zamindari Abolition Committee was appointed with the following personnel:

(1) Hon'ble Shri Govind Ballabh Pant, Premier—*Chairman.*

(2) Hon'ble Shri Hukum Singh, Minister for Revenue—*Vice-Chairman.*

(3) Hon'ble Dr. Kailash Nath Katju, Minister for Justice (now Governor of West Bengal).

(4) Shri Charan Singh, Parliamentary Secretary to the Hon'ble Premier.

(5) Shri Jagan Prasad Rawat, Parliamentary Secretary to the Hon'ble Premier.

(6) Shri Ajit Prasad Jain.

(7) Shri Vishwambhar Dayal Tripathi, M.L.A.

(8) Shri Z. H. Lari, M.L.A.

(9) Shri Muhammad Shaukat Ali Khan, M.L.A.

(10) Shri Ram Chandra Gupta, M.L.C.

(11) Begum Aizaz Rasool, M.L.C.

(12) Shri Kamlapati Tripathi, M.L.A.

(13) Shri Abdul Ghani Ansari, M.L.A.

(14) Shri Radha Mohan Singh, M.L.A.

(15) Shri B. N. Jha, Revenue Secretary (now Chief Secretary), U. P. Government.

Shri A. N. Jha and Shri Ameer Raza were appointed as Secretaries to the Committee.

Shri Z. H. Lari, Shri Abdul Ghani Ansari and Begum Aizaz Rasool did not attend the meetings of the Committee until January, 1948. Shri Mohammad Shaukat Ali Khan did not attend any meeting of the Committee at all, while the Hon'ble Dr. Katju did not attend the meetings held after August 15, 1947, owing to his appointment as Governor of Orissa.

Terms of Reference

The government order directed that "in submitting their proposals the Committee will, in particular, make their recommendations on the following points:

(1) Accepting the principle of the abolition of the Zamindari System,

(*a*) what rights of intermediaries should be acquired?

(*b*) what would be the principles for the determination of equitable compensation for the acquisition of such rights? and

(*c*) what administrative and financial arrangements would be required to give effect to the proposals formulated under (*a*) and (*b*)?

(2) What would be the basic principles and precise scheme of land tenure which will replace the existing system of Zamindari in the Province?

(3) What would be the administrative organization required to give effect to the new scheme of land tenure, and, in particular, what would be the machinery for collecting government dues?"

The Meetings of the Committee

The first meeting of the Committee was held on November 14, 1946, in the Council House, Lucknow, to discuss the manner in which the Committee should set about its work. At this meeting a sub-committee was constituted for the purpose of drawing up a questionnaire. The sub-committee completed its work and a questionnaire was issued on January 3, 1947, to a large number of persons including, among others, all the M. L. A.'s

and M. L. C.'s of the province, all the Commissioners of divisions, District Officers, Chairmen of local bodies, Bar Associations, members of the All-India Congress Committee, members of the U. P. Provincial Congress Committee, the District, City and Mandal Congress Committees of the province, the Muslim League and other political organizations, the various Kisan Sabhas and the leading Zamindar Associations as well as economists and professors of universities.

The second meeting of the Zamindari Abolition Committee was held in the Council House on February 22, 1947, and it was decided to request some of the gentlemen and representatives of the associations whose replies had been received to give evidence before the Committee. The replies to the questionnaire will be found in Volumes III and IV of the Report.

The third and the fourth meetings of the Committee were held on April 10 to 14, 1947, and June 20 to 22, 1947, respectively, to examine the witnesses. Meanwhile the Committee's office was occupied with the collection of necessary statistics regarding the number of zamindars arranged according to the revenue payable by them, the area of their *sir* and *khudkasht* and the sizes of holdings in the province, etc. These will be found in Volume II.

The fifth meeting of the Committee was held from October 8 to 13, 1947, and tentative decisions were taken.

At the sixth and seventh meetings held on January 20 and 21 and June 8 and 9, 1948, these decisions were finalised. Part I of the Report was approved on June 9, 1948 and Part II at the last meeting of the Committee held on July 3, 1948.

The Plan of the Report

The Report is divided into two parts. In the first part we have reviewed briefly our main economic problems, the historical development of the land system of the United Provinces, land systems and agrarian reforms in certain other provinces of India, and the measures of land reform recently adopted in some of the agricultural countries of Europe where the system of peasant proprietorship prevails. We have also given a brief account of

the development of collective farming in the U. S. S. R., Palestine and Mexico. The last chapter of Part I states briefly the reasons why the abolition of zamindari has become inevitable.

The second part contains our recommendations on the questions referred to us by Government. The chapters devoted to the study of the land systems and agrarian problems of other provinces and countries are intended to give a proper background to many of our recommendations. Although the land problem varies from one part of the world to another and each area has certain peculiar characteristics of its own, many of the agrarian problems are more or less common and a study of the manner in which these problems have been solved elsewhere is, in our opinion, a necessary preliminary to the study of our own. Many of the shortcomings of the various measures adopted for tenancy reform in our province in the past could have been avoided had the framers of the various enactments studied how similar problems had been solved in other places.

Chapter I

OUR MAIN ECONOMIC PROBLEMS

Ever since Soviet Russia started her Five-year Plans and the Soviet Government, by insisting on a fixed economic programme, succeeded in changing a country with a backward and predominantly agrarian economy into a powerful nation overtaking, if not outstripping the other nations, planning has become a favourite topic of discussion among economists and intellectuals all over the world. As far as our country is concerned, the ball was set rolling by the National Planning Committee whose work was interrupted by the outbreak of war. This same war, however, has done part of the work that the National Planning Committee set out to do by making the country "plan minded", by stimulating analysis, by the people themselves, of India's problems and by creating a wide recognition at the seats of Government in various provinces as well as at the centre, of the fact that a planned development of the country is the only way of solving its tremendous economic problems within a reasonably short period. As a result we have had a large number of plans—the Bombay Plan, the People's Plan, the Central Government's plans, and the plans of the various Provincial Governments.

These plans naturally vary in regard to the emphasis on various aspects of Indian economy, but all recognise the urgent necessity for the eradication of India's poverty. Since agriculturists form nearly 75 per cent. of the population of the country, and the bulk of them are notoriously poverty-stricken. it is obvious that if the poverty of India is to be removed or reduced, attention must be concentrated on their rehabilitation and the improvement of their economic position. Any scheme devised for the purpose should have primarily a two-fold object in view, namely, (1) to bring about conditions resulting in more produce from land and (2) to draw the surplus agricultural population into other productive occupations. As Pandit Jawahar Lal Nehru said in 1936: "Fundamentally we have to face the land problem . . . and the problem of unemployment which is connected with it."

A proper appreciation of the land problem and of the causes of the present unsatisfactory state of agriculture and agricultural population is necessary for any one who wishes to find a cure for India's poverty, and we shall accordingly deal below with the main factors that have been responsible for the steady and progressive impoverishment of the peasant and the soil.

Growth of population

It has of recent years been considered fashionable to blame the economic ills of the country on "the devastating torrent of Indian children." No sensible person will deny that the increasing pressure on land is, to some extent, due to the increase in population, but the contention that this is the basic cause of India's poverty is open to question. The rate of growth has, in fact, not been as high in India as in a number of other countries. From 1872 to 1931 the population of India increased by about 30 per cent. As compared with this the population increased in England and Wales during the same period by 77 per cent.

The table below shows the population of what comprised the British territory of the United Provinces for each census from 1881 to 1941 together with the intercensal percentage variations: *

Date of census	Population	Intercensal percentage variation
1881	43,776,180	+6·2
1891	46,501,064	..
1901	47,312,031	+1·7
1911	46,806,203	—1·1
1921	45,374,658	—3·1
1931	48,408,482	+6·7
1941	55,020,617	+13·7

The increase has thus not been so large as some people have tried to make out. Although it is true that the population of the United Provinces during the half century—1881 to 1931—increased by 10·6 per cent., and from 1931 to 1941 by 13·7 per cent., this increase, and the consequential increase in density per

*Census of India, 1931, for United Provinces, Vol. XVIII, Part I—P. 23. (1941 figures from Census of India, 1941, Vol. V, p. 10).

square mile, as also the reduction of the number of acres per person, should not by itself mean poverty and degradation. This would be clear from the following table which compares the figures for the period 1881 to 1941 for the United Provinces with those of England and Wales: *

Date of census	Persons per square mile		Acres per person	
	United Provinces (British Territory)	England and Wales	United Provinces (British Territory)	England and Wales
1881	412	445	1·55	1·44
1891	438	497	1·46	1·29
1901	445	558	1·44	1·15
1911	441	618	1·45	1·04
1921	427	649	1·50	0·99
1931	456	685	1·40	0·93
1941 ..	518	703	..	..

The table given below compares the density of population of the United Provinces with that of several other countries in 1931: †

Country	Area in square miles	Order in point of area	Population in millions (to nearest million)	Order in point of population	Persons per square mile	Order in point of density
England and Wales.	58,343	11	40	9	685	2
Belgium ..	11,400	13	8	12	702	1
France ..	213,000	6	41	8	192	8
Germany ..	182,200	8	63	5	348	6
Italy ..	120,000	9	43	7	358	5
Netherlands ..	12,760	12	8	12	627	3
Russia in Europe	1,492,000	3	108	3	61	11
Spain ..	196,700	7	22	10	110	9
China ..	4,270,000	1	449	1	97	10
Japan ..	260,800	5	84	4	321	7
Egypt ..	363,200	4	14	11	38	12
United States	3,738,000	2	137	2	36	13
United Provinces	112,191	10	50	6	442	4

*Adapted from Census of India, 1931, page 23; 1941--P. 19 and Our Economic Problem, Wadia and Merchant, p. 62.

†Census of India, 1931, Vol. XVIII, p. 17.

The United Provinces is fourth in point of density of population, while England and Wales, Belgium and Netherlands, which precede it in the order of density, have all along been more prosperous than the United Provinces. China, tenth in the order in point of density should, according to those who hold that the poverty of the United Provinces peasantry is due to the pressure of population, be better off, but actually this is not so. If Japan, U. S. A., Belgium and England and Wales can be prosperous with a heavier density of population per square mile (in these countries the average density of population in 1941 was 250, 437, 702 and 703 respectively), why should India with a density of only 246 per square mile be poor for that reason alone? We must, therefore, look elsewhere for the reasons for the impoverishment of the country.

Unbalanced Occupational Distribution

As is well known, one of the main reasons for the poverty of the country is to be found in the unbalanced occupational distribution of its population, the decay of cottage industries and the consequent increase in the pressure on land. Sir Louis Mallet pointed out in 1875, with the assent of the then Secretary of State for India, Lord Salisbury, that by checking the growth of India's productive forces and by converting it into a market for British manufactures and a source of raw materials, the imperialists made India's economy hinge largely around agriculture and import and export trade. The old equilibrium between India's agriculture and India's manufactures was destroyed and was replaced by a new equilibrium between Indian agriculture and British manufactures. This policy had two important consequences. Firstly, through the mechanism of import and export trade the exchange of India's raw materials with British manufactured goods became a predominant feature of Indian economy and yielded a large customs duty, about 24 per cent. of the total revenue of the country, which was, however, appropriated by the Central Government. Secondly, it reduced Indian economy to an essentially agricultural economy, agriculture becoming its most important feature, which is seen from the fact that land

revenue became the biggest single item in provincial budgets. This is in sharp contradiction to the schemes of taxation in industrially advanced countries.

Similar views were expressed by the Congress Agrarian Enquiry Committee Report which observed: "It is not only due to the increase in population that the pressure on land has increased but to so many other factors. The problem here is not of growth of population but of unbalanced occupational distribution of population."* The following table, given in that Report, covered the period up to 1921 only. It will, nevertheless, still show the continuous increase in the number of people engaged in agriculture: †

Number of persons employed on land

Occupation	Population supported in 1921	Population supported in 1911	Population supported in 1901
Ordinary cultivators	34,833,693	34,327,199	31,614,865
Rent collectors	818,437	866,419	..
Ordinary cultivators	29,843,168	28,712,015	23,534,772
Agents, managers, clerks, etc. ..	136,201	196,622	255,919
Field labourers	4,035,887	4,552,043	4,376,293

Comparison with the 1931 figures is not easy on account of a change of classification in 1931 but it would appear that the percentage of workers employed in agriculture in the United Provinces, during the twenty years 1911—31, increased from 73·2 to 76·2. Along with this total increase there has been a shift in the various kinds of occupations under the main head of Agriculture itself. There was a marked tendency towards the decrease of cultivating landlords and tenants and an increase in non-cultivating landlords and tenants. In other words, rent-receivers

*Congress Agrarian Enquiry Committee Report, 1936, p. 17.
†*Ibid*, p. 17.

or people who exploit the labour of others increased considerably during the period 1911 to 1931. Precise information about later developments is not available as occupations were not classified in the 1941 census.

The census report of the United Provinces for 1931 gave the following table to show the actual figures of earners and working dependants (both sexes), and the proportion falling under the main agricultural headings:*

Agricultural heading	Actual number returned as earners or working dependants	Number per mille of total agriculturists		
		1931	1921	1911
All agricultural heads	**17,765,481**	**1,000**	**1,000**	**1,000**
Landlords, non-cultivating ..	260,610	15	18	9
Tenants, non-cultivating ..	193,877	11		11
Estate agents and managers of private owners and Government rent collectors, clerks, etc.	52,463	3	3	5
Landlords, cultivating.. ..	1,795,536	101	844	79
Tenants, cultivating	12,011,621	676		723
Agricultural labourers	3,419,185	192	134	171
Cultivators of special crops, market gardeners, etc.	32,139	2	1	2

From 1921 to 1931 non-cultivating landlords and tenants increased from ·18 per cent. to ·26 per cent. of all agriculturists and cultivating landlords and tenants decreased from 84·4 per cent. to 76·7 per cent. Agricultural labourers increased from 134 to 192 per thousand.

The table below gives the figures for non-cultivating and cultivating landlords in 1931 and 1911 in the United Provinces, and shows the percentage variation. The figures exclude the

*Census of India, 1931, for United Provinces, Vol. XVIII, Part I, p. 394.

khaikars of Kumaun and those holding land direct from the Maharaja of Tehri-Garhwal State, as these, though actually cultivators, are returned as landlords in the enumeration :*

Landlords	1931	1911	Variation 1911—1931 per cent.
Non-cultivating	259,836	145,711	+78
Cultivating	1,015,596	1,057 ,736	—4
Total ..	1,275,432	1,203,447	+6

It will be seen that landlords as a whole increased by 6 per cent. in the twenty years period; further that landlords whose principal source of income was tenants' rents and who carried on no cultivation increased by no less than 78 per cent. At the same time those who derived their income from their own cultivation declined by 4 per cent.

The same tendencies are apparent when we study the 1931 and 1911 figures for tenants. The table below gives the figures for the province as a whole excluding Tehri-Garhwal State and Kumaun :†

Tenants	1921	1911	Variation 1911—31 per cent.
Non-cultivating	187,578	188,690	—1
Cultivating	11,775,664	12,201,520	—3
Total ..	11,963,242	12,390,210	—3

It would be seen that tenants declined in number since 1911, the decrease being less pronounced in the case of non-cultivating

*Census of India, 1931, for United Provinces, Vol. XVIII, Part I, p. 395.

†*Ibid*, p. 396.

tenants, that is, those who sublet land. The writer of the 1931 census report comments:

" . . . their (cultivating tenants) income from their own cultivation had fallen very heavily and often what had formerly been their subsidiary sources of income must have become their principal means of livelihood. A few successful tenants have in the early prosperous years of the decade acquired proprietary rights and may have passed into the landlord class, but *the larger proportion of the tenants who have disappeared since* 1911 *will be found under agricultural labourers, either having lost their holdings altogether or deriving more income from labouring than from their own cultivation.* They number somewhere about 400,000 or 3 per cent. of the tenants returned 20 years ago."* (Italics ours.)

Much has been said and written for us any further to labour the point that the prosperity or poverty of a country is affected, not so much by the growth of population, as by other factors, the more important among which are the system of land tenure and the facilities provided for co-relation between a country's agriculture and its industries. If the natural resources of the country, instead of being developed are allowed to deteriorate, the growth of industries is discouraged and if, on top of it all, the land is made to carry an ever-increasing burden of a host of parasites and middlemen, the results are bound to be disastrous and this is just what has happened in our country.

According to the writer of the 1931 census report a comparison with the figures of the 1921 census revealed the fact that "the net cultivated area (i.e. the gross cultivated area minus the double-cropped area and not including the fallow) of the province as a whole shows no signs of increase, and the double-cropped area is stationary . . . . It is significant that although the pressure of population has materially increased in the decade, there has been no corresponding extension of agriculture."†

The position will be further clarified by a reference to a particular district. Taking Gorakhpur for the purpose, the

*Census of India, 1931, for United Provinces, Vol. XVIII, Part I, p. 37.
†*Ibid.* page 37.

table below will show the increase in population between 1911 and 1931 :*

Tahsil	Population	Density	Percentage variation	
			1921—31	1911—21
Gorakhpur District	**3,567,561**	**755**	**+9·2**	**+2·1**
Bansgaon	477,075	850	+8·2	+2·8
Deoria	539,852	928	+8·3	—2·9
Gorakhpur	625,233	959	+10·7	+5·9
Hata	517,322	904	+4·9	+4·6
Maharajganj	702,969	567	+15·4	+1·1
Padrauna	705,110	760	+6·8	+1·4

The population of Gorakhpur in 1931 was 37·2 per cent. higher than it was 50 years before. In 1901 the population of the district was 2,938,685, in 1911 it was 3,201,180 and in 1921 it was 3,266,830. Thus between 1901-21 the population increased by about 311,731. But during the same period the area under cultivation increased by 50,375 acres only. The pressure on land between 1901—21 thus increased by six persons per acre. The following table shows the enormous density of population of two tahsils of Gorakhpur district in 1931 :†

Tahsil	Pargana	Density of population per square mile
Bansgaon	Chillupur	949
	Dhuruapar	1,011
	Unaula	1,075
	Bhauapar	1,021
Gorakhpur	Bhawapar	1,017
	Hasanpur	1,066
	Haveli	1,111

*Census of India, 1931, for United Provinces, Vol. XVIII, Part I, p. 96.
†Congress Agrarian Enquiry Committee Report, 1936, p. 19.

While the density of population was so high, the area under cultivation increased only nominally. Nor were there any other avenues of employment open to the people. The district of Gorakhpur, however, is considered for various reasons to be an exceptional one. The same story will be found in the other eastern districts of the province, e.g., Basti, Azamgarh, etc., and the conditions in other districts of the province are no better.

We cannot do better than sum up the position in Pandit Nehru's words: "The old self-sufficient village economy had long since ceased to exist. Auxiliary cottage industries, ancillary to agriculture, which had relieved somewhat the burden on the land, had died off, partly because of State policy, but largely because they could not compete with the rising machine industry. The burden on land grew and the growth of Indian industry was too slow to make much difference to this. Ill-equipped and almost unawares, the overburdened village was thrown into the world market and was tossed about hither and thither. It could not compete on even terms. It was backward in its methods of production, and its land system, resulting in a progressive fragmentation of holdings, made radical improvement impossible. So the agricultural classes, both landlords and tenants, went downhill, except during brief periods of boom. The landlords tried to pass on their burden to their tenantry. . . ."*

Thus the destruction of the old village economy and the policy of the British to leave the country's material resources undeveloped led inevitably to an enormous increase in the pressure on land. As things are today, nearly 75 per cent. of India's population (388,988,000 according to the census of 1941) is dependent on agriculture and there is an obvious overconcentration on the land. This pressure has, in its turn, led to many evil results, the most important of which is the reduction of the size of the cultivators' holdings to uneconomic levels.

Uneconomic and Fragmented Holdings

Accurate statistics are lacking, but, according to the figures quoted by the Famine Inquiry Commission, the average size of a holding in the United Provinces ranges between 4·8 acres in

*"Autobiography", Jawahar Lal Nehru. The Bodley Head, London, 193.

the Gorakhpur division where the soil is fertile, and 12 acres in the Jhansi division where the soil is unfertile, the average for the whole province being about 6 acres. The average yield of cereals per acre is estimated at ·35 tons. Thus, the average holding in the United Provinces is capable of yielding only a little more than 2 tons of cereals.

In actual fact, however, the majority of holdings are very much less in area than even six acres. In 1931, for instance, when figures were collected in the Agra district (where the average size of the holding is somewhat larger than for the province as a whole), it was found that 27·3 per cent. of the holdings were less than 2·5 acres and 23·3 per cent. were between 2·5 and 4·5 acres. Thus, nearly half the total number of holdings were capable of yielding only about 40 maunds or less.

Exactly as happened in numerous other countries, the process of concentration of land in the hands of rent receiving classes was accompanied by the fractionalisation of holdings amongst a peasantry which made desperate attempts to retain its rights of cultivation. And so the outstanding fact about our villages came to be the extremely meagre area of land on which the agriculturist had to maintain himself. We have no reliable data regarding the sizes of holdings prior to British rule but there can be no doubt that they were large enough to keep the cultivator in comfort. Dr. Harold Mann's survey, "Life and Labour in a Deccan village", conducted in and about 1917 showed that the average holding in the village surveyed by him was 40 acres in 1771 and that this declined to only 7 acres in 1915. Dr. Mann's general summing up applies no less to our villages than to the Deccan villages which he surveyed: "It is evident that in the last sixty or seventy years the character of land holding has altogether changed. In the pre-British days and the early days of British rule the holdings were of a fair size, most frequently more than 9 or 10 acres, while individual holdings of less than two acres were hardly known. Now the number of holdings has more than doubled and 81 per cent. of these holdings are under 10 acres in size while no less than 60 per cent. are less than five acres."

An idea of the size of holdings in our province under early British rule can be had from the result of the enquiry conducted

in the districts of Avadh in and about the year 1880 under Major G. F. Erskine, the Commissioner on special duty in Avadh. The enquiry was fairly extensive, and the conclusions arrived at can be relied upon as giving a fairly accurate picture of the position. The investigations were conducted in all the districts of Avadh and extended to 487 villages which were selected so as to ensure, as far as possible, a fair representation of existing circumstances in all the parts of each district, and in the various classes of estates, taluqdari and non-taluqdari, whether managed direct by the proprietor or his servants, leased or sub-settled.

It would appear from the figures collected by Major Erskine that the average holding had shrunk to about 5 acres by the early eighteen-eighties. The situation was fast getting from bad to worse and the British officials had a premonition of the shape of things to come. Thus, Major Erskine in his memorandum to the Government, dated June 1, 1883, based on the reports received from the district officers, said "I cannot regard the numbers of those classes (the cultivating classes), the size of their farms, the incidence of the rent they pay, and the insecurity of their tenure, without feeling that, as the inevitable multiplication of their numbers proceeds and competition for the land becomes more keen, their condition will, under the present law deteriorate, and that it is advisable to take some action on their behalf . . . . Interference is justified on the broad ground that it is imperatively necessary, in the interests of the general community, that the complete efficiency of the agricultural industry be maintained, and that that efficiency is, under present conditions, seriously threatened."* Mr. Bennet in the Final Settlement Report of the Gonda district (1877) also sounded a note of warning: "It may be noticed that, though the specific rents will probably increase up to a certain density of population, farms may become so small as to leave no surplus at all for rent; the area may be so reduced that no skill or exertion will make it produce more than is required to keep its cultivator alive. This is not yet the case anywhere, except perhaps with the *sir* of some proprietary village communities. All the members having been driven home by the destruction of other means of livelihood, the

*"Collection of papers relating to the conditions of the Tenantry and the working of the present Rent-Law in Oudh", 1883, p. 277.

right of sub-division has been rigorously asserted, and I believe it to be a fact that the small plots into which the *sir* of some villages has been cut up barely yield enough to support the life of the occupant, and far less enable him to pay any rent to Government."*

These cautions and pleadings, however, did not improve matters in any way and, as Dr. Harold Mann observed, an average year seemed "to leave the village under-fed, more in debt than ever, and apparently, less capable than ever of obtaining with the present population and the present methods of cultivation a real economic independence."

A comparatively more recent estimate made by the United Provinces Banking Enquiry Committee in 1929, is generally regarded as too high. This Committee divided the province (excluding the hill districts) into five tracts, the Southern, Western, Northern-Central, Southern-Central and Eastern. It estimated the average holding in the Southern tract, comprising of the Bundelkhand districts to be between $10\frac{1}{2}$ to 12 acres. For the Western tract, comprising mainly the districts of the Agra and the Meerut divisions, it put the average holding between 8 to $10\frac{1}{2}$ acres. For the Northern-Central tract, consisting of the Rohilkhand districts and some Avadh districts north of Lucknow, the Committee estimated the average holding to be 6-7 acres. The corresponding figure for the Southern-Central tract consisting of the districts round about Lucknow, Kanpur, and Allahabad was put at between 5 and $5\frac{1}{2}$ acres. And the figure for the Eastern tract including all the districts east of Banaras and also Pratapgarh, Jaunpur and Faizabad was estimated at between $3\frac{1}{2}$ and $4\frac{1}{2}$ acres. From these estimates the Committee worked out the average in the province per farmer at $6\frac{1}{2}$ acres. The Committee was unequivocally of the opinion that in the Gorakhpur division the average holding was uneconomic. The Committee's treatment of the subject makes it clear that holdings below 4 acres are uneconomic. It is thus obvious that the large majority of cultivators having less than that area for cultivation had no surplus whatsoever.

The estimate made during the census in 1931 followed the lines laid down by the U. P. Banking Enquiry Committee.

Ibid, p. 282.

Referring to the continuous sub-division of holdings the 1931 census report observed—"If this process is carried far enough then the holdings which are subjected to it will ultimately become too small to support the holders and their families at the standard of comfort to which they are accustomed. The cultivator must then acquire fresh land or reduce his standard of living. If he does neither, he will run into debt with no hope of ever being able to repay and ultimately he will be sold up and join the ranks of the landless labourers . . . . At this census 53·2 per cent. of male and female earners (excluding market gardeners and growers of special crops), in British territory only, returned actual cultivation as their principal source of income. A further 3·8 per cent. returned actual cultivation as their subsidiary source of income to some other principal occupation. This means that 57 per cent. of the total population is dependent on the income derived from actual cultivation of holdings. This involves 5,781,000 families. Of these a considerable number, which may be put at 5 per cent. of the whole (i.e. 289,000 families) are mere allotment holders—village artisans and menials, agricultural and general labourers, and petty rural tradesmen, who cultivate a field or two in their spare time. The total area of these allotments and the holdings of the market gardeners and growers of special crops who have been excluded, may be put at 320,000 acres leaving 34,749,000 acres of normal cultivation. Calculated in this way the average holding in the whole province (excluding the States) comes to 6·7 acres."*

Any appraisal of the economic condition of the peasantry depends on the crucial question of the size of holdings. With regard to the average figures worked out, it must be kept in mind that these are, after all, averages and are not really indicative of the real situation, as the over-whelming majority of the rural population consists of landless labourers and cultivators with uneconomic holdings. The inclusion in the calculation of the average of holdings of the small minority with economic holdings, and the still smaller minority who may be called comparatively substantial agriculturists, raises the average much higher than the actual size of lands held by the vast majority.

The estimates made by the U. P. Banking Enquiry Committee were carefully examined by the Agrarian Distress Enquiry Com-

*Census of India, 1931, for United Provinces, Vol. XVIII, Part I, p. 44.

mittee appointed by the U. P. Provincial Congress. This Committee pointed out a number of errors in the Banking Enquiry Committee figures and arrived at the conclusion that the average holding in the province was much smaller. It said: "The cultivated area in the province does not exceed 35 million acres, and the number of people dependent on agriculture for a living is almost as much. According to Mr. Blunt, the number of cultivating families is 6,600,000. This would give an average holding of a little above 5 acres. But this total includes the large holdings in Bundelkhand which extend to about 12 acres, although in reality a 12 acre holding in Bundelkhand is worth no more than a 6 acre holding anywhere else. Then, as we know, about 20 per cent. of the total area of holdings in Agra and about 11 per cent. in Oudh are cultivated by the proprietors themselves. The number of such proprietors is small and proportionately these owners of holdings are very few in comparison to the large body of tenants. If we exclude from the total cultivated area the area of *sir* and *khudkasht* and the area of holdings in Bundelkhand, that would give us the total area available for all tenants outside Jhansi division. There are again marked differences in the size of the holdings in different parts. In the western tract comprising Meerut, Muzaffarnagar and a few other districts the area of an average holding exceeds 8 and 10 acres. But what really matters is the area of the holding of the ordinary cultivator who represents the bulk of the population. While it is difficult to point out the exact number of holdings of different sizes, the fact is unassailable and is borne out by what we have said above that by far the large majority of holdings in the province must range between $2\frac{1}{2}$ and 4 acres."*

The estimate of the Pant Committee about the average size of a holding in the United Provinces is borne out by the statistics collected by us. From the statement showing the number of persons cultivating or otherwise occupying land within *parganas* whose names are recorded in Part I of *khatauni,* and the total area of land comprised in holdings of different sizes in the United Provinces (excluding Almora and Garhwal), we find that the total holdings area comes to 41,313,259 acres, and the total number of persons holding them are 12,288,136. From this the average area

*"Agrariam Distress in the United Provinces", 1931, p. 30.

held by each person (meaning not an individual agriculturist but an agriculturist family of working and non-working dependants) comes to 3·36 acres.

We must also not forget that the total holdings area we are referring to is not the area *sown;* it includes the area of groves, lands lying fallow, and other land not cultivated for numerous reasons though forming part of a cultivator's holding. The net sown area in the province, excluding Kumaun division, but including the Tarai and Bhabhar sub-division of Naini Tal, was 36·63 million acres in 1352 Fasli. If we divide this by 12,288,136, being the number of persons holding land, we get the average size of a holding in the province to be 2·98 acres.

It would thus be clear that the average size of a holding in the United Provinces is between 2·98 and 3·36 acres. Mr. Darling also in his book "Punjab Peasant in Prosperity and Debt", estimated the average holding in the United Provinces at 2·5 acres.

Thus, if we take an agriculturist family to consist in all of five working and non-working dependants then, according to our estimates, the average land with each agriculturist in the province would be between ·59 and ·67 acres. If, however, we regard a family to consist of only four working and non-working dependants, the average area per agriculturist would be between ·74 and ·84 acres.

We may now compare these figures with the average size of holding in other countries: *

Other countries	Average holding in acres
Denmark	40
Holland	26
Germany	21·5
France	20·5
Belgium	14·5
Britain	20
U. S. A.	145

*Nanavati and Anjaria, Indian Rural Problem, p. 46 and Congress Agrarian Enquiry Committee Report, p. 41.

The figures speak for themselves. The extremely small average holding in the province even if other factors were disregarded, could not but compel a life of inescapable poverty. Destruction of subsidiary occupations and industries, the increase of population, and inadequate development of new lands made our holdings smaller and smaller till the overwhelming majority became uneconomic and agriculture became unprofitable.

Position made worse by fragmentation

The uneconomic nature of the holdings of an overwhelming majority of the cultivators presents one of the most serious problems of our agriculture. Nor are these tiny holdings to be found in compact blocks, they are generally fragmented into a number of plots scattered over different parts of the village.

In "Field and Farmers in Oudh", we find the survey of village Malhera of Hardoi district. In this village a holding of 9 bighas and 2 biswas was divided into 11 plots. Another holding with an area of 33 bighas 14 biswas was divided into 25 plots; a holding of 4 bighas and 6 biswas into 10 plots; a holding of 4 bighas and 5 biswas into 10 plots; another of 8 bighas and 19 biswas into 16 plots and so on.

Another village, Nonapar, surveyed in 1931, showed the following results:

Holding no. 1403—The total area was 0·18 acres. It was divided in the following manner:

1403/1	0·06
1403/2	0·06
1403/3	0·06

These plots were again divided up as follows:

Plot no. 1403/1 ..	1403/1/1	0·03
	1403/1/2	0·03
Plot no. 1403/2 ..	1403/2/1	0·02
	1403/2/2	0·02
	1403/2/3	0·02
Plot no. 1403/3 ..	1403/3/1	0·03
	1403/3/2	0·03

A very striking case was of holding no. 1164. The total area of this holding was 0·04 acres. It was divided into two areas:

1164/1	0·02
1164/2	0·02

These villages should not be taken as extreme cases; they are typical of the conditions in the average village of the province, although the position is not so bad in some western districts. It should also be remembered that this was the position 20 years ago when the survey was undertaken. Since then the pressure of population has increased and, at the same time, no attempt has been made to relieve the pressure on land. If anything, the position today must be much worse.

The Congress Agrarian Enquiry Committee Report says: "It is difficult to estimate the number of peasants who own plots from 1/100 to 1/400 of a *bigha*, but it is fairly large" (p. 28).

The evils of sub-division have, thus, been accentuated by the fragmentation of holdings. Sub-division involves a waste not only of human resources, but also of working cattle and agricultural equipment. Agriculture on a tiny farm is uneconomic, the cost of cultivation being excessive and the net value of the produce proportionately low. Even in normal circumstances, agriculture is not as profitable as other industries, but in countries such as India where the holdings are small and the cost of production inordinately high, the peasant lives on the bare level of subsistence. To this is added the low scale of his business and the small size of the out-turn, with the result that not only is the net value of the produce per acre very low, but the total net value of the farm produce, i.e., farm profits as a whole are very small. The small holdings do not permit of capital accumulation, consequently the cultivator has neither the means for building up reserves against the frequent bad years when the rainfall is excessive or deficient or irregularly distributed, other agricultural calamities and changes in the price structure, nor has he enough working capital for improved farming or for maintaining the fertility of the soil. Fragmentation of holdings involves considerable wastage of boundary lands and the wasteful boundary disputes and litigation costs. It increases the difficulties of management

and results in inadequate supervision. Efficiency of cultivation is considerably reduced as a peasant family can not manage widely divided plots. There is loss of labour and time in going from one plot to another. During busy seasons such as the onset of the monsoon when the peasant has to attend to all the plots at the same time, the preliminary operations so necessary for good cultivation remain neglected on some plots. Fragmentation also prevents land improvement, such as the construction of wells, as a small holder with widely separated plots does not find it profitable to build a well on any one of them.

What is an economic holding?

Although it is our intention to present in this chapter the economic condition of the cultivator as objectively as possible, we cannot resist the temptation of discussing what should be an economic holding. Keatinge in his book "Rural Economy in the Deccan", defines an economic holding as a holding which allows a man a chance of producing sufficient to support himself and his family in reasonable comfort after paying his necessary expenses. According to him an economic holding in Deccan "would consist of 40 or 50 acres of fair land in one block with at least one good irrigation well, and a house situated on the holding." Dr. Harold Mann, referring to Deccan villages said that a holding of 20 acres ought to be considered economic. The Baroda Economic Enquiry Committee fixed something between 30 and 50 *bighas* as the area of an economic holding. Dr. E. D. Lucas in his economic survey of the village of Bairampur in the Hoshiarpur district of the Punjab, after an extensive enquiry into the family budgets of the peasantry, came to the conclusion that 14 acres cannot support a Jat and his family of five without obliging them to incur debt. Darling held that in the Punjab 8 or 10 acres cannot maintain a cultivator in minimum comfort without income from some other source.

With regard to the conditions in the United Provinces, Mr. H. Kerr estimated in 1903, when rents were no doubt lower, that for a family of five, $2\frac{1}{2}$ acres is an economic holding. This obviously is a very low figure and cannot be accepted. Dr. Stanley Jevons was of the opinion that for giving a family a reasonable

standard of life, 20 to 30 acres were necessary. The United Provinces Congress Agrarian Enquiry Committee Report of 1936 said: "We believe that in the present state of low prices, an economic holding should be between 15 to 20 acres. If prices are reasonably high and the rents not excessive and there are better facilities for irrigation, improved cultivation and marketing, we think that an economic holding in the United Provinces can be reduced to a lower figure."*

On the subject of economic holdings, the 1931 census report said: "The economic holding may be defined as the minimum area necessary for a cultivator from which he can support himself and his family. It must first be made plain that in such a discussion no great measure of precision is possible. The question whether any particular holding can or cannot support its owner and his family in the degree of comfort to which he is accustomed is always a question of fact, the answer to which will vary according to the circumstances of each particular case. It will depend on—

(1) the nature of the holding, e.g., a holding which is economic in Meerut with its ample sources of irrigation and fertile soil would certainly be uneconomic in Bundelkhand where cultivation is difficult and precarious;

(2) the skill and industry of the cultivator, a Brahmin would starve on a holding that is more than sufficient to support a Koeri;

(3) the standard of comfort to which the cultivator is accustomed. Three acres may be sufficient to a Chamar but be insufficient for a Rajput, and the standard of living of a landlord is higher in most cases than that of a tenant."

"In other words", the census report went on to observe, "the point at which a holding becomes uneconomic in size is not fixed but variable, but it is possible to work out a complete set of average or typical economic circumstances and to fix a point in relation to them."†

It is apparent that the phrase "economic holding" in terms of a unit of land, which assures a reasonable standard of living to

*"Congress Agrarian Enquiry Committee Report", 1936, pp. 36-37.
†Census of India, 1931, for United Provinces, Vol. XVIII, Part I, p. 44.

the farmer and his dependants, is subject to widely varying interpretations. This is the natural result of the inadequacy of statistics available on the subject. Whatetver enquiries have hitherto been conducted on the subject have either become too old to be fully reliable or are generally based on incomplete and inadequate investigations. The Department of Economics and Statistics of the United Provinces Government was requested to complete such an enquiry by the Zamindari Abolition Committee, but it has thus far not been able to complete the work, which, by its very nature, must take a couple of years, if not more.

A holding to be economic must provide a surplus on the ascertained costs of production, sufficient to provide security for lean years and for fluctuations in market prices and a fair standard of living for the cultivator and his dependants and fair wages to agricultural labourers. In the absence of statistics regarding the gross produce on various sizes of farms in the different regions of the province, the cost of production and family budgets, it is impossible to say what area of land constitutes an economic holding from this point of view.

An economic holding may, however, also be defined as a unit of holding which under given conditions of agricultural technique makes for maximum production, i.e., involves an optimum combination of the factors of production, viz., land, labour, organisation and capital. Capital may for the present be excluded from consideration because it may be possible to provide agricultural finance for each holding by state or co-operative credit. Organisation may also for the present be left out of consideration on the assumption that the cultivator has sufficient organisational ability to manage his farm with the present agricultural technique. The primary question would, therefore, be the relation of labour to a unit of land. An economic holding should, then, provide full employment for one indivisible factor of production, i.e., the minimum agricultural equipment that a cultivator must maintain and the labour of an average peasant family. An agricultural family in our country has 2·2 workers on the average and must maintain one yoke of oxen, irrespective of the area that the cultivator possesses. The unit of land should, therefore, afford full employment for two agricultural workers and one yoke of oxen.

This varies with local conditions such as the nature of the soil, the nature of the crops, irrigational facilities, etc. An economic holding would, therefore, vary within certain limits in the various natural regions of the province.

The Director of Agriculture, in a note submitted to the Committee, expressed the following opinion about the area of land that will provide adequate employment for a pair of bullocks: "The cultivator generally expects to run 10—15 acres with a good pair of bullocks under moderately intensive farming in the west of the province. In the east of the province with ordinary bullocks he controls from 5—8 acres. A pair of bullocks is thus sufficient for the cultivation of from 6—15 acres, depending upon the kind of agriculture and the strength of animals. To keep a pair for a much smaller area is uneconomic but it has to be done in a large number of cases. Small and scattered holdings, as organised and managed at the present time, cannot employ manual and bullock power to the best advantage. This is the fundamental defect in the agriculture of the province. It is in addition a hindrance and frequently an absolute bar to progress."

Shri Charan Singh regards an area of $6\frac{1}{4}$ acres as roughly an average economic holding. A number of witnesses examined by us support this view. But this figure corresponds to the actual average cultivated area per plough in the province, as the following table from the cattle census report of 1935 would show. It does not represent an average economic holding:

Year	Draught animals per 100 plough	Cultivated area in acres per plough
1899	238	7·6
1904	233	6·9
1909	225	7·3
1915	225	7·1
1920	220	7·2
1925	218	5·1
1930	215	6·94
1935	208	6·67

In 1935, the average cultivated area per plough worked out at 6·67 acres. In Meerut, Agra and Jhansi divisions, where holdings were comparatively large, the plough duty was as high as 10—14 acres, but bullocks in the western districts are more powerful and a pair can command there a much larger area than the smaller and weaker animals of the eastern districts. The size of holdings also affects the cattle population. In the Faizabad and Gorakhpur divisions, where holdings are small, there is one plough for every 5 acres of cultivation.

This is further supported by a survey made during the settlement of Shahjahanpur. Among substantial farmers it was found that the cultivated area per plough was 9·1 acres. The cultivated area per plough varies with—

(1) the size of holdings;

(2) the breed of the draught animal;

(3) the nature of the soil, crops, irrigation, etc.

It is a fairly safe assumption that the present average area per pair of draught animals involves considerable waste of bullock power and thus increases the cost of production. A good pair of bullocks would not cost much more to maintain than a comparatively weak pair. If the holdings in the east of the province were larger, one could expect a corresponding increase in the quality and the strength of draught animals.

In the circumstances a decision regarding the economic holding in the various natural regions of the province seems difficult. But for the present the estimates given by the Agriculture Department may be accepted as a working basis. We do not regard the lower limits of 5 to 8 acres as economic units, for if holdings were larger, the number of ploughs would be decreased. About 10 acres may, therefore, be accepted as the average unit for the whole province towards which we must aim. No doubt the figure will subsequently have to be reconsidered in the light of data regarding costs of production,

income and family budgets on various sizes of farms, and suitable units should then be fixed for the different natural regions of the province. The units will be liable to revision in case the prices of agricultural produce stabilise at an index substantially different from the present.

Size of Holdings in U. P.

Accepting 10 acres, then, as the economic unit of cultivation for the province as a whole, we may proceed to examine the position of the holdings of our cultivators. Until now no statistics had been collected which gave the area under cultivation in each district for every cultivator. The statistics collected by the Zamindari Abolition Committee is the first attempt at making such an enquiry.

If we take 10 acres as the average size of an economic unit of cultivation, our figures show that the holdings of 94 per cent. of the cultivators in the province are uneconomic. Such cultivators number 1,15,33,800 and hold only 64·8 per cent., i.e. 2,68,46,416 acres out of the total holdings area which is 4,13,16,480 acres. Even on Shri Charan Singh's estimate of $6\frac{1}{4}$ acres as the size of an economic holding, 85·4 per cent. cultivators, numbering 1,04,85,411, would not have economic holdings; altogether they occupy only 45·5 per cent., that is, 1,88,40,479 acres out of the total holdings area.

We also find that 37·8 per cent. of the cultivators numbering 46,39,331 have holdings of less than 1 acre. These 37·8 per cent. have among them only 6·0 per cent. of the total holdings area, i.e., 24,81,165 acres.

These figures will give an idea of the vastness of the problem of uneconomic holdings. The provincial average is low enough but the comparatively better conditions of the western districts tend to hide the absolutely rock-bottom levels reached in the eastern districts of the province. We give the following table which compares the number of persons with holdings under 10 acres, under 6 acres and under 1 acre and their percentage to the total. One district has been taken from each natural division

in order that the table may be fairly representative of the province as a whole:

Districts	Persons holding 10 acres or less		Persons holding 6 acres or less		Persons holding less than 1 acre	
	No.	Percentage to total cultivating population	No.	Percentage to total cultivating population	No.	Percentage to total cultivating population
Bijnor ..	130,541	87·45	108,065	72·39	33,942	22·74
Mainpuri ..	243,666	96·53	227,376	90·07	93,107	36·88
Basti	572,361	97·00	538,418	91·30	300,963	51·00
Banda ..	138,411	80·00	115,231	66·58	37,017	21·40
Sitapur ..	238,872	92·00	205,400	79·20	58,705	22·80
Ghazipur ..	219,243	94·72	203,285	87·82	102,505	44·28

Rural indebtedness

With the ever-growing dead-weight of intermediaries and their exactions, the evils attendant on fragmentation and sub-division and inadequate irrigation and manurial resources, the Indian peasant has grown steadily poorer. The margin of profit being very small, complete ruin has often followed a bad harvest. The writer of the 1931 Census Report for the United Provinces had to admit that " . . . . even the debt-free peasant, if judged by any Western standard of comfort, is desperately poor. We have seen that a considerable proportion of cultivators are working on uneconomic holdings from which even in favourable years they can scarcely derive sufficient to keep body and soul together and in unfavourable years they run further into debt. The possessions of the ordinary peasant are limited to essential capital—a little land, a pair of bullocks and seed for the next crop; and bare necessities—an unsaleable house, the clothes he stands up in, a store of coarse foodgrain and the utensils required to cook it in. Bullocks are often sold after ploughing and more purchased later when required. In many cases even seed has to be borrowed for sowing."*

*Census of India, 1931, for United Provinces. Vol. XVIII, Part I, p. 48.

In spite of the growing pressure upon land, the net area sown has remained practically steady, while the total production has continuously diminished. Agriculture thus came to have an unbalanced position in national economy. It was overcrowded and undeveloped. Thanks to the British policy of retarding India's industrial development, agriculture stagnated and deteriorated, its yield steadily declined, and a tremendous amount of labour came to be wasted over uneconomic holdings. Extensive areas of culturable waste lay undeveloped. The excessive land hunger led to the growth of sub-division and fragmentation till uneconomic holdings became the rule. Land increasingly came to be transferred into the hands of functionless non-cultivating owners, and rent-receivers, and the cultivators got increasingly indebted and the total agricultural debt reached astronomical figures. The growing indebtedness led to large scale expropriation of cultivators, the transfer of land to money-lenders and speculators and a vast increase in the number of the landless labourers.

The peasantry continued to be subjected to the most crushing load of oppressive charges in the world. In this the Government disregarded the recommendation of its own Taxation Enquiry Committee that not more than 25 per cent. of the net produce of agriculture should be charged. Even this proportion is exorbitant as compared to 10 per cent. adopted in France and Italy, and 12 per cent. in Hungary.

While the condition of the peasantry deteriorated all over the country including the Ryotwari areas, the situation was worse in zamindari areas where the zamindars literally functioned as the native garrison of an alien imperialism. Consistent with the traditions set up under the British rule, which created the zamindari system, the zamindars went one better than the Government in wringing the utmost out of the poor tenants. It was stated by a witness before the Agricultural Commission that the zamindars took as much as four times the amount that they paid to Government as land revenue. In Bengal the land revenue received by the Government was about 4 crores, while the zamindars extracted more than 16 crores from the tenants as rent. The tremendous pressure on land exerted by a huge population, barred from other avenues of employment and livelihood, enabled

the landlords to appropriate a far greater portion of the cultivators produce than the economic rent. The land hunger, the keen competition for the possession and cultivation of the smallest strip of land resulted in rack-renting, and drove the cultivator into the clutches of the *sahukar* or the money-lender. The Central Banking Enquiry Committee said in 1931: "On the question whether the volume of agricultural indebtedness is increasing or decreasing, there is a general consensus of opinion that the volume has been increasing." The Punjab civilian, Mr. M. L. Darling, estimated the total of agricultural debt in 1921 to be between Rs.500 and Rs.550 crores. The Central Banking Enquiry Committee estimated the total in 1931 at Rs.900 crores. During the slump the burden of debt became twice as heavy as the cultivator's income was reduced by half. In 1935 Mr. P. J. Thomas estimated the total indebtedness of the Indian peasant at Rs.1,500 crores. In 1937 the first report of the Agricultural Credit Department of the Reserve Bank of India estimated the total at Rs.1,800 crores. The annual interest charges on these, on the lowest computation, would be above Rs.100 crores. To these may be added canal rates (about 12 crores), central and provincial taxation (about Rs.100 crores), local taxation (about Rs.150 crores) and railway freight charges (Rs.65 crores). Precious little was therefore left to feed the tillers of the soil.

No attempt has ever been made to ascertain the total rents realised by the zamindars of India. Still less is known of the volume of interest on debt. In the absence of any information the Central Banking Enquiry Committee attempted a rough estimate in 1931. With the land revenue estimated at Rs.35 crores, the interest on the total agricultural debt was taken to be roughly 3 times this figure, namely, Rs.100 crores. The amount of rent, additional to land revenue, was taken as one and a half times the land revenue, that is about Rs.53 crores. But the report itself indicated that this was an underestimate. It said: "Wherever there are intermediaries, though the conditions would vary enormously from place to place and from man to man in view of different kinds of tenures and productivity, the burden on the cultivator would be much greater than is indicated by the proportion 1 : $1\frac{1}{2}$". Further, the computed interest of Rs.100 crores on the estimated total agricultural debt of Rs.900

crores means an interest of only 11 per cent., which is below the customary rates of village money-lenders. This rate was often as high as one anna per rupee per month, or about 75 per cent. The slump subsequently increased the burden of debt, and as pointed out above, the Agricultural Credit Department of the Reserve Bank of India estimated it at Rs.1,800 crores in 1937. The increase in the interest can well be imagined. The real burden is certainly much higher and has never been accurately ascertained.

The same uncertainty prevails about the average annual income of the agriculturist in India. The Central Banking Enquiry Committee majority report said, "The average income of an agriculturist in British India does not work out at a higher figure than about 42 rupees a year."

No amount of tinkering with the problem with the help of Debt Conciliation Boards, Consolidation of Holdings Acts, or Tenant's Protection Acts, could really effect a betterment of the lot of the peasantry. The working of the Land Alienation Act in the Punjab, designed to prevent the passing of the land from the hands of the agriculturists, merely substituted the Jat money-lender for the *bania*. Mr. Darling examining the working of this Act remarked that "it is to be viewed with apprehension." Other measures like the Debtor's Relief Bill of the Central Provinces proved equally futile. It was so because these measures, although they scaled down the debt, really made no provision for its repayment or for a basic remedy for the conditions which drove the cultivators into debt. Rupees forty-two was the average annual income per head of crores of peasants who were continually being defrauded of the modest fruits of their labour by the Government, landlords and money-lenders. The effect of such a system on the peasantry can very well be imagined.

It would not be out of place here to examine the validity of the assertion, often made, that the peasant has become "affluent" due to the boom in prices during the second World War and the post-war years. It has been suggested that rural consumption increased during the war and the peasant has begun to hold back grain. There are others who assert that the war has, on the contrary, meant increased privations for the peasantry. The high prices of foodgrains and commercial crops really benefited only the

substantial landlords, and the small section of the peasantry, which held economic holdings. We have already examined above the percentage of persons with uneconomic holdings to the total cultivating population. For the vast majority of cultivators with uneconomic holdings, the poor peasants and the agricultural labourers, the war really meant further pauperisation. It is a well-known fact that in most of the districts grain was sold in the rural areas at prices higher than those of the ration shops in the cities. Further, their everyday requirements such as cloth, kerosene oil, salt, matches, sugar, iron implements, etc. registered a much higher rise in price than did the foodgrains. Above all, the price of bullocks went up by 8 or 9 times everywhere. Indeed the *per capita* cost of living index went up higher in the rural areas of the United Provinces than in the urban areas. Large scale evictions on an unprecedented scale, and the huge amount realised as *nazranas,* as also the litigation cost following the spate of cases launched by the zamindars against the *kisans,* further worsened the condition of the peasantry. It may, therefore, be safely said that they did not get any advantage as a result of the rise of the prices and, if anything, the capacity of the vast majority to hold back grain for any length of time was reduced. The United Provinces Government report on marketing of wheat revealed that about 40 per cent. of cultivating population have no surplus to sell at all. Out of the remaining 60 per cent., 33 per cent. have to part with practically all their wheat in payment of their rent, debt, and allied charges. Thus, only 27 per cent. of the cultivating population may be presumed to be in a position to withhold the disposal of their surplus.

A proper test for appreciating whether or not the lot of the peasantry improved during the war period would be provided by an examination of the position of rural indebtedness. The United Provinces Government has appointed a Rural Indebtedness Enquiry Committee under the chairmanship of Acharya Narendra Dev and the inquiry is still going on. So nothing can be said definitely or authoritatively about the position in the United Provinces. But enquiries in other provinces show that rural indebtedness has increased and the condition of the peasantry has worsened. Thus in Bengal, during 1943-44, the

percentage of families in debt increased from 43 to 66 per cent. for *kisan* families, 27 to 36 per cent. for craftsmen and 17 to 46 per cent. for all other miscellaneous classes of people.*

The case of Bengal is exceptional as it was ravaged by a terrible famine. These findings, therefore, throw little light on the general position in other provinces, though it has to be kept in mind that severe famine conditions, prevailed in Malabar, the Rayalseena districts in Andhra Desa, parts of the Bombay Presidency and some other places also during the war years.

The results of a recent inquiry in Madras are, however, instructive. This inquiry into the conditions of the peasantry of the province was made by Dr. B. V. Naidu, at the instance of the Madras Government in 1945. Dr. Naidu's findings leave no doubt about the fact that there was an increase in the indebtedness of petty landlords, tenants and agricultural labourers. Similarly enquiries conducted by Dr. M. B. Desai, lecturer in the Bombay School of Economics and Sociology, into the condition of the peasantry in the ryotwari districts of Gujerat showed that the majority of the peasants suffered during the war. Again, the same story is repeated in the Punjab which is supposed to be a province of well-to-do peasantry. Its Doaba region is supposed to be particularly rich. The Punjab Board of Economic Enquiry, a semi-government body, carried on an enquiry, in the conditions of the peasantry in the Doaba region and from this it concluded that the majority of the peasantry suffered as a result of the war crisis.

Instances and details can be multiplied to show that the proposition advanced by some that the vast majority of the *kisans* have made considerable profits during the war, and that they have become "affluent" is extremely doubtful.

The cumulative effect on food production

Dr. Radha Kamal Mukerji says in his book "Land Problems of India"—"The decrease in the size of the average holdings in India within the last few decades has led to the decrease of output

*"Rural Bengal in Ruins" by Bhowani Sen.

per man, and sometimes to the total output per unit of land" (p. 67). What Dr. Mukerji says is inevitable under the circumstances which have developed. A large majority of cultivators were left with hardly any profit or a very low profit. Mr. Misra in his survey of village Musawanpur of district Kanpur gave the following estimate of the expenses of agriculture and the value of the production per acre for the kharif and rabi crops:

—	Acre of *juar*	Acre of wheat	Acre of gram
	Rs. a.	Rs. a.	Rs. a.
Gross value of total produce ..	65 0	66 0	28 0
Expenses of agriculture ..	11 6	38 4	27 8
Rent	12 0	20 0	10 0
Balance of profit	41 10	7 12	0 8

Sir Manilal B. Nanavati, ex-Deputy Governor of the Reserve Bank of India and a member of the Famine Enquiry Commission, 1945, thus commented on the evil effects of uneconomic holdings—"The continuing increase in the number of uneconomic holdings is a serious evil. It is not only a question of the unsatisfactory economic position of the owners of such holdings, who are compelled to eke out an uncertain livelihood by cultivating land as crop-sharing tenants, by working as day labourers, by driving carts, etc. Uneconomic holdings also constitute a serious obstacle to efforts to increase the productivity of land. The cultivator who lives on the margin of subsistence, cannot be expected to possess the resources necessary for increasing the outturn of his crops by the addition of improved farming practices requiring capital." (Final Report, p. 259.)

In the circumstances it is no wonder that the average yield per acre in India came to be the lowest in the world. This position was reached as early as 1922, as the following table

comparing production per acre of different foodgrains in various countries of the world in that year will show:

Country	Wheat bushels 60 lb.	Corn bushels 59 lb.	Barley bushels 48 lb.	Rice (lb.)	Cotton (lb.)	Tobacco (lb.)
Canada ..	17·8	43·4	27·6	..	..	...
United States ..	13·9	28·3	24·9	1,090	141·0	735·6
England ..	31·2	..	31·0	..	..	..
Denmark ..	39·0	..	45·6	..	..	..
France ..	18·6	16 9	23·9	..	..	1,426·1
Italy	14·1	20·2	14·3	2,151	..	917·9
Germany ..	20·5	.	25·7	.	..	2,639·2
Egypt ..	24·1	36 3	30·1	1,456	299·0	..
India ..	13·0	15·6	19·8	911	98·0	..
Japan ..	22·5	27·7	31·7	2,477	.	..
Australia ..	11·2	25 7	21·3	..	..	..

Decrease in food production

The following tables show that in nearly all other countries the yield of rice and wheat per acre is either increasing or almost constant, but in India it has been declining progressively and steadily:

*Average approximate yields of rice in lb. per acre**

Country	1909—13	1926—31	1931—36	1936—39
India (including Burma)	982†	851	829	805
Burma	..	887	845	868
Siam	..	1,017	961	878
U. S. A.	1,000	1,333	1,413	1,482
Italy	1,952	2,797	2,963	3,000
Spain	2,969	3,749	3,709	..
Egypt	2,119	1,845	1,799	2,079
Japan	1,827	2,124	2,053	2,307

*"Technological Possibilities of Agricultural Development in India" by W. Burns, p. 55.

† (1914-15 to 1918-19).

*Average approximate yields of wheat in lb. per acre**

Country	1909—13	1924—33
U. S. A.	852	846
Canada	1,188	972
Australia	708	714
Argentina	596	780
Europe	1,110	1,146
Russia	612	636
India	724	636

To quote Sir Manilal Nanavati again, in his presidential address to the sixth conference of the Indian Society of Agricultural Economics at Banaras, on December 6, 1945, he said "During the last 75 years continuous deterioration in the condition of the masses is taking place. In 1880 India had a surplus of food-stuffs to the extent of 5 million tons and today we have a deficit of 10 million tons. The consumption of food was then estimated at $1\frac{1}{2}$ lb. per individual and now it is 1 lb. Nearly 30 per cent. of the population in India is estimated to be suffering from chronic malnutrition and under-nutrition. The man-land ratio is steadily rising. In spite of the developments of modern industries, de-industrialisation is still continuing. In 1880, industries absorbed 12·3 per cent. of the population and now the figure is 9 per cent. In 1872, 56 per cent. of the population depended on agriculture, this proportion has now increased to 73 per cent." Further on, Sir Manilal Nanavati made the following striking observations—"It is our policy of allowing any number of people to press on the land, without work and earn meagre and uncertain incomes that has led us to avoid facing the problem of the rural economy in a true perspective; partial employment of the majority of rural population which is another word for widespread disguised unemployment is not a good substitute for visible unemployment. . . . It is better that the disease is brought out and adequately dealt with than allowed to poison the vitals of economic life."

*Ibid, page 57.

The following table shows the comparative population and food supply at a glance:

*Declining Food Production in British India**

Year	Population in millions	Sown area in million acres	Food-grains in million tons
1911-12	231·6	150·5	..
1921-22	233·6	158·6	54·3
1931-32	256·8	156·9	50·1
1941-42	295·8	156·5	45·7

The decline in food production can also be judged from the following table which shows *per capita* area under food crops in British India:

Year	Acreage per person under all food crops including all foodgrains, sugarcane, vegetables, fruits, condiments and spices
1911	0·83
1921	0·86
1931	0·79
1941	0·67

The following table shows population and acreage and production of major foodgrains in the United Provinces: †

Year	Population	Area	Total production of major foodgrains
	Million persons	Million acres	Million tons
1911-12	46·8	31·5	..
1912-13	..	31·6	..
1913-14	..	26·7	7·5
1914-15	..	31·3	11·4
1915-16	..	32·5	11·8

*Adopted from "Technological Possibilities of Agricultural Development in India" by W. Burns, page xiv.

†*Ibid*, page xlviii.

Year	Population	Area	Total production of major foodgrains
	Million persons	Million acres	Million tons
1916-17	..	33·1	12·4
1917-18	..	33·0	11·6
1918-19	..	25·8	7·6
1919-20	..	30·7	11·4
1920-21	..	28·3	8·4
1921-22	45·4	31 8	11·2
1922-23	..	32·2	10·8
1923-24	..	31·8	10·8
1924-25	..	31·3	9·9
1925-26	..	30·5	9·6
1926-27	..	30·4	10·0
1927-28	..	31·5	9·1
1928-29	..	30 6	7·6
1929-30	..	29·8	9·5
1930-31	..	30·9	9·3
1931-32	48·4	31·3	9·6
1932-33	..	30·1	9·1
1933-34	..	31·2	9·0
1934-35	..	30·5	9·5
1935-36	..	30·2	9·7
1936-37	..	31·1	9·3
1937-38	..	31·0	9·3
1938-39	..	32·2	8·8
1939-40	..	31·9	10·3
1940-41	..	31·0	9·5
1941-42	55·0	30·7	8·3

The production of foodgrains in proportion to the population has declined.

It is amazing that while the overwhelming majority of the population is engaged on agriculture and the soil is on the whole

rich and fertile India is not even self-sufficient in the matter of food production. Before the War a small export of wheat was counter-balanced by large imports of rice, as the following table shows. But now India has to depend upon other countries for a large part of its food requirements.

—	In million of tons	
	Rice	Wheat
Five years ending (average)—		
1937-38	*1·72	†0·2
1938-39	*1·25	†0·19

The United Provinces was among the deficit provinces. The Famine Inquiry Commission, 1945, estimated that taking all the cereals together it has normally a small deficit of about 50,000 tons. It has, however, a large deficit in rice, the average import amounting to about 174,000 tons.

Shri J. K. Pande, Economic Adviser to the United Provinces Government, gives the following estimates for food production and needs of the United Provinces. It is to be noted that he regards the production figures to be generally over-estimates by about 10 per cent.

Estimated production of cereals in the United Provinces, 1945—51‡

—	Wheat	Rice	Gram	Barley	*Juar*	*Bajra*	Maize	Total
Area in 1944-45 ('000 acres)	7,892	7,134	5,117	4,038	2,268	2,841	2,425	32,715
Normal yield per acre (in lb.)	950	800	800	900	600	500	1,050	..
Per cent. crop conditions ..	80	80	80	80	75	80	75	..
Yield ('000 tons)	2,678	2,038	1,748	1,298	456	507	841	9,566
Yield *per capita* per day (*chhataks*)—								
1945-46 .. .	2·21	1·68	1·44	1·07	0·38	0·42	0·69	7·89
1946-47	2·18	1·66	1·42	1·06	0·37	0·41	0·68	7·78

*Imports.
†Exports.
‡"Growth of Population, Consumption and Production of Foodgrains in the United Provinces" by J. K. Pande. page 7.

——	Wheat	Rice	Gram	Barley	*Juar*	*Bajra*	Maize	Total
1947-48	2·15	1·64	1·40	1·04	0·37	0·41	0·68	7·69
1948-49	2·12	1·62	1·39	1·03	0·36	0·40	0·67	7·59
1949-50	2·10	1·60	1·37	1·02	0·36	0·40	0·66	7·51
1950-51	2·07	1·58	1·35	1·00	0·35	0·39	0·65	7·39
1951-52	2·04	1·56	1·33	0·99	0·35	0·39	0·64	7·30

Shri J. K. Pande regards this as production at semi-starvation level and adds the following note: 'It is to be seen from the table that by 1951 our own production of cereals will have gone down to 7·3 chhataks *per capita* per day. Taking 10 per cent. for seed, this would leave 6·6 chhataks *per capita* per day for consumption. If the present evidence, that these estimates are 10 per cent. exaggerated, proves conclusive, and if our efforts to increase yield do not meanwhile put up our production by as much the figure would be reduced still further, to about 6 chhataks *per capita* per day. Making allowance for a certain minimum of wastage, if not also for a minimum amount of gram and barley fed to cattle, it is obvious that this would mean semi-starvation."

The following table shows the estimated population, its food requirements and the production of cereals in the United Provinces from 1945-46 to 1951-52:*

—	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52
1. Estimated total population (in millions)	57·9	58·7	59·4	60·2	61·0	61·7	62·5
2. Estimated urban population (in millions).	9·7	9·8	9·9	10·0	10·2	10·3	10·4
3. Estimated rural population (in millions).	48·2	48·9	49·5	50·2	50·8	51·4	52·1
4. Urban consumption at 8 chhataks *per capita* per day (in '000 tons).	1,618	1,638	1,660	1,681	1,703	1,725	1,747
5. Rural consumption at 12 chhataks *per capita* per day (in '000 tons).	12,133	12,289	12,448	12,608	12,770	12,935	13,101
6. Total consumption (in '000 tons).	13,751	13,927	14,108	14,289	14,473	14,660	14,848

Ibid, page 8.

—	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52
7. Allowance for seed, etc. at 10 per cent. of production approximately (in '000 tons).	1,000	1,000	1,000	1,000	1,000	1,000	1,000
8. Total requirements (in '000 tons).	14,751	14,927	15,108	15,289	15,473	15,660	15,848
9. Estimated production (in '000 tons).	9,566	9,566	9,566	9,566	9,566	9,566	9,566
10 Estimated deficit (in '000 tons)	5,185	5,361	5,542	5,723	5,907	5,094	6,282

The figures against item no. 10 of the table reveal that if the food requirements of the population of this province, both urban and rural, were adequately to be met, the province would be in a deficit of about six million tons by 1951. It may be added here that a reduction in the estimated consumption of the rural population by lowering the rate of *per capita* daily consumption from 12 chhataks to say 10 chhataks should reduce the deficit only by about 2 million tons.

Decrease in quality of food

Along with a progressive decline in the quantity of food in relation to the population there has been growing deterioration in quality; the production of rice and wheat, which are more nutritive, has steadily fallen in relation to the production of inferior cereals, such as *jowar,* barley, *bajra* and maize.

The following table shows this:

Index number of the output of cereals showing percentage of production with 1910—15 *as the base**

	1910—15	1915—20	1920—25	1925—30	1930—35	1935—38	1910—38
Superior cereals—							
Rice ..	100	114·0	108·4	107·2	110·2	103·5	+3·5
Wheat ..	100	96·2	93·4	93·3	97·8	104·2	+4·2
Inferior cereals—							
Jowar ..	100	157·4	167·0	210·8	207·1	209·7	+109·7
Barley ..	100	224·2	202·6	172·2	173·4	157·1	+57·1
Bajra ..	100	140·0	105·0	126·0	125·0	125·0	+25·0
Maize ..	100	114·0	100·0	106·0	112·0	105·0	+5·0

*Wadia and Merchant : "Our Economic Problem," page 534.

It must be noted that a diet composed mainly of even the more nutritive cereals is not well-balanced. On the basis of a well-balanced diet the Kharegat Committee estimated that the requirements are 54 million ton cereals as against 52½ million tons available. If supplementary food is not available the shortage in the production of cereals would be even more marked. But supplementary food is actually not available. 8 oz. of milk daily *per capita* are required. Consumption *per capita* was formerly 7 oz. The latest report on the marketing of milk in India stated that the consumption fell to 5·8 *per capita* between 1935—40. The area under fruits and vegetables is estimated to be less than 3 per cent. of the sown area in British India. According to the Kharegat Committee pulses available amount to 7½ million tons. The requirements are 9 million tons. The production of vegetables is estimated at 9 million tons, i.e., 3 oz. per unit per day. The requirement is exactly double. The production of fat and oils is 1·9 million tons or 0·6 oz. per unit per day. The minimum requirement is 1·5 oz. The production has to be increased 2½ times.

These estimates of the Kharegat Committee are based upon population figures which do not allow fully for the increase in population that is likely to occur by the time the scheme proposed by it materialises.

It should be borne in mind that these figures indicate the total deficiency in food. But only when one considers the disparity in consumption between the various classes and the extreme poverty of the masses can the extent of malnutrition and under-nourishment in India be imagined.

Recent advances in knowledge have shown increasingly an intimate correlation between diet and health. Deficiency in diet causes not only certain specific diseases, but by lowering resistance and vitality leads to the prevalence of a large number of diseases and epidemics. Under-nourishment or mal-nourishment increases susceptibility to various forms of infection and is a factor of the greatest significance in the incidence of disease. It has been estimated that nearly 75 per cent. of human ailments may be traced to it. The general depression of health, deterioration of physique, lack of endurance and resistance to diseases,

diminished vitality, lack of efficiency in work, morbid states of mind, apathy and listlessness are some of the effects of the lack of proper and adquate food. Apart from human suffering, avoidable death and disease involve a huge economic waste. While the prevalence of disease in India may in many cases be traced directly to the lack of health services, it is in the ultimate analysis an effect of the intolerable poverty of the people.

The dietetic habits of the people living in different regions have not been properly surveyed nor is there sufficient data to estimate the degree of malnutrition or under-nourishment of the people. The Government has given some little attention to nutritional research and education only recently. Diet surveys suggest that at least 30 per cent. out of the population of India are habitually underfed in normal times, i.e., do not get enough to eat. The proportion would be greatly increased if the quality of the food were also taken into consideration. An enquiry was conducted by Sir John Megaw through village doctors in selected villages in every province in India. The standards adopted by the village doctors were very low. But even on these low standards the enquiry showed that 20 per cent. were badly nourished, 41 per cent. poorly nourished and only 39 per cent. well nourished. In enquiry conducted by Dr. Aykroyd among 1,900 school children in South India revealed that the diet was extremely inadequate in quality, 14 per cent. of the children had symptoms of food deficiency disease, 6·4 per cent. showed phrynoderma, 9·2 per cent. angular stomatitis, and 3·8 per cent. Bitot's spots.

It is to be noted that the production of protective foods often needs more land than the production of cheap foodgrains and is more expensive and a drive for increased production will, therefore, require the introduction of scientific agriculture and agricultural planning on a large scale, a change in the distribution of arable lands between food and fodder crops and pasturage. The reduction of the area under cereal crops will not be possible unless food production per acre is so highly increased as to—

(1) offset the lower yield due to decrease in area;

(2) make good the present deficiency;

(3) produce enough to cover the increased consumption on account of the growth of the population.

Possibilities of increasing Food Production

It will not be out of place to discuss here the possibilities of increasing our food resources. The two methods that can be adopted are: (1) extending the area under cultivation and (2) intensifying production in the areas already under crops.

(1) Extension of Cultivation

Among the natural resources of India the predominant place is occupied by land.

The agricultural resources of India so far as land is concerned may be estimated from the following table:

Land in British India in millons of acres—1940-41*

Classification	Area	Percentage
Total area	512	100
Forest	68	13
Not available for cultivation	87	17
Cultivable waste	98	19
Current fallow	45	9
Net area sown	214	42

Land classed as "not available for cultivation" and "cultivable waste" amounts to 36 per cent. or over one-third of the total area. It is impossible to say how much of this land would be suitable for the development of pasturage and forest and how much can be reclaimed for cultivation. No comprehensive soil or land utilisation surveys have been made. Such a survey would indicate the possibilities of preventing further soil erosion and deterioration of the soil and would throw light upon the problems of water-logging, drainage and irrigation. The classification itself is unscientific which is not surprising when we consider that the returns are prepared by revenue officials who do not possess the necessary technical knowledge. Considering the increasing pressure on land, the insufficiency of agricultural production, forests and pasturage, and the rise in the value of land it is a national waste to leave these areas undeveloped. Evidently the Indian cultivator with his small capital, inefficient implements and technique cannot reclaim these derelict lands. But they present a valuable opportunity for scientific farming on a large scale. The following table shows land utilisation in the United Provinces.

**Ibid*, page 114.

Land in the United Provinces excluding Kumaun Division (but including the Tarai and Bhabar Sub-division of Naini Tal) Season and Crop Report, 1944-45 (1352 *Fasli*)

Classification	Area in thousand acres	Percentage
Total area	60,238	100
Forest	2,256	3·7
Not available for cultivation	9,002	14·9
Other uncultivated land, excluding current fallows	10,008	16·6
Current fallows	2,343	3·8
Net area sown	36,629	61·0

Of the area classified as "not available for cultivation" the details are as follows:

	Area in thousand acres
Covered with water	2,643
Sites, roads, buildings, etc.	1,847
Otherwise barren land	4,512
Total ..	9,002

Land classified as "otherwise barren" and "other uncultivated land excluding current fallow", i.e. old fallow and culturable waste amount to 14,520 thousand acres or 24·1 per cent. of the total area.

Kumaun Division

Classification	Area in thousand acres			
	Almora	Garhwal	Naini Tal hill portion	Total
Forest	3,062	3,301	57	6,420
Not available for cultivation ..	35	46	164	245
Other uncultivated land, excluding current fallows.	35	56	7	98
Current fallows	..	24	..	24
Net area sown	295	260	74	629
Total area ..	3,427	3,687	302	7,416

The figures for Kumaun are probably not quite reliable. Obviously the question of the development of these waste lands

needs careful consideration and is of great importance in any scheme of agricultural reconstruction.

The Provincial Government is fully alive to the need for the reclamation of large areas and has already made a beginning by constituting a regular Colonisation Department dealing with the reclamation of large blocks of culturable waste lands. The Ganga Khadir Scheme in the Meerut District involves in the first year the development of 10,000 acres of land and the resettlement of 700 ex-servicemen and refugees and the initial breaking up of another 10,000 acres of land. The Naini Tal Tarai Scheme aims ultimately to reclaim and develop 50,000 acres of land in five years. Similarly the Dunagri scheme in Almora District will undertake the development of 750 acres.

In the Bundelkhand tract infestation of the land with *kans* is one of the causes of the cultivator's ruin. Out of an area of about 15·7 lakh acres of *mar* and *kabar* soils in the districts of Bundelkhand nearly 75 per cent. is infested with *kans* in varying degrees of intensity and about 5·2 lakh acres are so badly infested that unless immediate steps are taken to save the good cultivated land, there is a danger of the whole area going out of cultivation in the near future. For increasing grain production in this area there is no better and quicker way than by immediate supply of tractor power. Deep ploughing during the period December to June with a tractor cuts the roots of the *kans* grass at a depth of 12 inches and then exposes them to the desiccating influence of the sun during the hot weather. The scheme has been included in the two years Emergency Programme of the Post-War Schemes and the work of eradicating *kans* has been launched with 50 tractors which are ploughing as deep as 12 inches. The target for the first year is 10,000 acres.

(2) Intensive Cultivation

(a) Soil erosion

The problem of soil erosion is common to the whole country but is of special importance in the United Provinces where large tracts have gone out of cultivation on account of the formation of a net-work of ravines. Normally the soil is covered with a growth of vegetation which protects it from being washed away by water. But an increase in the number of human beings or cattle

leads to deforestation and heavy grazing which removes the protecting growth of vegetation. Damage is caused in three ways:

(1) With the removal of the soil the land becomes useless for cultivation and is frequently carved out in ravines.

(2) The soil that is washed away may injure the land on which it is deposited or it may silt up rivers and canals causing floods or washing away river banks.

(3) The rainwater instead of soaking into the ground runs off as flood water. The underground water, therefore, becomes scarce and wells and streams go dry.

Sir John Russell in his report on the work of the Imperial Council of Agricultural Research suggested the following remedy:

"The remedy for erosion is the reduction of the velocity and the amount of water running off the surface. The crucial area is at the top of the slope; if water can soak here and start running down it is very difficult to check. Several methods can be adopted:

(1) Afforestation of the top slopes; one of the surest methods where this is practicable.

(2) Putting the upper slopes into grass, or if cropping is necessary, alternative grass and arable strips. This device has also served to prevent wind or sheet erosion. The grass affords effective protection provided excessive grazing is prohibited.

(3) Ploughing along the contour lines instead of across them.

(4) *Bunding* or terracing."

The Royal Commission on Agriculture noted that this work when done by the individual cultivator was not satisfactory. The Kharegat Committee recommended that "to protect sloping agricultural lands from the disastrous effects a countrywide policy of terracing and contour *bundings* is needed. The proper alignment and regulation of the frequency of such *bunds* necessitates engineering surveys village by village. Only then can the necessary length of *bund* be determined and a plan for complete *bunding* within a fixed period be prepared." They put down the cost of the preparation of development schemes at 50 lakhs of rupees and estimated that the necessary anti-erosion measures may cost as many crores.

Soil erosion has assumed serious proportions throughout Bundelkhand. The slope of the land is such that the best soil is being continually eroded and washed away. Deforestation has also caused untold damage and steps should be taken to stop deforestation and for the afforestation of the area. The *bundhis* especially suited to the Bundelkhand tract can be classified into four categories:

(1) *Bunds* around individual fields.

(2) *Bunds* controlling a number of fields spread over a village or two.

(3) *Bunds* controlling the entire catchment area spread over several villages and possibly some miles in length, and

(4) Contour *bundhis.*

The Provincial Government have decided that construction of *bunds* should be taken up immediately. A beginning has been made with the type under category (2) above, i.e., *bunds* that will control the fields of a number of cultivators belonging to one or two villages. The work for the present is confined to Jhansi and Hamirpur Districts and will be extended to Banda and Jalaun. For this purpose interest-free *takavi* up to the value of the entire cost involved estimated at nearly Rs.80 per acre or Rs.5,000 per *bund* will be granted. The advance will be recoverable over a period of ten years.

(*b*) *Manures*

An abundant supply of nitrogenous manure is one of the most important means of improving food production and maintaining the fertility of the soil. But in India practically the only available form of manure is cattle manure, a valuable part of which, viz., urine is lost and most of the cow-dung is burnt as fuel. From year to year soil constituents essential to the growth and development of crops are removed in the form of produce but the cultivator can do nothing to replace them. The soil depends mainly on the recuperative efforts of natural processes to restore some of the ingredients lost as plant food. No wonder then that its level of fertility is low. The chief deficiency of most soils in India is nitrogen. This can be made good from farmyard manure, compost, green manure, oil cakes and artificial fertilizers. The total production of cattle manure has been estimated at about 835,000 tons of nitrogen. About 20 per cent. of it is lost, 40 per

cent. used as fuel and only the remaining 40 per cent. is used as manure, i.e. roughly ·32 million tons. Dr. Burns estimates the requirements of nitrogen at 2·6 million tons a year. The chief difficulty about cow-dung is that no alternative fuel supply is available. This has long been recognized but nothing has been done about it. A large part of oil-seeds and cakes are exported. Chemical fertilizers are expensive and beyond the means of the average cultivator.

The lines of improvement are—

(1) the provision of cheap fuel by free plantation,

(2) the education of peasants in the preservation of cattle manure and the utilization of village waste and organic materials as compost,

(3) expansion of oil-seed production and the use of cakes after crushing as manure,

(4) use of night-soil, and

(5) supply of cheap chemical fertilizers.

Green manuring is an important method for removing the nitrogen deficiency of the Indian soil. The advantage of green manuring, rotation and mixed cropping are well-known to the Indian cultivator. But the problem is not so much of lack of knowledge as lack of means and scarcity of land. A field which can produce a green manure crop can also produce a food crop instead. The poor peasant is obviously tempted to raise a catch crop which will give him an immediate return and cannot afford to sacrifice it in the hope of larger yields in future. Similarly the increasing pressure upon land has led to a reduction in fallowing. To encourage green manuring arrangements have been made by the Agriculture Department to distribute among cultivators 5,000 maunds of *sanai* seed during 1947-48. The Agriculture Department has been authorized to allow a subsidy of 50 per cent. of the cost of the seed.

Bone-meals or fish manure are little used in the country on account of prejudice and lack of accurate information about their use. Oil-seeds and cakes are largely exported. The Provincial Government have sanctioned during 1947-48 the distribution of 1,000 tons of bone-meal at a subsidised rate of Rs.60 per ton against its marked value of Rs.115 per ton. The expenditure involved amounts to Rs.52,500 in the first year.

To meet the shortage of nitrogenous fertilizers and manures the Provincial Government have arranged for the import and distribution of 25,000 tons of ammonium sulphate. The Government of India have been requested to allot increasing quantities of this fertilizer. The future requirements for ammonium sulphate are estimated at nearly 4 lakh tons rising ultimately to 32 lakh tons after 10 years. This naturally depends upon increasing facilities of irrigation whether by canals, tanks, tube-wells or masonry wells, in view of the fact that the application of artificial fertilizers to crops is inseparably linked with the availability of irrigation water. In addition to the artificial fertilizers nearly 6 lakh maunds of oilcakes are being distributed at cost price through the Agriculture Department.

In furtherance of the Grow-More-Food campaign the Government launched the Town Refuse Composting Scheme in 1943, with a view to utilise the town refuse and nightsoil to the best advantage. The production of town compost at municipalities and notified areas increased from 51,000 tons in 1944-45 to 77,200 tons in 1945-46 and 91,900 tons in 1946-47. In 1947-48 the target was to introduce compost-making in 100 centres in the United Provinces and increase the production of foodgrains by 2 lakh maunds. Strenuous efforts are being made by the Agriculture and Public Health Departments to increase the number of centres to 260 and increase the production of compost to 6 lakh tons.

The production of compost in rural areas from village wastes is estimated at 3 lakh tons. With a view to intensifying the activities in the village, the Provincial Government have sanctioned the Rural Composting Scheme. The cultivator will be trained and helped in realising the value of developing his manurial resources as a routine farm practice. A fresh approach to the problem has been made by harnessing to this end the village school master, who generally exercises considerable influence over the village community, and who is capable of turning out generations of compost-minded individuals. It is proposed to tackle 21,000 villages each year, spreading the activities ultimately in five years to over one lakh villages in the province. By this method it is estimated that nearly 10 million tons of compost will be prepared in the first year capable of increasing production by nearly 8 lakh tons.

(*c*) *Live-stock*

India possesses the largest cattle population in the world. According to the cattle census of 1930, India possessed approximately 188 million cattle or nearly one-third of the world's cattle population. Next in order were the Soviet Union with 65 millions, and the United States with 58 millions. Great Britain has only 7 millions. These figures indicate the magnitude of the Indian Cattle Industry.

According to later estimates the total number is about 300 millions, the human population at the same time was about 352 millions. But owing to adverse climatic and economic conditions the productive value of this industry bears no relation to its size.

The Indian cattle are weak and under-sized largely on account of inadequate feeding and unscientific breeding. Regarding the methods by which they are fed Shri M. D. Chaturvedi, in Land Management in the United Provinces, pointed out:

> "During the four monsoon months grasses grow plentifully and vigorously. They are luscious and possess high nutrient contents and maintain the entire live-stock in fairly good condition. During winter which is characterised in the plains by intense cold, occasional frosts and limited precipitation, grasses cease to grow, gradually turn tough and inedible and consequently become unavailable. Cattle have to depend more and more on by-products of agriculture and leaf fodder, where available. By the time the hot weather sets in the vast majority of the pasture lands in the plains become bereft of all vegetation and continue a desolate and parched existence until relieved by the break of the monsoon which secures a fresh lease of life to skeletons euphemistically described as live-stock."

The bullock supplies the main draught power in India; it draws the bullock-cart and the plough and threshes the corn; and the cow supplies milk—one of the main sources of protective food. The prosperity of the people therefore depends a great deal on the live-stock.

The problem of animal husbandry is to a certain extent similar to the problem of the human population. There is too little land to support the enormous burden of men and cattle. It is no

wonder that the cattle are undersized and the cultivator tends to raise large numbers to offset the deficiency in quality. But as their numbers increase the available supply of food becomes less per head of cattle and this leads to further deterioration in quality. Thus a vicious circle is established. Dr. Burns in the "Technological Possibilities of Agricultural Improvement" estimates that there are about 107 million bovine adults in British India, the total feed available consists of about 175 million tons of roughages and less than 4 million tons of concentrates. As against this the quantity of roughage required is estimated at about 225 million tons and concentrates at 13 million tons. The total deficiency amounts to about 50 million tons of roughage, and 9 million tons of concentrates.

The deficiency of fodder is most marked in densely populated areas, where both the human and cattle population is very large and the land available is insufficient. The problem in the United Provinces is, therefore, specially acute.

Though the total live-stock is so large, there is scarcity of strong bullocks, and their price is often prohibitive to the poor cultivator. The quality of the agricultural implements is partly dependent upon the strength of the bullocks. A heavier plough, for instance, cannot often be used, as the ordinary bullocks cannot draw it. The economic minimum which a pair of bullocks working eight hours a day should plough has been estimated from $\frac{3}{4}$ to 1 acre. But Dr. R. K. Mukerjee states in "Food Planning for 400 millions" that on the basis of a survey in Sitapur 87 per cent. of the bullocks could plough less than half an acre per day.

In the United Provinces only about 6·8 per cent. of the cows yield more than 3 seers of milk per day, and only about 26·5 per cent. of the buffaloes yield more than 4 seers of milk. Of such cows and buffaloes 75 per cent. belong to Meerut and Agra Divisions. The annual yield of milk per head of cattle in India is 30 gallons as against 387 gallons in Denmark.

(d) Water

The uncertainty of rainfall is the cause of scarcity or famine conditions in various parts of the country from year to year. Roughly once every four or five years is a season of comparative drought. The rainfall varies from the normal from place to place

and in different ways. The rains may start too early or too late. If too early, the germination is unsatisfactory, because the soil becomes comparatively dry before sowing time, if too late, agricultural operations are delayed. The failure of the winter rains stunts growth or rain late in the winter may damage the standing crop or the harvested produce. There is hardly a year when scarcity conditions do not prevail in some part or other of the country.

Irrigation, apart from affording security against the vagaries of the rainfall, is a valuable means of increasing production. No greater gift can be conferred upon the farmer than water for his fields.

The following table indicates the progress of irrigation works as compared with the net area sown: *

Types of irrigation	Area under irrigation (in thousand acres) 1901	Percentage	Area under irrigation (in thousand acres) 1941	Percentage
By canals—Government	12,855	40	25,360	45·4
By canals—Private	1,963	6	4,471	8·1
By tanks	5,080	15	6,144	11·0
By wells	11,374	35	13,765	24·7
By other sources	1,310	4	6,049	10·8
Total ..	32,582	100	55,789	100
Net area sown ..	1,99,708	..	2,13,963	..

Roughly, only a fifth of the total net area is under irrigation, of this only about one-half is irrigated by government canals; private sources of irrigation account for the other half. While there is room for expansion of irrigation by canals it must be recognized that the possibilities of this increase are limited. There is, at the same time, great scope for extension of water supply by the construction of wells. The average farmer is prevented from making them partly by his low capital and partly by the fact that he holds small

*Wadia and Merchant, Our Economic Problem, page 19.

fields scattered all over the village area. The remedy lies obviously in co-operative construction of wells and tanks.

It may not be out of place to emphasize that even the area known as irrigated, and which is at least protected from failure on account of drought, does not receive its full requirement of water for the crops. Experiments have shown that wheat requires at least two irrigations to give anything like a reasonable yield per acre. The majority of the irrigated area, however, does not receive on an average anything more than one irrigation during the growth period of the crop. Similar is the case with the sugarcane crop which cannot get more than half its water requirement from the existing sources of water supply. The reason for the proverbially low yield of crops is, therefore, not far to seek.

With the purpose of improving the irrigation facilities in areas not served by canals or tube-wells the Government in 1944-45 sanctioned a scheme for the sinking of masonry wells. The number of wells actually in use in the province is estimated at about 6½ lakhs. The average cost of sinking a well is estimated at Rs.1,500, one-half of which was advanced to the cultivator as interest-free *takavi* in the form of constructional material, recoverable in five years and the other half was to be invested by the cultivator himself. A subsidy of 20 per cent. of the total cost, which was later raised to 33⅓ per cent. subject to a maximum of Rs.800, was sanctioned on the condition that the well was completed within one year and at least 5 acres of the area commanded was put under food crops.

As a necessary adjunct to the masonry wells scheme for increasing supplies of water for irrigation, a scheme for improvement of masonry wells by boring and installation of water lifts in masonry wells was sanctioned in 1945-46. It is estimated that the number of wells in areas not commanded by canals and tube-wells, and which require boring, must be in the neighbourhood of 1·5 lakhs. Government have approved a subsidy to the cultivators at the rate of 20 per cent. of the total cost and interest-free *takavi* to the extent of 50 per cent. of the total cost in the form of materials, such as pipes, fittings, cement, bricks, etc.

The Agricultural Department has also been undertaking the sinking of tube-wells worked by oil engines and electric motors. A scheme has been prepared for the construction of 600 large tube-wells spread over a period of five years from 1947-48. As an inducement to the cultivator, it is proposed to allow him interest-free *takavi* to the extent of one-third of the cost, repayable in about ten years.

(e) Improved implements and machinery

The implements commonly used are primitive and insufficient. The only improvement that can be mentioned has been in the ploughs. Even this is very slight. The number of ploughs in India is about 32 millions. Nearly seven or eight thousand improved ploughs are sold every year.

The following are the most urgent requirements:

(i) Better ploughs, in order to reduce the labour involved in preparing a seed bed.

(ii) Extra power, such as oil engine for lifting water where the wells give a big discharge.

(iii) Threshing machinery to set free man and animal power at the time when sugarcane, cotton and other crops require attention in the months of May and June.

(iv) Power-driven machinery for crushing cane.

(v) Harrows for cultivation in growing crops such as sugarcane, maize and wheat.

(vi) Machinery suitable for lifting water where the discharge is not sufficient to employ an oil engine economically.

(f) Rotation of crops

The Indian cultivator knows the value of rotation of crops. But the pressure on land and the increase of the area under certain cash crops have made a proper rotation very difficult to achieve.

(g) Improved seeds

Extensive use of improved seeds of the cash crops is made. But very little attention appears to be paid to the food crops.

The following table shows the scope of improvement:*

Crop	Total acreage in millions	Acreage under improved seed in millions	Percentage
Sugarcane	4	3·22	80
Jute	2·18	1·12	50
Wheat	33·61	6·96	20·6
Cotton	26	5·04	19·2
Rice	83·53	3·58	4·3
Groundnuts	5·86	0·22	3·4
Millets	88·69	0·34	..
Gram	16·9	0·33	..

Possibilities of Technological Improvement

The hard labour, patience and resourcefulness of the Indian cultivator has been often praised, perhaps with a certain amount of exaggeration, for it cannot be denied that the agricultural industry in India is among the most inefficient in the world. A number of inter-related causes have contributed to this. The small uneconomic and scattered holdings and the consequent inefficient technique and low productivity leave the cultivator too small a surplus to meet fluctuations in the market prices of agricultural produce or in periodic failure or improper distribution of the rainfall. The fixed costs of production are too high for the small holding in his possession. The lack of capital drives him into the clutches of the money-lender to whom he has to sell off most of his produce just after harvesting when the prices are low; he is forced later on to buy back some of the grain at a higher price for his own consumption or for seeds, the seeds used being, therefore, often poor in quality. His lack of capital prevents him from buying improved seeds, cattle, implements or manure and the burden of debt drives him to an occasional burst of extravagance and imprudence and makes him lose incentive. His poverty and malnutrition affect his efficiency. The fact that he is obliged to grow most of the food he needs and some cash crops for paying

*Sir John Russell's Report on the Imperial Council of Agricultural Research—Page 104.

his rent and buying a few necessities prevents scientific rotation of crops and green manuring. The feudal system of land tenure and the high market value of the land lead to rack-renting and illegal exaction. The pressure of men and cattle upon land has led to the disappearance of much of the forest and pasturage. The causes go on repeating themselves in an endless cycle.

A number of estimates of the possibilities of technological improvements have been made.

Dr. Burns has estimated the possibilities of increase in yield per acre by the use of improved varieties of seeds, the use of manure, and protection from pests and diseases. He considers that the average outturn of paddy which is 1,109 lb. (or 738 lb. rice) per acre can be increased by 30 per cent., namely, 5 per cent. by using improved seeds, 20 per cent. by increasing manure and 5 per cent. by protecting the crop from pests and disease. This would mean an average outturn of 959 lb. per acre. Even this improved yield would be far behind other countries.

The average yield of wheat in the Punjab is 738 lb. per acre, in the United Provinces 786 lb. and in India as a whole 707 lb. Dr. Burns thinks an average yield of 1,200 lb. per acre for irrigated wheat and 600 for *barani* wheat is possible.

For *jowar* Dr. Burns considers an increase of 20 per cent. possible and for *bajra* and maize 25 per cent. A number of other estimates and plans have been made.

Technological development demands a vast amount of scientific research, administrative and scientific organization and co-ordination of work, and a vast outlay of money by the State. The Bombay plan envisages a non-recurring expenditure of Rs.845 crores and recurring expenditure of Rs.100 crores. The Kharegat scheme puts it at Rs.1000 crores non-recurring and Rs.25 crores recurring. The estimates do not, of course, claim any great accuracy. This annual expenditure works out roughly at less than a rupee per acre of the present cultivated area of British India. It might be instructive to compare the proposed expenditure with the present expenditure on social services in India.

In 1933, the *per capita* expenditure in India on social services amounted to Rs.0·66 against Rs.22·5 in Australia and Rs.57·9 in the United Kingdom. The Sargent scheme of education contemplated

an expenditure of Rs.313 crores of which Rs.227 would come from the public funds. As against this, expenditure on this head was Rs.29 crores in 1939-40 of which the Government gave Rs.13 crores. The expenditure on agriculture was just $1\frac{1}{2}d.$ per head of population. The proportion of revenue spent by the Government on social services is too low. Even if the Government intended to raise it, it is doubtful whether the amount of capital investment required on all the nation-building activities would be easily available.

The question of finance, whether Central or Provincial, for National Planning is, of course, beyond our purview. But a consideration of the difficulties inherent in the question leads us to think that it would, perhaps, be more desirable to suggest a scheme of land-tenure under which the difficulties of finance for agricultural reconstruction may be lessened. We feel that if the capital of individual cultivators were pooled in the joint stock of the village community, financing would be easier than if the State were dealing with individual cultivators. Besides this, joint management by the village would in any case lessen the cost of production and increase the purchasing power of the agriculturist. This would facilitate the development of agriculture and lessen the burden of expenditure to be borne by the State.

Another consideration leads to the same conclusion. Reorganization will involve a great deal of control and co-ordination by the State. This would be much simpler if the unit of management were a village community rather than a peasant proprietor.

In this connexion we should like to sound a note of warning regarding over-optimism in making estimates of additional production. If Government think that by sinking so many masonry wells or tube-wells, by preparing so much rural compost, by distributing so much of artificial fertilizers or such and such quantity of improved varieties of seed, they can confidently say that if the total production in the preceding year was n lakh tons, it would as a result of these measures be $n +$ so many lakh tons during the succeeding year, they would be committing a grave error and that for the following reasons.

First of all, it is now considered to be an axiomatic truth that the fertility of the soil has been going down steadily year after

year. Thus, if measures for improving that fertility are adopted, we must consider what part of the effort has brought the fertility of the soil up to the previous level and what part has increased it beyond that level; there is no yard-stick for ascertaining this. Thus, we should be committing a very serious error, if we assumed that the distribution of say 2 lakh maunds of *sanai* seed during the summer of 1948 would result in the production of an extra 8 lakh maunds of foodgrains over and above the previous year's figure of production. It may well be that if the *sanai* seed had not been distributed, the production might have fallen below the previous year's figure.

Secondly, with respect to the rural composting scheme, suppose we prepare 4 lakh maunds of village compost and suppose also that we are correct in assuming that one maund of compost would mean an increase in yield of approximately one maund per acre, what yard-stick have we for ascertaining how much of this village refuse would have been used, in any case, by the villagers either in the form of compost (in the accepted sense of the word) or not. We again point out that unless we know this we will not be justified in making any definite assertion that the preparation of so many lakh tons of compost has actually resulted in so much extra additional production.

Thirdly, with regard to imported artificial fertilizers, we must deduct from the amount now being distributed, the amount that used to be utilized in previous years before we can arrive at the net additional figure of production.

Fourthly, similarly in regard to the claims made for the scheme for the distribution of improved varieties of seed, unless these schemes are followed up by checks such as crop-cutting experiments (this has already been ordered to be done in the Kheri Seed Distribution Scheme), nobody can in all honesty claim that by distributing the so-called improved variety of seed he has stepped up production to a given extent.

Fifthly, as regards the various irrigation schemes also, it must not be forgotten that before we can say what additional yields have resulted from a provision of these irrigation facilities, we should know how far the previously existing irrigation facilities have gone out of commission. In former times

when private individuals had the means to sink masonry wells or to instal persian-wheels in place of wells or persian-wheels which had gone out of commission, this factor would not have been of such tremendous importance. But for the past seven or eight years it is the Government in the main which has been able to provide material for these purposes.

Both for the reason that whatever Government has done has only replaced what private individuals could have done before the war and also that Government has, owing to lack of materials, not been able to do as much as it should have done, we feel that any sort of estimate of additional production based on an arithmetical formula forwarded by the Central Government would be a pure guess. In our opinion all that the provision of irrigation facilities can claim to have done is to have kept the irrigation facilities at the previously existing levels.

The above examples will show that it is extremely fallacious for us to argue that by adopting the various measures in connexion with the Grow-More-Food campaign we have stepped up our production to a particular figure. In actual fact unless we have some means of ascertaining what the net additional production has been, any sort of claim on this account would be open to question.

Conclusions

To sum up, in spite of the assertions made mostly by those who directly or indirectly seek a justification for the zamindari system, and by the authors of government reports in the previous regime, that the poverty of the *kisans* is due to the growth of population, their wasteful social customs, etc., we repeat that the United Provinces is and was capable of developing her resources to feed not only its increased population but even a greater number. But for this, it was vitally important to utilize the advance of science to increase agricultural productivity, to make improvements in the land and in the mode of farming, to make a concerted effort to reclaim waste lands and provide capital and other amenities for the same, to work out a well-planned drainage and irrigation scheme and take other necessary measures. To the Government of the day, however,

any undertaking which did not promise an immediate or potential increase in revenue, made little appeal.

The view has been expressed in certain quarters that Government should concentrate on schemes of irrigation, improvement of agricultural technique or industrial development in order to increase the productive resources of the country and that for this improvement of the soil, agricultural technique and farm equipment is the first essential rather than the reform of the land tenure system. As Sir Mani Lal Nanavati quite rightly points out in his note of dissent to the Famine Inquiry Commission Report "much of this general bias towards the technical improvement of agriculture may be attributed to the unfortunate omission of land tenure from the terms of reference before the Royal Commission on Agriculture." Sir Mani Lal Nanavati goes on to say that "no scheme of agricultural planning for the post-war period would achieve material results if it overlooked the adverse effects of a defective land tenure system on the productivity of land." Dr. Voelcker, as far back as 1889, suggested that "a defective land system was one of the causes of low productivity of land." The present system of distribution of agricultural wealth, which leaves the cultivator, in spite of various legislative measures, to the tender mercies of his immediate superior in an hierarchy of intermediaries, has to be altered and such a reform is no less important or effective than "direct land improvement."

The cultivator does not only lack the means for improving his land, what he lacks very much more under the present system is incentive. The radical alteration of the present land tenure system by the removal of intermediaries between the tiller of the soil and the State will in itself go a good way towards the rehabilitation of agriculture. Solutions have to be found for the problems of uneconomic and fragmented holdings, of irrigation, of manures and fertilizers; but the largest obstacle in the way of the cultivator's progress and prosperity—the hierarchy of useless and parasitical intermediaries—must be overcome first.

CHAPTER II

THE LAND SYSTEM OF THE UNITED PROVINCES

HINDU PERIOD

Land has for long been a favourite topic of discussion with jurists and economists. It is an exceptional form of wealth because it is limited in extent and provides the basis for human existence. It has long been held that land is the property of all men equally and cannot become the property of an individual to be used and to be disposed of as his own interests dictate. It is a gift of nature. Jaimini has said, "The King cannot give away the Earth because it is not his exclusive property, but is common to all beings enjoying the fruits of their own labour on it. It belongs to all alike." The old Sanskrit texts thus deny even the King's right to exclusive property in land.

The above idealistic view of land as belonging to the community as a whole has, for reasons of economic necessity, been modified but only to the extent that after paying a certain share of the produce to the State in exchange for certain benefits such as protection, the tiller of the soil, the man who makes land arable, can alone have any right of property in land. Agricultural production is the winning of wealth from the land by means of labour and only those can have the right to such wealth as work to produce it and only for so long as they continue to do so. Proprietary rights in land do not amount to absolute ownership in the juridical sense of the right of using, altering, or destroying the thing owned at the owner's pleasure. Proprietary right in land, if any such exists, confers a right of exclusive enjoyment which is, however, restricted, in view of the obviously vital interest of the community, by the proviso that the right to enjoyment of the wealth produced from land can accrue only to those who work on it. "The reasons which form the justification of property in land", said Mill, "are valid only in so far as the proprietor of land is its improver. . . . In no sound theory of private property was

it ever contemplated that the proprietor of land should merely be a sinecurist quartered on it." It is obvious, therefore, that the zamindars and other rent receivers in the country cannot plead any juridical principle in favour of the continuance of their rights.

In this chapter we propose to review generally the history of the land system in the United Provinces. Apart from the historical interest attaching to such a review, it would, in our opinion, help in removing certain misconceptions in regard to the nature of proprietary rights in land and will provide the necessary background for our recommendations. Most of the reports on land tenures in the country suffer, in our opinion, from the fault of not presenting the historical background in sufficient detail.

It is difficult to say when and how property in land arose, as the primitive forms of agricultural organisation are lost in the obscurity of a remote antiquity. The evidence about the agricultural practices of early societies and the rights of individual members is very slight, besides, it is difficult to state in terms which have acquired precise meaning and a set of associations with the development of jurisprudence and economics, the vague notions prevailing at the dawn of human history.

In the nomadic and pastoral stages there seems to have been no property in land at all, that is, no individual or group of individuals was regarded as owning land to the exclusion of others. Some kind of territorial division of a semi-political nature had early come into existence; that is, certain tracts of land were regarded as the special hunting preserves or the arable land of a clan. The cultivation of the land was a common task, generally performed by the women, and the produce was regarded as communal property shared according to need within the clan. It was only when the clan settled down in villages for permanent cultivation that the notion of property in land arose. There is little knowledge about the structure of these early societies that settled down in permanent villages, the notions governing their daily lives and agricultural practices and the social and economic relations between the members of these communities.

Jurists and economists have tried to reconstruct the earliest forms of village organisation from the slender evidence available, from curious survivals from a remote past that seem vaguely to

point towards a village in which all the land was held in common and periodically redistributed among the cultivators. The inference is strengthened by the analogy of primitive and European types such as the German "mark", the Russian "mir" and the Swiss "all mend" which survived up to recent times, and lend support to the contention that in India, as elsewhere, property in land was originally of a communal nature. There are survivals in India of the practice of periodic redistribution of lands such as prevailed in the Russian "mir". But opinion is divided whether common ownership of land was a universal feature of early society. The controversy centres round the question whether ownership of land originally vested in the village group, and was of a communal nature, or whether it was vested in the large undivided family-holding and was therefore individual property. Conflicting opinions are held about the question whether individual property in arable land originated in the family holding or whether it grew out of early village ownership of the whole land including arable, meadow, pasture, wastelands, ponds and streams. Arable lands may or may not have been originally held in common, but there is no dispute regarding common ownership of the other lands pertaining to the village.

Baden-Powell in his famous work "The Land Systems of British India" describes two forms of village organisation which he calls the *raiyatwari* village and the landlord village.

The landlord village consists of an individual, or a family, or group of families connected by a common ancestor, who are regarded as collective owners of the whole village including the wastelands, with a subordinate body of cultivators or tenants. The separate holdings of the proprietary body are shares carved out of the cultivated area. The village affairs are managed by a panchayat or council of the heads of the households.

The *raiyatwari* village is a group of individual cultivators whose holdings are separate units. The cultivators do not regard themselves as joint owners of the whole village, their holdings are separate allotments and not, in any sense, shares of what is in itself a whole which belongs to them all. The wasteland is used in common but is not held to be the joint property of the cultivators. There are no traces or even a fiction of descent from a common

ancestor or of the kinship of the whole group. What holds it together is the authority of the powerful headman and other village officers, and the common service of the artisans and menials who receive wages fixed by custom. The essential feature of this village is thus the extreme emphasis upon individual property, the cultivators being more or less independent of the others, and united together by a bond which is primarily political and not social or economic.

Neither of these is a correct description of agricultural organisation in the Hindu period. Actually, what Baden-Powell was describing were the two chief types of villages as they emerged after the British revenue settlement, i.e., the *ryotwari* and the zamindari village, and the claim that both forms existed side by side from remote antiquity was of the nature of an apology for the mistakes of British rulers and settlement officers who assumed that absolute property in land must vest in some individual or family as it did in the English landlord. They could not appreciate or recognise the fact that individualism had not developed in India to anything like the same extent as in England, and that the fundamental features of the Indian village were co-operation and co-ownership rather than exclusive or individual property.

Hindu society had from very early times perfected an organisation for the harmonious adjustment of the interests of the individual and the interests of the community. Individual ownership of land or other means of production was recognised, but the economic and social organisation of the village was so strong and perfect that it prevented economic conflicts between individuals or classes. Private property was to be regarded not merely as an opportunity for private profit but also as a service. The efficient cultivation of land was a means of living to the cultivator, but it was also his duty to the community.

We may now examine these two aspects of the ancient village community, namely, (1) the individual ownership of land and (2) the organisation of the village.

To take up the first question: who was the owner of land? In the Hindu period there were only two parties interested in

land, namely, the cultivators and the King. We shall, therefore, discuss the respective rights of each.

Individual ownership of arable land

As regards the cultivator, there is clear evidence to show that in the age of the Vedas "allodial ownership", i.e., the ownership of arable land as a joint family holding had been fully developed. The land was recognised as the possession of a family unit and was inherited within the family. There are many expressions in the Rigveda, the Atharveda and later Vedic works, such as for instance "Kshetrasya Pati" or "Lord of the Field" and "Kshetrasya Patni" or "Mistress of the Field", which indicate individual ownership or private property in cultivated land. There is no reference in the Vedas to communal ownership or communal cultivation of land. The famous text from Manu that "the sages who know former times . . . . pronounce cultivated land to be the property of him who cut away the wood, or who cleared and tilled it", also points to the individual ownership of land. The wastelands, all the authorities are agreed, belonged to the village as a whole.

The King's interest in land consisted of his right to a share of the produce. According to Manu, this share may vary from one-fourth to one-twelfth, depending upon the nature of the soil and the labour required to cultivate it, and whether the levy was imposed in times of prosperity or of urgent public necessity. In return the King was bound to protect the cultivator. On the basis of the King's title to a share of the produce and the expression that the King is "the lord paramount of the soil", it has been sometimes argued that the King in Hindu times was the owner of the soil. The question whether property in land vested in the State, the cultivator or in the landlord, when there happened to be one, in the Hindu and Mohammedan times and whether on their accession the British inherited this right has been a subject of keen and prolonged controversy among scholars and administrators. The controversy which is now of only academic interest had great practical importance in the early days of the British rule and misconceptions of theory led to great injustice, to the disintegration of the most important social institution of India,

the village community, and to the oppression of the vast masses of the people.

There is substantial agreement now that the right of property vested in the cultivator who reclaimed the wasteland or in his successor, and the State's right to a share of the produce may by an analogy be said to have been of the nature of "servitus", i.e., a limited right not amounting to property.

This view was accepted by the Bengal Land Revenue Commission. Dr. Radha Kumud Mukerji has quoted a number of ancient texts which support this finding. He says: "We find the law laid down by Jaimini in his Purva-Mimansa (VI, 7, 3), stating that the King cannot give away the earth because it is not his exclusive property but is common to all beings enjoying the fruits of their own labour on it. It belongs to all alike . . . . " Sabara Svami (C. 5th century A.D.) commenting on this passage says: "The King cannot make a gift of his kingdom, for it is not his, as he is entitled only to a share of the produce by reason of his affording protection to his subjects". To this Sayana adds: "The King's sovereignty consists in punishing the guilty and protecting the good. Nor is the land his property . . . for what is yielded by land as the fruit of labour on the part of all beings must be enjoyed by them as their own property". . . . The Vyavahara-Mayukha clears up this point further by pointing out that "even in the case of a conquest, the property of the conquered in their houses, lands and other goods does not pass on to the conquerer but only the taxes due from these."

The Indian Taxation Enquiry Committee were unanimously of the opinion that under both Hindu and Mohammedan rule the State never claimed absolute or exclusive ownership of the land, and definitely recognised the existence of private property in it.

Assignments of revenue-free land were made to Brahmins, and to State officials such as *gopas*, *sthanikas*, etc., who had in most cases no right to alienate their lands. While, therefore, the rudiments of the various classes of interests in land may thus be traced back to very early times, it must be kept in mind that these superior interests were mere exceptions, and were not allowed to interfere with the proprietary rights of cultivators in the Hindu period. The hereditary occupation by cultivators of their holdings

. was the general rule. The State was in direct contact with the cultivator and farmers of revenue were unknown.

Before we go on to discuss the organisation of the village as a self-sufficient co-operative community we may glance briefly at the salient features of the Hindu revenue system.

The Hindu revenue system

Manu refers to the organisation of the country in villages and groups of villages and local administration by an hierarchy of civil officers consisting of the lord or superintendent of the village, i.e., "gram adhipati", who was entitled to the share of the King in food, drink, wood and other articles; the superintendent of ten villages entitled to the produce of two ploughlands (i.e. land that could be tilled by two ploughs each drawn by six oxen); the superintendent of twenty villages entitled to five ploughlands; the superintendent of one hundred villages entitled to the produce of a small town and the superintendent of a thousand villages entitled to the produce of a large town.

The Arthshastra attributed to Kautilya gives a detailed account of the ancient land system. It describes the revenue of the State as falling under seven heads, of which "rastra" includes land revenue and connected charges and "sita" or the revenue of royal farms. The royal farms were cultivated either directly or were leased to tenants on the basis of division of crops. If the tenant supplied the capital he was entitled to half the produce, if he was only a manual labourer to 1/4 or 1/5 of the produce. It also mentions water rates which were probably levied in addition to the land revenue upon the tenants of irrigated royal lands.

The Arthshastra describes in detail the principles of survey and assessment of land revenue. The *gopa* or the village accountant who was in charge of 5 to 10 villages was required to inspect the village boundaries and ascertain the exact area of each village. Within the village the land was classified into various classes such as cultivated and uncultivated, upland and lowland soils, different kinds of gardens, etc. He maintained various registers, such as the register of the boundaries and areas of plots, the area of forests and roads, a register of transfer of government lands and remissions of revenue granted by the Government. He was also required to make a kind of census of households in the villages. Records

were also kept showing villages of different descriptions, such as revenue-free villages, villages contributing military service in lieu of taxes, or contributing grain, cattle, cash, raw materials or labour in lieu of taxes.

Mr. U. N. Ghoshal in "The Agrarian System in Ancient India" has drawn attention to the striking similarity of these principles to modern land revenue settlement. Although they may not be strictly relevant Mr. Ghoshal's remarks are interesting enough to be quoted: "We may first point . . . . to the demarcation of village boundaries, which still forms the necessary prelude to the process of Revenue Settlement. Of equal interest is the reference in the above to what may be called a comprehensive topographical survey of the whole village involving not only the listing of the various classes of the village lands, but also their numbering, probably by numerical signs. This process forms in the Arthshastra the basis of a record of boundaries and village fields with which may be compared the *khasra* or 'field-index' of modern settlement. Not improbably village maps were prepared then, as now, in connection with the field registers. The Arthshastra account, moreover, refers to the classification of soils not only under the broad heads of upland and lowland still known to the processes of modern Settlements, but also those of gardens under three district heads. In this connection it may be mentioned, as an example of the thoroughness of the arrangements concerned, that provision is made in the Arthshastra for inspectors being deputed to selected villages to check the accuracy of the returns under the head of area and outturn of the fields, and so forth. Among other points of contact between the system of the Arthshastra and that of modern times may be mentioned the fact that the *gopa* like the modern *patwari* was required to record changes in ownership through transfers, to keep the village accounts in respect of Government revenues and to prepare various statistical returns. Another feature reminiscent of the modern advanced methods is the grouping of villages by the *samaharta* into three grades, with which may be compared the division of villages into Assessment circles, known to Settlement Officers in our own times."

Village Communities

The Hindu village communities were completely organised and self-governing. They enjoyed the service of a group of

hereditary artisans, had a headman or a council exercising semi-judicial and semi-legislative functions, the village police and the village accountant and were thus autonomous and self-sufficient groups needing little external aid or assistance. They were economically self-sufficient, as each village produced most of the food, raw materials and finished products that it required.

A typical list of hereditary officers and artisans compiled by Phillips in his "Tagore Lectures, 1876" indicates the services organised within each village (1) the village headman, (2) the Curnun, Shamboug or Patwari, the village registrar, (3) the Paliary, Schulwar or Tullair, who inquired into crimes and escorted travellers from village to village, (4) the Pausban or Gorayet who watched the crops, (5) the Neorgunte or Nurguaty who distributed the water, (6) the astrologer, (7) the blacksmith, (8) the carpenter, (9) the potter, (10) the washerman, (11) the barber and (12) the silversmith. Their emoluments were determined by custom and paid in various ways, by a share of the produce, or by cash payments, or by an allotment of land revenue free or at a low rate. The affairs of the village were generally governed by a council of elders called the Panchayat, presided over by the headman who was also its representative in its dealings with the State.

Elphinstone in his "Report on the territories acquired from Peshwa" wrote in 1819 that:

"These communities contain in miniature all the materials of a state within themselves, and are sufficient to protect their members if all other Governments were withdrawn."

The 5th Parliamentary Committee Report, 1812, page 85, referring to the self-government of the village says: "Under this simple form of Municipal Government, the inhabitants of the country have lived from time immemorial . . . . The inhabitants give themselves no trouble about the breaking up and divisions of kingdoms; while the village remains entire, they care not to what power it is transferred or to what sovereign it devolves; its internal economy remains unchanged."

We may now consider how the economic interests of the various classes including the cultivators were integrated. As regards the artisans and hereditary officers, we have already noted that their emoluments were fixed by custom, and not by the law of supply and demand. They performed services or produced the goods

which were required by the community and in relation to its needs.

As regards agriculture, in the first place, the wasteland was regarded as the common land of the community, jointly managed in the interests of all concerned. Secondly, the cultivation of land was governed by multifarious rules about the proceedings of the cultivator: "to reconcile a common plan and order of cultivation on the part of the whole brotherhood with the holding of distinct lots in the arable land by separate families. The common life of the group or community has been so far broken up as to admit of private property in cultivated land, but not so far as to allow departure from a joint system of cultivating the land."*

Further, distribution of water and assignment of land to newcomers was also under joint village management.

As we have already noted, in some cases land was redistributed periodically among the cultivators.

The cultivator was under an obligation to make full and efficient use of the land in his possession. Manu's code mentions the duty of the owner of land to maintain sufficient hedges and to cultivate the land to the best of his capacity. He said, "If land be injured by the fault of the farmer himself, and if he fails to sow it in due time, he shall be fined ten times as much as the King's share of the crop that might otherwise have been raised, but only five times as much if it was the fault of his servants without his knowledge."

Land revenue or the King's share of the produce was assessed upon the village as a whole and redistributed by the headman among individual cultivators with due regard to their conditions and the quality and area of the land under their occupation. The payment of the land revenue was regarded as the joint duty of the permanent residents of the village. This is brought out by the striking fact that the resident cultivators usually paid at higher rates than the non-resident or temporary cultivators for land of similar description.

The village headman was, as the above would show, the most important among the village officials. He was responsible for both the payment of the revenue and its equitable distribution among the cultivators.

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*Maine.—Village Communities, page 109.

The headman's right to his office did not depend upon any single principle; different elements went to its making; there was the right of descent from the original founder of the village, and the office was, therefore, generally hereditary; at the same time it was regarded as partly elective, and held with the consent of the village community. This election was subject to the sanction of the State which could dismiss him for failure to pay the revenue assessed upon the village. In fact, his position was analogous to that of the zamindar of later times, with the difference that the zamindar was appointed directly by the State.

The zamindar had no better claim to be considered absolute proprietor than the village headman, both were merely officials responsible for the due payment of the land revenue. In fact, many headmen did subsequently become zamindars. Summing up his account of the main features of the Hindu land system Mr. Phillips says, "We find substantially two parties primarily interested in the land as far as its produce is concerned. These are the King and the cultivator, and there are no independent interests, although we find also a number of officers interested in the crop, whether on the part of the village or of the King. On the part of the King were the officers of revenue, and the civil and military establishments, which were frequently provided for by assignment of revenue. But we see nothing approaching a proprietor in the English sense, and very little of the relation of landlord and tenant."

The village communities described above existed in India in the remote past, they kept their integrity and retained their internal administration and characteristic features in spite of conquest and civil strife down to the early period of British rule.

Chapter III

THE LAND SYSTEM OF THE UNITED PROVINCES

THE MUSLIM PERIOD

The Muslim rulers did not make any radical changes in the land system of the country; the rights of the parties interested in land, their relations among themselves and even their relations with the State continued much the same as before. The fiscal organisation of the Hindu State was taken over by the new rulers, such changes as were made in the later period of Muslim rule, notably by Akbar, were broadly based upon the existing system and represented a development corresponding to the increasing complexity and centralisation of the administrative machinery; they did not mark any violent break with the traditions of the past or interfere with the customary rights of the cultivators.

In the earlier times when the invaders had not consolidated their conquest, when their hold upon the country was insecure and they were not in a position to create a system of government and an administrative organisation of their own, they had obviously no other alternative but to take over the organisation that already existed. It is not surprising, therefore, that they contented themselves with imposing a tribute upon the conquered rajas leaving them free to raise their revenues as before or else they collected the revenue themselves in the same way as the Hindu rajas did before them. What is more remarkable is the fact that even when powerful and stable governments had been established the existing social and economic institutions of the country were not radically altered, and the rulers displayed, on the whole, considerable practical wisdom and understanding of the laws and customs of the people. India's social and cultural life and its economic institutions continued to develop and grow, and the village republics retained their vitality.

The practice of revenue collection through tributary chiefs, who had previously collected the revenue on their own account as rajas and were inclined to regard themselves as having a title

superior to that of the headman of the village, did indeed tend to reduce the status of the headman, and through him of the village which he represented. There grew up a vague and shadowy but superior claim of an intermediate nature between the cultivators and the State. In a similar way the raja's descendants who cultivated land in the villages over which the raja formerly ruled were regarded in a somewhat undefined way as possessing a right superior to that of the other inhabitants. The practice of collecting revenue through contractors or revenue-farmers and the assignment of *jagirs* on a large scale also led to the creation of intermediate interests between the cultivators and the State. A check upon feudalisation of land was, however, maintained because the State always regarded these superior functionaries as mere officials. Even where, due to the weakness or incompetence of the ruling power, the offices were in actual fact of a hereditary nature the State insisted upon a recognition of its right to confer or withdraw the title and the successor had to go through a formal process of praying for and receiving a *sanad*. The Muslim rulers were always reluctant to recognise a hereditary right to an office and, when they were strong enough, successfully opposed it. In the state of society as it had developed by their time this was a salutary, indeed, an indispensable check upon the growth of large feudal interests.

The zamindars both in theory and actual practice were regarded as mere tax gatherers or State officials; they were not held to possess an indefeasible right of property. The resident cultivators possessed a permanent, hereditary, and, in most cases, an alienable right to cultivate their holdings at the customary or *purganah* rates. It is true that *abwabs* and illegal exactions were not uncommon, and became more oppressive and multifarious as the central power grew weaker. Shri Yadunath Sarkar in his book on "Mughal Administration" gives a long list of these illegal cesses, and describes the oppression of the peasantry by corrupt revenue officials. In many cases, therefore, the land tax must have amounted to or, perhaps, even exceeded the economic rent during the decline of the Moghul empire. But there was always a limit to this charge in the fact that cultivators abandoned their land if the demands became too extortionate, for land was more plentiful than cultivators. Besides, the *abwabs* never completely obliterated

the principle that the cultivator was entitled to pay a fixed *jama* for his holding, and that he could not be evicted unless he failed to pay it, and that the share of the produce paid by him was a tax and not a contract rent.

The Muslim principles of taxation had certain points of similarity with Manu's law regarding the Sovereign's right to a share of the produce. The Muslim law made a distinction between the imposts to which the produce of land was subject. *ushr* or *tithe* was payable only by Muslims, while the *khiraj* was payable generally by non-Muslims though it could be imposed upon Muslims as well.

Khiraj was of two kinds: (1) *Mukassimah khiraj* or a share of the actual produce corresponding to the *batai* system of the Hindus and payable in kind on every crop produced. The cultivator was not allowed to remove his crop until the State's share had been delivered. It was the duty of the village watchman of the crops to prevent defaults. (2) *Wazifa khiraj* or a fixed money-rate imposed as a personal liability upon the cultivator for his holding. The *wazifa khiraj* was payable once a year whether the occupant cultivated his holding or not. It was determined not by an estimate of the crop but by the measurement of the land and an estimate of its average produce.

In theory there was a difference between the two kinds of *khiraj*. If the *mukassimah khiraj* was imposed the State and the cultivator were joint proprietors of the land, while under the *wazifa khiraj* the proprietary right, according to law, was vested exclusively in the cultivator. The distinction, however, is not very sharp as the imposition of any kind of *khiraj* involved some recognition of the proprietary rights of the cultivator.

Muslim law permitted the conqueror either to eject the conquered inhabitants and distribute the land among his soldiers, an option which, of course, the conquerors had neither the power nor the wish to apply in India; or else to allow them to retain their land subject to the payment of *khiraj;* in this case the land remained their property and they could not be easily ejected from it even in default of *khiraj*. If the owner of *khiraji* land was unable to cultivate it or abandoned it or did not pay the *khiraj,* the ruler was required first to let the land to a cultivator on rent,

deduct the *khiraj* from it paying the balance to the owner; if this was not possible, he was to let the land in *moozaraut* (lease on *batai*), take a third or fourth share of the produce and after, deducting the *khiraj,* keep the balance for the owner. If even this course was not possible the ruler leased the land to any cultivator who was willing to pay its *khiraj.* It was only when all these methods failed that the ruler could sell the holding. Even then the balance of the price after deducting the *khiraj* was to be kept for the owner. These restrictions are obviously inconsistent with any theory that denies proprietary rights to the cultivator.

In respect of wasteland it has been held by some that in Mohammedan times the State was regarded as its proprietor. Actually, however, the Mohammedan and the Hindu law on this point appear to be almost identical. Manu's famous dictum referred to above finds an exact parallel in the saying of the Prophet "Whoever gives life to dead land it is his." The waste was in fact regarded as "*mobah,* or indifferent and free to all", in other words, as belonging generally to the community until individual rights were established by reclamation. There is some difference of opinion whether the waste could be reclaimed without the sanction of the State. Authorities on this subject are divided, some maintain that a cultivator who reclaimed land even without the permission of the State became its full owner, others that the permission of the State was necessary.

We have already quoted the opinion of the Indian Taxation Enquiry Committee to the effect that the State was not the proprietor of land. The Prakasam Committee came to a similar finding and quoted with approval the following observations from Justice Field's book on Land Holding:

"That the ownership of soil was not in the sovereign is proved by a variety of arguments. One of these is remarkable, being drawn from the fact that the Emperors purchased land when they wanted it. Aurangzeb purchased land in Hundi, Palan, etc. Akbar purchased land for the Forts of Akbarabad and Illahabad; Shahjehan purchased for Shahjehanabad . . . . according to Muhammadan Law, the sovereign has only a right of property in the tribute or revenue; but he who has a tribute from the land has no property in the land."

One of the main differences between the Hindu and the Muslim systems appears to lie in the incidence of land revenue. the Hindu Kings usually claimed 1/6th of the produce as the State's share, while the maximum limit of the *khiraj* was half the gross produce. But the assessment was not immediately raised, the earlier Kings remaining content with much the same revenue as their predecessors. There was, however, a progressive tendency towards a higher rate. in Akbar's time it rose to 1/3rd, while in Aurangzeb's time it reached the maximum limit of half the gross produce.

At first the only change in the revenue administration was the interposition of the tributary chiefs among the hierarchy of old revenue officials (if they can be called such in view of the facts that their office was partly hereditary and partly elective and they were responsible primarily to the community. and were responsible to the State only as representatives of the people). In most cases the headman continued to be liable for the payment of revenue, and its equitable distribution over the village according to established custom and usage. These headmen paid the revenue to *chowdhries* who were afterwards called *karoria* and were in charge of the administration of a *chucklah* or a district yielding a crore of dams or $2\frac{1}{2}$ lakh rupees a year. The *karoria* got an allowance of five per cent. along with a small allotment of land called *nankar* which was held free of revenue. But on account partly of the ignorance of the early rulers about the details of the system they had adopted and the interposition between them and the people of powerful persons upon whom they relied for collection of revenue and partly the tendency towards centralisation of power in the State and its officials, feudal interests began to grow up by encroachment upon the rights of the cultivators. There was a conflict between the headmen, the higher officials, jagirdars, old chiefs and contractors of revenue; whichever came on top usurped power at the expense both of the State and of the village community. The State did not, however, allow these rights to grow unchecked, and on more than one occasion the Government attempted with considerable success to crush them as being oppressive to the *raiyats*. Alauddin Khilji directed the superintendents of the Revenue department "to take care that the zamindars should demand no more from the cultivators than the estimates the zamindars themselves had made", and prohibited *abwabs* or cesses.

Sher Shah (1540—45) made an attempt to substitute the inconvenient method of collection of the revenue by an estimate or division of the crops by a regular system of assessment. The main features of this system were the measurement of land by rope, the standard *gaz* was fixed at 32 fingers, sixty *gaz* made one *jarib,* and a square of 60 *jaribs* or 3,600 square yards made a bigha. The normal yields of staple crops were calculated for three classes of land; good, middling and inferior, and one-third of this average yield was fixed as the revenue assessment. Sher Shah's reign was not long enough to enable him to carry out his plan over the whole kingdom. In many parts of the country, the old system of estimate of crops continued. Though Sher Shah wished to introduce a system in which the State would come into direct contact with the cultivators, he was obliged to continue the old method of assignment of *jagirs.*

Todar Mal's settlement during the reign of Akbar is a great landmark in the revenue system of the country furnishing, as it did, the basis for all subsequent settlements. Under this system arbitrary taxes were abolished and revenue assessed upon the true capacity of the land. The assessment was based upon an accurate measurement of land by a uniform standard instead of the various local standards that prevailed up to his time, and elaborate methods were worked out for the ascertainment of the average produce of each bigha of land. Land was divided into four classes:

(1) *pulej* land, or land that was continuously cultivated and did not have to lie fallow,

(2) *peranti* land, or land that lay fallow for a short time so that the soil might recover its strength,

(3) *chechar* land, or land which was fallow for three or four years on account of excessive rain or inundation, and

(4) *banjar* land which lay uncultivated for five or more years.

The revenue of *pulej* land was determined on the basis of a further sub-division into three classes, good, middling and bad. An estimate of the produce of a bigha of each class was made, and

revenue fixed at one-third of the produce. The following shows the calculation for wheat produce:

	Mds.	Seers
Pulej good	.. 18	0
Pulej middling	.. 12	0
Pulej bad	.. 8	35
Total	.. 38	35
Average	.. 12	38¾
Government demand at 1/3rd of the average ..	.. 4	12¾

The *Ayeen-i-Akbari* contains similar tables for over 30 other crops, both *kharif* and *rabi*.

A further elaboration of this assessment was the calculation of the average produce not of one year but of ten years from the fourteenth to the twenty-fourth year of Akbar's rule. There were reliable statistics for the last five years of this period in the records of pargana kanungos. The figures for the preceding five years were, however, not available and had to be ascertained by local inquiry. As the main intention of the settlement was the commutation of grain rates into fixed money rates, prices from the sixth to the twenty-fourth year of Akbar's rule were ascertained by a careful inquiry. The money-rate was based on an average of the prices thus obtained.

Pulej land was liable to revenue every year, but for *peranti* land the revenue was paid only when it was under cultivation. *Chechar* and *banjar* lands when brought under cultivation were taxed at low rates for the first five years to encourage the reclamation of waste and extension of cultivation. Justice Field observes: "If the merits of any system are fairly judged by results, the system of Todar Mal must be held to have proved beneficial to the *raiyats* and just to the State, seeing that it lasted without material variation for more than a century, during which time the country is said to have been in a high state of cultivation and the *raiyats* in a most prosperous condition."

The most notable feature of Todar Mal's assessment was the fact that it was a *raiyatwari* settlement, and any rights and interests superior to the cultivators were completely ignored. Sir George Cambell in the Great Rent Case observed: "There can be no doubt that the settlement attributed to Todar Mal, like all the

Settlements of Akbar and his successors, and indeed all the detailed settlements of the British Government founded upon the same system, dealt primarily with the individual *ryot* and fixed the sum payable by him for the land which he cultivated . . . . the payments of the *ryots* were fixed by an act of State quite independent of the will of any other subject or of any question of competition or relation of landlord and tenant in the English sense. Whether the revenue was paid direct to the officers of Government, or by village communities jointly through their headman or through hereditary zamindars of a superior grade, the quota due from each *ryot* was fixed and recorded; that was the unit of the whole system from which all calculations started. The headmen and zamindars were remunerated for their services, or received the hereditary dues to which prescription entitled them, in the shape either of percentages on the collections from the *ryots,* or of "Nankar" land held exempt from revenue. That is clearly the old law of the country in general and of Bengal in particular. Even when in decline of Governments the State control became relaxed, and the *ryots* became subject to much oppression on the part of those placed over them, they still had some protection in the only ever surviving law of the East, 'Custom'. The old established rates they have always continued to cling to as sanctioned by custom. That custom the worst oppressors could not openly defy, and hence all extortions and imposts took the shape of extra cesses levied on various pretexts. Even when thus by oppressions the sum levied may have been revised up to or even beyond a rack-rent, the remark of Mr. Mill seems irresistible, that "the shape in which they were taken, and the survival beneath all imposts of the old customary rates, is the strongest evidence that the right of the *ryot* survives, to become again beneficial in better times".

During the period of anarchy between the decline of the Moghul empire and British conquest there was a tendency for the growth of semi-feudal interests. As the authority of the State weakened, and it failed effectively to protect the life and property of its subjects, the villages came to look up more and more to powerful officials and chieftains for protection. The dependence of the villagers naturally led to encroachment upon their rights—the extent of this encroachment varied from one part of the country to another and from time to time, but it never amounted to a

surrender of the cultivator's rights of property in land, or to the acquisition by the local lord of the status and privileges of an English landowner. As Maine pointed out, though we may observe in India various stages of the growth of feudalism, yet the process of feudalisation was never completed.

Chapter IV

THE LAND SYSTEM OF THE UNITED PROVINCES

THE BEGINNING OF THE BRITISH PERIOD

In a study of the early history of revenue administration under British rule, the United Provinces falls broadly into three groups of territories:

(i) The Old 'Banaras Province' acquired in 1775 by a treaty with the Nawab Wazir of Avadh and permanently settled under the Regulation of 1795. This area now consists of the districts of Banaras, Jaunpur, Ghazipur, Ballia and parts of Mirzapur and Azamgarh.

(ii) (*a*) The 'Ceded districts' acquired from the Nawab Wazir of Avadh in 1801, consisting of Azamgarh, Gorakhpur, Basti, Allahabad, Fatehpur, Kanpur, Etawah, Mainpuri, Etah, Shahjahanpur, Budaun, Bareilly, Bijnor and Pilibhit.

(*b*) The 'Conquered districts' acquired in 1803, consisting of Agra, Bulandshahr, Meerut, Muzaffarnagar and Saharanpur. Formerly, the Delhi territories (comprising Delhi and Hissar division) formed a part of the conquered districts but were transferred to the Punjab in 1858.

(*c*) The Bundelkhand districts of Banda and Hamirpur acquired between 1803 and 1817 and the districts of Jalaun, Jhansi and Lalitpur in 1840 and later years.

(*d*) The district of Dehra Dun acquired in 1815.

(iii) The province of Avadh acquired in 1856.

Beyond these three main groups lie the hill pargana of Jaunsar-Bawar in Dehra Dun and the hill districts of British Garhwal and Kumaun (ceded in 1815 after the Nepal War), which have a separate revenue history of their own.

The line of division between the various parts of the province may be drawn in a number of different ways. From the point of view of the nature of settlement, e.g., whether the revenue is fixed

in perpetuity or liable to periodic revision, the permanently settled tracts of Banaras division, part of Azamgarh and certain areas in Gonda and Bahraich held by the Balrampur and Kapurthala estates (permanently settled as a reward for their services in 1857) would be marked off from the rest of the province, which is temporarily settled. From the point of view of the land tenure system the three separate areas, i.e., the Banaras province, the Ceded and Conquered districts, etc., and the province of Avadh exhibit in their early history distinct characteristics. But at a later stage, from about the time that the Act of 1859 was passed the land tenures in Banaras and the Ceded and Conquered districts, etc.. i.e., the Agra province corresponding roughly to the old North-Western Province, follow generally a similar line of development. The province of Avadh from its acquisition in 1856 was governed by separate land laws until the two systems of Agra and Avadh were unified by the U. P. Tenancy Act of 1939.

But though these three groups of territories acquired by the British at different periods display a wide diversity in the details of revenue administration and the methods and principles of settlement of revenue, the effects in each case were more or less the same. The early settlements and the imposition of the British judicial system, with the complexities and intricacies of which the people were unfamiliar, and which placed the wealthy and educated in a position of advantage over the poor and ignorant led everywhere to the disintegration of the village communities, the disappearance of the co-operative spirit and its substitution by perpetual discord and bitter strife between different classes. In the struggle that ensued, the customary rights of cultivators acquired by immemorial usage were completely destroyed. The Hindu agricultural organisation was simple and perfectly adjusted to the needs and economic conditions of the people. It had been adopted by the Mohammedan rulers, and had survived with comparatively little damage even during the period of anarchy following the decline of the Moghul empire. This system that had been evolved and perfected during the course of uncounted centuries was completely shattered by the mistakes and ignorance and the greed and rapacity of the early British administrators. As Maine remarked "their earliest experiments tried in the belief that the soil was theirs and that any landlord would be of their exclusive

creation have now passed into proverbs of maladroit management". Millions of people were, by these settlements, deprived of rights that they had enjoyed for well over two thousand years, hereditary cultivating proprietors of land were turned into rack-rented tenants-at-will, and conditions were thus created that led to continuous social discord and economic deterioration and the decay of agriculture, the most important of India's industries and the main occupation and source of livelihood of its people. In fact it seems difficult to ascribe this merely to an error, for even before the Permanent settlements of Bengal and Bihar were made, it was clearly recognized that the most numerous body of cultivators were possessed of a hereditary right of occupancy, that amounted in effect to proprietorship of land, and the Government had expressly reserved to itself the right to introduce legislation to protect their interests. But the pledge then made was never redeemed.

In spite of the general ignorance and disregard of the habits and customs of the people evinced by most of the servants of the East India Company, it is not to be imagined that rights so distinct and universal could entirely escape observation. There is ample proof of the awareness among the British officials of the existence of these rights scattered in the old revenue records, the reports of the Select Committees of the House of Commons into the affairs of the East India Company, and the writings of early scholars and administrators. The evidence is occasionally, but only slightly, confused, as some of the writers shared the misconceptions that led to the zamindari settlements, whether permanent or temporary. It will not be out of place to reproduce a few extracts from the original sources referred to above. These excerpts speak for themselves:

Holt Mackenzie (Revenue Records of the North-West Provinces, 1818—20, published in 1866)

Holt Mackenize, Secretary of the Board of Commissioners, North-Western Provinces, in a careful and authoritative minute dated 1st July, 1818, which was the basis of Regulation VII, 1822, distinguishes between three classes of cultivators; village zamindars or the coparcenary body of the village, the *khudkasht ryots* and *pykasht ryots,* and also refers to a class of intermediaries between

the Government and the cultivating proprietary occupants of the soil, who were called talookdars, zamindars or istumrardars and were entitled only to collect the government revenue or share of the produce.

Mr. Mackenzie described the nature of their respective rights as follows:

> "The Village Zemindars . . . . were the immemorial occupants of the soil; they cultivated generation from generation. They gave, sold and mortgaged their lands at will. They may have been bound in some cases to a lower class of cultivators, who had by distinct engagements or long usage acquired the right of occupancy so long as they paid the customary rent. But the cultivating *ryot* not belonging to the brotherhood of Zemindars, seems distinctly to have been viewed as the cultivator of the lands of another. He appears to have nowhere claimed more than the right of occupying the fields he cultivated and so long as he continued to cultivate them, a right hereditary perhaps, but not apparently transferable by sale, or gift, or mortgage, nor resumable if once vacated."

It appears from this description that Holt Mackenzie designates as village zamindars *khudkasht ryots* who were considered descendants of the original founders, while the class designated by him as "cultivating *ryots*" were the immigrants who had settled down in the village. Both these classes had hereditary rights in their land. The distinction thus made between the two classes in the North-Western Provinces is of vital significance, because even where settlements were made with the village zamindars, i.e., the resident cultivators belonging to the dominant caste of the village, the resident cultivators belonging to the other castes, who were admittedly possessed of at least a right of hereditary occupancy, were completely ignored. The few settlements made with the so-called village communities or village zamindars were, therefore, not as just as the name would lead one to suppose. Most of the collectors considered the *ryots*, who did not belong to the class of village zamindars, as mere tenants-at-will liable to be ousted in favour of any one who offered a higher rent.

Holt Mackenzie goes on to say, "Nothing but violence appears to have disturbed the tenure of the Village Zamindars; neither the furthest exile, nor the longest absence, dissolved the tie that bound them to the fields of their ancestors, nor destroyed their right to resume possession when they returned.

"In almost all the districts the largest proportion of the land belonged indisputably to Village Zamindars, the title being sometimes held by an individual, but oftener by a multitude of sharers termed Putteedars."

"In Bundelkhand all the persons from whom the Government revenue was collected, appear to have been Village Zamindars, themselves the cultivators of the soil. The same is stated to have been the case in regard to particular portions of various other districts, where we find the Sudder Malguzar levying from the bulk of the cultivators their quota of the Government assessment and the village expenses. That the existence of this system has not been more generally recognized, seems attributable in a great measure to the propensity of our Officers to draw the evidence of proprietary right rather from the records of Government (though often, I fear, very partially prepared), than from minute local enquiry into the fact of actual possession, and to convert the representatives of the village community and the manager of it concerned with the Government into sole proprietors of land . . . .

"A strong government like ours naturally bends institutions into the shape of its own conceptions, at least when those conceptions are favourable to the interests and power of individuals. The exclusive property which was known only in the books of the Amil is thus rendered real by the unresisted order of our Officers. . . .

"The Talookdar (as such) appears seldom to have pretended to be more than the Collector of the revenue of Government, claiming, indeed, sometimes a hereditary interest in the advantages of the office, but urging no pretension to a property in the soil.

"The language used by Mr. Metcalfe in regard to the Jageerdars and Istumrardars of the Delhi territory (where an artificial system not having yet disturbed the native institutions of the country, we may rather look for an accurate delineation of their nature), may accordingly be, in general, applied with little or no

alteration to the Talookdar as far at least as relates to land occupied by Village Zamindars—

"He made settlements with the Village Zamindars for such a fixed annual revenue as the latter agreed to pay, or he took the Government share of the crops in kind, or he levied the established pecuniary assessment according to the quantity of land cultivated and the species of crop grown.

"But he could not deprive the Zemindar of his share of the crops, nor exclude him from his Zemindaree, nor appropriate the lands to his own use. He might promote an extended cultivation, but must remain content with the Government share of the produce or with such rents in commutation as the Zemindar might agree to pay.

"Whether Talookdaree tenures were transferable by sale or mortgage appears doubtful; that they were frequently inherited is certain, but the Native Governments never seem to have forgotten that the Talookdaree tenure was the creation of the ruling power. What one Government had created, another might not unnaturally be deemed entitled to destroy, and they accordingly had apparently little scruple in dispossessing a Talookdar, and once dispossessed, the tenure seems generally to have gone for ever.

"Like the great Zemindars of Bengal, the original possession of many of the Talookdars in the Western Provinces seems to be a matter of comparatively recent history. Nay, it is generally far more easy to trace them to their origin as farmers of the Government Revenue".

Report of Select Committee—
E.I. Affairs

Here is the testimony of Mr. Thomas Fortescue, Commissioner for Civil Affairs of Delhi, 12th April, 1832, from the Report of the Select Committee into East India Affairs. It must be read in the light of Holt Mackenzie's opinion that conditions in Delhi represent the original institutions of the country accurately as they were studied before the artificial British system had been imposed and that they are generally applicable to the North-Western Provinces:

"*Q.* 2230—Did the village officers, who appear to have existed in early times throughout the East, continue in authority and power under the Mohammedan Government?

In no part of our province where I have served (Midnapore, Dacca, Moorshedabad, Patna, Banaras, Allyghur, Mynpooree), have I seen the organisation of society so good as it was in the territory of Delhi. The nature of the Mohammedan Government, before we got possession of the Delhi territory, was such that the villages, many of them, united together for their own protection and they organised themselves entirely with reference to every point connected with their security and their advantage. Almost every individual in the village had an acknowledged portion of the soil, and a right to it; and the revenue which the Government obtained was generally in proportion to its power to collect.

Q. 2234—Have the villages themselves any records of the property before our conquest?

The property was so strongly recognized in the territory, that the families who had absented themselves from various causes for years, returned, claimed, and got possession of their lands without any opposition, in the old villages which they had formerly occupied.

Q. 2238—Was there in villages any class of persons living upon rents, and not actually cultivating the soil?

There was no person between the proprietors and the Government.

Q. 2239—Will you be so good as to define what you mean by the term proprietor?

In Delhi a person who has had hereditary possession from time immemorial of certain portions of land, included within the nominal boundaries of the village, that hereditary possession gives him the right to dispose of the same as he pleases, to hire it, or lend it, subject to certain local customs of their own, and his heirs become the proprietors, such constituting what I call a proprietor."

A. D. Campbell (Paper submitted to the Select Committee of the House of Commons, 1832.)

"There may thus be distinctly traced only two parties originally connected with the land in India—the cultivators who paid, and the Government, or its representatives, who received the public dues. . . .

The limited payments to the State, made by the several classes of cultivators . . . are "in all cases distinctly regarded as the Government revenue (or rent), whether assigned to an individual or not. In none depending on the mere will and pleasure of another". But on our acquisition of the territory, the land revenue of which has been now settled in perpetuity on the zemindary tenure, the cultivators there rarely made these payments directly into the public treasury. Instances no doubt did occur, where, as in the territory now settled periodically, they were made directly to the servants or renters authorised by Government to receive them: but in general, when those countries fell under British dominion, the power to collect the land revenue, which the native Governments had deputed to the heads of villages, the superintendents of districts, the rulers of provinces, and other great officers of state, or occasionally to the nobles possessing strongholds, or to the petty sovereigns whom they had only nominally subdued, had, from the tendency of all Indian institutions to become hereditary, gradually become vested, for many generations, in the heads of particular families, with whom the State entered into periodical contracts compounding for its dues. To this class, including persons of every gradation in rank, from the petty sovereign of the hills or powerful Rajah of the plain to the chief cultivator of some obscure village, was given the indiscriminative appellation of Zemindar, a term which in the native language means a *landman* or *landholder*, one connected with the land, but which was at first understood to be equivalent to the English term *landlord*.

"The zemindar, as such, was originally the mere steward, representative, or officer of the Government, or rather the contractor for their land revenue, often hereditary; and the difference between the Land revenue of the State which he received from the cultivators, and the lower iumma or contract price

compounding for it, which he paid in lieu of it into the Government treasury, constituted, after deducting his own actual charges in its collection, the value of his zemindary contract or tenure: generally estimated by Government at from ten to fifteen per cent. above his jumma payable to them, and called *malikana*, or the peculiar property of which alone he is the owner (*malik*). Accordingly, when the Government occasionally discontinued his contract, and temporarily collected their full land revenue directly from the cultivators, this *malikana* alone was paid by the Government itself to the hereditary contractor or zemindar, who, in such a case, was ousted from all concern whatever either with the land or its cultivators. He therefore possessed a valuable and often hereditary contract interest in the *Land Revenue* of the state, the collection of which alone was thus transferred to him; but, as zemindar, he possessed no right whatever in the *soil itself*, which, subject to the payment of that revenue, was held in fields exclusively by the cultivators, on the various tenures described above. . . ."

Lord Moira's minute dated 21st September, 1815, Revenue Selections 31-32, Vol. XI

"The situation of the village proprietors in large estates, in farms and jagheers, is such as to call loudly for the support of some legislative provision. This is a question which has not merely reference to the Upper Provinces, for within the circle of the perpetual settlement, the situation of this unfortunate class is yet more desperate; and though their cries for redress may have been stifled in many districts, by their perceiving that uniform indisposition to attempt relieving them which results from the difficulty of the operation, their sufferings have not on that account been the less acute.

"In Burdwan, in Behar, in Benares, in Cawnpore, and indeed wherever there may have existed, extensive landed property at the mercy of individuals, whether in farms, in talook, in jagheer, or in zemindary of the higher class, the complaints of the village zemindars have crowded in upon me without number; and I had only the mortification of finding that the existing system, established by the legislature, left me without the means of

pointing out to the complainants any mode in which they might hope to obtain redress. . .

"The cause of this is to be traced to the incorrectness of the principle assumed at the time of the perpetual settlement, when those with whom Government entered into engagements were declared the sole proprietors of the soil. The under-proprietors were considered to have no right except such as might be conferred by pottah, and there was no security for their obtaining these on reasonable terms, except an obviously empty injunction on the zemindar amicably to adjust and consolidate the amount of his claims."

Halhed: Land Tenure and Principles of Taxation, 1832

"A lamentable instance of the want of real information in regard to the nature of the land tenure in India, is exhibited in the legislative enactments consequent upon the discussion of the zemindary question before the Hon'ble Houses of Parliament in 1781-82, by which the allodial interests of millions of proprietors were destroyed, in order to establish on their ruins a landed aristocracy in the persons of the tax-gatherers." Mr. Halhed went on to observe in 1839:

"In the discussions which eventually led to the permanent settlement of the revenue in Bengal, Behar, Orissa, and Benares, the interests of the agriculturists were entirely forgotten, it appears from the minute of council that the point mooted was simply whether the property in the soil vested in the sovereign or in the zamindar, or contractor for the revenue: and the question was set at rest by declaring the proprietary rights in the estates or jurisdiction for the revenue of which they had contracted to pay, to belong to the latter."

Court of Directors' Minute dated 15th January, 1819

"The paramount importance, on every ground of justice and expediency, as connected with the welfare and prosperity of the British empire in India, of adopting all practicable means for ascertaining and protecting the rights of the ryots, has, in our correspondence, been made the topic of frequent and serious representation. . . .

"In the consideration of this subject it is impossible for us not to remark that consequences most injurious to the rights and interests of individuals, have arisen from describing those with whom the permanent settlement was concluded, as the *actual proprietors of the land.* This mistake (for such it is now admitted to have been), and the habit which has grown out of it, of considering the payments of the ryots, as rent instead of revenue, have produced all the evils that might have been expected to flow from them. They have introduced much confusion into the whole subject of landed tenures, and have given a specious colour to the pretensions of the zemindars, in acting towards persons of the other class as if they, the zemindars, really were, in the ordinary sense of the word, the proprietors of the land, and as if the ryots had no permanent interest but what they derived from them. . . . There can be no doubt that a misapplication of terms, and the use of the word 'rent', as applied to the demands on the ryots, instead of the appropriate one of 'revenue' have introduced much confusion into the whole subject of landed tenures, and have tended to the injury and destruction of the rights of the ryots."

Sir E. Colebrooke, 12th July, 1820, from Revenue Selections, Vol. III, page 167

"The errors of the permanent settlement in Bengal were twofold; *first*, in the sacrifice of what may be denominated the yeomanry, by merging all village rights, whether of property or occupancy, in the all-devouring recognition of the zemindar's paramount property in the soil; and *secondly*, in the sacrifice of the peasantry by one sweeping enactment, which left the zemindar to make his settlement with them on such terms as he might choose to require. Government, indeed, reserved to itself the power of legislating in favour of the tenants; but no such legislation has ever taken place; and, on the contrary, every subsequent enactment has been founded on the declared object of strengthening the zemindar's hands."

Sir C. T. Metcalfe's minute of 7th November, 1830

"There is no point on which we ought to be more careful than as to the acknowledgment of pretended proprietors in the

Western Provinces, other than the real members of the village communities. There is reason to suppose that in many a village, where the real proprietors were once numerous, some upstart fellow has acquired, without right or by fraud, an ostensible pre-eminence, and now pretends to be the sub-proprietor. In any settlement more precise and determinate than those heretofore made, it will be necessary to be most cautious not to sacrifice the proprietary rights, such as they are, of the numerous proprietors of villages, to the pretensions of one or a few who may have brought themselves more into notice, and obtained predominance, whether by fair means or foul. Investigations must be made in each village, for the names recorded in the Collector's books may be either those of persons who are not proprietors, or those of persons who being part proprietors are not exclusively so, but representatives of the body of village proprietors . . .

"By far the most numerous class of settlements to be made will, I conclude, be those with village communities. In such settlements the mocuddums, or headmen by whatever designation known, come forward to conclude the settlement as the representatives of the village community. I believe that it is not an uncommon practice to consider those who sign the engagements as exclusively responsible, in their own persons, for the payment of the revenue. In my opinion, although undoubtedly responsible as part owners of the village lands, and additionally responsible as collectors of the revenue, and managers of the village, in which capacities they usually receive a percentage on the revenue, which allowance is termed mocuddummee, they are not exclusively responsible, nor as landowners more responsible than the other landowners of the village which they represent. Out of this practice of considering the mocuddums, as the contractors for the revenue, instead of regarding them as the headmen and representatives of the village communities, has arisen, I fear, the more serious evil of considering them as the only landowners of the village, and thus annihilating the rights of the rest of the village community."

As we do not wish to burden the report with many similar quotations (which can be multiplied) we shall content ourselves with quoting one more extract from Sir Charles Metcalfe's minute

which exposes beyond doubt the hollowness of the zamindars' pretensions to absolute proprietary rights in land:

"With respect to the right of property in the soil, I am inclined to believe . . . . that it is much the same generally throughout India, and that it existed in the Ceded districts as elsewhere, but it is everywhere saddled with the payment of a large portion of the produce to Government, and all right ceases for the time if this be not paid. I speak of the acknowledged law or custom of India, not of any artificial distinctions that our Regulations may have created . . . . The Government may interpose persons to collect its share, such as the heads of village communities to whom a percentage of commission may be allowed for their services, or farmers who pay an equivalent to Government by contract, collecting the Government share for their own use. But whoever the person interposed may be, what he collects is the Government share, or its supposed equivalent. . . ."

This shows clearly that the zamindars were looked upon as merely representatives of Government created for the purpose of collecting the Government's share of the produce. Even under the present Land Revenue Act, the land-holder is still substantially different from the landowner in the English sense; he can enjoy his property only while he is bound by engagement to pay the revenue, and if he refuses to engage, the property for the time passes into other hands.

In the following chapter we propose to make a detailed study of the injustice done by the British, either consciously or out of ignorance, to the actual tiller of the soil. Suffice it to say here that the one undeniable fact that emerges from the preceding historical review is that before the British imposed their conceptions of proprietary rights in land, the three cardinal principles of the land tenure system in the country were—

(1) that proprietary rights in land vest in him who cultivates it,

(2) waste land is the property of the village community to be used by all, and

(3) that the village community as a whole and not any particular individual was the primary unit of the Revenue system as of the agricultural organisation.

Chapter V

THE LAND SYSTEM OF THE UNITED PROVINCES

EARLY SETTLEMENTS

In the preceding chapter we have pointed out that in a study of the early history of revenue administration under the British rule the United Provinces falls broadly into three groups of territories, viz., (1) the old "Banaras Province" acquired in 1775 and permanently settled under the Regulation of 1795, (2) the "Ceded and Conquered" and Bundelkhand districts and (3) the province of Avadh acquired in 1856. We propose to describe briefly the development of the land system under British rule in two parts. In the first we shall deal with the mistakes committed out of ignorance during the early settlements or the injustices deliberately and consciously perpetrated on the large mass of the people, while the second will deal with the efforts subsequently made to rectify those mistakes.

(i) The Permanent Settlement of Banaras

The province of Banaras was ceded to the East India Company by a treaty with Asaf-ud-Daulah, Nawab of Avadh. These districts were then held by Raja Chet Singh of Banaras, who was allowed to remain in charge of the settlement and collection of land revenue, on condition of the payment of an annual tribute of Rs.22 lakhs. Raja Chet Singh was expelled in 1781, and the agreement made with his successor, Raja Mahip Narain, was for an annual *jama* of Rs.40 lakhs, which appears to have been a very heavy demand. The *abwabs* and other dues imposed upon the cultivators were greatly increased and were so severe that the province was threatened with ruin and fertile lands became waste. There was great mismanagement during this period and the *amils* were allowed to exact from the cultivators whatever they could collect. The province seems in some cases to have been treated as the private property of the rulers. Warren

Hastings gave large *jagirs* in Ghazipur to his favourites and subordinate officials. Francis Fowke, one of the earlier Residents, imposed a number of cesses for his own benefit, and gave a large portion of the same district to his treasurer, one Kashmiri Mal.

The revenue administration was taken over during the period 1788-94 by Mr. Duncan, Resident of Banaras, who planned a number of reforms most of which, however, he was unable to put through. Up to that time the revenue demand for a *pargana* or even a group of *parganas* was settled by auction, the lease being given to the highest bidder who was left free to distribute it over the villages without any interference from higher authority. Mr. Duncan directed that the assessment should generally be made with a *mahal* as a unit and the total assessment of all the *mahals* comprised in it should be the revenue demand of the *pargana* as a whole. This change, however, appears to have been only partially effected. It was discovered in a settlement of the Ballia district in 1880, and even later, that there were some groups of villages on which the revenue demand was assessed in a lump sum, and the revenue payable by each village separately was not specified. This frequently led to great confusion and disputes. Mr. Duncan abolished all cesses imposed since 1799, prohibited the division of crops by *batai* and substituted for it *kankut* or appraisement of the produce before harvest. The assessment of a *mahal* was to be determined not by auction, but on the basis of ascertained collections of previous years. The *amils* or collectors of revenue were directed to make sub-settlements with zamindars on the same estimates of assessment on which their own *jama* was calculated and to give leases specifying the demand and other conditions to the zamindars. This was, however, not done on any large scale as there were no records of rights. The leases were consequently given only to those persons who offered to make engagements for the revenue, i.e., the class of persons later known as *lambardars*. When subsequently the proprietary rights of the other co-sharers were acknowledged to be equal to those of the *lambardars*, attempts were made to give formal recognition to this fact by the sub-division of joint villages. Countless disputes occurred, and in many cases it was found impossible to remedy the injustice done by the Permanent Settlement which was made hastily and without a proper survey

and the preparation of a record of rights. Mr. Duncan had originally intended to have all the lands measured according to a standard measuring rod but was unable to carry out his intention. No attempt was made to record or define proprietary rights, the rights of the cultivators or even the boundaries of *mahals*. Thus when the settlement was made permanent in 1795, the assessment of revenue was unequal and on the whole very severe and there was no adequate recognition of the existing rights of cultivators.

During the enquiries preceding the introduction of the Permanent Settlement, it had been discovered that there were practically no intermediaries between the State and the cultivator, except the contractors and farmers of revenue, and Mr. Duncan's original intention was to settle directly with the cultivators. But Lord Cornwallis's notions about the superiority of the English form of land-holding were allowed to prevail, though not to the same extent as in Bengal and Bihar. In one-twelfth of the area of the province collections continued to be made directly from the *ryots*, one-quarter of the area was settled with revenue farmers and two-thirds with village zamindars. Most of the villages were held by a numerous body of co-sharers, or *bhaiya-chara* communities. But in these settlements with 'village zamindars' only two or three representatives of the village community were in most cases arbitrarily selected and recorded as proprietors. The rights of the others were ignored and having been deprived of any share in the management of the estate they gradually sank to the status of tenants. Frequent sales of land for default of revenue also contributed largely to the extinction of the rights of the old cultivators. In fact Regulation VI of 1795 had prescribed that in cases of default the *lambardars* should be dispossessed and collections made directly from the co-sharers and tenants, and that sales should be made only when this method failed and after a report by the Collector to the Board of Revenue. This law, which was in force till 1830, appears to have been generally disregarded and sale by auction was adopted invariably as the method for realisation of arrears of revenue, and the prescribed reports to the Board of Revenue do not appear to have been made. Often the purchases were made by tahsildars

and other government servants under false names for merely nominal sums. On sale of land by auction to a stranger the rights of all the occupants were often completely extinguished. In the early days of the permanent settlement *amils* usually collected revenue from small co-sharers but this was prohibited in 1808 and *amils* who were then designated tahsildars were authorised to collect revenue only from *iambardars*. This again resulted in the loss of rights of innumerable small holders of land.

The avowed intention of the Permanent Settlement of Banaras as of Bengal and Bihar was to ensure the same stability of tenure and fixity of rents to the cultivators as was offered to the proprietors. Lord Cornwallis *trusted* "that the proprietors of land, sensible of the benefits conferred upon them by the public assessment being fixed for ever", would "exert themselves in the cultivation of their lands under the certainty that they will enjoy exclusively the fruits of their own good management and industry, and that no demand will ever be made upon them or their heirs or successors by the present or any future Government for an augmentation of the public assessment in consequence of the improvement of their respective estates.... To discharge the revenues at the stipulated periods without delay or evasion, and to conduct themselves with good faith and moderation towards their dependent *talugdars* and *raiyats*, are duties at all times indispensably required from the proprietors of land. The Governor-General in Council, therefore, *expects* that the proprietors of land will not only act in this manner themselves but also enjoin the strictest adherence to the same principles in the persons whom they appoint to collect the rents for them."

The whole subsequent history of the rack-renting and oppression of tenants is an ironic commentary upon these ill-founded hopes and expectations. It is a matter of common knowledge that though the burden of revenue fixed upon the zamindars themselves grew lighter and lighter with the extension of cultivation, it did not prevent them from continuously increasing the burden of rent upon cultivators, or making illegal exactions and ejecting them whenever another person offered a higher rent. The criticism of the Government of India in their

Resolution on Land Policy, 1902, applies to Banaras no less than to Bengal. They observed: "As regards the condition of cultivators... there is still less ground for the contention that their position, owing to the Permanent Settlement, has been converted into one of exceptional comfort and prosperity. It is precisely because this was not the case, because, so far from being generally well treated by the zamindars, the Bengal cultivator was rack-rented, impoverished, and oppressed, that the Government of India felt compelled to intervene in his behalf, and by the series of legislative measures that commenced with the Bengal Tenancy Act of 1859 and culminated in the Act of 1885, to place him in the position of greater security which he now enjoys. . . The Government of India . . . . know that the evils of absenteeism, of management of estates by unsympathetic agents, of unhappy relations between landlord and tenant, and of the multiplication of tenure-holders, or middlemen, between the zemindar and the cultivator in many and various degrees, are at least as much marked and as much on the increase there as elsewhere, and they cannot conscientiously endorse the proposition that, in the interests of the cultivator, that system of agrarian tenure should be held up as a public model, which is not supported by the experience of any civilised country, which is not justified by the single great experiment that has been made in India, and which was found in the latter case to place the tenant so unreservedly at the mercy of the landlord that the State has been compelled to employ for his protection a more stringent measure of legislation than has been found necessary in temporarily settled areas."

(ii) Ceded and Conquered Districts

The principal concern of the East India Company, in dealing with the extensive territories that fell into its grasp, appears to have been the realisation, by quick and expeditious methods, of as large revenues as possible to enable it to carry on its wars of conquest and furnish large dividends to its shareholders. Being occupied mainly in the pursuit of trade, political intrigue or war, its servants had no previous means of acquiring that knowledge and experience which were necessary for the successful administration of a vast country in the disturbed conditions then pre-

vailing. Though some records of rights had been carefully maintained during the days of settled government the Indian system of administration was not one of codified law and written rules but a system dependent upon custom and long established usage. This the British administrators had neither the opportunity nor a sincere desire to ascertain. They relied, therefore, mainly upon the higher Indian revenue officials who took advantage of their ignorance and inexperience to acquire large properties by systematic fraud. The British civil servants of the Company were themselves notoriously corrupt, the vast wealth of Indian *nabobs,* as the retired civil servants were called, was a byeword during the early days of British rule.

There was no discoverable method or principle in the early settlements of the Ceded and Conquered districts during the years from 1801 to 1820. The records of previous collections were inspected to furnish the basis for a rough minimum estimate; offers were then invited from speculators and farmers of revenue and the demand fixed at the highest figure anyone was prepared to give. "To take Cawnpore as an instance, the rent roll under the native Government was Rs.22,56,156. The first assessment after annexation raised this to Rs.23,59,361, and this was probably in excess of the whole rental of the district. Other settlements were made in 1805, 1807 and 1812. The last remained in force till 1840, and the final settlement which has been just completed only brings in an annual revenue of Rs.21,61,438. The first settlement took more than the whole rental. . . " (N. W. P. and Oudh Administration Report, 1882-83).

The revenue demands were progressively increased in other districts as well. Mr. Smith in the Settlement Report of Aligarh, 1874, pointed out that the revenue gradually increased from Rs.19,29,978 in 1804-5 to Rs.33,14,022 in 1815-16 or 71 per cent. in 12 years. The settlements were generally made with farmers of revenue to the complete disregard of existing rights in land from reasons of expediency; this being much the easiest method of collecting an extortionate demand, and also on account of the political advantage accruing to the Government from the support of powerful and wealthy persons. This is shown by the history of early settlements in Mathura. "The 1st triennial settlement

of the Trans-Jumna pargana was made by Mr. Russell, and in all of them taluqdars were admitted to engagement as taluqdars or as farmers. The farm to Rammast Khan was especially ordered as a conciliation to a powerful rebel. . . . . The continuance of the farming system certainly involved many objections, and yet I was not aware of the practicability of forming any other arrangement. . . . After having been in possession of the parganas from the accession of the British power in these provinces, any attempt to separate them would have been calculated to have given disgust and dissatisfaction to the taluqdars, and to have excited in their minds a distrust and apprehension of the intentions of the Government, and any suspicions of this nature must have been attended with the most serious consequences, at a time when the tranquillity of the Doab was an object of such importance, and that the strength of our army was directed against an invading enemy . . . any open hostility on their part would have materially impeded the important operations and objects of the campaign." (Mathura Settlement Report, 1879).

Similarly Mr. Smith in the Aligarh Settlement Report says:

"For the first year 1803-4 all that could be done was to farm the revenue to men of influence in the district . . . Things were not much better the next year 1804-5 or 1212 fuslee . . . the demand for the year was fixed at Rs.19,86,483 of which only Rs.12,22,519 were collected. The settlement was made much in the same way as the year before; it was no doubt the wish of Government that every consideration should be paid to the rights of all concerned; directions were issued providing that if subordinate proprietors existed in a talooka, settlements should be made with them; in all cases it was to be formed with those in possession . . . . But the disturbed condition of the district rendered these good intentions for the time futile. It was found necessary to continue the practice of farming to men powerful enough to preserve order and therefore to collect . . . The Collector was alone in a district of unmanageable size, and the temptation to have recourse to this comparatively simple method was too great to be resisted . . . The first triennial settlement was taken up by Mr. Russell and was reported as complete in July, 1806. When it is considered what an enormous tract of country was included in the collectorate,

that most of it had been only lately conquered and some of it was still in a disturbed state, there is no cause for wonder that in spite of the repeatedly expressed wishes of the Board that settlement should be made with the zamindars, meaning for the most part the village occupants in possession of the management of each village; the Collector simply found it impossible to carry out these views . . . He had to conciliate those in power in the district as well as collect the revenue and he found that the two aims could be best attained together. Nor was there time within the short limits of the few months allowed for the formation of the settlement, to decide claims, which must have been doubtful to any mind at that time, and which if decided at once in favour of the claimants, would only increase the difficulties of the position. The native practice of giving large tracts in farm was, therefore, continued. The character of the settlement is sufficiently shown by the fact that the entire number of persons engaging for this extensive tract of country was only 827."

Unfortunately the early settlements, whether in Banaras, the Ceded and Conquered districts, or in Avadh, made in haste and ignorance, determined the whole future of land tenure. Subsequently, when experience showed their evil effects and their enormous injustice, well-meaning, though weak, attempts were made from time to time to remedy the evil, but the broad outlines of the new form of land tenure had already set and hardened and it was found impossible to restore their rights to the millions of small cultivators who had been expropriated or to remove the new class of landlords that had been created.

It is true that other governments had also realised rents through the agency of revenue-farmers, but even in the worst periods of misrule their rights were strictly limited by the older prescriptive rights of the cultivators. No previous Government had made the mistake of assuming that the cultivator held his land on sufferance from the revenue farmer, or that the latter had any right to demand more than the State's share of the produce. Proprietary rights had never before been conferred upon the collector of revenue to the loss and injury of the tiller of the soil.

But the evil did not stop here. Even in the early settlements, engagements for revenue were, sometimes, made with the headmen

or representatives of village communities. Even where the engagement was made with a revenue-farmer, he also was sometimes the head of an ancient family and had some respect for established usage. But these people were often unable to pay the revenue demand imposed by the British rulers, which was exorbitant and which was frequently revised and enhanced. The only method that the British knew of recovering revenue in cases of default was to dispossess the *malguzar* and sell the estate in an auction to the highest bidder. Such a harsh method of revenue collection had not been previously employed in this country. The officials and other unscrupulous persons took advantage of the sale laws by fraud and deceit to acquire large estates and to dispossess the old families connected with the land. The following passages from the Settlement Report of Kanpur describes the ways in which the *malguzars* were dispossessed by the operation of sale laws : "The first year gave a bumper crop, and owing to the remission of the sayar, and the non-collection of takavi. . . . everything appeared *couleur de rose*. But 1211 was a famine year, and now arose the opportunity for the native officials to reap the harvest prepared for them by the grossly incorrect records and the ignorance of the actual status of proprietary or condition of the people which unfortunately characterised the local authorities. Large remissions of revenue were granted, amounting to nearly one-sixth of the entire revenue of the district, but never reached those for whose benefit they were made. The tahsildars, chiefly through their creatures assumed the management of the defaulting estates, and though Government were moved to remit the outstanding balances as irrecoverable, numerous estates were brought to sale for these very arrears, and bought up by native officials or their nominees. Thus Nasir Ali, the Diwan of the Collector's office bought 81 estates, paying a revenue of Rs.1,21,000, for a sum of Rs.79,908; and Ahmad Baksh, the Tahsildar of Ghatampur, bought in the name of his servants, Pahlwan Beg, etc., estates paying a revenue of nearly Rs.50,000 for little more than the tenth of a year's demand, or Rs.5,670.

"In all this they were assisted by the originally incorrect record of rights. Even the names of the villages had been altered, and persons actually enjoying proprietary rights were ignorant of their danger, either because their names did not appear as the

defaulters or they did not recognize their own villages in the names of the estates put up to auction. Indeed, numerous instances occurred where the actual proprietor was totally unconscious that he was represented in arrears, or had hid away by the advice of the very officer who was prepared to take advantage of a fault he had himself instigated.

"The network of villainy was complete. The tahsildars were mutually connected or related to the leading officials in the revenue courts; whilst the records in the tahsildars' offices were not forthcoming; in the kanungo's account remissions were unnoticed and the balances still recorded as outstanding; no authentic patwari's accounts were forthcoming, and owing to the collusive understanding which subsisted between the sudder and mufassil offices, the official records of the Collector's office relative to both remissions of revenue and sales of land. . . were mutilated and done away with; there can be no doubt that measures were purposely adopted to render the account of the years alluded to unintelligible."

Mr. Robertson, the Judge and Magistrate of Kanpur, was among the first to draw the attention of the Government to the scandalous state of affairs. In his note dated 9th September, 1820, he described the existing land system and the confusion and disorder consequent upon British administration. Mr. Fortescue, Judge and Magistrate of Allahabad, while referring to the manner in which the Raja of Banaras and one Babu Dooke Nundun Singh acquired zamindaris yielding a revenue of several lakhs of rupees observed : "The fact is that the ignorance and weakness on the part of our new subjects were played upon by every species of cunning and rapacity unrestrained by any sense of shame or fear."

The following extract on the same subject has been taken from Mr. Holt Mackenzie's minute :

> "In the districts of Goruckpur, Allahabad, and Cawnpore, the public sales appear to have been greatly more extensive than elsewhere but in all they have been considerable; and the private transfers by which our public officers—the retainers of the Court and the Cutchery—have gained possession of estates, perhaps equally numerous, have scarcely proved less injurious in their effects on the interests of

that great body of the agricultural community,—the village zamindars."

This minute of Mr. Holt Mackenzie led to the appointment of a special commission which was to enquire into the sales that had taken place during the first few years of British rule and was empowered to restore possession to the old zamindars where they had been wrongly deprived. The special commission was armed with extensive powers and brought to bear upon its task a zeal and ability which was highly commended by the Government but it was unable to remedy all the wrongs that had been committed. At the same time Regulation VII of 1822 was passed which among other things prescribed a more detailed inquiry into the rights of all parties interested in land than had hitherto been made.

The following passage from the Settlement Officer's Manual, 1852, reviews briefly the whole course of proceedings :

"The early settlements were made for periods varying from three to five years. They were effected in a very easy and cursory way. The Collector sat in his office at the sudder station, attended by his right hand men, the kanungos, by whom he was almost entirely guided. As each estate came up in succession, the brief record of former settlements was read, and the *dashani* book or fiscal register, for ten years immediately preceding the cession or conquest was inspected. The kanungos were then asked who was the zamindar of the village. The reply to this question pointed sometime to the actual *bona fide* owner of one, or of many estates; sometimes to the headman of the village community; sometimes a non-resident sayyid or kayasth, whose sole possession consisted in the levying of an yearly sum from the real cultivating proprietors and sometimes to the large zamindar or taluqdar, who held only a limited interest in the greater part of his domain. Occasionally a man was said to be zamindar who had lost all connection for many years with the estate under consideration, though his name might have remained in the kanungo's books. As the dicta of these officers were generally followed with little further inquiry, it may be imagined that great injustice was thus perpetrated.

"Then followed the determination of the amount of

revenue. On this point also reliance was chiefly placed upon the *doul* or estimate of the kanungos, checked by the account of past collections and by any offers of mere farming speculators, which might happen to be put forward at the time . . .

"Great discontent was naturally excited by these blind and summary proceedings among those whose interest had been neglected or over-ridden in them . . . . Numerous complaints were preferred on this ground at times of settlement, or otherwise; but the petitioners were referred for redress either to the civil courts, or to some future period when the revenue officers would have leisure and authority to enter into such questions.

"The first of these expedients, and the only one available at the time, viz., that of resort to civil courts, was worse than useless . . . . . the courts could do nothing to remedy the errors which had been committed. They could only make confusion worse confounded.

"The evils arising from the haste and ignorance of our early settlement proceedings were further aggravated by the measure pursued for the realisation of the revenue. No record having been made of any shares besides the lambardars or actual engagers with Government, much less of the quota of revenue which each sharer was bound to pay, no attempt could be made when arrears accrued to discover the real defaulters.

"The main expedient on which the Collector relied was to prevent default by keeping watchmen over the crops till the revenue was secured. When this failed, the lambardars were imprisoned, and their personal property distrained. The next step was to put up the whole estate to the highest bidder. Many of these sales were got up by the native officers of Government, or by their friends, who themselves became the purchasers at a merely nominal price. The rights of hundreds were thus often annihilated for the default of a few, when the smallest inquiry or consideration would have sufficed to prevent the catastrophe. Many a popular community was then wrongfully deprived, not only of their privilege of contracting for the revenue, which is the just and proper penalty for real default, but also their position as hereditary cultivators of their paternal fields.

"The confusion occasioned in the state of landed property by these combined causes became at last so notorious that it could no longer be overlooked. The intensity of the evil, which called for correction, is best denoted by the extraordinary nature of the remedy applied to it. By Regulation I of 1821, a Commission was appointed and invested with powers amounting almost to a judicial dictatorship. Every public or private transfer of land which had taken place within the first seven or eight years of our rule was declared open to inquiry before this Commission, and if equity should require it, to annulment. Every act of the revenue officers performed in the same period, with all the immediate results of such acts, were similarly thrown open to revision. The previous judgment of a regular court of judicature was to be no bar to the exercise of these powers in any instance. We cannot pause now to describe the effect of the expedient thus adopted. On the whole, it failed to produce the advantages expected from it."

(iii) The Avadh Taluqdari system

Avadh was one of the fifteen provinces or *soobahs* in which Emperor Akbar divided his empire. The proportion of the produce which was to go to the State was fixed at one-third. This was in consonance with the old rule in Avadh whereby the holder of the land paid one-half of the produce after deducting the cost of cultivation. Under this arrangement the State got one-third of the produce.

The position, however, was different when British influence began to extend over Avadh. After the decline of the Moghal power at Delhi, Shujah-ood-Dowlah, the *soobahdar* of Avadh made an unsuccessful attempt to extend his dominion to Bengal. He was defeated by the British at Buxar following which he secured a protective alliance with the East India Company on 16th August, 1765.

Land in Avadh was at this time divided into *khalsa* or Crown lands and *huzoor tehsil* lands. For the latter the occupants of land paid their revenue direct in the *huzoor tehsil* or Nawabi treasury. The weakness and extravagance of the Avadh rulers soon led to the substitution of this method of direct payment by

the *ijarah, mustajiri* or contract system. Under this system the Government settled with a powerful man of the area to pay a fixed amount for the tract which he was allotted. These powerful contractors realised as much as they could over and above the fixed revenue payable to the State. This method of farming out tracts of country to influential men, some of them the holders of *huzoor tehsil* lands, was introduced by the Nawabs of Avadh to rid themselves of the trouble of making collections. This system may have saved the Avadh Government some trouble and expense and assured it the punctual payment of the assessed amount but it proved distinctly harmful to the interest of the actual cultivators.

Under the reign of the sixth Nawab of Avadh, Nawab Saadat Ali (1798—1814), the *mustajiri* system was replaced to a large extent, by the *amani* or trust system under which a *chakladar* or *nazim* was made responsible for the collection of government dues over vast areas, as a trustee or *"amin"*. This system was preferred by the British and some preceding Nawabs, who tried it, but under Nawab Saadat Ali this change was genuinely introduced. He maintained a strict supervision over the *chakladars* and greatly improved the financial position of the State.

Nawab Saadat Ali's successors, however, were not so efficient, and under them the *amani* system itself proved to be oppressive for the holders of the soil. Under the *mustajiri* system the contractor had to pay a fixed amount. No such amount was fixed for the *amil, chakladar* or *nazim* who, at the same time, had all the power, authority and protection of the Avadh Government. Thus he extracted as much as he could from the holder of the soil and paid what he liked into the government treasury.

In tracing the growth of taluqdari estates in Avadh we find that this system of *chakladars, nazims* or *amils* came to constitute an important step in the direction of enlarging the estates and increasing the importance of the taluqdars. Independent village proprietors or proprietary village communities, which could not, because of their weakness, withstand the oppresive demands of the *chakladars*, surrendered some of their rights in exchange for the protection of their more powerful neighbours. At the same time many old occupants were driven from their estates by the extortionate demands of *chakladars*, and their estates were grabbed by neighbouring taluqdars. The taluqdari estates were further

increased by (i) the taluqdar's forcible encroachment on the land of his weaker neighbours, (ii) the adoption of fraudulent means, (iii) sale deeds obtained by force, (iv) forced sales by auction for arrears of revenue, and (v) *bona fide* sales by the holders in order to raise the revenue demanded by revenue-farmers or *chakladars*. There are no doubt instances of the growth of some Avadh *taluqas* where force or fraud was not used. But such exceptions are very few and far between and do not disprove the charges of fraud and force on the taluqdars as a whole.

Sir William Sleeman, the British Resident in Avadh, estimated that by 1850 four-fifths of the *khalsa* land was grabbed by the bigger landlords from their weaker neighbours who had previously held their land directly from the State. Sleeman further observes that having thus grabbed these Crown lands held by village proprietors, the taluqdars paid to the Government less than the revenue payable by the original cultivating-owners.

Such was the nature of the land system in Avadh, when, on 13th February, 1856, the annexation of Avadh was effected by the East India Company. Lord Dalhousie's letter of instruction, dated the 4th February, 1856, defines the land policy which he intended to adopt:

"The settlement should be made village by village with the parties actually in possession, but without any recognition, either formal or indirect, of their proprietary right . . . . .

"It must be borne in mind, as a leading principle, that the desire and the intention of the Government is to deal with the actual occupants of the soil; that is, with village zamindar or with the proprietary co-parcenaries, which are believed to exist in Oudh and not to suffer the interposition of middlemen as Talooqdars, farmers of the revenue, and such like . . ."

In the summary settlement of 1856 out of 23,543 villages in taluqas at annexation 13,640 paying a revenue of Rs.35,06,519 were settled with taluqdars; while 9,903 villages paying Rs.32,08,319 were settled with persons other than taluqdars. To take a concrete instance, the gazette of the province of Avadh, Volume XV, tells us about a Raja Loni Singh. "Of the 1,500 villages and hamlets, of nearly all of which Raja Loni Singh had possessed himself by usurpation, about 70 only were restored to

'the original owners, the rest being settled with the Raja". According to Parliamentary Papers of 1861 (page 17), the taluqdars were "not only excluded in favour of village proprietors of really independent origin, but often deprived of their own hereditary villages, which their ancestors had actually founded". Sir Robert Montgomery says that even when the taluqdars were allowed to retain their tenures "they were settled with, not under the superior title of Talooqdar, but as owners by prescriptive right of the villages". In doing so the British had only attempted to follow what has been the custom in India since times immemorial and was only disturbed on account of the anarchy that prevailed following the decline of the Moghal rule.

The rebellion of 1857 broke out while the summary settlement was still on. The peasants generally lined up with those taluqdars who took up arms against the British. By virtue of their position, their forts and armoury and the strength of men which they maintained those taluqdars who mutinied naturally rallied the peasantry round their banner to fight the "hated firangis". With a view to forging this unity the village proprietors returned to the taluqdars the villages they had recovered from them at the time of the summary settlement.

The patriotic act of the village proprietors in surrendering their rights voluntarily in favour of the taluqdars and taking arms under them was interpreted by the British to mean that the village proprietors preferred to remain in subordination to the taluqdars. This was, however, not true, as the following despatch of the Secretary of State for India, Sir Charles Wood (Lord Halifax), dated 20th April, 1860, would show: "I do not consider that there is any real force in the plea that the village communities announced their predilection for the feudal system of tenure by rallying round the Talooqdars during the mutiny. The facts must not be forgotten, that as the kinsmen or co-religionists of the mass of the mutineers, they identified themselves with the cause. They found the Talooqdars with strong forts and numerous retainers and were glad to place these chiefs at their head in a struggle which they must have seen required the united effort of the country to prove successful. Their conduct proved that they hated and feared the British power, under the circumstances of the times, more than they disliked the Talooqdar, but not that they preferred his rule to their own independence." The policy of the British,

more specially after the rebellion of 1857, was guided in the main, by political considerations, with the object of forcing their rule over a rebellious people and the support of the rebellion of 1857 by the peasantry called forth a vendetta against them. The alleged love of the village proprietor for the vassalage of the taluqdar was merely an excuse to explain away the somersault in the British policy of land settlement after the 1857 rebellion, when they returned to a policy of seeking alliance with native vested interests as against the pre-1857 policy of not suffering the interposition of intermediaries.

With a view to formulating a new land policy after the rebellion, Sir James Outram, the first Chief Commissioner of Oudh, addressed a communication to the Government of India on January 5, 1858, in which he said:

"The system of settlement with the so-called village proprietors will not answer at present, if ever, in Oudh. These men have not influence and weight enough to aid us in restoring order. *The lands of men who have taken an active part against us should be largely confiscated, in order, among other reasons, to enable us to reward others in the manner most acceptable to a native.* But I see no prospect of returning tranquillity by having recourse for the next few years to the old Talooqdaree system.

"Talooqdars have both power and influence to exercise for or against us. The village proprietors have neither.

"Taluqas should only be given to men who have actively aided us or who, having been inactive, now evince a true willingness to serve us, and are possessed of influence sufficient to make their support of real value."

The vindictiveness with which the British bureaucrats looked at the village proprietors for having taken part in the rebellion is shown by Lord Canning's note dated June 27, 1858. He observed: "It might have been expected that, when insurrection first arose in Oudh and before it had grown to a formidable head, the village occupants, who had been so highly favoured by the British Government, and in justice to whom it had initiated a policy distasteful to the most powerful class in the province, would have come forward in support of the Government who had endeavoured to restore them to their hereditary rights and with whose interests their interests were identical. Such, however, was not the case. So

far as I am yet informed, not an individual dared to be loyal to the Government which had befriended him."

Following the communication from Sir James Outram quoted above, a decision on the new policy to be adopted came under the active consideration of the Governor-General, Lord Canning. There arose a difference of opinion between the Chief Commissioner and the Governor-General on the question of the treatment to be meted out to the taluqdars.

To Sir James Outram's contention that the taluqdars were most unjustly treated under the first summary settlement of 1858 the Secretary communicated the Governor-General's considered opinion that it was not so and added. "As a question of policy, indeed, the Governor-General considers that it may well be doubted whether the attempt to introduce into Oudh a system of village settlement in the place of the old settlement under the Talooqdars was a wise one; but this is a point which need not be discussed here. *As a question of justice, it is certain, that the lands and villages taken from the Taluqdars had, for the most part, been usurped by them through fraud and violence.*" (*Italics ours.*)

After the restoration of British authority, the Government decided to confiscate all the land with an exception in favour of loyal taluqdars.

In consonance with this intention the Right Hon'ble the Governor-General was pleased to decree that "Drigbyjeye Singh, Rajah of Bulrampore, Koolwunt Singh, Rajah of Paduha . . . . are henceforward the sole hereditary proprietors of the land which they held when Oude came under British rule, subject only to such moderate assessment as may be imposed upon them; and that these loyal men will be further rewarded in such manner and to such extent as, upon consideration of their merits and their position, the Governor-General shall determine." After giving an assurance that those who establish to the satisfaction of the Government, their claim of loyalty will be rewarded, the proclamation said . . . "The Governor-General further proclaims to the people of Oudh that, with the above-mentioned exceptions, the proprietory right in the soil of the Province is confiscated to the British Government, which will dispose of that right in such manner as to it may seem fitting."

After this general confiscation of proprietary rights in the soil of the province Lord Canning enunciated his policy in a

letter, dated June 17, 1858, in which he described the origin of the taluqdari system in the following words:

> "When we assumed the Government of Oude in 1858, the greater part of the province was held by talookdars who represented it. They have been called 'Barons of Oude'. But this term applied to them as a class is misleading. Some had received titles from the Kings of Oude, for services rendered, or by court favour, some few are the representatives of ancient families; but the majority are men distinguished neither by birth, good service, or connection with the soil, who having held office under the Native Government as Nazims (i.e. Governors) or chuckladars (i.e., Collectors of Government rents), or having farmed the revenues of extensive tracts, had taken advantage of the weakness of the Native Government and its indifference to all considerations of justice, so long as it received revenue, had abused the authority confided to them by that Government, and by means of deeds of sale, sometimes extorted by violence, sometimes obtained by fraud, had become the nominal proprietors and the actual possessors of the villages, or the majority of the villages, which formed what they called their talookas or estates.
>
> "Owing to the ascendancy which the men of this class acquired, the weakness of the Native Government, the venality of the courts, and the absence of justice, the condition of the actual occupants of the soil of the province was one of unparalleled depression. Their rights had ceased to exist or were reduced to a mere shadow; they were completely in the power of the Talookdars and were subject to every kind of oppression, tyranny and exaction. In numberless instances they were compelled by the Talookdars to execute deeds of sale, alienating whatever proprietary right they nominally possessed; and they lost, but little by the act, for the practical fruition of proprietary right they had scarcely known."

In spite of all this the Governor-General decided that a taluqdari settlement be made. In this connection the State Paper said "His Lordship desires that it may be so framed as to

secure the village occupants from extortion; that the talookdar should on no account be invested with any police authority; that the tenure should be declared to be contingent on a certain specified service to be rendered, etc."

The solicitude of the Governor-General for the village occupants, however, remained on paper and in subsequent developments no penalties were imposed by the authorities and no duties and responsibilities were rigidly enforced, or for the matter of that, ever accepted.

The real purport of Lord Canning's policy, which essentially consisted of forcing a foreign domination over a rebellious peasantry and people, was, however, revealed by Lord Canning himself in his despatch to the Secretary of State, dated November 25, 1859. He said, "The maintenance of territorial aristocracy in India, wherever we have such an aristocracy still existing, is an object of so great importance that we may well afford to sacrifice to it something of a system which whilst it increased the independence and protected the rights of the cultivators of the soil, and augmented the revenue of the state, has led more or less directly to the extinction or decay of the old nobility of the country.

"How to preserve this class for useful purpose, and to prevent its impoverishment by idleness, extravagance and dissipation, without recognizing exclusive rights and unequal laws in its favour, has long been a difficulty."

After referring to some features of the taluqdari settlement in Oudh, Lord Canning observed, "But I think . . . that only by some such measures can we obtain a hold over the country which shall be beneficial to all classes of its people. We must work downwards, through the landed aristocracy and the old hereditary chiefs, carrying the best of them with us, as regards their interests, and, if possible, as regards their feelings, but showing them that abuse of the authority which we entrust to them will be followed by discredit and loss to themselves. If we work upwards, elevating the village proprietors, whilst we thrust aside their heretofore arbitrary masters, not only contrary to the power of the latter, but narrowing the field of their interests and occupations, we shall succeed in nothing but in sowing dissensions between the two

classes of lords and cultivators of the soil, making discontented subjects of the first, and getting little gratitude from the second."

That most of the taluqdars do not constitute the old nobility of the country, and have no hereditary connection with the land, may be gathered from the facts mentioned in the Avadh Gazetteer. Thus, in the Lucknow district out of twenty-five of the principal taluqdars only two are descendants of hereditary chiefs, in Unnao only five out of twenty-one and in Hardoi only about three or four out of seventeen.

Thus it was the British conquerer who created the landlords. He created them from petty chiefs and overlords, the tax-gatherers of the Moghal and Hindu emperors. He created them because they were a convenient reactionary social base for establishing foreign rule over a rebellious peasantry and people.

The object being to create a social base for the British power, the rights of the immediate proprietors of the soil were forgotten though pious platitudes were addressed to the Taluqdars, about their obligations to the peasantry. The following form of *sunnud* which was given to the Taluqdars with whom settlement was made, as given in the "Calcutta Blue-Books relating to Oudh, 1865" would be found interesting—"Therefore this *Sunnud* is given to you in order that it may be known to all whom it may concern, that the above estate————have been conferred upon you and your heirs for ever, subject to the payment of such annual *rent* as may from time to time be imposed, and to the conditions of surrendering all arms, destroying forts, preventing and reporting crime, rendering any service you and they may be called upon to perform *and of showing constant good faith, loyalty, zeal, and attachment in every way in which they can be manifested, to the British Government* according to the provisions of the engagement you have executed, the breach of any one of which at any time shall be held to annul the right and title now conferred on you and your heirs.

"It is also a condition of this grant that you will, so far as in your power, restore the agricultural prosperity of your estate wherever it has deteriorated, *and that you will treat all holdings under you with consideration, and secure them in the possession of all the subordinate rights they have heretofore enjoyed.* As long as the above obligations are observed by you and your heirs in

good faith, so long will the British Government maintain you as full proprietor of the above-mentioned estate." (Italics ours.)

Such a settlement naturally brought forth those among the population who excelled in manifesting constant good faith, loyalty, zeal and attachment to the British Government. That the directive to the taluqdars about their obligation to maintain the prosperity and existing rights of all persons holding land under them was only a pious wish on paper would be clear from the fact that its complete disregard was never noticed by the Government.

Lord Canning's proclamation was followed by a circular letter, issued by the Chief Commissioner calling upon the taluqdars to come to Lucknow to receive grants of proprietary rights. A few taluqdars held back in mistrust of the Government's intention and fear of arrest but the majority responded to the invitation and the second summary settlement on the lines of the Taluqdari system was then taken up. The second settlement was completed before the middle of 1859. The result was that nearly all taluqdars were reinstated in the estates they held in 1856. A few, who had taken an active part in the 1857 rebellion and maintained an unsubmissive attitude even after the suppression of the revolt, forfeited all titles to their estates. After the settlement the total distribution of the villages and the revenue among different persons stood as follows according to Major L. Barrow, the Special Revenue Commissioner:

	Villages	Revenue demands
		Rs.
Taluqdari	23,157	65,64,959
Zamindari	7,201	28,45,183
Pattidari	4,539	18,19,214
Total ..	34,897	1,12,29,356

As a result of the settlement operations a number of questions arose which demanded a decision on the part of the authorities. Some of these related to the village proprietors and tenant cultivators and others to the status and position of the taluqdars.

With regard to the former the question which required decision related to the manner in which the rights of those ex-proprietors could be shown whose lands had passed into the hands of the taluqdars before 1856 and was recognised as their property in the

sanads granted. The question was how to restore to the ex-proprietors their former rights and the extent to which it could be done in the sub-settlement as an under-proprietary right in subordination to the Taluqdars. The second question related to the occupancy rights of the tenants. Both these questions were settled by the "Oudh Compromise", in which while the ex-proprietors received a somewhat fair deal, the tenants' rights were grievously injured. For the former "The Oudh Sub-settlement Act, 1866 (XXVI of 1866)" and for the latter "The Oudh Rent Act, 1866 (XIX of 1868)" was passed.

Before we take up the examination of this so-called "Oudh Compromise" and how it struck the tenant cultivators in Avadh it would be worthwhile briefly to refer to the controversy that preceded it. Sir Charles Wingfield succeeded Montgomery as the Chief Commissioner of Avadh in May, 1858. In June, 1859 he made a representation to the Government of India to confirm *sanads* granted to the taluqdars. Keeping in mind the directive in Lord Canning's letter of instructions of 6th October, 1858, which, while recommending settlement with taluqdars, had also asked that provision be made for securing village occupants in taluqas from extortion, Sir Charles Wingfield in his communication, while expressing his satisfaction at the complete success of the Taluqdari settlement, added that he had already taken measures to secure the village occupants from extortion. Apparently he had done no such thing. Wingfield, as proved later, was against interfering in any way with the absolute rights of taluqdars over their lands and tenants and so added in his representation that "to establish the foundation of lasting contentment and prosperity, there must not be afforded the least ground for any expectation of change."

Replying to this Lord Canning while recognising that the taluqdars had acquired "a permanent hereditary and transferable proprietary right" maintained that "This right is, however, conceded subject to any measure which the Government may think proper to take for the purpose of protecting the inferior zamindars and village occupants from extortion, and of upholding their rights in the soil in subordination to the talookdars."

Sir Charles Wingfield opposed this condition saying that it would, on the one hand, alarm the Taluqdars and make them

look upon the gift of proprietary rights as a mockery. At the same time the inferior proprietors would be given high hopes about their status which it may be difficult to satisfy.

In his letter of October 19, 1859, Lord Canning, while generally approving the form of *sanad* as prepared by the Chief Commissioner, said—

"This being the position in which the talookdars will be placed, they cannot, with any show of reason, complain if the Government takes effectual steps to re-establish and maintain in subordination to them the former rights, as those existed in 1855, of other persons whose connection with the soil is in many cases more intimate and more ancient than theirs; and it is obvious that the only effectual protection, which the Government can extend to those inferior holders, is to define and record their rights, and to limit the demand of the talookdars as against such persons during the currency of the settlement to the amount fixed by the Government as the basis of its own revenue demand.

"What the duration of the settlement shall be, and what proportion of the rent shall be allowed in each case to Zamindars and Taluqdars, are questions to be determined at the time of settlements.

"The Governor-General agrees in your observation that it is a bad principle to create two classes of recognised proprietors in one estate, and it is likely to lead to the alienation of a larger proportion of the land revenue than if there were only one such class. But whilst the Talooqdari tenure, notwithstanding this drawback, is about to be recognised and re-established, because it is consonant with the feelings and traditions of the whole people of Oudh, the Zamindari tenure intermediate between the tenures of the Taluqdar and the *raiyat* is not a new creation, and it is a tenure, which, in the opinion of the Governor-General, must be protected."

That Lord Canning's opinions changed according to convenience and expediency is obvious from the fact that once he denounced the Taluqdars as persons not distinguished by birth or position and resorting to fraud and violence and later held them as belonging to "the ancient, indigenous and cherished system

of the country." Just a week after issuing the above letter to the Chief Commissioner on the 26th October, 1859, Lord Canning addressed the taluqdars of Avadh at Lucknow, where, the real object of his whole policy was made clear. It became clear that his policy essentially was to cajole them through the bestowal of proprietary rights and intimidate them by holding out threats of restricting or limiting their rights by entering upon sub-settlement with the zamindars and other inferior people and thus by playing both upon their self-interest and fear to keep them as a safe support on which the British power could rely. In the course of his address at the Lucknow Durbar, Lord Canning declared "you have all of you who are here present received yesterday the grants of those estates which the Government have restored to you. You will have seen by the terms of these grants that the ancient talooqdari system of Oudh is revived and perpetuated. Be assured, so long as each one of you is a loyal and faithful subject, and a just master, his rights and dignity as a talooqdar will be upheld by me, and by every representative of your Queen, and that no man shall disturb you. You will also have seen by those grants that the same rights are assured on the same conditions to your heirs for ever. Let this security be an encouragement to you to spend your care, and time, and money upon the improvement of your possessions. As the Government has been generous to you, so do you be generous to all those who hold under you down to the humblest tiller of the soil. Aid them by advances of money and by other indulgences to increase the productiveness of the land, and set them an example of order and obedience to your rulers. Let the same security in your possessions encourage you to bring up your sons in a manner befitting the position which they will hereafter occupy as the Chiefs of Oudh. *Learn yourself, and teach them to look to the Government as a father.*" (Italics ours).

But notwithstanding the directives of the Governor-General in his letters of October, 1859, quoted above, and the fact that his views had not been accepted by Lord Canning, the Chief Commissioner issued on the 24th November, 1859, a circular no. 162/2679 declaring that the Proclamation confiscated all rights in every species of property, and these rights were conferred upon the persons upon whom the estate was conferred, i.e. the taluqdars. This meant that all inferior rights in land had ceased to exist.

In another circular no. 165 of 1st December, 1859, he defined the taluqdars to be the holders of the superior right when there were two interests in the estate, a superior and an inferior. This circular contradicted the former by admitting the continuance of inferior proprietary rights.

On 2nd May, 1860, Colonel Abbot, Commissioner of Lucknow, in a letter addressed to the Chief Commissioner pointed this out. He said, "All estates in Oudh were confiscated: if all rights were conferred on those on whom the estates were conferred, then what of inferior or subordinate rights? Yet these were all along recognised as existing, even in the second of the circulars under discussion." And further "Whatever the right may be, and it has been repeatedly and authoritatively declared that there is an inferior right, it should, in my opinion, be distinctly declared whether it be the right of an hereditary cultivator to cultivate so long as revenue is regularly paid, or of sub-proprietors to sell and mortgage their sub-sharers as under the native rule; the question should be clearly laid down so as to admit of no misunderstanding. Cultivators-at-will they cannot be, for this indicates no right of occupancy."

The officiating Chief Commissioner Colonel Barrow replied to this letter on 14th May, 1860. He considered it premature to attempt to define the relations between the taluqdars and the sub-proprietors and regarded the general and vague declaration of the Government that the sub-proprietors were to be maintained in possession of all reasonable rights they may have exercised prior to annexation to be sufficient. But he was emphatic about the taluqdars rewarded for loyalty to the British and suggested confiscation of all subordinate rights in taluqas granted as a reward. He said "With regard, however, to those estates which, the award of confiscation having been carried into effect, have been conferred as rewards for loyalty and good conduct on the several Taluqdars and which are designated conferred talookdari tenures, in these all rights, whether of ownership or occupancy, have been confiscated, and the estates have been conferred on their respective recipients free from all liens, engagements or drawback whatever. The sub-proprietors, if there formerly were any, do not possess any definite interest whatever beyond what they may have derived from the grantee."

The Government of India after due consideration of the questions involved, passed orders on 12th September, 1860. This order, declared that the Acting Chief Commissioner "has gone considerably beyond the intentions of His Excellency, and has not acted in accordance with the spirit of Her Majesty's Proclamation." Paragraph II of the said order declared: "It was the intention of the Government that all such subordinate holders, unless specially deserving of punishment for persistent rebellion, should be restored to the rights they possessed before the rebellion whether the parent estates were ancestral, acquired or conferred, and that every such holder should be maintained in his rights under the new grantee precisely as if the talooka had not been confiscated or as, if having been confiscated, it had been settled with the hereditary talookdar." In this the Government of India had the support of the British Government which was indicated in the letter of Sir Charles Wood, the then Secretary of State to Lord Canning, dated 24th April, 1860.

Arrangements were completed in 1860 for making a revenue settlement for 30 years. For this the Record of Rights circular was issued, the chief object of which was to enforce the maintenance of rights as they existed just before the annexation and no others. Paragraph 2 of this circular said: "The rule on which we must take our stand for determining the amount payable to the talookdar by the under-proprietors or persons holding an intermediate interest between him and the *ryot* is to maintain the rights they were found possessed of in 1855, or just before the annexation of the province and no others; or we shall, in part, be repeating the errors of 1857, and reviving extinct rights as much to the disgust of the intermediate holders in possession as of the talookdars."

The circular directed that only the holders of subordinate proprietary rights, who were in actual possession in 1855, were to be recognized as proprietors. This was obviously unfair, as many old proprietors had been deprived of their rights during the period of anarchy and mis-rule preceding it, and several officers had suggested that all rights which had existed at any time during 12 or 20 years before 1855 should also be recognised. As regards cultivators, they were, all of them, to be treated as tenants-at-will and the settlement officers were directed "to make

no distinction between cultivators on fixed rates of occupancy and cultivators-at-will." Lord Canning in spite of his professed solicitude about subordinate holders and occupants, found no difficulty in approving of this circular. The instructions contained in it "appeared to the Governor-General very just and proper and framed in accordance with the views which the Government had already expressed."

The question of subordinate rights in talukdari estates assumed a new phase during the viceroyalty of Lord Lawrence. The Government of India, on 17th February, 1864, required a further explanation of the matter. The letter of that date stated that the Governor-General was not satisfied "that the scope of the instructions of the Secretary of State for India has been clearly comprehended or suitable measures adopted for carrying fully into effect the orders of the Government of India." Reference was specially made to the despatch of the Secretary of State, Sir Charles Wood, dated 24th April, 1860, in which he had suggested the recognition of proprietary rights which existed at any time during a period of 12 or 20 years before the annexation of Oudh. Lord Lawrence was further dissatisfied regarding the instructions that no rights of occupancy were to be recorded during settlement operations.

The Chief Commissioner of Avadh, Sir Charles Wingfield, took a stubborn attitude in his replies. Taking shelter behind the plea that his instructions had the general approval of Lord Canning, he observed that he had instructed the settlement officers not to record rights of occupancy as he was convinced that no such rights ever existed in Avadh. This friend of the taluqdars having thus been unable to trace the existence of such rights asserted in a very long and laboured reply: "Firstly, that every landholder has always exercised the right of ousting a *ryot* at his pleasure, which not even the *ryot* can deny. Secondly, that the local authorities and village *panchayats* under the native rule never interfered between the owner and cultivator of land. though these tribunals constantly adjudicated in claims to rights in land."

At one place, however, in the course of a long communication Wingfield came out in the open with his reasons for completely neglecting the interests of the cultivators. Treating the question

in a "purely political" manner, the Chief Commissioner differred with those Englishmen and officials who, proceeding from the premise that the security of the British Empire in the East depended upon the attachment of the mass of the peasantry, considered it sound policy to recognise rights of occupancy on the part of cultivators. He deemed it only his duty to avow his opinion, that in the attachment of the landed aristocracy, more effective support of the British rule could be found. He thought that the utter inability, even if there was the will, on the part of the peasantry to help the British was unmistakably evinced during the rebellion of 1857. He said that where the land was in the hands of the peasants, the flames of insurrection and rapine spread unchecked; they were arrested only when they reached the territories of some independent prince or great proprietor. He further declared that he was not aware of one instance where the peasantry remained loyal when the taluqdars went into revolt; they invariably followed the lead of their hereditary chief.

In April, 1864, the Chief Commissioner met Lord Lawrence and the Law Member, Sir Henry Maine, at Kanpur, and they went together over all the points connected with the question of allowing the subordinate proprietors of land 12 years from the annexation of Avadh within which to prove their rights. The Chief Commissioner desired time to consult the taluqdars. On 14th May, 1864, he reported as follows on his conferences with the taluqdars: "I gather from what they said, that though they would consider themselves justified in demanding that the present rule be maintained as resting on a declaration having the force of law, they would offer no objection to its relaxation, so as to extend the term of limitation for the hearing of claims to subordinate rights to 12 years computed back from the summary settlement in 1853-54, as in the rule in regard to claims of equal interest and subject always to the condition that full proprietary rights are not thereby revised. That is to say, that where villages have been annexed to the talooqa within 12 years, the persons who were in full proprietary possession will not be entitled to recover the equivalent of their former rights, viz., a sub-settlement at five per cent. upon the Government demand, but only to the most favourable terms they enjoyed in any one year since the incorporation of their lands with talooqas."

On 30th September, 1864, the Governor-General informed the Chief Commissioner that there was no room for the assertion that the recognition of occupancy rights, provided their existence was judicially established, involved any departure from Lord Canning's pledges. He further ordered an enquiry into the existence of occupancy rights and allied matters and Mr. R. H. Davies, the Secretary of the Punjab Government, was appointed as the Financial Commissioner to conduct the enquiry. The Chief Commissioner was further peremptorily ordered to request the Financial Commissioner to revise all the revenue circulars regarding occupancy rights. On 24th October, 1864, was issued Book Circular no. 2 to all Commissioners, which among other things said: "It is not now admissible to raise the question whether rights of occupancy at rates below the maximum rent are in an economic sense advantageous or the contrary. The simple point for determination is, whether, according to the usage of the country, such rights are recognised and enjoyed or not? If such rights are proved to exist, they must, like other landed tenures, be maintained, whatever opinion be held concerning their tendency."

Encouraged by the attitude of Sir Charles Wingfield and alarmed at this new development, the taluqdars soon worked up an agitation against the reduction in any way of their almost absolute rights over their taluqas. The main burden of their campaign was to profess their loyalty to the Government and plead for a favourable attitude in return. They gathered together under the auspices of the British Indian Association at Lucknow on 20th of December, 1864. The Maharaja of Balrampur presided. Raja Man Singh, the Vice-President of the Association, after gratefully recalling that "the British Government mercifully, justly and wisely restored our estates to us" went on to observe that occupancy rights never existed and in any case if they were now recognised it would mean that their present "absolute rights over their estates would be practically of no value." He, however, was very emphatic in asserting that the taluqdars were fully alive to questions concerning the well-being of their tenants and obligations as laid down in the *sanad*. And in the end he prescribed a faith-cure to his brother taluqdars. "Let people say what they like, I, for my part; believe that the sovereign

who has been so kind to us, who rescued us from perils unnumbered, will not take away our proprietary rights so solemnly given. . . . . The English nation will cheerfully restore our just rights to us. I have been told that the English people respect their laws very much. These rights have been secured to us by the Laws of England, and those Laws will maintain them. You need not despair, you have nothing to fear."

The organ of the Avadh Taluqdars "The Oudh Gazette" took up the cry and soon it was taken up by the "Englishman" in India and subsequently by the English papers and Lord Lawrence's policy came in for much adverse criticism.

All these developments made Lord Lawrence beat a hasty retreat. On 19th February, 1860, he protested, "It has never been my intention to interfere with the principles of Lord Canning's policy, by which the general status of the taluqdars in that province was settled and defined after the meeting of 1857." The Finance Commissioner, Sir Henry Davies, had not till then concluded his inquiry on occupancy rights though tentatively he was inclined to agree with Wingfield's view that no occupancy rights existed in Avadh. But even though the enquiry had not been concluded and Sir Henry Davies had submitted no final opinion, Lord Lawrence came to the conclusion from the evidence adduced that "under the native Government of Oudh, there was vested in the ryot no right of occupancy which could be successfully maintained against the will of the landlord." A communication from the Government of India to the Chief Commissioner said "Adverting to the relations formed and the expectations created by the present rules of law and procedure, to the general usage on which these rules are based, and to the evils that may be apprehended if that usage is entirely ignored by the Revenue Courts, His Excellency in Council is disposed to think that the most just and expedient course will be to maintain the present system as it stands." His Excellency in Council also approved of the suspension of the general enquiry into the rights of the *ryots* and said that it need not be resumed.

Thus it was that despite the oft-repeated declaration about the existence, from ancient times, of village coparcenary communities by responsible British officers and in spite of the professed

solicitude for the inferior holders voiced time and again by Lord Canning, the rights of the poor cultivators were sacrificed in the interests of political expediency, and with the object of consolidating the alliance with the native vested interests, and in the fear that the reactionary social base, created with a view to force down foreign rule over a rebellious people, might otherwise be disturbed.

There was then the problem of a large number of existing occupancy cultivators, who had been in possession of their land for many generations and were in fact its former proprietors. Their number was not more than 15 to 20 per cent. of the total cultivators. Lord Lawrence wanted some special provision to be made for them. The taluqdars were prepared to consider the proposal favourably provided they were assured that the question of occupancy rights would be buried once for all. After some negotiations, Sir Charles Wingfield proposed the following terms to the taluqdars:

"On the one hand, taluqdars to grant favourable terms to all ex-proprietors or their descendants who had retained possession as cultivators of the fields they formerly occupied as proprietors in their ancestral villages, or estates, if their property consisted of more then one village. No distinction to be made between those who voluntarily parted with, or were forcibly dispossessed of their proprietary rights.

"On the other hand, no further measures would be taken by the settlement officers for enquiry into or record of any rights other than proprietary rights. But the settlement officers would hear and dispose of judicially any claims which cultivators might bring forward to any form of right, whether of mere occupancy at the rent the landlord chose to or at beneficial rates."

The taluqdars made it a condition precedent to any compromise that they should be relieved of all further anxiety on the score of occupancy rights. The negotiations broke down or rather remained in a state of animated suspension. In March 1886, Sir Charles Wingfield retired, and was succeeded by Sir John Strachey as the Chief Commissioner. He resumed negotiations with the taluqdars and ultimately recommended that the following order be issued: "The Government declares that the late enquiry has proved, that, at the time of Annexation there was vested in the

ryot no right of occupancy which could be successfully maintained against the will of the landlord. In accordance, therefore, with the promises made by the Secretary of State and by the Government of India when the late enquiry was undertaken, the Government now declare that no new rights of occupancy will be created by the Government and that the Government will not claim for non-proprietary cultivators any rights of occupancy based upon prescriptions and not upon special contract. This declaration is to be held subject to the reservation in respect of ancient proprietors and their descendants, etc."

We need not proceed any further with the discussion. The taluqdars won all along the line. The rights of under-proprietors were recognised but the right of occupancy of non-proprietary cultivators were ignored. In consultation with the Financial Commissioner Sir Henry Davies and some leading taluqdars Sir John Strachey drew up a letter, dated 20th August, 1866, which was published in Government Gazette along with the orders thereon. The terms and conclusions arrived at came to be known as "The Oudh Compromise." On 24th August, 1866, the Governor-General in Council sanctioned the arrangements made by Sir John Strachey. Thus was finally concluded the vexed question of tenant-right in Avadh to the detriment of the vast masses of the cultivators who were deprived of their long-established occupancy rights at customary rates of rent. Legal validity to the terms of the "Compromise" was provided by the "Oudh Sub-settlement Act XXVII of 1866" and "The Oudh Rent Act XIX of 1868."

Chapter VI

THE LAND SYSTEM OF THE UNITED PROVINCES

PRINCIPLES OF SETTLEMENT

We have pointed out in the preceding section that in the early settlements no attempt was made to evolve any regular principles for the assessment of revenue. The only basis was the record of past collections, but these were usually enhanced on the bids of revenue farmers who were prepared to enter into these hard bargains from a desire to out-bid and oust rival claims and the prospect offered by the new system of becoming proprietors of land. The tahsildars who were given a percentage of the total collections had an obvious interest in high assessments. The revenue demands were, for these reasons, pitched so high that in many cases the settlements broke down and large remissions of revenue had to be granted. The Government had from time to time issued instructions that the engagements should be made with the persons best entitled to them after careful inquiry but the officers preoccupied with their multifarious duties had no time to make any but a very summary inquiry determined ordinarily by a reference to the revenue records which were sometimes inaccurate and sometimes deliberately falsified. The general ignorance about the agricultural classes, their tenures and customs, resulted in an exaggerated idea of the rights of those with whom engagements were made and gave them an opportunity to usurp gradually the rights of the classes placed in a position of inferiority and subordination to them. As pointed out in an earlier chapter this led to the appointment of a special commission and the enactment of Regulation VII of 1822.

Regulation VII of 1822

The Regulation was a great advance upon the casual and haphazard methods employed previously and laid down precise and economically sound principles for the assessment of revenue and detailed instructions for ascertaining, settling and recording the rights and interests of all classes connected with land.

It provided for the existing settlements of revenue to continue in force for a further period of five years in those cases where the settlements had been made with zamindars or persons acknowledged as proprietors; estates let to farm or held in *khas* were to be settled preferably with zamindars on the expiry of the existing leases. Where this could not be effected the ousted zamindars were to be given a *malikana* of 5 to 10 per cent. The Regulation recognised the rights of *pattidari* or *bhaichara* communities and provided for joint settlement with the coparcenary body or an agent appointed by them, or selected from among them with due regard to past custom. The *sudder malguzar* or the person with whom the engagement was made was given certain powers to facilitate collection of revenue, at the same time provisions were made for the protection of the interests of non-engaging coparceners who were not to suffer for the default of the *sudder malguzar*. In cases where the settlement was made with a superior proprietor, such as a taluqdar, the Regulation also provided for *mufassil* settlements or sub-settlements with persons possessing heritable and transferable property in land or hereditary occupancy rights subject to the payment of fixed rent, or rent determined by a fixed principle; *pattas* were granted to the inferior proprietors defining the terms upon which they held land; the particulars of these *mufassil* settlements being at the same time endorsed on the *patta* granted to the *sudder malguzar*.

The Regulation provided for the maintenance of complete and systematic village records:

> "It shall be the duty of the collectors, on the occasion of making or revising the settlements of the land revenue, to unite, with the adjustment of the assessment and the investigation of the extent and produce of the lands, the object of ascertaining and recording the fullest possible information in regards to landed tenures, the rights, interests and privileges of the various classes of the agricultural community. For this purpose, their proceedings shall embrace the formation of as accurate a record as possible of all local usages connected with landed tenures, as full as practicable a specification of all persons enjoying the possession and property of the soil, or vested with any heritable or transferable interest in the land . . . care being taken to distinguish

the different modes of possession and property, and the real nature and extent of the interests held, more especially where several persons may hold interests in the same subject-matter of different kinds or degrees. This record shall, in *putteedary* or *bhaiyachara* villages or the like, include an accurate register of all the coparceners, not merely the heads of divisions such as *puttees, thoks*, or *behrees;* but also as far as possible of every person who occupies land as proprietor . . . . A record shall likewise be formed of the rates per beegah of each description of land, or kind of produce demanded from the resident cultivators not claiming any transferable property in the soil, whether possessing the right of hereditary occupancy or not." (Section IX of the Regulation.)

The assessment was to be based upon a detailed survey and measurement of the lands field by field, with a classification of various types of soil according to their productivity; cash rents and rents paid in kind were to be carefully recorded. The land revenue was fixed at 80 to 83 per cent. of the net produce.

In addition to these measures the Regulation also established revenue courts, giving them jurisdiction which had previously been exercised by civil courts.

The Regulation thus laid down the foundations upon which the revenue administration of this province has been built up, but it was in many respects far in advance of the times and generally failed by attempting too much. The wisdom and justice of some of the principles enunciated in it for the first time can hardly be questioned, but it imposed a burden upon the administrative machinery to which it was unequal. Its weakest point was the method of calculating the rent-rate for each field; in theory this involved a classification of the soil according to its productivity, ascertaining the gross produce of each class, appraising its value according to market rates and calculating the net produce by deducting from the gross produce the costs of cultivation. The task was apparently impossible and has never been attempted again. In all later settlements the assessment has always been based upon the rent-rates, actual or assumed. Calculations of the net profits of cultivation are now made as a check upon the rent-rates but these calculations are based not on

strict statistical principles but on the judgment and experience of the settlement officer and on local inquiries, which are largely opinions, and are so devised as to support results which have already been arrived at on entirely different principles. It is not surprising therefore that the minute and detailed inquiries made during 1822-23 often yielded quite unreliable results, and that different methods were pursued by different officers. Mr. Fraser, one of these officers, wrote that a great many of these settlements were based on an estimate of the maximum revenue that could be extorted without driving the people away from the land and not one on a thorough estimate of cost, produce and profit. The general tendency was towards gross over-assessment. The Board mentioned the case of a settlement made by one of its best officers, on a supposed calculation of minute particulars, in which only three-fourth of the assessment could be realised. Other difficulties were lack of adequate supervision by the Board of Revenue and the inordinate delay of these proceedings. On an average only 10 to 20 villages were settled in a year. During eleven years the largest number of villages settled in a district was 396 and it was calculated that the period required to complete the settlement varied from three to sixty years, varying in most districts from 10 to 16.

Regulation IX of 1833

Regulation IX of 1833 greatly restricted the scope and range of settlement work; the procedure for assessment was simplified and the settlement officer was relieved of some of his judicial duties. The principal features of the settlements made under Regulation IX and instructions issued by the Revenue Department were:

(i) The assessment was based not on net profits but on the average rent and revenue rates, actual or assumed, for different classes of soil.

(ii) The decision of disputes and claims was not considered necessary at the time of the settlement. In actual practice, however, the settlement officers continued to hear and decide these cases; a provision for reference to arbitration facilitated quick disposal.

(iii) The system of annual land records was revised, a field map being added to the other records.

(iv) The settlements were ordinarily to be made for a period of 30 years.

(v) The land revenue was reduced to 66 per cent. of the net assets.

All the districts of the North-Western Provinces, except Dehra Dun and parts of Bundelkhand, were settled between 1833 and 1844 under the supervision of Mr. R. Mertins Bird, Junior Member of the Board of Revenue. In these settlements the rights of proprietors, other than the headmen of villages and large landholders, were for the first time recorded. The taluqdari system which had previously existed practically disappeared in Agra. On the other hand the *raiyatwari* system of Bundelkhand was replaced by a zamindari system with joint responsibility.

The question of tenants' rights also received some considera tion. As there was no consolidating law, different settlement officers decided the question in different ways according to their comparative knowledge or ignorance of local customs and laid the basis for the complicated forms of land tenure existing today. Generally tenants who had resided and cultivated in the same village for 12 years were given rights of occupancy.

Considering the general British policy of creating and preserving powerful and influential middlemen whose interests were bound up with those of the rulers and who could therefore be relied upon for aid and support, Bird's action in removing some of them came in for a certain amount of censure from the Government.

Directions for Settlement Officers, 1844

As a result of the experience gained during the course of settlements under Regulation IX of 1833, Mr. Thomson drew up a code called "Directions for Revenue Officers" containing instructions for the guidance of settlement officers and collectors. Many of the details of settlement procedure that had previously been left largely to the individual judgments of the various officers were now for the first time reduced to a system.

No fixed proportion between the revenue and the assets of the estate was prescribed, but it was laid down that the revenue should not exceed 66 per cent. of the 'net produce', defined as the gross rental on land leased to tenants, or the profits of cultivation on land held by proprietors. Though the 'Directions' contained

comprehensive rules regarding the procedure of settlement, its main defect was the wide discretion left to settlement officers in the calculation of 'net produce', the principles laid down being unscientific and extremely vague. The assessment of revenue is a subject bristling with difficulties, and it is not easy to devise any system that is not open to some objection in theory and an element of inequality or injustice in its practical application. But in the 'Directions' no attempt was made even to tackle the problem; it was assumed that the 'assessment operation was not one of arithmetical calculation but judgment and sound discretion'. This will, of course, be always true but judgment and sound discretion must have some basis of fact to go upon and cannot be rightly exercised in a vacuum.

Broadly speaking, the revenue demand upon land can be based upon:

(1) A share of the gross produce of the land either by an appraisal or estimate of the standing crop or by actual division after harvest. This is obviously the simplest method and possesses the great advantage that variation in the quantity of produce and its value is shared both by the cultivator and the State, the land-tax thus automatically adjusts itself to differences in productivity on account of the nature of the soil, or the varying seasons and the methods of cultivation. But this system can work only in the earlier stages of social development, when the watchman of the crops and the village organisation are enough to prevent evasion, fraud or default on the part of the cultivator and the collection of revenue in kind at each harvest and its uncertainty are not too inconvenient; it does not admit of effective check and supervision by a centralised state. The system may be modified by the conversion of the share in kind into a money-rate, and a further elaboration of this method is the estimate of the average produce of various classes of soil in various typical regions during a number of years and the revenue demand fixed as a share of the average gross produce thus ascertained and converted into an annual money-rate at the prevailing or average market price.

This, in broad outline, was the system adopted by Indian governments and perfected by Todar Mal. The method seems in theory rather rough and ready, but its inequality was mitigated by the fact that social cohesion in the village was very strong and its

total revenue could be adjusted over the whole village community so that no one had to bear an unreasonable part of the burden.

(2) The revenue demand may be based upon net profits or the surplus produce left after making a deduction for the expenses of cultivation, as prescribed in Regulation VII of 1822.

At the first glance this seems perhaps the most attractive principle and bears some analogy to Ricardo's differential rent. Its practical application is, however, attended with enormous difficulty. To the large number of variable factors involved in the calculation of gross produce it adds variable costs of production. An average struck for a reasonably large tract of land and for a number of years would bear no relation to the actual net profits of any holding in a particular year, the incidence of revenue calculated in this manner would in practice be extremely unequal, some would escape with a light assessment, others so heavily burdened as to be unable to carry on cultivation. As we have already noticed this system had to be given up as impracticable; in fact, it is doubtful if it was even tried. Mr. Currie who made the settlement in Gorakhpur observed: "The rents *actually paid* by the cultivators for the different fields are what I have taken as the basis of assessment, and it seems to me the only safe principle, for the ascertainment of the actual produce must be liable to very great uncertainties and the productive powers of the different classifications of soil must vary much in the same class from contingencies of situation, facility of irrigation, etc." Another officer referred to the 'Collector's dangerous dependence on his own agricultural judgment and inexperience'.

(3) The revenue demand should be a proportion of the rents actually paid to the landlord.

Without entering at this stage into a discussion of the peculiar difficulties of this method of assessment, the realisation of which led to the progressive refinement and elaboration of settlement procedure in this province, we may state what should, in fact, have been quite obvious that this method can work only on the basis of a well-ascertained rental. The actual gross rental recorded in the patwari's papers cannot, of course, be accepted without criticism or examination. Some of the rents might be concealed; land may

have been allowed to go out of cultivation and profits depreciated in anticipation of the settlement proceedings; cultivation may have recently been extended or contracted on account of the nature of the seasons preceding settlement, the cultivated area may thus be different from the average area under cultivation; the rents may be too high or too low on a consideration of the general economic conditions of a tract, the facilities for irrigation, the development of marketing, the comparative precariousness or stability of agriculture; the rents may have developed unequally as they were contracted in different years at different price-levels, or on account of the diversity of rights in land according to which it may have been easy or difficult to enhance rents, or the rents may be favourable or heavy according to the caste of the cultivators; the full gross rental may or may not be easily realised. All these and similar factors are balanced one against the other and their total effect summed up. Assessment of revenue cannot, therefore, be reduced to a simple arithmetical rule and will ultimately depend to a large extent upon the settlement officer's judgment. The judgment would, however, be only a vague and uncertain conjecture unless the actual rents can generally be ascertained with a fair amount of accuracy—the process of criticism can be effective and reliable only if it is based upon some accepted facts.

It is on this point mainly that the settlements made under the 'Directions', or the settlement rules of Saharanpur, 1855 and Gorakhpur, 1856 appear to have been faulty. Incidentally, it may be noticed that the Saharanpur rules made two important modifications: (1) the reduction of the revenue demand from 66 to 50 per cent. of the 'net produce' and (2) the introduction of plane table in place of the rough chain survey that was previously used.

The 'Directions' describe the means of arriving at a correct opinion of the net produce as (*a*) the return (from the field map and register) of the cultivated and culturable area of the village, the irrigated and unirrigated land and the different soils; (*b*) the experience of past settlements, of previous litigation, the price realised if the village has ever been brought to sale, mortgages, farming leases, etc.; (*c*) the gross rental of the village, as compared with that of other villages in the same tract; (*d*) the character of the people, style of cultivation, capability of improvement, and state of the market for produce; (*e*) the opinions of the pargana

officers, and the estimate of neighbouring zamindars. At the same time it was said—

"(1) that the net produce could not be satisfactorily ascertained and (2) that, even if ascertained for any given year or series of years, it would afford no certain guide to the produce of years to come, which must depend upon the extension or contraction of cultivation, the improvement or deterioration of agriculture and the development of markets and communication."

The actual rental being more or less disregarded the procedure consisted in first making a guess of the 'net produce' of a pargana on general considerations, such as the previous revenue, movement of prices, the extension or contraction of the cultivated area, then to test this total by distributing it over villages to see what the village totals would look like, and whether they seemed 'fair' and then to distribute the village total over holdings to see the effect upon the rent-rates. If the figures did not seem right the settlement officer could take an approximate rent-rate and then work upwards to the pargana total. The elaborate calculations made in this manner had little practical significance, as Baden Powell remarked "the estimate was arrived at on general considerations and was afterwards justified to the controlling authorities by various calculations".

The general tendency of these settlements was to over-assess the 'net produce' and the settlement officer's opinion about a prospective rise in rents went to swell the figure.

The following table shows the enhancement of revenue in some of the districts:

——	Old settlement	New settlement	Increase
	Rs.	Rs.	Per cent.
Azamgarh (Settlement completed in 1877)	12,45,722	16,61,623	33
Allahabad (1877)	19,85,703	23,83,088	20
Dehra Dun (1867)	20,505	35,970 rising to 38,695.	75 to 90
Agra (1880)	16,29,344	18,06,060	11
Pilibhit Sub-division (1872) ..	3,12,860	4,02,715	27·9

This enormous increase in land-taxation had a ruinous effect on the prosperity of both the landowners and the tenants; it led to the growing indebtedness of zamindars and transfer of landed property to money-lenders, increasing litigation and conflict between the landlords and their tenants and rack-renting. The general economic conditions during the middle of the nineteenth century, the increasing pressure of population on land and the revenue policy of the Government contributed to the ruin of the peasantry; the customary rent and a limited security of tenure which had to some extent survived long years of oppression, were broken down, rack-renting and ejectment of tenants became more and more common and widespread.

The following extract from the Settlement Report of Aligarh, 1874 is an example of the extent to which transfers of landed property took place:

> "In the older provinces of India the attachment of the people to their ancestral possessions is a marked feature of their character. It is only as a last resort that a landholder will dissolve his connection with his hereditary holding. In testing, therefore, the moderation of a revenue demand it is pertinent to ask the following questions. Has there been an excessive transfer of land during the term of the settlement? How far have the proprietors, holding land at the time of the assessment, maintained their place in the district? Have the trading and wealthy classes generally been able to accumulate landed property at the expense of the communities more especially devoted to agriculture? . . . . The Kanungos' records have been my authority for the statement of the amount of land which has been subject to transfer one way or another, confiscation for rebellion alone excepted, during the thirty years of the settlement from 1839 to 1868. The total area of the district then estimated was 1,213,779 acres, of which 144,452 acres, or 11·9 per cent., have been transferred by revenue process, 870,717 acres or 71·7 per cent. alienated in other ways, either by the operation of private sale and mortgage, or by forced sale at auction in satisfaction of decrees of the Civil Courts. In all 1,015,169 acres, or 83·6 per cent. of the total area, have changed hands at various times in

the short period of 30 years. If sales of all kinds are reckoned as permanent transfers, while revenue farms and private mortgages are considered as temporary alienations only, then 50 per cent. have been permanently and 33 per cent. temporarily transferred. . .

With all these transfers, therefore, it follows that the proprietors who were holding land at last settlement have to a large extent been displaced by strangers."

The most significant feature of this policy was not, however, the sudden enhancement of revenue without allowing the proprietors sufficient time to adjust their standard of living to their diminished profits. This as shown above had its own grave consequences in the extensive transfers of landed property. The most objectionable feature was the fact that the revenue was based on an assessment largely exceeding the recorded or actually prevailing rental at the time of the settlement.

This along with the rising value of land gave the zamindars both a motive and the opportunity to rack-rent their tenants. The Rent Act of 1859 had given stability of tenure to three classes of tenants:

(1) certain tenure-holders declared entitled to hold at fixed-rents;

(2) certain tenants declared entitled to hold at fixed rates of rent;

(3) tenants who acquired right of occupancy by twelve years' continuous cultivation or holding.

These together constituted a small class, the bulk of the peasantry were given no protection either against enhancement of their rents or ejectment. The rents of the occupancy tenants could also be increased for a number of reasons and no period or limits had been fixed for successive enhancements. The zamindar thus held the cultivator at his mercy, where he could not extort a rack-rent by the threat of eviction he could always do so through a notice for enhancement or ejectment. The two classes were thus engaged in a desperate struggle at a cost ruinous to both but involving necessarily the greatest suffering to the weaker and the poorer.

N. W. P. Land Revenue Act, XIX of 1873 and the Oudh Land Revenue Act, XVIII of 1876

During the period of about 30 years since the "Directions for Settlement Officers" had been compiled further legislation and rules governing settlement procedure had been added to the Regulations already in force. Each problem had been dealt with separately as it arose, without any attempt to evolve a coherent and comprehensive system. The revenue law of the North-Western Provinces could be ascertained only by a reference to more than forty Regulations and Acts scattered over the Statute Book. This was a task of some difficulty even for the regular courts, while the executive officers could hardly be expected to undertake such tedious research and study in the course of their daily duties. It was, therefore, necessary to consolidate the existing law and to provide an authoritative code for land settlements.

In Avadh the necessity for comprehensive legislation was even more urgent as the law for that province was still more nebulous and indefinite. The regulations had not been directly enforced there, so that the law was composed merely of a mass of rules and orders made by the Government from time to time, to which legal validity had been given by the Indian Council Act. These orders were originally intended merely as executive instructions and had not always been drafted with the care and precision necessary for an exposition of the law.

The North-Western Provinces Land Revenue Bill was, therefore, conceived as a consolidating and defining measure which did not profess to make any definite changes in the law. It was, however, referred to a Committee of experienced officers for discussion, and before it was finally passed considerable changes had been introduced of which the most important were the creation of the class of exproprietary tenants and the power given to the settlement officer to fix the rents of exproprietary tenants and occupancy tenants at the time of settlement. The rent of the occupancy tenant could be fixed if there was a dispute about it, or if the landholder applied for enhancement, or the occupancy tenant for abatement of rent. The basis for determination of rent was to be either the standard rent-rate sanctioned by the Board for purposes of assessment or the customary rate of rent paid by

tenants of the same class for similar land, with similar advantages in the same circle or tahsil. The rent of an exproprietary tenant could be fixed by the settlement officer on his own motion in the case of a proprietor excluded from settlement, in other cases only on the application of the proprietor for enhancement or determination of rent. The Act granted for the first time a concession to exproprietary tenants inasmuch as their rent was to be four annas in the rupee below the prevailing rate for land of a similar quality held by tenants-at-will.

In Avadh the system of settlement was analogous to that of the Punjab, and the Land Revenue Bill had originally been based upon the Punjab Land Revenue Act. The Oudh Land Revenue Act, XVIII of 1876 introduced for the first time some uniformity in the Revenue systems of the two provinces, though there were necessarily many points of difference in detail on account of the peculiar circumstances and the different land tenures of Avadh.

Third regular Settlement

In connection with the third regular settlement of the province of Agra the Government of India drew up in 1883 a scheme of which the principal features were:

(1) A fair and equitable assessment for all districts which had reached a sufficient stage of development.

(2) This initial assessment was not to be revised subsequently. Enhancement of revenue to be made only on the following grounds:

(*a*) Extension of cultivation by increase of produce on account of improvements made by the people themselves.

(*b*) Rise in prices.

(3) Protection of occupancy rights.

These proposals were not acceptable either to the local Government or the Secretary of State. But the discussion led to reforms in settlement policy and revised rules were issued in 1884-86.

The main changes were:

(i) The exclusion from the net assets of any considerations of prospective increase in value.

(ii) Concessions to private individuals for improvements made by them.

(iii) Steps were taken to provide for more careful preparation and check of the patwari's records so as to form a reliable guide for assessment. The actual rent roll now became the basis of assessment.

(iv) The general simplification of settlement procedure—the method of survey and revision of records was materially cheapened; the average time taken for the settlement of a district under those rules was 3 years instead of from 6 to 10 years.

(v) The separation where possible of the process of revising records from the process of assessment.

(vi) The continuation of existing settlements in districts where revision would yield no substantial enhancements.

N. W. P. and Oudh Land Revenue Act, 1901

Avadh and N. W. P. were separate provinces at the time when the two Land Revenue Acts of 1875 and 1876 were passed. They were united and placed under the same administrator known as the Lieutenant-Governor of the North-Western Provinces and Chief Commissioner of Oudh, by the Act of Union in 1877. But the fiscal arrangements of the two provinces remained separate, the supreme revenue authority in Avadh being the Chief Commissioner and in N. W. P. the Board of Revenue, until in 1890 the jurisdiction of the Board of Revenue was extended to Avadh. Avadh has retained some of its peculiar characteristics, and its own special law relating to taluqdari *mahals,* sub-settlements, under-proprietors and other connected matters, but the general law and revenue administration of the two provinces have gradually become identical. The procedure for the preparation and maintenance of the record of rights, the settlement of revenue, collection of revenue, partition of *mahals,* the conduct of cases and the decision of disputes and appeals in the revenue courts are the same in both provinces. Their administrative unity was secured by the amalgamation of the Oudh Commission with the Civil Service of the North-Western Provinces, consequently the executive staff belongs to one cadre and is as freely exchanged between the two provinces as between two divisions of the same province.

A further step in the same direction was the enactment of the North-Western Provinces and Oudh Land Revenue Act of 1901

uniting the land revenue law in a single Act. This was done without any material modification of the old law applicable to either province, allowance being made for their distinguishing features in certain sections which applied only either to Avadh or to the North-Western Provinces and a few others which though applicable to both in principle permit of some difference in detail.

The leading features of Act III of 1901 were derived from the two old Acts, but advantage was taken of the opportunity offered by new legislation to make considerable alterations in the details of revenue procedure representing improvements both in the statement and the working of the law.

Comparatively few changes were made in the substantive law, the most important of these and the one most vehemently opposed by zamindars related to the further acquisition of *sir* rights. This question had arisen in Bengal and the Central Provinces also, where it was found that the power to increase the area of *sir* to an indefinite extent was used as one of the several expedients to which landlords resorted to prevent the growth of occupancy rights. The special privileges attaching to *sir* were greatly coveted, perhaps the most valuable of these was the fact that no occupancy right could arise in it even if it was sublet continuously for a period of twelve years or more. An indefinite extension of *sir* area was, therefore, regarded as incompatible with the aim of giving security of tenure to the cultivators. It was at first proposed to limit the area of *sir* to a percentage of the cultivated area, the suggestions regarding this varied from 10 to 25 per cent. The proposal was rejected because it was felt that the best land in a village was sometimes less than even 10 per cent. of the total area, and by allowing *sir* to take up even 10 per cent. cultivators would be deprived of the possibility of acquiring occupancy rights in the most fertile land of the village. It was, therefore, decided that the only solution compatible with the general interest of the agricultural community was to limit the *sir* to the area already recognised as such and to prevent its further growth. This principle was accepted in the Bengal Tenancy Act of 1885. In the Central Provinces the decision was more favourable to the landlords, while *sir* could not be increased in the cultivated area, it could be increased by the landlord's cultivation of the wasteland.

When the local Government proposed to prevent the growth of *sir* rights, the Government of India suggested that it would be advisable to adopt the law of the Central Provinces. This was, however, found to be impracticable as the waste land available in the province was hardly enough for *abadi* and pasturage and extension of cultivation in wasteland was regarded as undesirable. In Avadh also the Rent Act of 1886 had already limited the extension of *sir* rights.

Limitation of *sir* was even more necessary in the North-Western Provinces than in Bengal or the Central Provinces as the percentage of *sir* land was much higher here. Accordingly a change was made in the definition of *sir* which prevented the acquisition of *sir* rights by continuous cultivation as *khudkasht* for 12 years. This measure was vehemently attacked by zamindars who as usual opposed any reform which aimed at the protection of cultivators—the weakness of their arguments seems to have been in direct proportion to the bitterness of their opposition.

The final decision on the subject was in the nature of a compromise. *Sir* was defined in the North-Western Provinces as:

> (*a*) Land recorded as *sir* in the last record of rights framed before the commencement of this Act and continuously so recorded since, or which but for an error or omission, would have been so continuously recorded; or
>
> (*b*) Land cultivated continuously for 12 years immediately before the commencement of this Act by the proprietor himself with his own stock, or by his servants, or by hired labour; or
>
> (*c*) Land recognised by village custom as the special holding of a co-sharer, and treated as such in the distribution of profits or charges among the co-sharers.

The essence of the change is that length of cultivation could not convert the zamindar's *khudkasht* into *sir* after the passing of the Act in zamindari *mahals*. In *pattidari* or *bhaichara mahals*, on the other hand, the acquisition of *sir* continued as before.

It was further provided by the North-Western Provinces Tenancy Act of 1901 that even in zamindari *mahals* where a zamindar had continuously cultivated *khudkasht* land for 12 years and which if the law had remained unchanged would have become his *sir*, will be treated as exproprietary tenancy on the extinction of his proprietary interest in the *mahal*.

Sir in Avadh was defined as—

(*a*) Land which for the seven years immediately preceding the passing of the Oudh Rent Act, 1886, had been continuously dealt with as *sir* in the distribution of proprietary or under-proprietary profits or charges.

(*b*) Land which for the seven years immediately preceding the passing of the said Act had been continuously cultivated by the proprietor or under-proprietor himself, or by his servants, or by hired labour.

The other important features of the Act may be reviewed briefly. They were:

(1) Where proprietary right in a *mahal* is transferred by sale or foreclosure or mortgage, otherwise than between the members of the same family, the *sir* area loses its character of *sir* and becomes the subject of an expropriatary tenancy.

(2) In the North-Western Provinces the expropriatary tenant was entitled to hold the land at a privileged rate of 25 per cent. less than the ordinary tenant. In Avadh the concession amounted to only $12\frac{1}{2}$ per cent. The present Act extended the same concession to expropriatary tenants in Avadh as was allowed in the North-Western Provinces.

(3) The Act provided for the immediate record of expropriatary rights and the determination of his rent by the collector in the course of mutation proceedings.

Formerly there was no provision making immediate determination of rent obligatory, but the rent once determined was held to be payable from the date on which expropriatary rights accrued. The result was that the transferee could delay the fixation of rent and then sue for three years' accumulated arrears. This sometimes caused much hardship to the expropriatary tenant and resulted in his ejectment if he was unable to pay the arrears. The object of the law which was to protect the ex-proprietor and assure him the cultivating possession of land which was formerly his *sir*, could thus be defeated under the old Act.

(4) The powers of the settlement officer to fix the rent of occupancy tenants were widened. He could now on his own motion fix the rents of both occupancy and expropriatary tenants at the time of settlement. If, therefore,

the assessment was based on rates higher than the rates paid by some of those protected tenants, the proprietor was given the advantage of an immediate enhancement of rents. The Hon'ble Mr. Miller, introducing the Bill observed "the power of the Settlement Officer to determine the rents of occupancy tenants has been widened, authority being given to him to determine these rents not merely on the application of the landlord or tenant, but of his own motion, if he thinks this necessary. It has always been the object of the Government to provide a simple and effective procedure for the determination of occupancy rents at settlement. The difficulty of determining such rents in the ordinary courts is extreme, and the result of an application for enhancement or abatement uncertain. The provisions of the existing Acts were intended to meet the difficulty, and the remarks made by the Hon'ble Mr. Inglis, in dealing with the subject are, to a very great extent, applicable now in so far as estates in which there is a large proportion of occupancy tenants are concerned . . . the provisions of the old Acts have not, as a reference to Settlement reports would show, been altogether so efficacious as was expected, though in many cases they have been of much value. It is proposed . . . to go a step further than in 1873, but in the same direction and for the same reasons as were then given."

(5) The provision for commutation of rents paid in kind to fixed money rates existed in the law of N. W. P. It was now made applicable to Avadh for the first time.

The commutation could, however, be effected only in the case of an exproprietary tenant or occupancy tenant, and in Avadh an under-proprietor or lessee whose rent had been fixed by a settlement officer.

It was at first proposed to extend this provision to non-occupancy statutory tenants in Avadh also, but this was subsequently omitted.

(6) The accuracy of the *khewat* was ensured by the addition of a penalty for failure to report a change in proprietary rights whether by transfer or inheritance. It was laid down that the revenue courts would not entertain an application by a person unless he had made such a report.

(7) The position of the lambardar was strengthened and provision made for the revival of the office where it had fallen into abeyance. This was done mainly to avoid the inconvenience and difficulty of dealing with a large number of petty co-sharers. If the co-sharers failed to elect a qualified lambardar when called upon to do so, the Collector was empowered to take the land under his own management.

The lambardar was given a statutory right to remuneration and a summary method was provided for the recovery of the lambardar's dues as well as arrears of revenue from co-sharers. His control over the patwari was further strengthened by the provision that a patwari could not be transferred from one circle to another, without the consent of the lambardar of the circle to which the transfer was made.

(8) The formation of petty *mahals* which was another source of administrative inconvenience was prevented by prescribing a limit both of the area and revenue below which perfect partition could not be made. The law provided that a new *mahal* could not be formed by perfect partition of which the area was less than 100 acres or the revenue less than Rs.100. As it was felt that the restrictions imposed upon perfect partitions would lead to more frequent use of imperfect partitions, the law regarding the latter was made clearer and some provisions made for their more speedy disposal.

(9) As already provided for in the rules made in 1884, the preparation of a record of rights was separated from the settlement proceedings. Generally the two operations were and still are undertaken simultaneously but it had long been recognised that the two operations are really independent and distinct and that in certain circumstances one may be undertaken without any necessity for the other. Even before the Act was passed settlements had been made in some districts of Avadh without the preparation of a fresh record of rights.

(10) In the old settlements the settlement officer was required to submit a rent-rate report to the Board of Revenue for sanction before framing his proposals for assessment. That was considered necessary because as already pointed

out the rent-rates were selected by the settlement officer largely on the basis of his general study of the economic conditions of the area under settlement. Subsequently when he was required to base his rent-rates on the recorded rentals there was sometimes a tendency to go to the other extreme and to accept the recorded rents without the elaborate examination and check to which rents are now subjected. In these circumstances the old practice of the preparation of a rent-rate report had fallen into abeyance. It was now considered necessary to revive it. As Mr. Miller observed "It is impossible to assess by merely taking a half of the rents shown by the patwari, which may not represent the full value of the land, or which may, on the other hand,—as is, I think, more frequently the case—record rents too high to be easily paid, rents that in some cases are not meant to be paid in full. Then there is much land for which no rent is recorded, and the settlement officer has to value it himself. It is of the greatest advantage, especially at the beginning of a period when settlements are falling in, and when the work must occasionally be in the hands of officers with little or no previous experience, that the system or working they propose to adopt should receive the preliminary sanction of higher authority, which can judge, on general grounds and in the light of a wider experience, whether the system on which the officer proposes to work is fair to the people and equitable to Government."

U. P. Land Revenue Amendment Act of 1929

The settlement procedure had so far been governed by elaborate rules framed by the Government but the people whose welfare was profoundly affected by them had no share in shaping the system. Since about 1909-10 Indian public opinon had been unanimous in the demand that these important questions should not be left to executive discretion. The Joint Select Committee of the two Houses of Parliament appointed to consider the Government of India Bill (1920) were of the opinion that the rules were often obscure and imperfectly understood by those who pay the revenue and recommended that the main principles by which the land revenue is to be determined, the methods of valuation, the pitch

of assessment, the periods of revision and the graduation of enhancements should be regulated by law. Accordingly the United Provinces Government appointed a committee in 1922, to examine the whole question. The spirit in which these reforms were viewed by the Government may be illustrated by a note recorded by the Hon'ble Mr. Keane, President, Legislative Council, on 8th April, 1922, regarding the terms of reference of this Committee. He observed "It might be no harm, too, to work in among the items for consideration a reference to the principles regulating the safeguarding and encouragement of agricultural improvements. Another point is that the resolution nowhere takes cognizance of the existence of the tenantry, who are as much affected by settlement principles as the revenue payers themselves. *It might be well to put in the shop window,* if nothing else, a reference among the items for consideration, to the equitable determination of rents and any safeguards necessary to conserve and advance the well-being of the tenantry" (italics ours). It is hardly necessary to comment upon this passage and the cynicism and callousness about the well-being of the tenants which it displays.

It is not surprising that progress was slow and dilatory and it was not until 1926 that a Bill was introduced in the legislature, making a number of important concessions to the zamindars. These concessions were allowed largely on account of the strong majority of zamindars in the Council, the Governor could always exercise his special powers if the shape given to the law by the Council was absolutely unacceptable, but, as far as possible, the Government disliked being driven to such measures, or to antagonise the class upon which it generally relied for support. A further reason for these concessions was the Government's desire to make the new changes palatable to the zamindars; lenient assessment and a longer period of settlement was thrown in as a compensation for the tenancy reform which itself appears to have been dictated not so much by economic considerations or concern for "the well-being of the tenantry" as the pressure of political events which had made some measure of relief to the tenantry inevitable. Mr. O'Donnell, Finance Member wrote on 19th February, 1926: "It is practically certain that we shall have to agree to a reduction" (in the proportion of net assets taken as revenue) "because that is the only concession of immediate value

to the zamindars which we can offer if as I think, we should we refused to extend the existing settlement . . . it is highly probable that in order to secure a revision of the Agra Tenancy Act (which on political grounds we regard as imperative) we shall have to propose a reduction of the percentage of assets to be taken. We are not yet in a position to state what reduction will eventually be proposed, but it will have to be substantial."

The Land Revenue Bill introduced in 1926 was withdrawn as the zamindars outvoted the Government and the amendments made by them were considered objectionable by the Government. Mr. Lambert wrote that the Bill was dropped because the landlords, irritated by the struggle over the Agra Tenancy Act "opened their mouths too wide." It was a sore point with the zamindars that the Tenancy Act in its final form gave more to the tenants than the original Government Bill had proposed owing in part to their own faulty strategy in the legislature. As Mr. Lambert wrote on 2nd. May, 1928 "The landlords still seem painfully conscious of the fact that they lost more over the Tenancy Act than Government ever intended."

After the withdrawal of the 1926 Bill, there was continued pressure both from the zamindars and public opinion in general for codification of settlement principles. The annual demand for survey and settlements was rejected in 1927 by the Council on this ground and was passed in 1928, only on an assurance that the Government would introduce legislation at an early date. Eventually the Government introduced a Bill which finally emerged as the U. P. Land Revenue (Amendment) Act of 1929.

The attitude of the Government towards the Bill is shown by the following notes of the Finance Member, dated June 6, 1926. "Our new settlement rules, published after the failure of the 1926 Bill, now embrace all the main concessions which we decided to give to the landlords as a *quid pro quo* for the Agra Tenancy Act. As far as we are concerned there is no urgency about codification, and save on general and more or less academic grounds, no real need for it . . . . We want from the landlords a guarantee that a reasonable Bill will be welcomed. We are entitled to their help, and it is for them to make the passage of the Bill easy. If they are not going to help, or if they are going to revive controversy and attempt to throw everything into the melting pot again

there is no inducement whatever for us to bring forward a Bill at all. We are doing it to oblige them."

The main changes introduced by the Amendment Act were:

(1) A reduction of the revenue from 50 per cent. to 40 per cent. of the net assets of a *mahal*.

The law is as follows:

(i) The revenue shall ordinarily be 40 per cent. of the net assests of a *mahal*.

(ii) It may go up to 45 per cent. in order that a round sum may be fixed or to avoid a reduction of the existing revenue where the circumstances of a *mahal* do not justify it. But it shall not in any case exceed 45 per cent.

(iii) In *mahals* in which there are a large number of small and poor proprietors the revenue shall not ordinarily exceed 38 per cent. provided assessment at this level does not involve a reduction of the existing demand.

(iv) The revenue may be assessed at from 25 to 35 per cent. of the net assets in exceptional cases where the number and circumstances of the proprietors or the existence of heavy charges on account of *malikana* justify it.

It will be observed that the principles of assessment laid down by the Act are vague and leave wide discretion to the settlement officer. The original Bill was actually even more vague and had provided that the revenue should ordinarily range from 35 to 40 per cent. Shri Govind Ballabh Pant, who was a member of the Select Committee, noted in his minute of dissent: "I am conscious of the fact that no code can claim perfection and that experience has revealed defects even in the products of consummate jurists and draftsmen, but I find that this Bill is imperfect by design and its defects are patent. It is an elementary principle of legislation that statutes should not lack in precision and definiteness. The doctrine is applied with special rigidity to fiscal enactments which should not leave any loophole for the vagaries of the executive. This Bill, however, yields very wide latitude to the settlement officer in vital matters. His percentage of net assets to be taken as revenue may ordinarily range between 35 and 45 and where he considers the circumstances to be special he may descend to 20 or ascend to 50 as he may deem fit. Similarly he is free to grant an allowance of 15 per cent. or at double that rate, on the

valuation of proprietary cultivation, again in accordance with his own notions unfettered by any rules or regulations. A proposal to leave it to the discretion of an Income-tax officer whether to assess the tax at the rate of six or twelve pies on the rupee, or of a Customs officer to charge import or export duty on an article at any rate varying from 35 to 45 per cent. of its value, according to his appraisement of the circumstances of the person concerned, would be regarded as preposterous. Such laxity in a financial statute is indefensible. But the Government shuns a rational treatment of the subject of land revenue settlement and would not accept a concrete formula for the proper valuation of the circumstances of a proprietor. I am convinced that a scientific system of land revenue assessment can be founded only on the principle of progressive assessment on an elaborately graduated scale."

In a letter to Mr. Lane, Revenue Secretary, dated the 7th October, 1928 also he referred to his preference for a graduated scale of assessment and his anxiety to secure some relief for the petty proprietor.

The result of his strong opposition was that the vagueness of the Bill was to a certain extent mitigated. But a graduated scale proposed in the Council was defeated, all the big zamindars voting on the side of the Government. Having secured their interests and obtained as much as the Government was willing to concede, the bigger zamindars were prepared to sacrifice the interests of the petty proprietors. Attempts were made to beat down the percentage below 40, but they did not succeed largely on the threat of the Government to drop the Bill. Shri Govind Ballabh Pant supported these attempts because he felt that they would afford some relief to the smaller zamindars, there being no hope of securing any large concessions exclusively for them in which the larger zamindars would have no share. Apart from this, though a low rate of revenue does not necessarily lead to low rents or fair dealing with tenants, rack-renting being as common in the permanently-settled tracts of Banaras or Bengal as in the temporarily-settled areas, there is at the same time no doubt that over-assessment is a greater evil. The zamindar has always the opportunity and the power to transfer the burden to the tenants in the shape of increased rents. A heavy burden of revenue impoverishes the zamindars but it ruins the tenant.

. Shri Govind Ballabh Pant endeavoured to give some relief to the petty proprietors by proposing that the revenue should not ordinarily exceed 35 per cent. of the net assets in *bhaiyachara* villages, and in villages in which the number of proprietors was large or their circumstances poor. Even this small relief of a 5 per cent. difference between the bigger and smaller zamindars was, however, not allowed and the figure finally accepted was 38 per cent.

It is obvious that the system of assessment is unscientific and the gradation permitted by it inadequate; a big zamindar or taluqdar assessed ordinarily at 40 per cent. bears comparatively a much smaller burden of taxation, when his total net income is taken into consideration, than a smaller zamindar assessed at 38 per cent. or less.

(2) An allowance in calculating assets on all proprietary cultivation of from 15 to 30 per cent. was also provided. In *mahals* in which the average area of the proprietary share was below 65 acres the deduction was not to be less than 25 per cent.

Previously the allowance for proprietary cultivation was a matter of grace and was given only to petty proprietors. The big landlords were not entitled to it.

The existing rule was contained in Board's Circular 1—1, paragraph 26 and reads as follows:

> "When the number of proprietors is great or their circumstances poor, the settlement officer *may,* subject to the approval of the Board of Revenue, make such a deduction from the valuation of lands in their proprietary cultivation as the Government in sanctioning the revision of the settlement may have permitted as a matter of grace in respect of that particular district."

The new Act went much further than these provisions inasmuch as:

(i) it enabled every landlord who cultivated his own land to claim *sir* deduction as a matter of right and not just as a matter of grace,

(ii) it extended the concession to big zamindars who were previously not entitled to it at all, and

(iii) it made a deduction of 25 per cent. compulsory in the case of petty proprietors.

(3) The Act further provided that enhancement of revenue is (with certain exceptions) not to exceed one-third of the expiring demand of any *mahal.*

(4) Settlement rules even previous to the Land Revenue Act of 1901 had laid down that large and sudden enhancements were to be avoided and where the immediate imposition of the full revenue would cause hardship the method of progressive assessment should be adopted. This rule was given legal validity by the Land Revenue Amendment Act of 1929 which provided for progressive demands during the course of five years if the land revenue exceeded 15 per cent. but not 30 per cent. of the expiring demand, and ten years if it exceeded 30 per cent.

(5) An extension of the period of settlement from 30 to 40 years. The period of settlement was not definitely stated in the previous rules, which were merely to the effect that no reassessments could be fixed for more than 30 years without the permission of the Government of India. In some cases the Government of India had sanctioned 40 years even before the new Act, but the general practice was 30 years.

(6) A provision was made that the legislature would have an opportunity of discussing the forecast, the assessment proposals and the final settlement report. This power was, however, more or less illusory as the Government did not bind itself to an acceptance of the recommendations of the legislature.

Section 87 of the Land Revenue Act of 1901 empowered the settlement officer, either on application by the landlord or tenant or on his own motion, to enhance, abate or determine the rent payable by the class of tenant whose rents were subject to the control of the courts. When the Act was passed only exproprietary and occupancy tenants belonged to this class. The Oudh Rent Amendment Act of 1921 and the Agra Tenancy Act of 1926 created a new class of life-tenants, i.e., statutory tenants whose rents were subject to the control of revenue courts. It was, therefore, necessary to extend the provisions of section 87 to statutory tenants who needed its protection even more than occupancy or exproprietary tenants. The intention of the section was to ensure that security of tenure conferred by law shall be a reality. Arrears of rent is a ground for ejectment even from land held with rights which carry with them security of tenure. If the rent is too high to be paid

the tenant falls into arrears, becomes liable for ejectment and loses the security of his tenure. The higher the rent rises the less, therefore, does security of tenure become. As a general rule statutory rents were much higher than occupancy or exproprietary rents. There was, therefore, a strong case for including statutory rents within the scope of section 87. But as the landlords were bitterly opposed to such a measure the Government did not include it in the sections which were to be amended.

Shri Govind Ballabh Pant endeavoured to secure this badly-needed protection for the statutory tenants or their heirs but his amendment was ruled out of order as the amendment of section 87 had not been placed before the House by the Government.

This omission was made good only after a number of years by the Land Revenue Amendment Acts of 1936 and 1938. The Act of 1936 authorised the settlement officer to abate the rents of statutory tenants; the Act of 1938 gave him the wider powers of determining, enhancing and abating the rents both of statutory tenants and their heirs.

General observations

An outstanding feature of the revenue policy of this province has been the progressive reduction of revenue. Regulation I of 1795 for the Permanent Settlement of Banaras followed the Mughul practice by which the State took 90 per cent. of the total collections. Regulation VII of 1827 fixed the State's share at 83 per cent., Regulation IX of 1833 at 66 per cent., the Saharanpur rules at 50 per cent. and the Land Revenue Amendment Act of 1929 at 40 per cent.

This progressive reduction in the proportion of revenue to assets was not due to any valid economic reasons, it was necessitated partly by administrative difficulties arising out of a faulty system of land tenure and revenue assessment, partly by the desire of the British Government to retain the political support of an influential and wealthy class by appealing to its self-interest.

The administrative difficulties arose out of the fact that the customary rights of the cultivators to hold their land permanently at rates of rent fixed by the Government having been destroyed, the zamindars acquired the power of ejecting their tenants and enhancing their rents. Thus by the time the period of a settlement

drew to a close the zamindars had often increased their gross rental and grown accustomed to a large income. The increase in their income was not in any way due to their own exertions, as they generally made no effort to improve agriculture; such extensions of cultivation as took place being due largely to the efforts of cultivators. But the fact remained that the gross rental had increased, mainly on account of the increasing pressure of population on land which led to a rise in land values and of which the zamindars took full advantage by raising rents to the highest possible pitch. An assessment of revenue at a fixed percentage of the assets had the effect of suddenly reducing their income to a figure to which they found it difficult to accustom themselves. This caused a great deal of hardship and discontent.

Another factor was the tendency in the early settlements of grossly over-estimating the assets, so that the revenue amounted to a percentage of the actual assets, which was actually larger than the declared figure.

The consequence was that the zamindars were in many cases unable to pay this land revenue, settlement frequently broke down, and there were large-scale transfers of landed property.

The *mahajans* and *sahukars* who thus acquired land from the improvident landlords were even more unscrupulous than the old hereditary landed class. But in any case whether the land was held by *mahajans* or the old landlords, the burden of a heavy assessment had in the ultimate analysis to be borne by the cultivators and was transferred to them in the shape of higher rents and more frequent ejectments.

In face of the acute distress and agrarian unrest caused by these various factors Government felt the need for caution in the assessment of revenue. The percentage of revenue to assets was progressively reduced; the term of settlement which to begin with was a year or a period of three, four or five years was extended to avoid the disturbance caused by frequent revision of settlements. Another reason for the extension of the period of settlement was the fact that as the procedure for assessment became more and more elaborate, and required a thorough revision of the record of rights, both the time taken, the staff required and the cost of the settlement of a district became prohibitive. Frequently an early revision was not desirable from the financial point of view as the

enhancement of revenue was hardly enough to justify the cost of the settlement operations. These difficulties pointed towards longer intervals between two settlements. But as the period of settlement became longer the disturbance caused by a new settlement became greater. This in turn limited the enhancement of revenue that could be effected without too great inconvenience. The result was a progressive reduction in the percentage of revenue to the total assets at each successive settlement.

It is a curious fact that the attention of the Government was directed mainly towards the convenience of the landed classes. A number of able administrators had from time to time pointed out that the policy followed resulted in the misery and degradation of millions of cultivators, their increasing poverty and the inefficiency of agriculture, and suggestions were made for giving them security of tenure and fixing their rents for the period of settlement. It is incredible but true that the only practical answer to these difficulties that was thought of was greater leniency in the treatment of zamindars on the assumption that if the zamindars were prosperous and contented their tenants would also be well-off, the zamindars would be encouraged to clear away the jungle, bring waste land under cultivation and effect other improvements and that they would, in their own self-interest, make fair bargains with the cultivators, leaving them a sufficient margin of profit to provide both the means and the motive for efficient cultivation and improvement of land. This assumption which is manifestly wrong and which has been disproved at every stage by the whole course of economic history appears to have been the fundamental basis of British revenue policy. This principle underlies the permanent settlement of Banaras as well as the progressive modifications of settlement rules in the rest of the province. Its equivalent in the industrial sphere is the doctrine of free competition and *laissez faire*. But the difference is that in the sphere of industry the necessity for State interference and regulation of industrial relations was only gradually realised and traditions for the legislative protection of the interests of industrial workers had to be slowly built up. In the case of agriculture in India, an efficient system had for long been in existence, and all that was required was to give legal sanction and validity to the then existing customary rights. Instead of doing this, the British administrators destroyed the existing

system, created a new class, gave them proprietary rights of a kind which they had never enjoyed before and made millions of cultivators subject to their absolute power and authority.

The necessity for regulating the relations of landlords and tenants was recognized before the introduction of the permanent settlement in 1795. It is an amazing fact that effective protection was not given to tenants until the Congress Government passed the U. P. Tenancy Act in 1939, nearly a hundred and fifty years afterwards.

In these circumstances it is understandable that there should have been a progressive reduction of the percentage of revenue to assets as this was the only means for protecting the tenants, however indirect and wholly ineffective it has proved in practice. Economic considerations and concern for the prosperity of the peasantry and agricultural efficiency have, however, generally occupied a very humble and obscure place in the minds of the British rulers. One of their principal motives for leniency in the treatment of the feudal classes appears to have been the political advantage accruing from their support. As Lord Cornwallis himself observed on 3rd February, 1790 "In case of a foreign invasion, it is a matter of the least importance, considering the means by which we keep possession of the country, that the proprietors of the lands should be attached to us from motives of self-interest. A landholder, who is secured in the quiet enjoyment of a profitable estate, can have no motive for wishing for a change. On the contrary, if the rents on his lands are raised in proportion to their improvement, if he is liable to be dispossessed should he refuse to pay the increase required of him, or if threatened with imprisonment or confiscation of his property, upon an assessment which his lands were unequal to pay he will readily listen to any offers which are likely to bring about a change that cannot place him in a worse situation but which holds out to him hopes of a better."

The policy of progressive reduction of revenue was dictated mainly by political reasons and administrative difficulties, it was not shaped by the development of agriculture or sound economic principles. Administrative difficulties alone have naturally no general validity and may lead to the adoption of policies which are not economically sound. Actually a wise Government when confronted by administrative difficulties in the pursuit of a sound

policy prefers to concentrate its attention upon the removal of the impediments, rather than accept the unsound policy forced upon it by them. If, for instance, a system of land records had been organised early, the rights of cultivators carefully determined and recorded, the rents determined in relation to the quantity and value of agricultural produce, revision of revenue reduced to a purely financial arrangement distinct from the preparation of a record of rights or modification of rents, much of the cost, the administrative strain and the time taken in settlement operations could have been reduced. This would have made frequent revisions of revenue possible. If the revenue was frequently revised it would have been possible to maintain a constant percentage in the relation of revenue to assets. The interval between one revision of revenue and another being comparatively short the zamindars would have had a comparatively stable income rather than an income which went on increasing at a rapid rate for a long period only to be drastically reduced at the beginning of a new settlement. They would, therefore, not have become accustomed to a much larger income in the interval and could have had no legitimate ground for demanding that they should be allowed to retain it and they would have suffered no hardship by the reassessment.

This, we consider, is the policy that should have governed settlement procedure had it been dictated by considerations of the economic development of the country. Some sacrifice of revenue would have been justified by the introduction of a graduated system of assessment, the incidence of revenue varying in proportion to the net income of the landlord. But this sacrifice would have been defensible, unlike the enormous and entirely gratuitous sacrifice of revenue forced upon the British by the inexorable development of the land system they had introduced and the fundamental basis of which they were unwilling to modify.

It is generally acknowledged that the sacrifice of revenue from agriculture has not contributed towards agricultural development and has indirectly retarded the industrial development of the country. The unearned wealth of the landlord has not been employed for productive purposes. Rent receiving as such is not a useful or productive activity and adds nothing to the national wealth. There is therefore no valid economic reason for the

discrimination exercised by the State in its favour and the progressive reduction of the burden of direct taxation placed upon the land-owning class.

Income from land has, at the same time, been exempted from the payment of income-tax that has been imposed upon all other classes and professions. The exemption of agricultural incomes has been a feature peculiar to India with the exception of Bihar and Assam, and has no parallel in any other country which levies an income-tax. As the Floud Commission observed: "The limitation of the revenue payable by the zamindars, coupled with their exemption from any income-tax on agricultural incomes throws an undue burden on other classes of tax-payers. This discrimination in favour of investment in land rather than in industrial enterprises, has contributed to the over-capitalisation of rent receiving as opposed to productive purposes either in agriculture or industry."

CHAPTER VII

EXISTING RIGHTS IN LAND

Rights and interests in land in the United Provinces fall broadly into two classes, namely, proprietors and tenants.

Holders of Proprietary Rights

1. *The proprietor or the zamindar*—The main incidents of proprietary rights are generally as follows:

(i) The right to engage either personally or through a representative with the State for the payment of land revenue.

(ii) A permanent, heritable and transferable right in land subject to liability for the payment of land revenue.

(iiii) The right to hold land and to use it for agricultural or non-agricultural purposes or to keep it vacant.

(iv) The right to let out the land and to realise rent and to give permission to the tenant to make certain improvements. The landlord can himself make any improvements and enhance rents subject to statutory provisions.

(v) The right to eject the tenant who fails to pay the rent or misuses the land for purposes other than those for which it was let or transfers or sublets it contrary to the provisions of law.

The main ingredients of proprietary title as analysed above are subject to variations and display considerable diversity from place to place.

The principal types of proprietors are:

(*a*) Proprietors in Azamgarh and the districts of the Banaras division whose land revenue is permanently fixed.

(*b*) Proprietors in the rest of the province whose land revenue is temporarily settled and liable to periodical revision.

(*c*) Proprietors who hold free of revenue from the State.

(*d*) Proprietors with whom an engagement for revenue is not made, for example, plot proprietors, or "proprietors of specific areas in the *mahal* under a definite agreement."

(*e*) Ordinarily the proprietors possess an unrestricted right of transfer and succession is governed by personal law. Under the Oudh Estates Act of 1869 there are, however, some taluqdars and grantees whose succession is governed by the law of primogeniture. Besides this, under the Oudh Settled Estates Act of 1917 taluqdars, and under the U. P. Estates Act of 1920 zamindars can apply to have their estates declared settled estates, as a consequence of which the right of alienation is practically lost.

(*f*) Ordinarily proprietors have the right to hold and manage the land and to take the rents and profits accruing from it. But where the proprietor has an intermediary between him and the tenant, whether as an under-proprietor, a sub-proprietor, a permanent tenure-holder or a permanent lessee, etc., the right of use, occupation or management of the land and of the collection of rents and profits vests in the intermediary. The superior proprietor has no right to resume the land or enter upon it. In such cases the superior proprietor's relation with the land is extremely tenuous and consists primarily of his right to engage with the Government and in most cases of the right to receive land revenue plus a percentage of land revenue or lump sum as "quit rent" from the inferior proprietor. The superior proprietor's right in such cases has historical importance but little practical significance. In the early days of British administration the unit of settlement and the class of persons with whom settlement was made, was a decision with far-reaching consequences. It determined the land tenure system, the rights of subordinate cultivators and the line of its future development. Later legislation has, however, progressively crystallised and defined the rights of all persons connected with land so that an engagement for revenue does not in the absence of other cognate rights possess its old significance.

Except in his *sir* and in certain lands of a special class such as tracts of shifting or unstable cultivation or certain classes of lands within municipal or cantonment limits, etc., a person to whom the zamindar leases land for cultivation, acquires permanent and heritable rights subject to liability for payment of rent and certain other conditions.

.On the land falling vacant either by surrender or abandonment of the holding by the tenant, ejectment, or death without heirs, the zamindar has the right of re-entry upon the land and may either retain it himself or lease it to another cultivator. On account of land-hunger among the peasantry there are always a large number of claimants for vacant land, prepared to pay *nazrana* or premium for the lease. The payment of *nazrana* is, therefore, an almost universal practice in spite of the fact that it has been prohibited by law.

The zamindar is also the owner of the *abadi* or the inhabited site of the village subject to the customary rights of the cultivators. No house can be built on the village site without the permission of the zamindar; it is very seldom, however, that he charges any ground rent for the site from cultivators. In effect the right to cultivate carries with it the right to live in the *abadi*. The right subsists even if the cultivator is ejected from his holding.

The waste land belongs to the zamindar subject to the customary rights of user enjoyed by the cultivators. Waste lands, scattered trees, forests within the village boundary and trees on the boundaries of cultivators' holdings belong to the zamindar.

Inferior proprietary rights

2. Inferior proprietary rights are of diverse origin and bewildering variety, the most important being—

(a) Under-proprietors

(*a*) *Under-proprietor in Avadh*—The essential elements of an under-proprietary right are:

(i) Heritability.

(ii) Transferability.

(iii) Absence of a right of re-entry by the proprietor.

(iv) In the absence of judicial decision or contract to the contrary, liability to pay rent.

They roughly fall in two categories:

(i) Those with whom a sub-settlement was made generally called *Pukhtadars*.

(ii) Those with whom a sub-settlement was not made called *Matahatdars* and by various other names.

The rent payable by the under-proprietor is extremely variable. There are some who pay no rent whatsoever, some pay an

amount equal to the land revenue, some pay the revenue plus an additional amount varying from 5 to 80 per cent. of the revenue or the net assets. On the basis of their origin the under-proprietary tenures are known by a variety of names such as *dihdari, birt, nankar, sankalap, marwat, bankati,* etc.

(b) Sub-proprietor

(*b*) *Sub-proprietor* in Agra meaning a person having an inferior but heritable and transferable proprietary interest in land with whom a sub-settlement has been made and whose name is recorded in the register of proprietors as such. This class includes *arazidars* and *gwanhadars* of Banaras division, who exercise all the rights of a proprietor subject to the payment of quit rent fixed in perpetuity, a permanent lessee with transferable and heritable rights and *sir dars* who are recorded as such in the register of proprietors but do not possess rights in land apart from their *sir.*

(c) Permanent tenure-holders

(*c*) Permanent tenure-holder is classed as a tenant but possesses the characteristic features of an under-proprietor. He has a permanent, heritable and transferable right in land which he holds as an intermediary between the landlord and occupants, at a rate of rent fixed in perpetuity. His rights to hold and manage the land and receive rents and profits thereof are unlimited. He has the right to grant leases, make improvements, use lands for any agricultural or non-agricultural purpose.

He can plant groves without becoming a grove-holder and acquire *sir* and *khudkasht* rights in land under his personal cultivation. The tenants holding under him have the same status as tenants holding directly under a proprietor.

His interest devolves according to personal law. He cannot be ejected from his holding and the landlord has no right of re-entry upon his land. It can, however, be sold in execution of a decree. The rights of a permanent tenure-holder are analogous in essential respects to the rights of an under-proprietor and it is difficult to see why he is classed as a "tenant". Actually he has an advantage over the under-proprietor inasmuch as his rent is fixed in perpetuity.

Permanent lessee in Avadh

Permanent lessee in Avadh holds under a heritable but non-transferable lease and his name is entered in the register maintained under clause (*b*) or clause (*c*) of section 32 of the U. P. Land Revenue Act.

The register maintained under clause (*b*) is the sub-settlement *khewat* confined to whole *mahals* or *pattis* held in sub-settlement or under a heritable non-transferable lease. Areas smaller than a *mahal* or *patti* are recorded in the under-proprietary *khewat* maintained under clause (*c*).

The tenants holding under a permanent lessee acquire the same rights as tenants who hold from a proprietor, a sub-proprietor or an under-proprietor.

Temporary rights of a proprietary nature

1. A thekadar is a farmer or lessee of the rights of a proprietor, in particular of the right to receive rents or profits. The thekadar may hold the land in farm from a person with full proprietary rights or from an under-proprietor, permanent lessee or mortgagee with possession and is liable to pay rent to the lessor. The lease may be granted with or without consideration.

The thekadar may exercise all the rights of his lessor during the term of the theka except the rights to enhance rent by suit or eject a rent-free grantee, unless they are conferred expressly by the terms of the theka. During this period the landlord cannot exercise any rights delegated to the thekadar.

His position has a dual character, in relation to the lessor he is somewhat like a tenant and in relation to the occupants he is like a proprietor. As his interest is generally temporary and terminable he is bound in the management of the property to protect the interest of the lessor and is liable to ejectment for any act or omission detrimental or prejudicial to the interests of the lessor.

The extent of the thekadar's rights varies wholly according to the terms of the contract between him and the lessor and may in some cases be heritable and transferable. In any case they are not liable to attachment and sale in execution of a decree of the civil or revenue courts.

The period of a theka granted after the commencement of the U. P. Tenancy Act of 1939 is subject to a maximum of ten years or the expiry of the settlement.

A thekadar is liable to ejectment on the expiry of the period of the theka or on the ground that a decree of arrears of rent remains unsatisfied against him or for a breach of the conditions of the theka.

The thekadar may cultivate land personally but is liable to ejectment on the termination of his theka.

2. *Mortgage with possession*—that is, a mortgagee of proprietary rights who holds possession of the land and has the right to collect rents, etc., until the mortgage money is paid off out of the usufruct of the mortgaged property. A person admitted to tenancy by a mortgagee in the ordinary course of estate management acquires hereditary rights.

A mortgagee with possession may cultivate land personally but is liable to ejectment on redemption of the mortgage.

Proprietary cultivation, i.e., Sir and Khudkasht

Sir and *khudkasht* is the home-farm of the proprietor, that is, land cultivated by the proprietor with his own stock, or by his servants, or by hired labour. Some of the land under proprietary cultivation has the status of *sir* by virtue of old or continuous occupation.

The proprietor enjoys special rights in the land under his personal cultivation, i.e., *sir* and *khudkasht*, subject to certain restrictions and maximum limits placed by the Tenancy Act of 1939. The zamindar has an unrestricted right of letting his *sir*, the lessee or tenant does not obtain hereditary rights. For purposes of the calculation of the gross assets *sir* is valued at a specially favourable rate and a reduction is allowed for the proprietor's personal cultivation. The revenue which is imposed upon the zamindar in respect of his homeland is thus very low as compared with the rents paid by tenants. Even if his proprietary rights are extinguished he can retain possession over it as an exproprietary tenant at a favourable rate of rent. For these reasons their rights in *sir* are highly prized by the zamindars.

The U. P. Tenancy Act, 1939, imposed the following limitations upon acquisition or retention of *sir*:

(1) No *sir* rights shall accrue in any land in future.

(2) Further restrictions on the extent of *sir* may be explained by distinguishing between two classes of *sir*, namely, new *sir* and old *sir*, and two classes of *sir*-holders, namely, larger zamindars and smaller zamindars.

New *sir* means in Agra—(1) land that was personally cultivated and recorded as *khudkasht* in 1333-34 Fasli, that is, in the year preceding and the year of the commencement of Agra Tenancy Act, 1926.

(2) Subsequent to the commencement of the Agra Act of 1926 land personally cultivated by the landlord or permanent tenure-holder for ten years continuously and demarcated as *sir;* and in Avadh—

(1) land that was personally cultivated and recorded as *khudkasht* in the year preceding and the year of the commencement of the Oudh Rent (Amending) Act of 1921,

(2) subsequent to the commencement of the Act, land personally cultivated by the proprietor or under-proprietor for ten years continuously.

Sir not included in the above categories is called old *sir*.

Larger *sir*-holder means a person who is assessed in the United Provinces to a local rate of more than Rs.25.

Smaller *sir*-holder means a *sir*-holder assessed to Rs.25 or less as local rate in the United Provinces.

The restrictions are:

(1) The *sir* of a smaller *sir*-holder, old or new, whatever the area and whether let or unlet, retains its *sir* character.

(2) The new *sir* of a large *sir*-holder, whether let or unlet, ceases to be *sir* and the tenant of new *sir* which is let becomes a hereditary tenant.

(3) The entire area of old *sir* of a larger *sir*-holder, which is unlet at the commencement of the Act, retains its character of *sir*.

(4) If a larger *sir*-holder has 50 acres or more of unlet old *sir* as well as some old *sir* which is let, then the tenants of let *sir* become hereditary tenants.

(5) If a larger *sir*-holder has less than 50 acres of unlet old *sir*, but 50 acres or more when let and unlet old *sir* are added together, then he shall be allowed to keep 50 acres *sir* altogether. For this purpose all unlet *sir* will retain its character and out of let *sir* so much will be demarcated as will together with unlet old *sir* make a total of 50 acres. The balance of let *sir* will lose its character and its tenants will become hereditary tenants.

(6) If a larger *sir*-holder has less than 50 acres old *sir* let and unlet, then he shall be allowed to keep an area equal to his total area of *sir*. This shall be demarcated and given to him firstly from unlet old *sir*, then from *khudkasht* and lastly from let *sir*. Any area of let *sir* that is left over ceases to be *sir* and its tenants become hereditary tenants.

No tenant of *sir* can be ejected unless the *sir* land is demarcated and tenants entitled to hereditary rights get these rights. Under the Tenancy Amendment Act of 1947 no tenant of *sir* can be ejected until a period of five years beginning from the date of that Act has expired.

Tenants

(i) Fixed-rate tenants

1. A fixed-rate tenant differs from a permanent tenure-holder—

(i) His position is not that of an intermediary between the proprietor and occupant of land.

(ii) His rent is liable to enhancement on the ground that the area of his holding has been increased by alluvion, and to abatement on the ground that the holding has decreased by diluvion, or encroachment or by taking up of land for a public purpose or a work of public utility.

(iii) His rent can be suspended or remitted on account of an agricultural calamity.

In other respects his rights are similar to the rights of a permanent tenure-holder. The difference (i) mentioned above is, however, of vital importance, for though the fixed-rate tenant has an unlimited right to lease land, the cultivator holding under him is a sub-tenant and not a tenant.

The rights of a fixed-rate tenant and permanent lessee show the following contrast:

(i) A fixed-rate tenant has the right of transfer but the cultivator holding under him is a sub-tenant.

(ii) The permanent lessee in Avadh has no right of transfer but the cultivator under him may acquire the rights of a hereditary tenant.

(ii) Grants rent-free or at favourable rates of rent

When a zamindar grants the right to occupy land free of rent, either on payment of consideration or without it, the grantee is called a rent-free grantee. Where rent is fixed but is less than the aggregate of land revenue and local rate payable on the land, the occupant is called a grantee at a favourable rate of rent.

These grants may be unconditional or conditional upon the performance of a religious or secular service.

This class includes various grades of interest ranging from a proprietor or under-proprietor, a highly privileged tenant with permanent and heritable rights, down to a tenant with only a temporary right. In some cases rent can and in others it cannot be fixed or enhanced. If rent is fixed or enhanced the grantee may in some cases be ejected, in others he acquires the status of a hereditary tenant. Except where the grantee is declared a proprietor or an under-proprietor he is in general a tenant. A grantee in Agra may be declared a proprietor and in Avadh an under-proprietor if the grant was made in perpetuity for valuable consideration or in consideration of the loss or surrender of rights previously held by the grantee or if the grant has been held rent-free for 50 years before 1926 in Agra, or if it has been held rent-free or at favourable rate of rent for 50 years in Avadh. In all other cases the grantee is a tenant. He may, however, continue to hold the land rent-free or at a favourable rate of rent if in Agra—

(*a*) it has been held rent-free in a permanently settled area prior to the permanent settlement, or

(*b*) it is held rent-free by a judicial decision prior to 1873, or

(*c*) it is held rent-free by a holder whose title is based on a transfer of land or for valuable consideration from a date before 1873,

and in Avadh—

(*a*) if it is held rent-free or at a favourable rate under a Crown grant, or

(*b*) if it is held rent-free or at a favourable rate of rent by a judicial decision prior to 1902, or

(*c*) if it was acquired rent-free or at a favourable rate for valuable consideration before 1876.

In all other cases rent may be fixed at hereditary rates and the grantee becomes a hereditary tenant. But the grantee does not acquire hereditary rights and becomes liable to ejectment if according to the terms of the grant or local custom the grant was held at the pleasure of the grantor, or for the performance of some service, secular or religious or for a specific term only, or on a condition which has been broken.

As the rights of rent-free grantees were in some cases analogous both in origin and character to proprietary right, a cultivator holding under him was under the Act of 1901 a tenant and could acquire occupancy rights by prescription. Some of these grants were resumable with the result that the grantee himself would on resumption become an occupancy tenant. This led to the anomalous position of two occupancy tenants on the same holding. The Agra Tenancy Act, 1926, therefore prescribed that only the cultivator under a non-resumable grant would become a statutory tenant. This still led to some confusion as suits (i) for the declaration that a cultivator was a statutory tenant, (ii) for the resumption of a grant, were between different parties, and conflicting decisions could be given in the two sets of cases relating to the same holding. By the Act of 1939, therefore, all cultivators under a grantee are sub-tenants unless the grantee is declared a proprietor or under-proprietor in which case they are recorded as hereditary tenants and rent is fixed. The Act is, however, not retrospective so that there may be tenants under some rent-free grantees.

In general a grantee has unlimited rights to sublet, and to make improvements and is not liable for ejectment for a detrimental act. He has the right to misuse or non-use of land but

may surrender his holding. The rent of a grantee at a favourable rate of rent may be recovered in the ways applicable to other tenants except that it may not be recovered by notice. The rights of a grantee devolve according to his personal law.

Grove-holder

A person may plant a grove :

(*a*) on land let or granted for the purpose by the landlord,

(*b*) if he is a tenant (but not a sub-tenant) he may plant a grove on his land, either in accordance with local custom entitling him to do so or with the permission of the landlord.

In such cases the person who has planted the grove becomes a grove-holder.

A permanent tenure-holder or a fixed-rate tenant or a tenant on special terms in Avadh or an occupancy tenant in Avadh planting a grove retains his status and does not become a grove-holder.

As long as the grove is covered with trees so that the land cannot primarily be used for any other purpose, the grove-holder retains his rights. On land ceasing to be a grove he becomes a hereditary tenant.

The grove-holder has a permanent, hereditary and transferable interest in land. His rights are inherited according to personal law.

A grove-holder is liable to ejectment for a detrimental or inconsistent act or breach of conditions but he cannot be ejected in execution of a decree for arrears of rent.

Superior tenants

This class includes a wide range of interests and comprises tenants holding on special terms in Avadh, exproprietary tenants, occupancy tenants and hereditary tenants. There are differences of detail in their rights, and the rents that they pay, the most favoured classes being tenants holding on special terms in Avadh, exproprietary tenants and occupancy tenants. Hereditary tenants who occupy the largest area of land in the province pay much higher rents than occupancy or other tenants. All these tenants have a permanent and heritable right in land; their rents can be enhanced only by an order of the proper authority.

The rent-rates for hereditary tenants are so fixed as to make the rents payable without hardship over a series of years; the rates are based on genuine and stable rents paid by such tenants. In fixing these rates the rent-rate officer has regard to—

(*a*) the level of rents paid by tenants admitted to land at different times, and in particular to the level of rents agreed to by tenants who were admitted to holdings in or between the years 1309 Fasli and 1313 Fasli;

(*b*) the prices of agricultural produce prevailing at such times;

(*c*) changes in the crops grown and in the amount of produce;

(*d*) the value of the produce, in order to see that the valuation of the holdings at the proposed rates does not exceed one-fifth of such value;

(*e*) the expenses of cultivation, and the cost to the cultivator of maintaining himself and his family.

In fixing rates for occupancy tenants in Agra, rates for hereditary tenants and rents actually paid by old and new occupancy tenants are kept in view. In Avadh the rates proposed for occupancy tenants are two annas in the rupee less than the corresponding rates for hereditary tenants.

It is also recorded for each village whether the [illegible] are applicable with some modification or without any modification.

The rent of these tenants may be usually enhanced on the following grounds:

(*a*) that the rent payable by the tenant is substantially less than the rent calculated at the sanctioned rate appropriate to him; or

(*b*) that the productive powers of the land held by the tenant have been increased by fluvial action; or

(*c*) that the productive powers of the land held by the tenant have been increased by an improvement effected by or at the expense of the land-holder; or

(*d*) that the area of the holding has been increased by alluvion.

. The following are the general grounds on which their rents can be abated:

(*a*) that the rent payable by the tenant is substantially greater than the rent calculated at the sanctioned rates appropriate to him; or

(*b*) that the productive powers of the land held by the tenant have been decreased by an improvement made by the land-holder or by any cause beyond the tenant's control during the currency of the present rent; or

(*c*) that the area of his holding has been decreased by diluvion or encroachment or by the taking up of land for a public purpose or for a work of public utility; or

(*d*) that the rent is liable to abatement on some grounds specified in the lease, agreement or decree under which he holds.

The interest of tenants holding on special terms in Avadh, exproprietary tenants and occupancy tenants in Avadh devolves according to personal law, in other cases according to a restricted law of inheritance prescribed by the U. P. Tenancy Act of 1939.

These tenants possess a restricted right of subletting; generally they can sublet for a term not exceeding five years with an interval of three years between two consecutive sub-leases.

They are liable to ejectment through the revenue courts for arrears of rents, illegal transfer or subletting and for detrimental acts or breach of certain conditions.

Improvements mean:

(i) a dwelling-house, cattle-shed, store house or other constructions for agricultural purposes made by a tenant on his holding,

(ii) any work which adds materially to the value or agricultural productivity of the holding including—

(*a*) construction of wells and water channels,

(*b*) construction of drainage, bunding or anti-erosion works,

(*c*) reclaiming, clearing, enclosing, levelling or terracing land,

(*d*) construction of buildings in the immediate vicinity of the holdings,

(*e*) construction of tanks or reservoirs of water.

Tenants on special terms in Avadh and occupancy tenants in Avadh may make any improvements. Other tenants may make any improvements except (*d*) and (*e*)—these they can make only with the written consent of the landlord or if there is a local custom entitling them to do so.

A tenant who has made an improvement is entitled to compensation for it if he is ejected by court or wrongfully dispossessed by his landlord.

A tenant on special terms in Avadh and an occupancy tenant in Avadh may plant a grove without the permission of the landlord. In such cases they would not become grove-holders. Other tenants can plant a grove only with the permission of the landlord or in accordance with the local custom entitling them to do so.

Procedure for recovery of arrears of rent—A tenant is liable to pay simple interest on the arrears of rent at the rate of one anna per rupee per annum.

An arrear of rent is usually recoverable by suit, or by notice through the tahsildar. No decree for arrears of rent is executed by the arrest or detention of a tenant. Landholders can also apply to the tahsildar, for the issue of a notice to an exproprietary, or occupancy or a hereditary tenant for the payment of arrears of rent due by him and in default for ejectment from his holding. When a decree for arrears of rent against such a tenant remains unsatisfied for one year, the landholder may apply to the court for the issue of the notice to the tenant for payment of the amount outstanding and for his ejectment in case of default and the court thereupon issues such notice.

The notice requires the tenant to appear within 30 days of the service of the notice and either to show cause why he should not be ejected from his holding or to admit the claim and obtain leave to pay the amount into the court within 120 days from the date of his appearance in the court.

If the tenant does not appear in accordance with the terms of the notice or having appeared either does not show cause why he should not be ejected or does not ask for leave to pay, the court immediately orders his ejectment from the holding.

The order of ejectment is executed after the 31st of May next following.

If within one month after the ejectment, the tenant deposits the decretal amount, the ejectment order is cancelled.

No extension of time for payment is allowed. The tenant is ejected only from such portion of the holding the rent of which does not exceed one-sixth of the decretal amount.

These tenants may now be described separately as follows:

Tenants holding on special terms in Avadh

A tenant in Avadh holding under a special agreement or judicial decision made before the passing of the Oudh Rent Act, 1886, is a tenant holding on special terms in Avadh. This class comprises old occupants of the soil or proprietors only some of whom were recorded as under-proprietors.

Their rights and liabilities are the same as those of occupancy tenants in Avadh with the addition of certain special privileges which they enjoy by virtue of the fact that they were previously proprietors of their land. Interest is heritable but not transferable.

Exproprietary tenants

Where a landlord by voluntary alienation (other than by gift or by exchange) or by operation of law, i.e., by foreclosure or sale in execution of a decree transfers the whole or part of his share in a *mahal* or specific area of a *mahal,* he becomes an exproprietary tenant of:

(*a*) *Sir* land.

(*b*) Such portion of the *khudkasht* as has been in his cultivation for over three years.

If the landlord owns the entire *mahal* or a specific area and the transfer is of the whole of it then exproprietary rights accrue in the whole of his *sir* and *khudkasht.*

If the transfer is of a part, exproprietary rights accue only in such portions of *sir* and *khudkasht* as correspond to the part transferred. He holds the land at a rent 2 annas in a rupee less than the occupancy rate. Interest is heritable but not transferable.

Occupancy tenants

Under the Agra Tenancy Act of 1901 occupancy rights could be acquired by a tenant, other than a lessee holding under a written lease for a definite term and not less than seven years or a thekedar or a sub-tenant, by continuous possession for a period of 12 years. The right of occupancy, however, could not be conferred by the landlord. Under the Agra Act of 1926, occupancy rights could be conferred by the landlord, and tenants of government estates other than nazul lands (except in Bundelkhand) were also given occupancy rights. Grantees of resumable rent-free grants also acquired occupancy rights by continuous possession for 12 years if their holding was resumed by the landlord.

In Avadh occupancy rights were originally created in favour of proprietors who had lost their proprietary interest by the inclusion of their villages in *talukas* and who were not entitled to under-proprietary rights. Under subsequent legislation occupancy rights could also be acquired by tenants either by prescription or by conferment by the landlord.

Under the U. P. Tenancy Act, 1939, occupancy rights cannot be created All tenants other than fixed-rate and exproprietary tenants who had acquired occupancy rights under previous law were occupancy tenants.

The difference of origin accounts for the difference of rights between occupancy tenants in Agra and Avadh. In Avadh the interest of an occupancy tenant devolves according to personal law while in Agra it devolves according to succession prescribed by the U. P. Tenancy Act, 1939.

Hereditary tenants

Hereditary tenants were created by the U. P. Tenancy Act of 1939. Hereditary rights were conferred on the following:

(i) A person who at the commencement of the Act of 1939 was a tenant of land otherwise than a permanent tenure-holder, fixed-rate tenant, a tenant holding on special terms in Avadh, an exproprietary tenant, an occupancy tenant, or except as otherwise provided in the Act, as a sub-tenant or as a tenant of *sir*.

(ii) Every person who has been after the commencement of the Act admitted as a tenant otherwise than as a tenant of *sir* or sub-tenant.

(iii) Every person who acquires hereditary rights according to the provisions of the Act, e.g., tenant of land which has ceased to be *sir*.

(iv) Grove-holders acquire hereditary rights on land ceasing to be a grove.

(v) Trespassers acquire hereditary rights after expiration of the period of limitation for ejectment.

Hereditary rights do not accrue in:

1. Grove land, *singhara* land or pasture land.
2. Bed of a river.
3. Land within cantonment limits or military encamping grounds, lands within railway or canal boundaries, government forests or municipal trenching grounds held for public purposes.
4. Land held for a public purpose or a work of public utility.
5. Tracts of shifting and unstable cultivation.
6. Tenants holding ·5 acres or less land in tea-gardens.

Inferior tenants or non-occupancy tenants

This is a compendious term for all other tenants and includes such persons as (i) tenants of *sir*, (ii) sub-tenants or (iii) tenants of land in which hereditary rights cannot be acquired. The rights of these tenants are temporary and unstable.

Unless they are ejected their interest is heritable and devolves in accordance with the table of succession in the Tenancy Act. They can sublet land for only one year at a time, with an interval of one year. They cannot make any improvement without the written consent of the landholder. Their rights regarding abatement and enhancement of rent and conditions for ejectment and planting of groves are the same as those of hereditary tenants. The non-occupancy tenant may be ejected on the ground that he

is a tenant holding from year to year under a lease for a period which has expired. In certain cases, which have been described earlier, tenants of *sir* may acquire hereditary rights.

The following chart shows the area occupied by each class of occupant according to the records for 1353 Fasli (1945-46):

Classes of occupants	Area in thousands of acres	Remarks
1. Under-proprietors (including permanent lessees and sub-proprietors.	6,04	
2. Permanent tenure-holders	2	
3. Fixed-rate tenants	7,11	
4. Grants held rent-free and at a favourable rate of rent.	3,61	
5. Grove-holders	7,08	
6. Thekadars and mortgagees of proprietary rights	2 47	
7. *Sir*	42,50	Let 9,33 Unlet 33,17 estimated.
8. *Khudkasht*	31,30	Let 2,02 Unlet 29,28 estimated.
9. Tenants holding on special terms in Avadh	8	
10. Exproprietary tenants	8,26	
11. Occupancy tenants	1,22,97	
12. Hereditary tenants	1,64,43	
13. Non-occupancy tenants	2,64	
14. Occupiers of land without the consent of the person entitled to admit as tenant.	14,46	
Total ..	4,12,97	

Chapter VIII

LAND RECORDS AND AGRICULTURAL STATISTICS

The United Provinces, like the other provinces where land revenue is temporarily settled, keeps a vast establishment at an annual cost, taking the average of the last three years, of about Rs.96 lakhs for the maintenance of an elaborate and detailed system of land records required for the purpose of the land revenue administration. The land records contain information about proprietary and tenancy rights in land, the revenue payable by each proprietor, the rent of each tenant, the area cultivated, the kind of crops sown, the nature and extent of irrigation, the customary rights of the village, the amount of rent and other dues actually paid to the proprietor and other details about the land in the village.

The system of annual land records was organised primarily to facilitate assessment of revenue. During the early period of British rule after the settlement officer had prepared the record of rights with its maps and field index, there was no agency for recording subsequent changes and keeping the records reasonably accurate, with the consequence that when the period of settlement came to a close the records were completely out of date and the whole work had to be undertaken right from the start. Lack of reliable records was also felt to be a great handicap in the decision of disputes. The preamble of Regulation XII of 1817 reads as follows:

"The existing regulations regarding putwarries have been found to be in many respects defective, and great difficulties and delays have consequently been experienced in the division of estates, the adjustment of the revenue to be assessed on their respective shares, the investigation of summary and other suits for rents, the decision of disputes relating to the limits of estates and villages, and the execution of the decrees of the Courts of Judicature, in regard to the possession and property of land, etc."

The institution of patwaris and village accounts has a long history and can be traced as far back as the 15th century when Al-Beruni referred to the patwari in the reign of Alauddin Khilji. In all likelihood the institution existed even before and owed its

growth to the early tendency towards specialisation of functions in the village community and the need of the villages for someone to keep their accounts.

The patwaris were, however, the servants of the village and in the beginning of the British rule no efforts were made to organise them as an agency for maintaining village records under proper supervision. The first notable attempt was made in 1817 but the position continued to be unsatisfactory until 1860 when far-reaching changes in organisation were made. The recurrence of famine and agricultural calamities made it necessary to maintain some statistics regarding crops and prices. About the year 1860 groups of villages were formed into patwari circles so that the total of customary payments from each village in the circle amounted to some kind of a living wage. A record of prices was maintained from the year 1861. Even after this reorganisation the patwari was obliged to collect his wages directly from the zamindars within his circle; this led to considerable difficulties until a cess of 6 per cent. of the revenue was levied in the North-Western Provinces for the support of the patwaris by the Revenue Act of 1873.

The cess which amounted to about twenty-four lakhs of rupees was abolished by Act XIII of 1882 as a gratuitous concession to zamindars. In Avadh also the landlords were relieved of the charge of paying patwaris. The burden of the State, however, was so heavy that the cess was re-imposed by Act IX of 1889 at approximately 3-4 per cent. of the land revenue.

The system of land records was re-organised and placed on more or less its present footing in 1877 by the rules framed under Act XIX of 1873. Since then there have been changes in detail from time to time necessitated by changes in the land system but the essential features of the scheme have been only slightly modified.

The information required for maintaining the annual records is collected in the first instance by the patwari or village accountant who is in charge usually of about three to four villages. There are altogether about 27,000 patwaris in the province on an average pay, till recently, of about Rs.18 a month. This has now been increased, the minimum being Rs.25. In addition to the maintenance of the land records the patwari performs a number of miscellaneous duties and though occupying a very humble position in the official hierarchy he is, in the eyes of most of the villagers in his

circle, a very important and powerful official. Errors inadvertantly or deliberately made by him in the village records affect powerfully the fortunes of the cultivators; a dishonest patwari has therefore considerable opportunities for extortion. Most of them make good use of the opportunity; of the disputes fought in the revenue courts at a ruinous cost to the cultivator many would never have arisen at all but for the wrong entries in the revenue records.

An elaborate system of supervision has been provided but the errors seem to escape through the filter. The proprietors being the most powerful as well as the wealthiest class in the village the patwari finds it an advantage to keep on their side as against the cultivators, an alliance that is strengthened by the powers of nomination possessed by the landholders when the post falls vacant. But though the cost in social discord, discontent and financial loss is considerable, the errors are not statistically important, the percentage of errors to the total being, on the whole, a small fraction. It is, therefore, not surprising to find the Government saying with a certain amount of complacency in the report submitted to the Royal Commission on Agriculture, 1926 that "The patwari, with his low pay and limited education, appears, perhaps, an unsound foundation upon which to build a great system of land records. On the whole, however, the patwari discharges his duties with credit; living as he does almost invariably within the village or villages of which he keeps the records, he has close personal acquaintance with every village and every field to which his records relate; he does but the one work all his life, and after a few years at any rate becomes remarkably proficient at it. He is moreover under the close control of his district officer, and his work is regularly inspected by the district staff. In the result the land records which it devolves upon him in the first instance to prepare are upon the whole remarkable for accuracy; errors of course occasionally creep in, but considering the bulk of the work, the mistakes committed are wonderfully few." Mr. Moreland, in the "Revenue Administration of the United Provinces", after describing in some detail the methods of dishonesty common among patwaris goes on to say that "perquisites of this kind will continue to be paid while the present social conditions subsist, and there is no use trying to stop them." This reflects more or less accurately the attitude of the British administration towards customary and

normal curruption in this and other spheres of administration, an attitude partly of indulgence and partly of despair. The patwari, they felt, was a low-paid and hardworking drudge and, as the Government could not afford to pay him more, he must somehow fend for himself. If the magnitude of the evil ever caused them any concern they could always comfort themselves by saying that nothing could be done under the existing social conditions.

Description of land records

(*a*) The land records consist of :

(i) *The village map*—The village map is prepared after careful survey and measurement during what are known as the survey operations, on a scale sufficiently large, usually 16 inches to a mile, varying in some cases to as much as 64 inches to a mile, to show exactly the location, the shape and the area of each field or plot. Each plot bears a separate serial number so that the map serves as an index to the land records. It also provides the basis for the decision of disputes about field areas and village boundaries.

Formerly the method adopted was to measure a base line in each village and build up the map around it; its fault was that the errors in measurement accumulated in plotting the fields further and further away from the base line, the distant outlying fields and the village boundaries were often inaccurately shown. The present maps are, however, based upon a more scientific system called the traverse survey. Under this method a number of points on the village boundary are so chosen that the lines connecting them represent the main lines along which the fields are spread out; these points are accurately measured. The serveyor has thus an outline of the village to begin with, the accumulated errors of detail in plotting the fields are discovered when he comes at the end of the line upon which he is working to the fixed point on the village boundary. These maps, therefore, possess a high degree of accuracy.

The patwari's duty is to keep the map reasonably accurate by recording any changes in the field boundaries or union or sub-division of fields. He is required during each inspection tour to compare the fields one by one with his map and to note the changes after making necessary measurements.

(ii) *Khasra*—The *khasra* or the field book is a very important record, in which the patwari notes by inspection from field to field

and by inquiries from the villagers the facts required for the preparation of the *khatauni* or the register of cultivating rights, agricultural statistics, and changes in field boundaries. The entries in the *khasra* are made plotwise, and contain much detailed information about:

(*a*) CULTIVATING RIGHTS—

Namely, the number of each plot and its area, changes in field boundaries, the name of the cultivator, references to the *khewat* to indicate the proprietors or inferior proprietors of the land and to the *khatauni* to indicate the holding of which the plot forms a part, the person actually in possession with a brief note about the nature of the title, and the rent if it has been changed.

Changes in field boundaries—The sub-division of a field in the same patti or *khewat-khata* and in the possession of the same cultivator under the same class of tenure is shown on the map but need not be recorded in the *khasra* as it does not affect cultivating rights. But if the parts of a field are in the cultivatory possession of different individuals, each sub-division is shown separately. Encroachments made by cultivators by extending the boundaries of a field or the extension of a field by union with adjacent plots is also noted in the *khasra*. The patwari should also duly record land added to the village by alluvion or lost by diluvion.

Records of cultivating rights—Where the cultivator of a field held it on the same terms in the previous year his name is recorded in the *khasra* with the words "as before" to indicate that no change has taken place. But if the cultivator is changed or the rights of the cultivator have been altered an entry in red ink is made showing the name of the new cultivator, the class of his tenure, the rent, where necessary, and the term of cultivation. As the duty of recording these changes gives the patwari considerable powers, stringent rules have been made to prevent misuse. Generally the patwari can only seldom make wrong entries affecting the rights of a cultivator with a stable tenure, but where the entries relate to tenants with comparatively unstable rights such as tenants of *sir* or sub-tenants it is not unusual to find wrong entries occasionally on a large scale. Complaints are often made that *sir* and *khudkasht* or newly reclaimed land actually in the possession of cultivators, sometimes continuously, for a number of years, is

shown as if it was in the direct cultivatory possession of the zamindar.

(*b*) AGRICULTURAL STATISTICS—

The patwari is required to make three field to field inspections every year, from 15th August to 30th September for the *kharif*, from 1st January to 15th February for the *rabi* and from 15th April to 30th April for the *zaid* crops and to record against each field the actual crop sown in a particular season, the area under the crop, showing separately the area irrigated and the area unirrigated, and the method and source of irrigation. Crop failure, i.e., where the crop has not germinated, or where the outturn is so bad that the cultivator has not harvested the crop, is also recorded in the *khasra*.

(iii) *Siyaha* is the record in which all payments in cash or kind of rent and *sayar* made by the cultivator to his landlord are noted. The information is obtained from the person who receives the rent or other payment, the entries indicate the name of the payee, the name of the payer and the account, i.e., the year, instalment and the number of the holding for which the payment has been made. This record is often neglected, the landholder is not too keen to make an admission regarding the payments received by him, and the patwari is too indolent to insist. The actual collections, therefore, exceed those recorded in the *siaha*.

(iv) *Khatauni* is the record of cultivating rights in which the names and classes of tenures of all occupants of lands are recorded.

In respect of cultivated land the entries in the *khatauni* are grouped under various categories of rights in land, namely, *sir*, *khudkasht*, thekadar's or mortgagee's cultivation, land held by permanent tenure-holders, fixed-rate tenants, tenants on special terms in Avadh, ex-proprietary tenants, occupancy tenants, hereditary tenants, non-occupancy tenants, sub-tenants, etc. Under each category to which he belongs, the name, parentage, and residence of each cultivator is recorded together with the number and area of each field he holds in that class and the total area and rent of the holding. Details about uncultivated land included in the holding are also given, namely, the total area, the number and area of each field along with its classification, i.e., new fallow, old fallow or culturable waste. Where the rent is

taken by sub-division or appraisement of crops the method of valuation and the cash value of the crop when determined is recorded in the *khatauni*. When a holding includes land on which rent has not been determined the number and area of the plots and the total area are shown separately below the total area of the holding on which rent is fixed. Rent remitted or suspended is also shown.

The general rule is that the patwari re-writes the *khatauni* every year incorporating all the changes that have occurred. He is required to find out all the facts affecting cultivatory rights during his seasonal inspections for the preparation of the *khasra* and was formerly authorised to make the necessary changes in the *khatauni*. This afforded him too many opportunities for making collusive entries which resulted in endless litigation. But for some time past a number of restrictions have been placed on recording changes. For example:

(i) the class of any tenant whose name was recorded in the previous *khatauni*, and continues to be so recorded, is not to be altered by the patwari without the orders of a revenue court, *vide* paragraph 71(ii), Land Records Manual (L. R. M.).

(ii) the patwari is prohibited from recording any specification of the separate interests of joint tenants of any holding, *vide* paragraph 81, L. R. M.,

(iii) the patwari is not permitted to record the sub-division of a holding without the orders of the supervisor kanungo, *vide* paragraph 80, L. R. M.,

(iv) he is not permitted to record succession of tenants, grove-holders and grantees in disputed cases, *vide* paragraph 82, L. R. M.,

(v) he is prohibited from introducing the name of any person in addition to those whose names were previously recorded and who still hold as tenants, unless the land-holder has consented specifically in writing to his admission to a share in the holding or an order from a competent authority has been received by him to do so, *vide* paragraph 83, L. R. M.,

(vi) he is not empowered to make any changes in the record of valuable tenancies; he can do so only in case

of unstable tenancies, such as non-occupancy tenancies, sub-tenancies or the cultivation of persons without title, *vide* paragraphs 84 and 87,

(vii) in cases of abandonment, the patwari cannot remove the name of the tenant before five years and even then he cannot do so without the orders of the Tahsildar or the Sub-divisional Officer, *vide* paragraph 85, L. R. M.

The patwari is required to record all changes in his *khatauni* in red ink (*vide* paragraph 123, L. R. M.) so that they may be seen at a glance and the supervisor kanungo is required to verify on the spot and test with the previous *khatauni* all such changes [*vide* paragraph 433 (ii) and 434]. If this verification and test were carried out honestly by the supervisor kanungo all chances of dishonesty by the patwari would be eliminated.

(v) *The grain-rent ledger*—Is a record showing details about land on which rent is determined by appraisement or division of the crop. The patwari should generally be present when the crop is appraised or divided and should record the total weight of the produce, the zamindar's share and its cash value.

(vi) *Khewat*—This is a register in which the nature and extent of the rights of each proprietor, sub-proprietor, sub-settlement holder or under-proprietor in a *mahal* is recorded separately. It may be divided into the following classes:

(*a*) *Proprietary khewat*—The proprietary *khewat* is a register of all the proprietors in a *mahal*, including proprietors of specific areas, and specifies the nature and extent of the interest of each. In the province of Agra the names of all sub-proprietors, if any, are also recorded therein specifying the nature and extent of the interest of each. At present this record is prepared quadrennially.

(*b*) *Sub-settlement khewat*—In Avadh where a *mahal* or any *patti* in a *mahal* is held in sub-settlement or under a heritable non-transferable lease, the rent payable under which has been fixed by the settlement officer or other competent authority, a quadrennial register is prepared for all the sub-settled co-sharers or co-lessees specifying the nature and extent of the interest of each of them. This register is called the sub-settlement *khewat*. It is prepared in the same manner as the proprietary *khewat*.

(*c*) *Under-proprietary khewat*—In Avadh is also prepared a four-yearly register of all under-proprietors, and lessees with whom a sub-settlement is made specifying the nature and extent of the interest of each. This register is called the under-proprietary *khewat*. Unlike the proprietary or sub-settlement *khewat* the under-proprietary *khewat* gives the '*khasra* numbers' of the plots held by the under-proprietors in place of shares held, as the under-proprietors generally hold specific fields.

A fresh *khewat* is prepared every fourth year from the previous *khewat* incorporating all the changes that have occurred. The *khewat* differs from other patwari records in so far as no changes are made in it by the patwari except under the instructions of the registrar kanungo whose signatures are obtained by the patwari to each entry of change. This record contains, therefore, a lesser percentage of errors than other records.

List of mortgagees—For any *mahal* in which there are mortgagees in possession of specific plots, not being fractional shares, a list showing the names of all such mortgagees together with other necessary details of the mortgage is attached to the proprietary *khewat* or the sub-settlement *khewat*, as the case may be.

Changes in khewat—The order of the tahsildar in undisputed mutation cases and the order of the sub-divisional officer in disputed cases is necessary before the patwari can make any change in the *khewat*. The patwari is required to report each month to the tahsildar all successions and transfers affecting the *khewat* while on the other there is a similar obligation on persons obtaining possession by transfer or succession. The law imposes penalties on persons obtaining proprietary possession who omit to report the fact to the tahsildar. They cannot appear in court as land-holders until they get their names recorded in the *khewat*. They are also liable to fine for not reporting within a specified time. If the patwari fails to report within a certain period he is punished departmentally.

Statistical returns

The patwari prepares each year five statistical statements, namely, (i) *kharif* crop statement, (ii) *rabi* crop statement, (iii) *zaid* crop statement, (iv) area statement, and (v) statement of

holdings and rentals. The first four statements are prepared from the *khasra* and the fifth from the *khatauni*. In the crop statements the patwari enters all the crops sown during each season. These crops are divided under the broad heads (i) food crops, such as *jwar, bajra,* maize, rice, etc., in the *kharif* season and wheat, barley, gram, peas, etc., with their mixtures in the *rabi* season, and (ii) non-food crops, such as fodder crops, cotton, indigo, sugarcane, hemp, tobacco, opium, oil-seeds, condiments, drugs, etc. The area in which the crop failed is also shown in these statements.

The area statement gives the area of each class of land arranged under the following main headings :

(I) Barren land : —
  (i) covered by water,
  (ii) sites, roads, buildings, etc.,
  (iii) graveyards and cremation grounds,
  (iv) otherwise barren.

(II) Culturable land : —
  (i) new fallow,
  (ii) land prepared for sugarcane,
  (iii) old fallow,
  (iv) groves,
  (v) forests under any legal enactment dealing with forests,
  (vi) other forests with details of timber trees and other trees, and
  (vii) other culturable waste.

(III) Cultivated area : —
  (i) Irrigated—
    (*a*) from canals,
    (*b*) from tube-wells.
    (*c*) from other wells.
    (*d*) from reservoirs.
    (*e*) from other sources.
  (ii) Unirrigated—

It also gives the double-cropped area with details of irrigated and unirrigated. In addition to this, it gives the number of masonry and non-masonry wells with details whether used during the year or not. The number of masonry wells constructed during the year and the number of those which became useless during the year is also recorded in this statement.

. The statement of holdings and rentals gives the area of each class of holdings and the area and rent of cash rented holdings of all classes recorded in the *khatauni*. The total grain rent and the area of such land as well as the *sayar* income are also given. It also gives total collections of rent for the current year and for previous years. The total area and rent recorded in Part II of the *khatauni* is given at the end of the statement.

At the end of all these five statements a comparison is made with the same figures of the previous year and explanations of marked fluctuations are noted.

Study of economic conditions

The Registrar Kanungo maintains the following statistical registers:

(*a*) The pargana register, giving the total statistics for each pargana year by year.

(*b*) The mauza register, giving the statistics of each village year by year in the same general form as the pargana register.

(*c*) The pargana book, giving the statistics of each village year by year in an abbreviated form.

For certain tracts circle registers and tract registers are also maintained, giving the statistics for each circle or tract, as the case may be

Figures received from the patwaris are made use of in compiling these registers. Explanations of marked fluctuations are also noted in these registers, except the pargana book in which notes regarding fluctuations in agricultural prosperity are made by the sub-divisional officer concerned or by some other gazetted officer specially deputed by the Collector for the purpose.

The responsibility of reporting agricultural deterioration to the sub-divisional officer lies on the supervisor kanungo and the tahsildar concerned. They report on the following points which are common indications of agricultural deterioration:

(*a*) a progressive decline in the area cultivated from year to year;

(*b*) any deficiency in the water supply or complete or partial failure of the existing wells;

(*c*) surrender or abandonment of holdings by cultivators;

(*d*) reduction of area under the more valuable crops, i.e., wheat, sugarcane, etc.

(*e*) a low proportion of rent collections.

In addition to these reports the tahsildar, during his cold whether tour, inquires and reports to the sub-divisional officer on (i) rental demand, (ii) state of collections, (iii) variations in cultivated area, (iv) damage to cultivated land or crops, (v) condition of tenants, and (vi) any other matter of importance affecting agricultural conditions. The sub-divisional officer before the commencement of his tour is required to study these reports along with the pargana register, circle register (where maintained) and the pargana book with a view to detecting any deterioration or inefficiency affecting the whole or any considerable portion of the pargana or individual village or villages, and draws up a memorandum indicating the points requiring local investigation whether they affect the whole pargana or circle or appear only in particular villages. While on tour he investigates about them and on the conclusion of his tour submits to the Collector a report dealing with them, giving the causes ascertained for tendencies at work and the remedial measures which he has taken or which he proposes should be taken. After this report is approved by the Collector, necessary notes are recorded by the sub-divisional officer in the pargana or circle registers or in the pargana books, as may be appropriate.

In actual practice, however, very few sub-divisional officers take an intelligent interest in such problems or make any adequate study of the conditions within their sub-divisions.

Supervision over the land records

The accuracy of the land records depends largely upon the quality of supervision exercised over the patwari. He has to do a large amount of work in connection with the land records throughout the year besides his multifarious duties in respect of other departments. He is not expected to use his own judgment: he is not paid on a scale and does not possess educational qualifications that justify the presumption of a judgment being in existence. He has to carry out orders and ask for orders where he has not got them beforehand. Besides, as we have already pointed out, he cannot be trusted to do his work with honesty and diligence without effective supervision.

The work of supervision is done in the first instance by a staff of more than 600 persons known as supervisor kanungos.

They are recruited by a competitive examination and by promotion from patwaris and patwari school teachers and trained for one year in the Kanungo Training School mainly in practical surveying, mensuration, land records, Revenue Acts and Procedure and Practical Agriculture.

A supervisor kanungo is generally in charge of 40 to 50 patwari circles. His main duties are:

(i) General supervision over patwaris.
(ii) Supervision over village maps.
(iii) Testing of patwaris' records and statistics.
(iv) Detection of agricultural deterioration.
(v) Local inquiries relating to the correction of entries in village records or to collect information relating to the economic circumstances of his circle.

In order to perform these duties efficiently he is required to visit each village of his circle from August to June at least three times a year and test the records on the spot by personal inspection and inquiry from landholders and cultivators of the village. In addition to this, he has to test the records and statistics with the previous records from March to July. Besides this, while on tour he has to see that the patwari of every circle in his charge obeys all rules prescribed for his guidance, that every patwari shown in his register as resident is in fact resident with his family in his circle, and that patwaris who have been exempted from the obligation of residence spend sufficient time in their circles.

So far as the local and office tests of record of rights are concerned the supervisor is required to verify all the entries in the *khewat*, and in the *khatauni* he has to verify and test all the changes which have been given effect to and a certain percentage of entries which have undergone no change. As to *khasra*, he has to test at least 7 per cent. of the entries in each season.

If the rules prescribed for the supervisor kanungo are followed faithfully there is no reason why a high degree of efficiency of these records should not be obtained. But in actual practice they are not for various reasons carried out faithfully.

Above the supervisor kanungos there are two distinct chains of inspections, running parallel. The Land Records Department maintains one set of officers, namely, the superintending kanungos, inspectors of kanungos and Assistant Directors of Land Records. On the other hand, the Collector upon whom rests primarily the

responsibility for the accuracy of the land records makes inspections himself and through his subordinate executive officers, namely, the sub-divisional officer, the tahsildar and the naib-tahsildar. While effective control and supervision over the work of patwaris and supervisor kanungos is indispensable, this elaborate dual system only tends to divide and weaken responsibility. The Government have recently considered this question and decided to abolish the posts of superintending kanungos and inspectors of kanungos and to re-emphasize the responsibility of the Collector and his subordinate executive staff to maintain adequate supervision over the land records. Even after this the work of the patwaris and supervisor kanungos would remain subject to four inspections in an ascending order, namely, the naib-tahsildar, tahsildar, the sub-divisional officer and lastly the Collector himself. Under paragraph 614, L. R. M., the tahsildars and naib-tahsildars are required between them to test the records of every patwari's circle in a cycle of 3—5 years. The Government have now decided that the sub-divisional officers will be included in this cycle so that while the number of checks will be reduced, the checking by each inspecting officer will tend to become more thorough.

Another defect of the present system was that the higher officials mainly confined their inspections to the plots that had already been tested by the supervisor kanungo. The supervisor kanungo conscious of the fact that his work would be examined by a formidable array of officers was tempted to confine his inspection to items in which there was the least possibility of an inaccuracy being found. In many cases, therefore, he used to check practically the same entries from year to year. The result was that in spite of a big and expensive staff and an elaborate system the work of inspection was mostly limited to a small group of safe entries and the many errors in the large mass of entries outside this group remained undetected. The Government have now decided to widen the scope of inspections by providing that the superior officers will test not merely the entries attested by the supervisor kanungos but also an equal number of original entries.

Agricultural statistics

Rainfall statistics—Rainfall is recorded at about 289 stations situated mostly at tahsil and district headquarters and reported to the Director of Land Records. Statistics of rainfall are

published in the *United Provinces Gazette* and compiled in the Season and Crop Report.

Cattle statistics—A cattle census of the province excluding the districts of Almora and Garhwal and certain other tracts is taken every five years. The enumeration is done by the patwaris in rural areas and patwaris and municipal officials in the towns. The work is checked by the higher revenue officials. A definite responsibility has been laid on the tahsildars for the correctness of the enumeration and of the compilation of the statistics in his tahsil. The first census was taken in 1899 and the latest in 1945.

Retail prices statistics—The Collector forwards every fortnight a statement of current retail prices of salt and foodgrains at the headquarters of the district. The figures are published in the Provincial *Gazette* and in the Season and Crop Report.

Wholesale prices statistics: A statement showing wholesale prices prevailing in Banaras and Agra on the fifteenth and the last day of the month is submitted by the District Officer to the Director of Land Records. Similar information in respect of certain selected foodstuffs is gathered for a number of other large markets.

Wage statistics—An inquiry into rural wages is made every five years. The last inquiry was made in December, 1944.

Crop and Weather Reports—During the period from June 15 to October 15 the District Officers send every week a statement to the Director of Agriculture on the state of the season and the prospects of the crops. The statement reviews the amount and character of rainfall, progress of agricultural operations, any serious damage to the crops, and the state of the grain market.

Monthly agricultural reports—All District Officers send by the 4th of each month a report to enable the Provincial Government to form an opinion of the agricultural situation and prospects of the province.

The report deals with the following subjects:

(1) Character of rainfall.
(2) The progress of agricultural operations.
(3) The state of standing crops.
(4) The prospects and probable outturn of the harvest.
(5) Serious damage, if any, done to crops by insects, blight, hailstorm, floods or other natural calamities.
(6) The condition of agricultural stock.
(7) The failure of pasturage and fodder.

(8) Marked fluctuations in prices of foodgrains or in the course of trade in agricultural staples.

(9) The condition and yield of the opium crop in opium-growing districts.

(10) The condition of labouring and agricultural population.

(11) General remarks.

Crop forecasts

Crop forecasts or estimates of the actual outturn of various crops are perhaps the most important of all the agricultural statistics.

The estimates are primarily meant for the information of Government, for no Government can afford to be ignorant of its agricultural resources, and secondarily they are meant for the information of the trade and the public. The preparation of these statistics was organised in 1879, at about the same time when the land records system was introduced. With the despatch dated 5th February, 1874, the Secretary of State forwarded a set of questions and forms on behalf of the International Statistics Conference with a view to obtain comparative agricultural statistics in the principal countries of the world. The questionnaire included questions on the distribution of areas showing the total area of seed and outturn per acre of each kind of crop, statistics of domestic cattle and of their produce, the number of cultivating and proprietary tenures and their areas. The Government of the North-Western Provinces professed its incapability to furnish any information whatever. The Secretary of State then emphasised the necessity of agricultural statistics of India where so large a portion both of the government revenue and of the public wealth is directly dependent on land. This led to the organisation of a provincial department for the collection of the statistics.

The present system of crop estimation is based on three factors:

(*a*) Figures of area under each crop.

(*b*) Normal yield per acre.

(*c*) Estimate of the condition of crop, i.e., the proportion which the crop under report bears to the normal crop. This is called the "Anna Condition of the Crop."

It is generally recognised that agricultural statistics of the province are unreliable. Of the three factors involved only the

statistics relating to the area under each crop are fairly accurate. The detailed census of cropped areas is taken in each season by the patwari during his field to field inspections. In a detailed examination of crop estimation in the United Provinces, Mr. J. K. Pande, Director of Statistics, has pointed out that figures of normal yield which are based on crop-cutting experiments and are revised periodically are unreliable. He has quoted the opinion of Mr. Allen, Director of Agriculture who vehemently denounced the figures of normal yield from time to time. He criticised the existing system of crop tests as inaccurate and unscientific and stated that "on examining the crop tests which I had to do since taking over charge I have been struck with the very flimsy and unreliable evidence on which district averages are based. In my opinion at present the probable error is in the neighbourhood of 20 per cent. and hence the so-called average yield on which the estimate of the total yield is based is far from reliable." The same criticism applies to the condition estimated, i.e., the Anna Condition. Estimates of the condition of the crops are submitted by officials, namely, supervisor kanungos, agricultural supervisors and officers of the Cane Development Department and non-official observers. Actually very few of the non-official observers take the trouble of sending reports.

Regarding the figures for acreage and production of crops it has been pointed out in W. Burn's "Technological Possibilities of Agricultural Development in India" that "Whilst in the provinces where settlements are temporary, the figures for area are considered to be fairly accurate, the same standard of accuracy is far from the case in the permanently settled provinces where figures of areas are largely conjectural. Again, the production calculations are made from standard yields, which are prepared quinquennially, usually on the basis of crop-cutting experiments carried out by the different provinces. Experience has proved conclusively that the figures produced by these crop-cutting experiments are very unreliable."

Regarding statistics of yield of crops the Bengal Famine Commission observed:

> "Under the present system the yield per acre in a particular year is determined by multiplying the normal yield per acre by the condition factor of the crop in the year in question. The normal yield is based upon crop-cutting

> experiments made yearly over a number of years. These experiments are carried out in plots with average crops, the plots being selected by an "eye" examination. The condition factor (the anna valuation), that is, the relation of the crop reported on to the normal yield per acre, is framed on the result of visual observations made by local officers. The practice of selecting by the eye plots with average crops has been condemned by statisticians and the method of determining the condition factor has been severely criticised."

Some progress has, however, lately been made and a certain amount of experimental work done by the Indian Statistical Institute and the Imperial Council of Agricultural Research. The latter has carried out experimental random surveys of yield. In 1944 such surveys were made of the yields of wheat in the United Provinces and the Punjab and of rice in Orissa.

Summarising the results of his inquiry Shri J. K. Pande observed in Bulletin no. 3, Department of Economics and Statistics, United Provinces:

> "Although our figures of yield of cereals are more or less serviceable for comparison from year to year, their reliability for indicating absolute quantities grown in a year is doubtful. Unfortunately, the factors responsible for the unreliability of these figures are divergent in character and not all unbiased, with the results that not only do they not cancel one another, but they make it difficult to say by how much the present figures err, indeed whether they are over-estimates or under-estimates. Of the three factors involved in these estimates, our area figures are probably fairly reliable, our normal yield figures (of 16 anna yield) are probably inflated, but nothing definite can be said of the third factor, namely, the anna condition from year to year; in all probability this last factor is generally an under-estimate. Certain recent crop-cutting experiments on wheat in this province while they do not yet provide conclusive evidence seem to show that our estimates of yield are about 10 per cent. exaggerated."

When elementary statistics regarding acreage and yield of crops are so inadequate, it is hardly surprising that there are no reliable

data regarding, for instance, the cost of production with different climate, soil or agricultural technique, the net produce in the various regions of the province and under different systems of cropping, family budgets including the income and expenditure of various agriculturist classes, the fragmentation of holdings, etc. Isolated surveys have occasionally been made by independent observers, government officials or committees but their results are often either out of date or fragmentary and incomplete. The need for agricultural statistics has long been recognized and is in fact quite obvious. Precise knowledge and statistical data are an indispensable basis for rational discussion and formulating economic policies. The inaccuracy and meagreness of information about economic conditions and possibilities of development in the rural areas introduces a considerable element of uncertainty and hazard in the science of Indian agriculture.

Recommendations

The reorganisation of the land record system and of the agency for its maintenance and the methods of collecting agricultural statistics are not strictly within the purview of the Committee. We have not, therefore, examined the question in detail. But we consider it necessary to draw the attention of the Government to the necessity of comprehensive, reliable statistics for two reasons:

(i) A review of the whole problem will be necessitated by the abolition of zamindari. Some of the land records at present maintained will become unnecessary, others will have to be extensively modified. This opportunity should be utilized for a thorough overhaul of the whole system.

(ii) Reliable and comprehensive statistics are absolutely necessary for economic planning. It will be necessary for the Government to watch carefully the effects of the revolutionary changes in agricultural economy consequent on the abolition of zamindari. If the Government is in possession of a statistical machinery it will be in a position to foresee likely trends of development and to anticipate difficulties.

As a result of the abolition of zamindari the maintenance of patwari records will become a comparatively simple matter. Of the two records of rights, i.e., the *khewat* and the *khatauni*, it will be necessary to maintain only one. Both of them are maintained *mahalwise* at present. Within the *mahal* the entries are arranged

by *thoks, pattis,* and *khewat-khatas,* following the order of the *khewat.* The names of the *thoks, pattis* and proprietors, and the number of *khewat-khatas* according to the entries in the *khewat* in the year are written across the form of the *khatauni* at the commencement of each *thok, patti* and *khewat-khata* concerned. Several totals and sub-totals are also given in each *patti.* Thus in *pattidari* villages, which abound in this province, considerable time and labour are spent in writing out the details. Again, in each *thok* or *patti* the names of the cultivators are recorded according to their class of tenure. With the abolition of zamindari and the settlement of revenue with the village coparcenary body as a whole and the introduction of a uniform tenure for all the cultivators, with a few minor exceptions in the case of non-occupancy tenants, the future record of cultivating rights, which may be called the *khewat* (as all the cultivators will be given permanent, heritable and transferable rights) will be a comparatively simple record. The names of all the cultivators in the village will be arranged alphabetically in only one series. The *siyaha* for the tenants-in-chief will also be discontinued. As a result of the abolition of the zamindari and the conferment of revenue powers on village *panchayats* most of the time wasted by patwaris in attending courts will be saved. Changes in the holdings will also be less frequent.

Considering all these facts it is expected that about a third if not half of the patwari's time will be saved. It will consequently be possible to reallocate patwari's circles and reduce the total number of patwaris. This saving should be utilised in improving the service conditions of the patwaris. Recently a time-scale has been sanctioned for the patwaris which is higher than the grade pay which they get at present. This enhancement was based on general considerations and was limited by the vast number of patwaris involved and the enormous increase in expenditure consequent on a radical increment of pay. With the reduction in the cadre we feel that it should be possible to provide a living wage to the patwari including the provision of pension and residential quarters. If the Government is in a position to grant pension the existing hereditary rights which are an antiquated relic of old history may be discontinued. With higher pay the minimum educational qualifications of the patwaris could also be raised.

But the primary question is whether the changes in the land records system should be confined to the necessary simplification or whether this opportunity should be taken for a complete overhaul of the system. Considering the obvious shortcomings of the patwari we feel that the basis of the system should be changed and the opportunity which the patwari has got at present for corruption should be lessened.

The main duties of the patwari, as the analysis made above will show, are:

(i) maintenance of the record of rights; and

(ii) preparation of agricultural statistics.

The latter gives comparatively few opportunities for dishonesty: it is as regards the first that important changes are necessary. While therefore the patwari may carry out field to field inspections for the preparation of agricultural statistics we feel that he should have no authority to record any changes in cultivatory possession whatever except under the orders of a competent authority. It is, therefore, suggested that during seasonal inspections the patwari should note in a diary all the changes in cultivatory possession, whatever their nature may be, and should refer them to the village *panchayat* for orders. The village *panchayat* should have the authority to direct the necessary mutation in undisputed cases. In disputed cases orders from the competent revenue authority must be obtained. On his own responsibility the patwari will make no changes whatsoever in the record of rights.

The simplification of the patwari's work will naturally involve a corresponding simplification of the supervisor kanungo's work. It should be possible to reduce the number of supervisor kanungos. The saving may be utilised first to meet some of the genuine demands of the supervisor kanungos, for example, a horse allowance. If any balance is left which is not likely to be very large, it may be utilised to cover partly the increased expenditure on the machinery for improving agricultural statistics which has been suggested above.

CHAPTER IX

ASSESSMENT OF MARKET VALUE: PROVISIONS OF THE LAND ACQUISITION AND ENCUMBERED ESTATES ACTS EXAMINED

Income from land and the market value of property in land are assessed in connection with proceedings under the Land Acquisition Act and the United Provinces Encumbered Estates Act. It would, therefore, be worth while examining the provisions of these Acts with a view to finding out the extent to which their underlying principles and rules of procedure can provide a basis for the assessment of compensation on the abolition of zamindari.

In land acquisition proceedings there are two processes for the determination of compensation:

(i) the assessment of net income from the land to be acquired,

(ii) an examination of recent sales of land by private contract in the locality. The price paid is calculated as a multiple of the net income from the land sold (division of price by the income gives the multiple). This multiple is then applied to the net income from the land to be acquired to give its market value. As the proprietor cannot be deemed to be a willing seller and is obliged to sell the land, whether he likes it or not, an additional compensation of 15 per cent. above the market price is given.

Additional compensation is further given for *sayar* that is not assessable to revenue (and that is not included in net income), for land possessing value as a building site and for the capital value of trees, wells, tanks and buildings belonging to the proprietor.

The tenants are given compensation separately for the loss of their right of occupancy.

In proceedings under the Encumbered Estates Act the valuation of land is made for two distinct purposes:

(i) for calculation of the amount of money that the indebted proprietor can pay in instalments out of his

income from the land which he is allowed to retain. This is called the instalment value of the land,

(ii) for determining the reasonable price at which land should be transferred in liquidation of debts, this is called the transfer value of the land.

(i) *The Instalment value*—The zamindar's actual net income is ascertained after deducting remissions for fall in prices from his rental income and revenue. A part of the net income must be left for the maintenance of the proprietor and his dependants. The balance can be utilised for payment of debts in yearly instalments extending over about 20 years.

The total amount that can be thus paid off is called the "instalment value" of the property. It is obtained by multiplying the net post-slump income by a multiple between 5 and 7·5. This multiple is called the instalment multiple.

(ii) *Transfer value*—The major part of the debts had been contracted in the pre-slump times. Since then the value of money had risen in terms of land or commodities. If the debtor paid the full amount due on the debt he would be actually paying an amount greater than the amount he had contracted for. It was, therefore, necessary to reduce the debt. This could be done in two ways:

(*a*) by reducing the amount due in proportion to the rise in the value of money,

(*b*) by fixing the value of the land transferred to the creditor at the value it possessed before the slump.

The second course was adopted in the Act. Accordingly the value of land was assessed in the following manner:

(i) The net income from land before the slump was determined. The remissions in rent and revenue on account of the slump were, therefore, ignored. This is called the "pre-slump income."

(ii) Multiples representing market value were calculated in the same way as for land acquisition. This multiple is called the "transfer multiple" and the result obtained by applying it to pre-slump income is called the "transfer-value" of the land.

Market value of land

Market value of property in land may be roughly defined as capitalisation of income from land. But the concepts both of "capitalisation" and of "income" seem on examination to be incapable of either precise definition or exact application in this context.

Ordinarily capitalisation would involve that property in land is regarded purely as a form of commercial investment. If, therefore, income from land were precisely ascertained, the market-value of land would approximate to the amount of money that would fetch an equal income in some other form of investment. In actual practice, however, it is no easy matter to ascertain either the income from land or its capital value. Forms of investment show wide divergence in the profits obtained, the organisational skill and the risks involved and the likely effects of future development. An attempt to assess these factors and balance them one against the other would give a broad margin within which the market value would lie rather than a precise equivalent. But the value of property in land cannot be estimated as a form of commercial investment; it is determined only partly by economic considerations. The social status and prestige attaching to landed property in the semi-feudal conditions obtaining in India forms a considerable part of the market value of land.

Still another part of the price paid in sales by private contract is the capitalised value of illegal exactions. This cannot be fully discovered by an official agency or recognized in a transaction in which the Government is a party.

Apart from these theoretical considerations there are immense practical difficulties in the way of ascertaining market value that will be discussed later.

Income from land

Income from land may mean:

(i) actual income in a particular year,

(ii) the average of actual income over a series of years,

(iii) "probable average" income estimated on a consideration of past average income and potential or prospective income.

Obviously a large number of factors determining potential income are imponderable. Probable average income can only be guessed, it can never be precisely determined. It is an estimate of probable average income, however, that is generally the basis of market value in sales by private contract,

(iv) "regulated" income, i.e., income determined during settlement operations when both the rent and revenue are revised on considerations including estimates of average income and potential income along with a number of other factors. One of the most vital of these is the modifications of rent with the object primarily of levelling down gross inequalities and anomalies in individual cases arising from private contract. But even the extensive inquiry made during settlement operations cannot furnish adequate data for a precise estimate of probable average income. An allowance is, therefore, made for likely fluctuations in income in the assessment of revenue. As land-revenue is only a small fraction of the gross assets, fluctuations in the ordinary course of affairs are not likely to affect seriously the proprietor's capacity for payment of land revenue. If land revenue were a high percentage of the gross assets the result of these fluctuations would be much more apparent; as it is, a revision of rent and revenue is only necessary in cases of agricultural calamity or a severe depression, or after a long number of years.

Ways of assessing market value

Market value can be assessed, broadly, in one of two ways:

(i) By ascertaining the actual income from land and capitalising it so that if the money was invested in some other form it would yield an equal income.

This method is open to the following objections:—

(*a*) The valuation of land in sales by private negotiations is based not only upon the present income that can be determined with some degree of accuracy, but also upon prospective or potential income that cannot be definitely ascertained. At any rate no rules for universal application, or definite formulae can be prescribed for calculating it.

There are so many vague, indeterminate and incalculable factors involved that an estimate of potential income would in the last analysis be a matter of opinion, its accuracy depending upon the knowledge, experience and practical wisdom of the officer concerned, but incapable within certain limits of proof or disproof. Now, unless potential income is ascertained this method of calculation of market value would not work at all. For capitalisation of present income, at say the prevailing rate of interest, would give anomalous results; in some cases it would be much higher than the real value of landed property, in others much lower. To take a simple instance, a series of bad years or a calamity before the date on which income is calculated would throw a considerable part of the cultivated area out of cultivation and depress the income. The present income would not in that case be equal to the average income and capitalisation on the basis of abnormally low income would give less than the real value of the property.

For this reason even though a different method is adopted in acquisition proceedings a great deal of discretion is given to the assessing officer. This discretion is intended as an allowance for all the varying factors and corresponds roughly to the local knowledge and practical experience of a purchaser in a private sale by which he forms a rough estimate of the potential income of land and its future value to him.

Except for some minor details no attempt is made during proceedings under the Land Acquisition or Encumbered Estates Act to ascertain prospective or potential income. The basis for calculation is, broadly speaking, actual income

(*b*) A part of the market value is determined by uneconomic considerations. This factor could not be ignored in acquisition or transfer of property under the zamindari system, but it would, of course, not apply to acquisition for the purpose of abolishing it. When the whole system of social rights based upon zamindari is abolished the status and prestige of a zamindar cannot be reckoned as a part of the valuation of property in land.

(ii) The second possible method is to ascertain empirically the actual prices paid in the open market by a willing

purchaser to a willing seller and to calculate the average price as a multiple of actual income. This is the method that has been actually adopted in the two Acts.

Now, as already explained, there are certain obvious difficulties in using present income as a basis for the calculation of market value. The difficulty has to a certain extent been minimised by adopting multiples that do not apply to the whole province or even to a whole district. A district is first of all sub-divided into groups of three assessment circles that display a certain homogeneity in respect of rental characteristics, namely, areas of land with a high, low or medium rental value. The assumption is that within these areas future development is likely to be more or less similar, and, therefore, the present actual income is likely to bear the same relation to future income. The average sale price would represent the value that a purchaser with average prudence and foresight actually places upon land within this area. Therefore, the average sale price as a multiple of actual income approximates roughly to the market value of the land.

As this is rather a large assumption to make, the Collector and the Commissioner have been given wide discretion to examine individual cases and make the necessary adjustments.

Items of income from land

The proprietor's actual gross income from land is roughly the aggregate of the following items:

(*a*) cash rents paid by tenants or grove-holders,

(*b*) cash rents paid by tenants of *sir,*

(*c*) the surplus produce of *sir* and *khudkasht* in proprietory cultivation,

(*d*) the income from grain-rented land,

(*e*) rents paid by the grantees at favourable rates of rent plus the wages of services rendered, if any,

(*f*) *sayar* income,

(*g*) illegal exactions.

The following deductions give the actual net income:

(*a*) land revenue and local rates,

(*b*) cost of management,

(*c*) short collections,

(*d*) cost of improvements.

Fluctuations in income

Income from land fluctuates widely on account of a large number of variable factors the effect of which cannot be viewed in isolation or exactly predicted.

The pitch of rent, for instance, will vary with :

(i) topographical features, the quality of the soil, climate, distribution and amount of rainfall,

(ii) means of communication, marketing facilities and means of irrigation,

(iiii) the skill and industry of the cultivators and the crops sown,

(iv) the occupant's rights in land,

(v) the price level,

(vi) the landlord's capacity for management, his moderation or ruthlessness,

(vii) the period of time that has elapsed since the last revision or settlement; this will affect both rent and revenue.

The income from land varies from one estate to another, and in the same estate from time to time. It would be impossible to enumerate the number of ways in which one estate may differ from another or to assess the likely income if one or more of these variable factors were altered.

No allowance can be made for these fluctuations unless settlement operations are undertaken.

Income assessed in Land Acquisition proceedings

Under the Land Acquisition Act, therefore, market value is based broadly upon the actual income of the proprietor, i.e., his rental income (actual or assumed) less the land revenue (if any) and local rates payable by him.

The following is a brief summary of the instructions on the subject:—

The proprietor's rental income is the aggregate of the following items:—

(*a*) cash rents paid by tenants,

(*b*) the assumed rent of *sir* and *khudkasht*,

(*c*) the average income from grain-rented lands.

(*d*) the assumed income from land held rent-free or on favourable terms or from casual new fallow.

(*e*) *sayar* income.

(*a*) *Cash rents paid by tenants*—Ordinarily the recorded rent is accepted unless there is reason to doubt its genuineness. If an objection is made that the recorded rental is less than the actual rent, the claim should be regarded with suspicion and accepted only when clear proof is forthcoming.

(*b*) *The assumed rent of* sir *and* khudkasht—Where *sir* is let to tenants the recorded rental of the tenants should be accepted, if the record is apparently genuine.

The rent of *sir* unlet and of *khudkasht* should be assumed at the ordinary rate paid by hereditary tenants for similar land with similar advantages.

(*c*) *The average income from grain-rented lands*—The rent should be assumed on the basis of the average yield to the proprietors in the three most recent normal years.

(*d*) *The assumed income from*—

(i) *Land held rent-free*—If held by tenants, the recorded rent should be accepted if it is apparently genuine, if occupied by the rent-free holder himself, the rent should be calculated on the basis of rates, payable by occupancy tenants, or as *khudkasht* according to as the rent-free holder might probably be held to be a tenant or a proprietor in a suit for resumption.

(ii) *Land held at favourable rates*—The rent should be assumed as for *khudkasht*, i.e., at the ordinary rates payable by hereditary tenants,

(*e*) *Sayar income* should be calculated as an aggregate of two items—

(i) the average income for a series of years from items of income assessable at settlement,

(ii) income from bazars, ferries and the like not included in the above, multiplied by a multiple not exceeding 16.

The following additions are to be made:

1. *Land not included in holdings and not yielding any definite income other than sayar.*

Such land may be subdivided as under:

(*a*) New fallow.

(*b*) Old fallow.

(*c*) Culturable waste.

(*d*) Barren land.

Such lands have a market value though they may yield no definite income. A rental value should, therefore, be assumed as a basis for calculating the market value.

The assumed rental value should be as follows:

(i) *Casual new fallow, i.e.*, land which has been cultivated within three years and is practically certain to be recultivated. Rent may be assumed on the basis of the rent it bore last. In the case of land intermittently cultivated, allowance must be made for the years in which it lies fallow and pays no rent.

(ii) The rental value of all other *fallow, new or old and cultivable waste* may be assumed at a rental not exceeding 5 annas an acre in addition to the *sayar* income derived from it.

(iii) The rental value of *barren land* may be assumed at one anna per acre in addition to the *sayar* income derived from it. Rent on land occupied by wells, tanks, buildings or trees for which no rent is paid should be assumed according to the character of the soil.

2. *Wells and tanks*—For wells and tanks still in use, the cost of constructing a similar well or tank should be awarded as compensation. If the well or tank is in bad repair a deduction should be made equal to the sum required to make it efficient. For disused wells and tanks the compensation would amount to the present value of the materials, i.e., cylinder and platform of the well or masonry work, if any, of the tank.

3. *Trees*—The market value of trees generally depends on the value of the timber or on the value of the fruit. In the case of timber trees including country mangoes the value of the timber should be calculated at local rates for unfelled timber; in the case of fruit trees, such as guavas, *lichis*, oranges, etc., the value of the timber being negligible, the average value of the fruits over a series of years should be ascertained. The compensation should primarily be awarded as a multiple (not exceeding eight) of the average value. Superior mango trees have value both as timber and as fruit. If the market value of such trees in the neighbourhood is reckoned in this manner then compensation may be allowed as the aggregate of the value of the fruit and the timber.

. For young fruit trees and for ornamental or rare trees or plants compensation should be equal to the expenditure on buying plants and nursing them.

4. *Building sites*—Some land may have market value exceeding its value as agricultural land owing to its proximity to a town or large village, or its potential value as a building site. As this potential value will vary according to a large number of circumstances no general rules can be prescribed. Each case must be considered on its merits, and additional compensation awarded where necessary. The gross compensation including compensation for value as agricultural land and for the potential value of the situation of the land should not exceed Rs.3 per 100 square yards without the Commissioner's sanction.

Items of income in Encumbered Estates Act proceedings

The calculation of net profits under the United Provinces Encumbered Estates Act differs in several details from the net profits under the Land Acquisition Act.

The net profits are the aggregate of—

(i) the rents payable by the tenants,

(ii) the rents which the landlord would have to pay for his *sir* and *khudkasht* if he were an exproprietary tenant,

(iii) all other profits annually receivable by the landlord including the valuation of grain-rented, favoured, rent-free and unrented holdings,

(iv) in case of occasional or variable profits (excluding the price of timber trees sold) the average annual profits,

(v) one-fifteenth part of the estimated price of timber trees owned or possessed by the landlord situated in his land.

The net profits are calculated in two ways. Net pre-slump profits in which remissions in rent and revenue for the fall in prices are ignored, and post-slump profits based upon rent and revenue after deducting such remissions. Net pre-slump profits are taken as the basis for the transfer of property for liquidation of debts and net post-slump profits for calculating the amount of debt that could be paid off by the proprietor in annual instalments.

The following are some of the important differences in the calculation of net income under the Encumbered Estates Act and the Land Acquisition Act:

(*a*) Under the Land Acquisition Act unlet *sir* and *khudkasht* are valued at hereditary rates. But under the Encumbered Estates Act the rent for *sir* and *khudkasht* of over three years' standing is calculated at exproprietary rates. The calculation of rental value at exproprietary rates, as a basis for the transfer multiple, is obviously justified as the proprietor would become an exproprietary tenant on transfer of proprietary rights. But the reason for doing so, as a basis for calculating instalment value, is a little obscure.

(*b*) Under the Encumbered Estates Act the rents of grain-rented, favoured and rent-free holdings are calculated at occupancy rates.

In this case again, there seems to be no obvious reason for the difference in the two sets of instructions under the two Acts.

(*c*) The valuation of timber trees. It seems rather surprising that under the Encumbered Estates Act the estimated price of the trees should first be divided by 15 and then multiplied by the transfer multiple whatever that may be, from 20 to 37.

Assessment of market value in Land Acquisition proceedings

Determination of the market value of land—The market value is ascertained by an examination of representative sale deeds of recent dates, deductions from gross sale price are made:

(i) for valuation of *sayar* that is not assessed to revenue,

(ii) for valuation of building site, wells, tanks, and trees.

The net price is then calculated as a multiple of the net income.

Criticism of certain special provisions

This multiple is to be regarded as the highest multiple that can be awarded as compensation without special sanction. It must be noted that the net profit is calculated strictly as actual income from land. Potential or prospective income is left out of consideration. The only departure from actual income is in

respect of the valuation at 5 annas an acre or less of fallow and culturable waste and at an anna an acre of barren land. This addition can conceivably have only two reasons:

(i) as an estimate of potential income from such lands,

(ii) as an allowance for concealed *sayar* income from such lands.

It seems inconsistent with the whole basis of calculation that potential income should be considered in respect of only one small and comparatively insignificant item and not in respect of the most important items, i.e., rents and revenue.

If it is intended as an allowance for concealed *sayar* income it is difficult to see what justification there can be for applying a flat rate to the whole province. The extent of concealment, if any, would vary so largely from one estate to another that a flat rate would seem perfectly meaningless. As an estimate of potential income, a flat rate that has been in force from at least 1923 and has thus covered periods both of depression and inflation and that extends to the whole province, can hardly be defended.

Sayar that is not assessed to revenue is capitalised on a basis different from all other income. The valuation is made by multiplyng it by 16. There seems to be no apparent reason why in calculating market value the same multiple should not be applied to such *sayar* as to other income. It is true that the nature of this *sayar* is distinct from other agricultural income, it is. for instance, assessable to income-tax instead of land revenue. But this income is as variable as other agricultural income, and as difficult to ascertain precisely as assessable *sayar;* perhaps the reasonable course would be to capitalise it on the same basis. Even if it was considered desirable to award compensation for it on a different basis it is difficult to see what particular reason there was to fix upon the multiple 16 rather than any other. 16 represents capitalisation at $6\frac{1}{4}$ per cent. It is rather surprising that this rate should have been considered appropriate from 1923 up to today; a period that covers both acute depression and inflation as already pointed out.

The price of trees, wells, and tanks and the special value of land as building site has also been excluded from the net income on a basis that is fair and well considered.

(The question of a compensation for tenants does not concern us but it is of some interest to note that a similar arbitrariness seems observable there also. Tenants with stable tenures are awarded four times the valuation of land at hereditary rates with an addition in case the rent actually paid is less than the hereditary rent-rate. Now if the hereditary rate is one-fifth of the gross produce the tenant gets less than the gross produce of even one year. What multiple of his net income it represents it is not possible to say. A proprietor whose interest in his unlet *sir* and *khudkasht* is certainly not less secure than that of a tenant gets only three times the rental value for loss of his rights of occupancy. A rent-free holder similarly gets only three times the rental value, he does not get even the additional compensation which an occupancy tenant would get if his rent was less than the valuation at hereditary rates.)

This was in respect of the items of income treated on a different basis from others.

Criticism of the procedure for ascertaining market value

Now as regards the manner in which the market value is ascertained from sale deeds. The first process is to select three areas in the district consisting of assessment circles or groups of assessment circles comprising land of high, moderate and low letting value respectively. For each such area at least ten representative sale deeds are to be selected—the basis for selection being that the area transferred was substantial, that it did not include an exceptionally high or low percentage of superior land, that it did not consist of revenue-free land or land of special value on account of its proximity to a town or large village.

Such a method on analysis appears defective.

The number of variable factors that enter into market value of land is so large that an average extending over large tracts with dissimilar characteristics would not give a fair index: for a small and more or less homogeneous area the number of sale deeds of recent years would hardly be large enough to give a reliable average. In a large number of cases the amount of property sold by private negotiations is too small to provide an

adequate basis. Besides, however experienced an officer may be, he can hardly be expected to know all the numerable factors governing the price fixed in a sale deed when examining it in a sub-registrar's office. The choice of sale deeds would therefore be more or less arbitrary and the average price unreliable.

It would, therefore, be a task of considerable difficulty to evolve a method of ascertaining market value from an examination of sale deeds. But it is at any rate obvious that the land acquisition multiples, or any multiples derived from similar methods, would be completely unreliable.

It may be argued that the land acquisition principles have stood the test of experience and that the compensation awarded on the basis of these instructions has been examined by the civil courts. It may, however, be answered that the decisions of the civil courts themselves are not of much significance in this case, as the party concerned would rarely be able to either prove or disprove that a certain multiple did or did not represent the market price.

Assessment of market value in Encumbered Estates proceedings

The multiples fixed under the provisions of the United Provinces Encumbered Estates Act were calculated in a similar manner. The principal difference is that the sale deeds over a series of years, namely, from 1927-28 to 1933-34 were examined. Average multiples were worked out for the three pre-slump years, 1927-28, 1928-29, and 1929-30; and three post-slump years, 1931-32, 1932-33 and 1933-34. In certain cases if the figures for any particular year appeared abnormal they were rejected. The figures for the slump year 1930-31 were calculated but were not included in any average.

In general little difference was found between the pre-slump and the post-slump multiples; sometimes one was higher, sometimes the other. The standard multiples were based principally upon the average figures in the pre-slump years, unless the difference between the pre-slump and the post-slump averages was so great as to cast doubt on the pre-slump figures or the variation

was so great from year to year as to make the pre-slump figures themselves unreliable.

It is evident from the above summary that the instructions were not based on sound statistical principles and that the actual standard multiples were based largely upon "discretion" and "practical experience". A few examples would show that the selected multiple seems to bear no fixed relation to either the pre-slump average, the post-slump average, or the pre-slump and post-slump averages put together.

Serial number	Circle	Actual multiples			Selected multiple	Likely reason for the selected multiples
		Average in pre-slump years	Average in post-slump years	Preslump and post-slump average		
1	*Muzaffarnagar*— Baghor Canal, Baghor Hindan, etc.	28	21·3	24·7	28	Pre-slump accepted without regard to post-slump which is much lower.
2	Bhoor, etc. ..	25	20·7	22·8	25	Ditto.
3	*Sardhana*— Pargana Barnawa, etc.	21·3	26·3	23·8	22	Ditto. but pre-slump figures rounded off by taking the next higher integral number.
4	*Baghpat*— Pargana Baraut, etc.	24·3	26·0	25·1	24	Pre-slump accepted but rounded off by taking the next lower integral number.
5	*Cawnpore*— Red soil II ..	32·3	29	30·6	30	Pre-slump decreased on account of low post-slump.
6	*Bijnor*— Circles 2, 7, 10, 13, etc	32	27	29·5	31	Pre-slump decreased on account of lower post-slump.
7	*Hapur*— Pargana Garh II and III, etc.	20	24·3	32·1	21	Pre-slump increased on account of high post-slump figures.
8	*Bulandshahr*— Anupshahr, Khurja, Nim, etc.	22·0	25·1	23·5	23	Pre-slump increased on account of high post-slump figures.
9	Circle I, pargana Sikandara, etc.	33	38	35·5	33	Pre-slump not increased on account of higher post-slump.

The selected multiple varies from 13 to 85, a range which hardly seems defensible, and which in itself shows that inaccurate methods have led to obviously wrong results. These multiples have remained substantially unaltered for all these years except for the imposition of maximum and minimum limits. The maximum limits have been put at 20 and 37; generally, if the standard multiple is greater than 37 it shall be taken to be 37 and if it is less than 20 it shall be taken to be 20. The imposition of any limits contradicts the whole basis upon which the multiples were fixed. It also shows an indirect recognition of the patent fact that these multiples were unreliable.

If limits had to be imposed there seems to be no reason that can be discovered why these particular limits were chosen. The whole procedure was in the ultimate analysis purely arbitrary and has brought into vivid relief the practical impossibility of ascertaining market-value by an examination of sale-deeds.

Conclusions

It is well-known that the present land revenue and rents are uneven and inequitable as a result largely of historical factors, bargaining power and the length of time since the last settlement. In some estates rents have developed to a much higher pitch than in others. The proportion of revenue to assets varies, among other things, with the period during which a settlement has been in force, tending to be higher where the period has been long. One of the reasons for the unequal development of rents, among a number of others, has been the comparative leniency or consideration for the interest of the tenants shown by some zamindars more than others. If the compensation is paid on the basis of the present assets it would mean that those who have harassed the tenants and increased their rents will get more while those who have been considerate towards their tenants will get less. This will be placing a premium on high-handedness and harsh-dealing. It has, therefore, been suggested that the whole province should be re-settled with a view to work out the income of landlords equitably.

We gave serious thought to this question. For one thing it would have solved the problem of grants held rent-free or at a favourable rate of rent for our purposes. But experience has shown that it is not feasible to take up more than five districts at a

time and the settlement of a district takes anything between three and four years. On this basis we need more than 30 years to settle the whole province. The lack of the necessary personnel and the enormous cost of the operations would make it impossible to undertake settlements in all the districts simultaneously. Abolition of zamindari would, therefore, have to be effected piecemeal in one district after another on the conclusion of the settlement proceedings. We consider this a highly undesirable method. It is likely to cause serious agrarian discontent in the districts held over. The alternative course would be to wait for 30 years until the whole province had been resettled, but by that time the settlements of several districts would have become old and the rent and revenue uneven. In either case, the whole procedure would be longdrawn out, tedious, and costly. Even if no cost were involved, which in this case would come to a considerable figure, we are not prepared to recommend anything which may entail so much delay or create discontent. The reform of the land system is so vital and urgent a necessity that we do not consider it desirable to postpone it until settlement proceedings can be conducted in all the districts.

We recommend, therefore, that the compensation should be based upon the present actual net income of the intermediaries. No allowance can be made for prospective income, for inequalities in rent or revenue, or for fluctuations of income. As we have pointed out even in the settlement proceedings it is not possible to determine prospective income with any accuracy.

We have examined the difficulties in ascertaining market value by an examination of sale deeds. This method is not as scientific as it appears at first sight and its application in detail is open to serious objections. In the case of the Encumbered Estates Act we have seen that the results arrived at were anomalous and indefensible.

On the analogy of the multiples for the purposes of the Land Acquisition Act and the Encumbered Estates Act it has been suggested that the multiples for compensation should be fixed on a regional basis, and should in each case allow a small margin within which the Compensation officers may exercise their discretion and select a multiple appropriate for each estate. In our opinion this would lead to immense practical difficulties, and the

Compensation officers, considering the amount of work they will be called upon to perform, will not be in a position to give that minute attention to the features of each estate that is necessary before discretion can be rightly exercised. It will not be easy to provide a machinery for calculating the value of land owned by more than 20 lakh landlords of the province. This method would, therefore, in its practical application lead to great injustice. It will involve litigation, delay and dissatisfaction and expose the vast mass of unsophisticated smaller zamindars to the chicaneries of lowpaid officials. In a scheme of fixing universal multiples for valuing land a certain amount of arbitrariness cannot be avoided but the disadvantages of leaving the assessment of value to a local authority or officer are, in our opinion, much greater.

We, therefore, recommend that one set of multiples should apply to the whole province, without distinction between different regions or estates.

CHAPTER X

LAND SYSTEMS AND AGRARIAN REFORMS IN SOME PROVINCES

Although we have our own peculiar problems in the United Provinces, a study of those that other Governments have had to face and the manner in which they have attempted to solve them are, obviously, likely to be of great value and assistance to us. For this reason we propose in this chapter to examine the land systems of certain other provinces of India as well as the land reform measures adopted there. We also propose to devote a special section to a study of agrarian reforms in certain agricultural countries of Europe.

CENTRAL PROVINCES AND BERAR

The principal forms of land tenure in the Central Provinces are (1) the temporarily settled zamindari system, and (2) the ryotwari system:

1. The temporarily settled zamindari system similar to the United Provinces extends over 33,326 villages, 22·5 million acres in area. The unit of settlement is the *mahal* (the proprietor being called *malguzar*), or a collection of *mahals* called an estate (held by the same proprietor called zamindar).

The assessment is based on the actual assets consisting of the following:

(*a*) rents as adjusted by the settlement officer;

(*b*) a rental valuation of the home-farm and of service-land made on the same basis as that of tenants' lands; and

(*c*) a moderate estimate of *siwai* or miscellaneous income based on the ascertained actuals of the past with a drawback for fluctuation.

Before 1911 sixty per cent. of these assets was prescribed as ordinarily the highest admissible percentage to be taken as land revenue, the exceptions being that in *mahals* previously

assessed at 65 per cent. or more, a higher percentage (up to a maximum of 65 per cent.) could be taken.

The question of the percentage of assets to be taken as land revenue was re-examined in 1911 and it was decided that :

(1) for certain districts half the assets was to be taken as a rule, providing for exceptions in individual cases to prevent material sacrifice of revenue;

(2) for other districts the fraction of assets was to be gradually reduced at succeeding settlements until an assessment approximating to half assets was reached, and in the meantime enhancements were to be limited to half the increase of assets since the last settlement.

The malguzar pays the full assessment for the *mahal* but the zamindar who enjoys a privileged position, usually pays less than the full assessment.

The system of assessment in respect of zamindars is that the assets of the estates (including rent and income from home farms, forests and miscellaneous sources) having been ascertained and deductions made for the revenue and forest establishments maintained by the zamindar, a full revenue assessment or "kamil jama" is fixed for the estate as a whole on a standard applicable more or less to malguzari areas. Of this full assessment only a fraction, usually a small one, was taken as the "Takoli" or quit revenue payable to the Government. The present policy, however, is for the fraction to be gradually increased.

Recovery of arrears of land revenue

Arrears of land revenue in the Central Provinces may be recovered :

(i) by attachment and sale of the defaulter's movable property;

(ii) by attachment of the estate, *mahal* or land and taking it under direct management;

(iii) by transferring the share land to another co-sharer;

(iv) by annulling the settlement and taking the estate, *mahal* or land under direct management or letting it in farm ;

(v) by sale of the estate, *mahal* or land; and

(vi) by attachment and sale of the immovable property of the defaulter.

Malik Maqbuzas

Besides the zamindars and malguzars there are "malik maqbuzas" or proprietors of plots which are separately assessed.

Inferior rights in land
Absolute occupancy tenants

The inferior rights in land are:

(*a*) An absolute occupancy tenant with heritable interest in land, devolving in accordance with his personal law. He has, besides, the right (1) to transfer his rights to a co-tenant or to an heir, (2) to mortgage his holding by a simple mortgage or by a mortgage by conditional sale, and (3) to sublet his holding for a period not exceeding five years.

Rights of transfer

The absolute occupancy tenant has also the right to transfer his holding in ways other than those mentioned above subject to the landlord's rights of pre-emption if he wishes to purchase it himself, or to receive "consent money" if he does not. The landlord is entitled to consent money :

(1) If the transfer is by sale, to a sum equal to 3 per cent. of the consideration; or the rent of the holding or part of the holding which is transferred, whichever is greater.

(2) If the transfer is otherwise than by sale, to a sum equal to the annual rent of the holding or part of the holding which is transferred.

Fixity of rent

The rent of the holding of an absolute occupancy tenant is not liable to alteration during the currency of a settlement except on the ground that :

(1) An improvement has been effected at the expense of the landlord. The rent thus increased may subsequently be

modified when the effect of the improvement in increasing the productive power of the holding has diminished or ceased.

(2) The rent may be reduced when the Provincial Government considers it desirable, having regard to change in general conditions subsequent to settlement.

(3) The rent may be altered when the holding is increased or the soil has deteriorated by the deposit of sand or by any other circumstances.

(4) When the holding is diverted to non-agricultural purposes the rent may be increased with reference to the increased value of the land.

(5) Commutation of rent payable in kind to a cash rent.

The rent of an absolute occupancy tenant may be recovered :

(1) by attachment and sale of such movable property as is liable to attachment and sale for the recovery of an arrear of land revenue;

(2) by sale of the holding or part thereof.

Security of tenure

An absolute occupancy tenant is not liable to ejectment except on a civil suit by the landlord on the ground that the holding has been diverted to non-agricultural purposes.

Occupancy tenants

(*b*) *Occupancy tenants* previously possessed rights considerably inferior to absolute occupancy tenants, but by an Amending Act of 1940, their rights are now about the same with only minor differences. For instance, in their case, the landlord is entitled to consent money amounting to 5 per cent. of the consideration or one and half times the annual rent of the holding or part of the holding which is transferred.

The rent of an occupancy tenant's holding may be altered on some other grounds besides those specified above, namely:

(i) by an agreement in writing,

(ii) the rent being below the rate paid by occupancy tenants for land of similar description in the neighbourhood,

(iii) rise in local prices of produce.

Purchase of proprietary rights by tenants

By an Act of 1940 absolute occupancy tenants and occupancy tenants have acquired the right of becoming malik maqbuza by payment respectively of ten and twelve and a half times the rent of their holdings to the landlord. It is worthy of note that tenants have not taken advantage of this provision to any great extent.

Sub-tenants

(*c*) *Sub-tenant* is ordinarily a tenant-at-will but if the land is habitually sublet for a period of 7 years the sub-tenant may be declared an occupancy tenant. The area held by sub-tenants is about 2 million acres.

Service land

Besides these there are "Village service holdings", i.e. land held by a village servant free of rent or on favourable terms on condition of rendering village service.

Raiyatwari areas

2. The whole of Berar and some villages in the Central Provinces settled on the raiyatwari system; in all 8,955 villages, 9·5 million acres in area.

Raiyatwari system

The land revenue in raiyatwari villages is collected by a "patel" appointed by the revenue officers, usually a tahsildar, with due regard to his ability to perform his duties, the wishes of the raiyats and hereditary claims. The duties of a patel are:

(*a*) to collect and pay into the government treasury the land revenue assessed on the survey numbers or lands of his village and in some cases the canal revenue also.

(*b*) to report on the following matters relating to his village:

(1) non-payment of land revenue.

(2) facts which indicate that a default of land revenue is likely.

(3) the abandonment of survey numbers,

(4) encroachments on waste land,

(5) the grazing of cattle liable to grazing dues.

(*c*) to assist the village watchman in the recovery of his dues, and

(*d*) to prevent the unauthorised cutting of wood in government forests and to report any such unauthorised cutting.

The patel is entitled to commission on the revenue collected by him, the highest payable to "watandari" patels (i.e. patels who have established a village by settling cultivators on it) being 1 annas in a rupee.

In the Central Provinces the right of a raiyat is heritable but not transferable except to an heir or co-sharer. In Berar the raiyat can transfer his land at will.

A raiyat may be ejected on the following grounds:

(1) failure to pay land revenue,

(2) illegal transfer,

(3) persistent failure to cultivate the land,

(4) a breach of the conditions of tenure or diverting the land to a purpose other than that to which it was appropriated.

Partition of a holding by revenue courts is prohibited if it involves the formation of a holding of less than 10 acres in the Central Provinces. But as this does not apply to private partitions, there is no effective check on sub-division of holdings. In Berar the minimum limit for sub-division is curiously low, being an area of less than ·25 acre or of land revenue of less than one pice.

Under-raiyats

Sub-letting by raiyats on share-cropping or cash rent is very common. So far these under-raiyats enjoyed no statutory protection. But the Provincial Government has recently introduced a Bill to confer, in Berar, a protected status on under-raiyats by which they shall have heritable but not transferable rights, their rents shall be determined by a revenue officer and they shall be liable to ejectment only for non-payment of rent or diversion of land for non-agricultural purposes.

Consolidation of holdings has been effected in 2,528 villages, covering an area of about 2 million acres under the C. P. Consolidation of Holdings Act of 1928. But this cannot stop the process

of re-fragmentation on account of sales of holdings and the laws of inheritance.

The following shows the land held under the various tenures:

	Area in 1942-43 in million acres
In malguzari villages—	
(*a*) (1) *Sir* land recorded as *sir* at settlement, and also that declared as *sir* during the currency of settlement	2·58
(2) *Khudkasht*	1·28
(*b*) *Malik maqbuza* (plot proprietor)	0·85
(*c*) Tenancies—	
(1) Absolute occupancy tenants	2·10
(2) Occupancy tenants	15·49
(*d*) Village service (land held by *Kotwars* or village servants rent-free on condition of village service)	0·17
	22·47
In *raiyatwari* villages—	
(*a*) In Central Provinces—*raiyats* and *raiyat maliks* (plot proprietors)	1·28
(*b*) In Berar—*raiyats*	8·30
Total ..	9·58

The growth of the zamindari system under British Rule

The evolution of the status of proprietary malguzar from the village office-holder, the patel, or the revenue farmer; and of zamindar and of jagirdar with proprietary rights from feudal chiefs; and the change in the status of the cultivators from village ryots into the malguzar's tenant, was a development of the British system of settlement and revenue administration. Sir C. Ilbert, moving the consideration of the first C. P. Tenancy Bill in 1880, observed, "We found a body of cultivators, paying revenue to the State through their village headmen. Under, and for the purposes of the revenue system which we introduced, we converted headmen into proprietors or landlords, the cultivators into their tenants, and the payment made by the cultivators into rent. We took a man who had no motive but to make a fair apportionment of the State demand, and who, even after he became a contractor for, or a farmer of, that demand, did not conceive that he could reap a legitimate profit by enhancing the rents of the raiyat. We took this man and made him proprietor of the soil. We made the Government raiyats his tenants, and we gave him a legal power to raise his rents and at the same time a motive for exercising that

power. Instead of using our utmost endeavours to squeeze out of him every penny, which he could succeed in extracting by fair means or foul from the cultivator of the soil, we reduced his revenue assessments to such a level as left him a substantial margin of profit, and we secured him in the enjoyment of this margin for a long term of years. We saw indeed that the changes which we introduced would tend to benefit the new proprietary class unduly at the expense of the cultivators, and we endeavoured to give the latter some kind of protection, partly by means of a law, which having been framed for a widely different set of conditions, was applied, as a temporary makeshift, to the Central Provinces, but mainly by means of stipulations and declarations inserted in the settlement records. But we always recognized the imperfect, provisional and transitory nature of the arrangements thus made."

While the growth of tenancy tenure in the Central Provinces and Berar under the British rule followed the pattern common to other provinces of British India, the rights of cultivators in that province were recognized earlier and more effectively safeguarded than in other provinces partly due to the fact that the Central Provinces was acquired later, and the revenue authorities had acquired some experience and knowledge of the customary rights of the cultivators.

As early as 1854 the cultivators (qadim kashtkars) who had been in uninterrupted possession of their holdings since 1840 were, in the absence of prior rights, given full proprietary rights and other proprietary privileges in their holdings. These "qadim kashtkars" came to be known as "malik maqbuzas." A year later the period of uninterrupted possession which entitled a cultivator to be considered a qadim kashtkar was fixed at 12 years. Qadim kashtkars in whose holdings the malguzar had "prior claims" were not given proprietary rights. In their cases rents were liable to be enhanced on suit in the regular revenue courts. Tenants who did not fulfil either of the descriptions were called tenants-at-will and the landlord was allowed to demand as high rents as he could obtain, and eject them at the close of the year if he could obtain better terms from some one else.

Act X of 1859 laid down that every *ryot* who had cultivated or held land for a period of 12 years acquired thereby a right of occupancy. This Act was extended to the Central Provinces in

1864. It was regarded as a temporary makeshift and was never intended to be in permanent operation. The effect of the orders under this law was to make a distinction between those tenants who were entitled to occupancy rights merely on the ground of 12 years' continuous possession under section 6 of Act X of 1859 and those who possessed something beyond this minimum qualification. This led to the distinction between absolute occupancy tenants and occupancy tenants. Both these tenants have, however, for long enjoyed rights much superior to the rights enjoyed by tenants in the United Provinces. The Consolidating Tenancy Act of 1926 gave them considerable rights which were liberally enhanced by the amending Act of 1940.

Land reform

The elimination of the intermediary in the form of malguzai and zamindar has now been accepted as a policy of the Central Provinces Government. According to the information available at the time of writing, the problems connected with land reform and agricultural reconstruction have, however, not been considered in any detail, and apart from the elimination of the intermediaries the objective and economic policy of the Government have not been defined. The question was discussed at the Commissioners' Conference held in November, 1946. The suggestions made by the Commissioners and the Director of Land Records were (1) acquisition of land on payment of compensation amounting to 30—38 crores wholly in cash or partly in cash and partly in the shape of non-redeemable bonds, (2) acquisition of *malik maqbuza* rights by tenants as already provided for in the Central Provinces Tenancy Amendment Act of 1940, and (3) raising the percentage of assets payable as land revenue from 50 to 75.

The Government has accepted the suggestion of raising land revenue and two Acts, namely (1) The Central Provinces Revision of Mahals Act, 1947, and (2) The Central Provinces Revision of the Land Revenue of Estates Act, 1947, have been passed by the Assembly. The result of these Acts is (i) the land revenue payable by malguzars for their *mahals* will now be assessed at 75 per cent. of the assets of their *mahals* against about 50 per cent. before, and (ii) the quit-revenue or "Takoli" of estates held by zamindars will be raised by a graded scale to come to about 50 to 60 per cent. of the net assets of the *mahals* comprising their estates.

BOMBAY

The land system: The ryotwari system

The predominant form of land tenure in Bombay is the ryotwari system, i.e., a system of settlement with the ryots or small holders. Revenue payments are fixed after careful measurement and classification of land in their possession.

The principal features of the system are:

(1) Security of tenure. The only way in which the title of a *ryot* or occupant of any field can be vitiated is through his failing to discharge the assessment laid upon it. The occupant holds the land in perpetuity so long as he pays land revenue to Government.

(2) The occupant has a right to sell, mortgage, or otherwise dispose of his land.

(3) The occupant has a right to resign any field or fields at his option. He can thus contract the area held by him by resignation or extend it by purchase in accordance with the state of his resources.

(4) The occupant can lease a portion of the whole of his holding on annual tenancy at a rent agreed upon with the tenant. The tenant formerly was a tenant-at-will with no security of tenure or fixity of rent. Recent legislation has, however, ensured a certain amount of security of tenure and fixity of rent to the tenant holding from a *ryot*.

Growth of ryotwari or occupancy rights

As land settlement or revenue administration under British rule tended to obliterate completely the old customary rights of the cultivators, the most important question connected with any system of land settlement under British rule was that of the person upon whom the primary liability for the payment of land revenue rested and the unit of assessment. In Bengal this responsibility rests upon the landlord, and the unit of assessment is the estate,

in the Punjab upon the coparcenary body of village proprietors, and the unit of assessment is the village.

In the Bombay Presidency, on account of the dissolution of the village communities in a period of war and misrule, the village lands were in most cases held in small parcels by individuals without any community of interest among them. The British administrative ideas had considerably altered by the time when the first land settlements were made in Bombay. The system of settlement adopted was, therefore, the ryotwari: the main principle of which is that the assessment is made not upon the large estate or the village as a whole but upon the small holdings of individuals who in other systems would be the tenants of large proprietors. About the time of British occupation the occupants of land were of two classes; namely, Mirasdars and Upries. The Mirasdars had heritable and transferable rights and possessed a practically indefeasable right of recovery of land even after long abandonment. They enjoyed a high social status, but on account of the advantages they enjoyed they had often to pay a tax far more heavy than the tax upon Upri tenants. The Upri tenants were merely tenants-at-will cultivating land at a yearly rental.

The early regulations made no change in the rights of these two classes. They merely laid the responsibility for the land revenue upon the occupants of the land whether Mirasdar or Upri. But, gradually, all Upri tenants acquired the same rights as the Mirasdars.

Attempt to check sub-division of holdings

As the new system gave enhanced rights to the Upri tenants the Joint Report of 1847 recommended that certain provisions should be made to guard against dangers which would form the greatest obstacles to the success of the settlement. "It was feared that with the increase of population the inevitable result would be sub-division of the land into very small occupancies accompanied by the impoverishment of the whole agricultural class. Farms would become so small as barely to provide subsistence for those occupied in their tillage and the surplus from which the assessment was to be paid so trifling that the slightest deficiency in the ordinary crop would suffice to annihilate it."

The survey fields, i.e., units of assessment had originally been fixed upon the basis of the area that could be cultivated by a pair of bullocks. The standards laid down for the Deccan were—

29 acres of light dry crop (unirrigated) soil,
15 acres of medium dry crop soil,
12 acres of heavy dry crop soil,
4 acres of rice land dry crop soil.

It was laid down as the condition of the new tenure that the survey field must be taken as the ultimate sub-division of the land beyond which further sub-division must not be allowed to proceed. To prevent sub-division the following changes in the laws regarding inheritance, transfer and resignation were made:

(1) *Inheritance*—If the occupant of a certain "survey number", or in cases where a sub-division of a survey number had already taken place and the names of joint occupants each holding a recognizable share of survey number had been entered, the occupant of a recognized share of a survey number, died, only the name of his eldest son or next heir would be entered in the records.

(2) *Transfer*—The occupant was entitled to transfer only the whole survey number or recognized share.

(3) *Resignation*—If a share of a field fell vacant either by resignation or death of the share-holder without heirs then the share was to be offered to the other share-holders and if they refused to take it, the whole survey number was to be relinquished.

The recommendations of the Joint Report were accepted by the Government, but the whole problem was not examined carefully. In establishing a system of succession of land based upon primogeniture the Government did not fully consider the consequences of the new system and seems to have made no provision for the younger sons and other dependants of the deceased. What was worse was that no practical steps were taken to prevent sub-division. While the revenue authorities recorded the name of only one occupant as successor, the courts enforced partition of land among all the heirs. The result of this divergence between the revenue records and actual facts was the growth of two kinds of interests in land, viz., (i) the registered occupant who was recorded as the sole holder of a survey number, and (ii) the occupants, i.e., the

actual cultivators whose rights were based upon possession of a part of the survey number, but whose names were not entered in the revenue records. Sub-division of holdings was thus not checked at all; the only effect of the joint rules was that the fact of such sub-division was not recorded in the revenue records. The registered occupant thus became a kind of middleman between the actual occupant in cultivating possession and the Government. The occupants paid their share of the land revenue to the registered occupant, who alone was liable to pay the land revenue to the Government. This anomalous position had subsequently to be corrected, and sub-division of survey numbers and the right of the actual occupant recognized and recorded. The sub-divided survey number thus became the actual unit of holding or assessment. This interesting experiment for the prevention of sub-division of holdings, which had started as early as the year 1847, failed completely.

Settlements

Another interesting experiment was made by Mr. Pingle in his survey settlements as early as 1824-28. The system introduced by Mr. Pingle consisted of (1) a survey of all cultivable land, field by field, and (2) the assessment of every field thus measured.

The assessment was based upon the theory that the relative capacity of different classes of soils to bear the assessment was in proportion to their average net produce: the net produce was calculated by deducting the cost of cultivation from the gross produce.

His first measures were (i) to divide the soil into classes, (ii) to ascertain the gross produce of each class, (iii) to discover the average cost of producing this amount, and (iv) to find the net produce of each class by deducting (iii) from (ii).

As for (i) the number of soil classes varied locally but were usually fixed at 9. The average gross produce of each class was determined by local inquiry from the *ryots,* crop experiment, etc. The cost of cultivation was calculated with elaborate detail. The average gross produce was thus converted into money at an average of prices for the past few years, and the net produce found by deducting the cost of cultivation.

. The next operation was to place each field in one of the soil classes. The total area of each class of soil contained in the village was found by adding together the area of the individual fields placed in that class. The total area of the cultivable land was thus reduced to acres of the first class in accordance with the net produce scale, e.g., if the net produce of the first class was Rs.16 and the fourth Rs.4, then four acres of the fourth class would be counted as one acre of the first class.

Lastly, the revenue collection of previous years was calculated from the village books and the total divided by the acreage found by the method given above. The result was the assessment for an acre of soil of the first class. This was checked by comparison of the results with the figures of net produce and standard rates arrived at.

The system seems logical and thorough, but it failed owing to the difficulty in assessing the average gross produce of each class of soil and the average cost of production. The assessments were heavy, uneven and oppressive, and resulted in large tracts of land being thrown out of occupation.

Mr. Pingle's settlement was a complete failure. Subsequent settlements were made on different principles. The development mainly consisted of elaborate methods for the classification of soils based upon factors of value and their relative importance. The chief factors of value are (*a*) the quality of the soil, i.e., the nature of the surface soil and its depth, (*b*) facilities for irrigation, (*c*) certain intrinsic circumstances such as climate, proximity to markets, etc. The assessment was based upon the determination of the aggregate and the distribution of the aggregate. The aggregate was based upon (i) a study of the revenue history of the tract, (ii) the general physical features of the area; the general state of communications, (iii) the conditions of the population with reference to caste, general prosperity, amount of agricultural stock, health, education, etc., (iv) and an enquiry into the statistics of the occupation of land and its bearing upon the pressure of assessment, (v) a study of prices, (vi) a study of the statistics of lease, sales, mortgages, etc. The aggregate or the absolute amount of assessment being thus arrived at, it was distributed over the individual fields in accordance with their relative capabilities.

Further changes in settlement principles were made subsequently. But we consider it unnecessary to examine in detail the development of these principles down to the present day.

The settlements are now ordinarily made every 30 years. The standard rates fixed do not exceed 35 per cent. of the average of the rental value of occupied land for a period of five years immediately preceding the year in which the settlement is made. The assessment so fixed is liable to certain limitations on enhancement. The new assessment in the case of a *taluqa* or group should not exceed by more than 25 per cent. and in the case of a village or a survey number by more than 50 per cent. of the expiring demand. These limits can be relaxed only in special cases. The Bombay land revenue system includes the principle of exempting from taxation any improvement made by landholders except improvements more than 30 years old.

The Government has also accepted the principle of varying the annual revenue demand on the basis of current prices. For this purpose a comparison is made with the prices for a period of 5 years immediately preceding the year of settlement. In case the current prices are lower than those taken into consideration for settlement purposes, a rebate is given on the scale fixed under the rules. In case prices rise, a surcharge is leviable.

Suspensions and remission of land revenue are allowed if the season in any year is unsatisfactory. The suspension is based upon an estimate of the yield of crops in a particular year relative to the standard normal yield. The estimate is made in annas. The land revenue which is suspended in one year becomes due for recovery in the next year or subsequent year if the conditions of the season are satisfactory. In case there is a succession of bad seasons the suspended land revenue is remitted, ordinarily if the amount suspended is more than three years old.

The other forms of land tenure in Bombay are:

(1) The new or restricted tenure. This form of land tenure was originated in the year 1901 because the large increase in the value of land had made it a desirable object of acquisition to the money-lender with the result that agricultural land was passing into the hands of absentee owners who used their capital to get possession of the land but not

for its improvement. The occupants under this system enjoy permanency of tenure but cannot transfer their land except with the permission of the Collector. This restriction is introduced only in villages which were surveyed and settled for the first time after 1901 or in villages already settled, when new occupancies are granted by the Collector. This restricted tenure is generally made applicable only to backward classes of cultivators.

(2) Inam tenures, i.e., gifts or grants of land. The land held on an Inam tenure is technically called "alienated", i.e., transferred, in so far as the rights of Government are concerned, wholly or partially, to the ownership of any person. There are various kinds of Inam tenures in some of which the owner's right of alienation is restricted.

(3) Taluqdari tenure which prevails in Ahmedabad and some other districts of Gujrat. The taluqdars are the absolute proprietors of their respective estates, subject to the payment of government demand which may be either fixed or liable to periodical revision. The more important of these estates are governed by the law of primogeniture but the smaller ones are sub-divided from generation to generation. The taluqdar cannot encumber his estate beyond his own life-time or alienate it permanently without Government's sanction.

(4) There are, besides, a number of miscellaneous tenures which partake generally of the characteristics of temporarily settled estates.

Out of 32·29 million acres of occupied land in 1940-41, 23·2 million acres were held on the ordinary ryotwari or survey tenure, 1·22 million acres on restricted tenure, and 7·85 million acres on various types of alienated tenures including the Inam, Taluqdari and other miscellaneous tenures.

Land reform

The Bombay Government has not so far undertaken any radical reform in the ryotwari tenure and the elimination of the intermediaries in tenures analogous to the zamindari system.

The Bombay Tenancy Act of 1939 has, with suitable modification, been extended with effect from 11th April, 1946, to the whole

province. The object of this Act is to confer fixity of tenure and to afford protection against rack-renting to the tenant and thus give him incentive to improve the land and obtain better crops from it. This measure is similar to tenancy reform which has been undertaken in the United Provinces and elsewhere from time to time.

Tenants have been divided into two classes, viz. (1) protected tenants, and (2) tenants.

Any tenant who has held land for a period of not less than six years immediately preceding the first day of January, 1938, or the first day of January, 1942, and who has cultivated it personally during the aforesaid period shall be deemed to be "a protected tenant". If his holding was acquired by inheritance or succession the period during which the predecessor held the land shall also be included in calculating the period of six years. Further if a tenant held land from a landlord in the village for some years and then held some other piece of land belonging to the same landlord for a further period, then, the two periods shall be added together.

Every tenant shall be deemed to be a protected tenant on the expiry of one year from 8th November, 1946, and his rights as such protected tenant shall be recorded in the record of rights unless the landlord concerned makes an application on or before 7th November, 1947, for declaration that a particular tenant is not a protected tenant.

The protected tenant has a permanent and heritable right in land but may be ejected on the following grounds:

(1) For non-payment of rent. Except where the tenant is in arrears for three years this can be avoided by giving security for the arrears.

(2) If he does any act which is destructive or permanently injurious to the land.

(3) If he sub-lets the land or fails to cultivate it personally.

(4) If he uses land for a purpose other than agriculture.

(5) If he sub-divides the land held by him.

The protected tenant can be evicted by the landlord on one year's notice if the landlord wishes to cultivate the land personally or use it for a non-agricultural purpose. If the landlord fails to put it to the purpose for which the tenant was evicted, the protected tenant is entitled to obtain possession.

The protected tenant whose tenancy has been terminated has a right of first refusal in case of any new land intended to be leased out by the landlord. A protected tenant is also entitled to get compensation for improvement made by him before he is evicted from land.

Tenants who are not protected tenants have a right of occupation for at least ten years. They may be evicted during this period on the same grounds as those given above for protected tenants. Both protected tenants and other tenants pay to the landlord nothing more than:

(i) the rent agreed upon, or

(ii) the rent payable according to the usage of the locality, or

(iii) a reasonable rent determined by a revenue officer, and in any case tenants cannot be made to pay to the landlord rent at a rate exceeding a maximum rate fixed by Government.

These provisions protect the tenant from rack-renting by landlords.

Formerly the occupant of land could lease a portion or whole of his holding on annual tenancy at a rent agreed upon with the tenant. The restriction imposed by the Bombay Tenancy Act of 1939 outlined above represents, therefore, a great advance upon the previous tenancy law of the province.

BIHAR

The land system

The main forms of land tenure in Bihar are:

(1) The permanently settled estates system in which the amount of land revenue payable by the zamindars is fixed in perpetuity, their interest being liable to sale in default of payment. This is the dominant type prevailing over the whole province with the exception of small areas.

(2) The temporarily settled estates in which the amount of land revenue is liable to periodical revision.

(3) Khas *mahals* or land held directly by the Government as landlord.

Inferior rights in land may be classed as under:

(1) Different classes of tenure-holders under the Government or zamindars analogous to under-proprietors in U. P. who collect rents from the tenantry and themselves pay a fixed amount of rent to the superior landlords. The area of land held by tenure-holders is, however, very small.

(2) Raiyats most of whom have a permanent and heritable interest in their holdings. They cannot be ejected except by an order of the court for rendering their land unfit for cultivation or for breach of a condition on which according to the contract between them and the landlord they are liable to ejectment. They cannot, however, be ejected for 'breach of' a condition which restricts the privileges granted to them by the Tenancy Act. Their holdings can be sold by an order of the court in default of payment of rent.

The *raiyats* may be divided into two classes:

(*a*) *Raiyats* with permanently fixed rents or rates of rent.

(*b*) Occupancy raiyats whose rents can be enhanced on account of—

(i) rise in the average price of staple food-crops.

(ii) fluvial action.

(iii) increase in the productivity of the land on account of improvements made by the landlord and abated on the grounds of:

(i) fall in the average prices of staple food-crops; and

(ii) permanent deterioration of the soil.

Most of the occupancy raiyats pay rents in cash, a few in kind.

(*c*) Non-occupancy raiyats whose interest is not permanent and heritable but who cannot be ejected except through the court on certain specific grounds.

(*d*) Under-raiyats who hold land from raiyats and can acquire occupancy rights by continuous possession for 12 years.

Some of the occupancy raiyats, non-occupancy raiyats and under-raiyats pay rent in kind. The landlord's share of the produce used to vary from 1/2 to 2/3, in some cases the produce rent was paid at a fixed rate of grain per bigha. Under legislation

passed in 1937-38 the landlord cannot take more than 9/20 of the produce as his share from an occupancy raiyat.

Zirat and *bakasht* correspond roughly to *sir* and *khudkasht*. No *raiyat* can acquire occupancy rights in *zirat* land.

Waste land can be divided into two classes:

(*a*) *Ghair-mazrua-am* in which the village people have got rights and which cannot be leased or personally cultivated by the zamindar.

(*b*) *Ghair-mazrua-khas* which can be leased or cultivated by the zamindar.

As annual land records are not maintained in Bihar it is not possible to give exact figures of the area of land under each class of tenure. The following estimates were prepared from survey and settlement reports, some of them over 40 years old:

		Area in million acres
A	1. Held by proprietors including *zirat* and *bakasht* ..	.. 2·12
	2. Held by tenure-holders in cultivatory possession.	1·34
	Total	.. 3·46
B	1. Occupancy-*raiyats* other than those paying produce-rents	.. 16·58
	2. Occupancy-*raiyats* paying produce rents ..	.. 2·33
	3. Rent-free holders	.. 0·96
	4. *Raiyats* holding at fixed rent or rates ..	.. 0·49
	Total	.. 20·36
C	1. Non-occupancy *raiyats*	.. 0·33
	2. Under-*raiyats*	.. 0·33
	Total	.. 0·66
	Total (A, B, C)	.. 24·48
	Unoccupied	.. 4·25
	Grand total	.. 28·73

Agricultural income-tax

By an Act of 1938 agricultural income-tax has been imposed on all agricultural incomes exceeding Rs.5,000 a year.

Agricultural income has been defined as—

(*a*) any rent or income derived from land which is used for agricultural purposes, and is either assessed to land revenue in Bihar or subject to a local rate assessed or collected by officers of the Crown as such.

(*b*) any income derived from such land by—

(i) agriculture, or

(ii) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, in respect of which no process has been performed other than a process of the nature described in sub-clause (ii) above.

The principal deductions made in respect of income derived as at (*a*) above are:

(i) revenue or rent or *malikana* in respect of the land,

(ii) local cess or rate,

(iii) 12½ per cent. of the total amount of the rent as collection charges,

(iv) any sums paid under the Bengal Irrigation Act, 1876,

(v) expenses incurred on the maintenance of irrigation or protective works,

(vi) maintenance of any capital asset required in connection with the collection of rent,

(vii) depreciation in respect of any capital asset for the benefit of the land,

(viii) interest on mortgage or other charge incurred for the purpose of acquiring the land,

(ix) interest on other mortgage incurred before the passing of the Act,

(x) interest on loans taken under the Bihar and Orissa Natural Calamities Loans Act, 1934.

In respect of income derived from personal cultivation the following further deduction is made:

The expenses of cultivating the crop from which such agricultural income is derived, of transporting such crop to market, including the maintenance of agricultural implements and cattle required for the purpose of such cultivation and for transporting the crops.

The income derived from (*b*) above may be assessed as a multiple of the rent of the land, or in case of land not assessed to rent of the cess valuation of such land. This multiple is

fixed for each district by the Board of Agricultural Income-tax and does not, in any case, exceed eight.

The agricultural income-tax varies progressively from six pies in the rupee to thirty pies in the rupee according to slabs of total agricultural income, the lowest slab being an income between Rs.5,000 and Rs.10,000, the highest slab above Rs.15 lakhs.

The total agricultural income of a Hindu undivided family is treated as the income of one individual, and assessed as such, but if the family consists of brothers only or a brother or brothers and the son or sons of a deceased brother or brothers, the total agricultural income of the family is assessed:

(*a*) at the rate applicable to the share of a brother, if such share exceeds Rs.5,000,

(*b*) at six pies in the rupee, if the share of a brother is Rs.5,000 or less.

In cases of public or religious trusts created before the commencement of the Act, any income applied for religious or charitable purposes (including the relief of the poor, education, medical relief and advancement of any other object of general public utility) is excluded from assessment.

Muslim public *waqfs* are similarly exempted but not the share of a private beneficiary in a *waqf alal-aulad*.

Abolition of Zamindari

The Bihar Government did not appoint a committee to enquire into the problems connected with the abolition of zamindari. It took decisions on the basis of office memoranda.

In pursuance of its policy the Bihar Government prepared a Bill called the Bihar State Acquisition of Zamindari Bill, 1947, which has passed through the legislature.

We give below a summary of the Act.

Procedure for acquisition of zamindari

The Act provides for a notification by the Provincial Government declaring that an estate or tenure has become vested in the Crown. On the publication of the notice, the proprietor or tenure-holder's interest in the estate or tenure and any building used primarily for collection of rents, forests fisheries, *hats*, bazars, ferries, mines and minerals shall, with effect from the first day of the next agricultural year, vest absolutely in the Crown free from all encumbrances. Mines which are actually in operation shall, however, be left with the proprietor, tenure-holder, or lessee of the mine on terms and conditions agreed upon between them and the Provincial Government.

The proprietor or tenure-holder will, however, retain the following lands as raiyats under the Crown on fair and equitable rent—

(1) All homesteads, i.e., dwelling house and out buildings used for purposes connected with agriculture and tank appertaining to such dwelling house.

(2) *Khas* lands or lands in the possession of the proprietor or tenure-holder for agricultural or horticultural purposes, i.e., for cultivation by the proprietor or tenure-holder himself with his own stock, or by his own servants, or by hired labour, or with hired stock.

(3) Certain categories of privileged or private lands of the landlord. Disputes regarding claims to, and the extent of, such homesteads and *khas* lands will be decided by the Collector.

All arrears of rent, revenue and cesses due from the proprietor or tenure-holder shall be recoverable by the Crown, either by deduction from the compensation money or by other methods.

All arrears of rents, including royalties, and all cesses together with interest which were recoverable by the outgoing proprietor or tenure-holder, shall, however, vest in the Crown. Fifty per cent. of the amount of such arrears shall be added to the compensation money.

All estates or tenures acquired will be managed by the Government.

Immediately on acquisition two separate agencies shall be set up:

(1) for determination of the encumbrances on the estate or tenure,

(2) for assessment of compensation.

Settlement of debts

Every creditor whose debt is secured by mortgage or is a charge on the estate or tenure may, within three months of the publication of the notification, apply to a Claims Officer appointed by the Government. The Claims Officer shall determine the principal amount and the interest justly due to each creditor in the following manner:

(*a*) He shall ascertain the principal originally advanced irrespective of any renewal of the transaction whether by closing of accounts, execution of fresh bonds or decree or order of a court.

(*b*) He shall ascertain the amount of interest already paid. Any amount paid in excess of simple interest at 6 per cent. or the stipulated rate, whichever is lower, shall be set off towards the principal.

(*c*) He shall specify the amount of the principal and interest still due to the creditor.

(*d*) If the creditor has received as interest an amount equal to the principal, no future interest shall be allowed, in other cases future interest will be allowed on the principal at a rate from 3 per cent. to 6 per cent.

Where there are two or more creditors the Claims Officer shall settle their priority in accordance with the Transfer of Property Act, 1882. The amount of debt decreed shall not exceed the compensation.

An appeal shall lie to a Debt Conciliation Board consisting of a Judge of the High Court as chairman and other members belonging to the Judicial Service appointed by the Government. The decisions of the Board shall be final.

Assessments of Compensation

The Government will appoint a Compensation Officer who shall prepare a Compensation Assessment roll showing:

(1) The gross assets.

(2) The net income.

(3) The arrears of rents and cesses.

(4) The compensation payable and the apportionment of the compensation among the persons interested.

The Compensation Officer shall have the power to disregard a partition of the estate or tenure or a trust created within three years before the passing of the Act.

The Compensation Assessment roll shall be published in the manner and for the period to be prescribed by the Government. All objections will be heard and decided by the Compensation Officer.

An appeal against his orders shall lie with an officer possessing the qualification of a Judge of the High Court to be appointed by the Government. His decision shall be final.

After the decision of objections by Compensation Officer and appeals, if any, the roll shall be finally published.

The jurisdiction of civil courts has been barred.

Calculation of net income

The gross and net assets shall be calculated in the assessment roll in the following manner:

Gross Assets: Gross assets include:

(i) the aggregate of the rents, including cesses payable to a proprietor or tenure-holder for the previous agricultural year;

(ii) rents to be determined on lands in *khas*, i.e., cultivatory possession of the proprietor or tenure-holder, namely;

(*a*) homesteads, i.e., dwelling-house and out-buildings, used for purposes connected with agriculture and any tanks appertaining to such dwelling-house;

(*b*) and in their cultivatory possession;

(iii) rents to be determined in *ghair-mazrua khas* in the possession of the proprietor or tenure-holder;

(iv) gross income of the previous agricultural year from ferries, fisheries, *hats* and bazars;

(v) rents on lands purchased by the landlord for arrears of rent;

(vi) annual rent on acquired buildings;

(vii) gross income from forests calculated on the basis of the average gross annual income of 25 preceding agricultural years which the forests would have yielded if they had been placed under the management of the Provincial Government;

(viii) gross income from mines and minerals:

(*a*) if worked on lease, on the basis of average annual receipts on account of royalties,

(*b*) if worked directly by the proprietor or tenure-holder, on the basis of the average annual gross income of the preceding 12 agricultural years, calculated on the basis of the annual return filed by the proprietor or tenure-holder for assessment of cess or income-tax.

Net income will be calculated after making the following deductions from the gross assets:

(i) Land revenue or rent, agricultural income-tax, and income-tax payable in respect of the estate or tenure. The income-tax shall be deemed to be the income-tax which would have been assessed if the proprietor or tenure-holder had no income beyond the income from his estate or tenure.

(ii) Chaukidari or municipal tax. payable in respect of any building used as office or cutchery for the management of the estate or tenure.

(iii) Cost of management at a rate varying from 5 per cent. to 20 per cent. of the gross assets and graded according to the size of the gross assets.

(iv) Cost of works of benefit to the raiyats graded from 4 to 12½ per cent. of the gross assets.

(v) In the case of a mine, worked directly by proprietor or tenure-holder, the average annual cost of working the mine.

Compensation

(1) The compensation will vary inversely to the size of the net income, from 3 to 20 times, the net income according to the following table:

Amount of net income	Rate of compensation payable
(i) Where the net income exceeds Rs.500.	20 times such net income.
(ii) Where the net income exceeds Rs.500 but does not exceed Rs.1,250.	19 times such net income but in any case not less than the maximum amount under the item above.
(iii) Where the net income exceeds Rs.1,250 but does not exceed Rs.2,000.	18 times such net income but in any case not less than the maximum amount under the item above.
(iv) Where the net income exceeds Rs.2,000 but does not exceed Rs.2,750.	17 times such net income but in any case not less than the maximum amount under the item above.
(v) Where the net income exceeds Rs.2,750 but does not exceed Rs.3,500.	16 times such net income but in any case not less than the maximum amount under the item above.
(vi) Where the net income exceeds Rs.3,500 but does not exceed Rs.4,250.	15 times such net income but in any case not less than the maximum amount under the item above.
(vii) Where the net income exceeds Rs.4,250 but does not exceed Rs.5,000.	14 times such net income but in any case not less than the maximum amount under the item above.
(viii) Where the net income exceeds Rs.5,000 but does not exceed Rs.10,000.	10 times such net income but in any case not less than the maximum amount under the item above.
(ix) Where the net income exceeds Rs.10,000 but does not exceed Rs.20,000.	8 times such net income but in any case not less than the maximum amount under the item above.

Amount of net income	Rate of compensation payable
(x) Where the net income exceeds Rs.20,000 but does not exceed Rs.50,000.	6 times such net income but in any case not less than the maximum amount under the item above.
(xi) Where the net income exceeds Rs.50,000 but does not exceed Rs.1,00,000.	4 times such net income but in any case not less than the maximum amount under the item above.
(xii) Where the net income exceeds Rs.1,00.000.	3 times such net income but in any case not less than the maximum amount under the item above.

(2) 50 per cent. of the realizable arrears of rent and cesses shall be added to the compensation.

An appeal from the order of the Compensation Officer shall lie to a Judge of the High Court appointed by the Provincial Government.

Payment of Compensation

The following deduction shall be made from the compensation:

(1) The amount due to the creditors.

(2) Arrears of revenue and cesses due from a proprietor, and rent and cesses due from a tenure-holder to the proprietor.

The compensation will be payable in cash or in bonds of guaranteed face value at maturity, or partly in cash and partly in bonds as may be prescribed. The bonds shall carry interest at $2\frac{1}{2}$ per cent. and shall be payable in forty equal instalments.

When there is a dispute regarding the title to compensation or to its apportionment, or where the person entitled has not got an absolute interest in the property, the Compensation Officer shall deposit the compensation with the Collector of the district, who will pay it to any person who becomes absolutely entitled to it or after the decision of dispute. Only the interest on the bond will be paid during the lifetime of the limited owner. After the date of acquisition and before the final publication of the

assessment roll *ad interim* payments ranging from 2½ to 3 per cent. of the approximate compensation shall be made to the outgoing intermediaries.

Trusts and Waqfs

Where the whole or part of the income from landed property has been dedicated exclusively to religious or charitable purposes, without any reservation of pecuniary benefit to any individual, the compensation shall be assessed as a perpetual annuity equal to the income so dedicated. Trusts created after January 1, 1946, for the sake of receiving these annuities may be disregarded and treated like ordinary zamindari.

There are no annual records in Bihar, and the only alternative source of information regarding assets are the settlements which are mostly at least 20 years old and in some cases as much as 50. It was therefore suggested that survey to bring the settlement maps up to date and settlement operations to prepare an accurate and up-to-date rent-roll and record of rights should precede the abolition of zamindari and the preparation of compensation rolls. It was however felt that this would delay the abolition of zamindari. The Government, therefore, decided to prepare compensation rolls on the basis of estate-books and papers of the landlords by a staff specially appointed for the purpose. But as up-to-date maps and records of rights and *jamabandi* will be required by the State for administrative purposes, it has further been decided to undertake survey and settlement operations, side by side, but independently of the preparation of compensation rolls.

This work will be undertaken from district to district, according to a programme to be drawn up later. Before preparation of compensation rolls is taken in hand, the estates concerned will be taken over under Government management.

ZAMINDARI ABOLITION IN BENGAL

The Bengal State Acquisition and Tenancy Bill, 1947, was prepared before the division of Bengal. The Government of West Bengal has not adopted it. About East Bengal no information is available. In these circumstances, the Bill is of merely academic interest, but we give below a brief summary as some of its provisions are useful and instructive.

Scope of the Bill

The Bill was intended to apply to the whole of Bengal excluding—

(i) Calcutta and suburbs;

(ii) All lands within a municipality except agricultural lands and *hats* and bazars;

(iii) Fisheries in navigable rivers the beds of which belong to the Crown;

(iv) Specified mineral areas.

Its scope differs from the Bihar Act in two particulars:

(*a*) The Bihar Act includes mineral areas but the Bengal Bill excludes them.

(*b*) The Bihar Act provides for the acquisition of the interests of proprietors and tenure-holders only. The Bengal Bill goes further and provides for the acquisition of the interests of all rent-receivers. A 'rent-receiver' means a proprietor or tenure-holder and includes a raiyat or under-raiyat who has let out his land.

Compensation rolls will be prepared in Bihar on the basis of revenue records maintained by zamindars. Settlement operations will be undertaken separately. In Bengal, preparation or revision of the record of rights and settlement of fair and equitable rents were to be undertaken first. The records thus prepared were to form the basis for acquisition and preparation rolls.

Classification of land

Land in "Khas" or personal possession of a rent-receiver or cultivating raiyat or under-raiyat shall be classified as follows:

(*a*) Homestead, i.e., dwelling house and out-buildings or land or tanks appertaining to it.

(*b*) Lands used for agricultural or horticultural purposes including tanks.

(*c*) Wastelands capable of cultivation.

(*d*) Forests, water courses, marshy tracts and other uncultivable lands.

(*e*) *Hats* and bazars.

(*f*) Lands such as pathways, burial or cremation grounds, rivers, water-courses, with a common right of user

Lands to be acquired

On the acquisition of his interest, a rent-receiver will be allowed to retain lands classified as (*a*), (*b*), (*c*), but lands classified as (*d*), (*e*) and (*f*) shall be acquired.

Besides this, all the land which is not in the "Khas" possession of the rent-receiver, namely, homestead and cultivated land of the inferior body of cultivators and all common wastes and forests, shall also be acquired.

Maximum limits upon land retained by a person

For the purpose of redistribution of land on an equitable basis, the Bengal Bill further provides that no one whether a rent-receiver or a cultivating raiyat or under-raiyat shall be entitled to retain cultivated land or cultivable waste exceeding a maximum of 100 standard bighas, or at a rate exceeding 10 standard bighas for each member of the family, whichever is greater. Family includes all persons dining in the same mess and dependent upon the rent-receiver or cultivating raiyat or under-raiyat, but does not include a servant or hired labourer.

This maximum limit shall not apply to:

(*a*) tea gardens;

(*b*) large-scale mechanised farming on a co-operative basis or otherwise;

(*c*) lands dedicated for religious or charitable purposes without any reservation or pecuniary benefits for any individual.

The Bihar Act imposes no such maximum limits. It should be noted that both in Bihar and Bengal the rent-receiver or cultivating raiyat will be allowed to retain not only cultivated land but also cultivable waste in his *khas* possession.

Raiyats who sub-let their land

Where a raiyat or under-raiyat has sub-let a part of his land, the sub-tenant shall be recorded as raiyat at a fair rent.

Determination of rents

(*a*) *Homesteads*: A proprietor or tenure-holder will hold his homestead rent-free, if the estate or tenure is rent-free, otherwise at a rent bearing a fixed proportion to the rent of his estate or tenure. In a permanently-settled area the rent will be permanently fixed, in a temporarily-settled area the rent will be liable to revision only at the end of every 30 years. A proprietor (but not a tenure-holder) may in a permanently-settled area commute his rent by paying 20 times the rent.

If the rent-receiver is a raiyat or under-raiyat, a fair and equitable rent will be fixed on his homestead, agricultural land and cultivated waste.

The rent-receiver shall be entitled to retain these lands in his possession as a raiyat, rent-free, if the estate, tenure or holding is rent-free. If the estate or tenure is permanently settled, the rent will bear the prescribed proportion to the revenue of the estate or rent of the tenure and will be permanently fixed. If the estate or tenure is temporarily settled, rent shall be determined on the basis of the rate of rent paid by occupancy tenants for land of a similar description.

A person to whom homesteads, agricultural lands or cultivable waste are subsequently transferred shall not be entitled to hold them either rent-free or at a permanently fixed rent. A fair and equitable rent will in that case be fixed as for other raiyats.

Rents of raiyats and under-raiyats

The rent payable shall be presumed to be fair and equitable. But if the revenue officer considers that it is not fair, he may fix rent on the basis of the rate of rent of occupancy raiyats for lands of similar description. The rent of an under-raiyat shall not exceed by more than fifty per cent. the rent considered fair for a raiyat. Rent payable in kind or by appraisal or by share of crop shall be commuted to money-rent on the basis of the prevailing rate of cash rent. Rent will also be fixed on holdings held rent-free in consideration of service.

Assessment of compensation

Gross income means (1) the aggregate of rent and cesses payable to the rent-receiver. In the case of proprietors or tenure-holders it includes rent determined on homesteads and land in cultivatory possession and culturable land retained by the rent-receiver, or assumed rent if held rent-free. No compensation will be paid to raiyats or under-raiyats for land left in their possession, (2) net profits from forests, (3) income from *hats* and bazars after deducting the cost of management.

The net income shall be calculated by deducting from the gross rental demand the sum payable on account of (i) land revenue, rent or cess, (ii) maintenance of any irrigation or protective work, (iii) collection charges to the extent considered fair and equitable by the revenue officer subject to a minimum of 10 and a maximum of 20 per cent. of the aggregate of rent and cesses.

Rates of compensation

Compensation shall be paid by capitalisation of the net income at the following rates:

Amount of net income	*Multiple of net profit*
(1) Up to Rs.2,000 ...	15.
(2) Above Rs.2,000 and up to Rs.5,000	12 but not less than the maximum amount under (1).
(3) Above Rs.5,000 and up to Rs.10,000	10 but not less than the maximum amount under (2).
(4) Above Rs.10,000	8 but not less than the maximum amount under (3).

A rent-receiver with temporary interest or a mortgagee with possession shall receive a part of the compensation paid to the superior landlord, or the mortgagor.

Where the rent-receiver is deprived of part of his *khas* lands, the following additional compensation will be paid:

(1) 10 times the rent of land in category (*b*), i.e., cultivated land.

(2) In case of land in category (*c*), i.e., wasteland capable of cultivation, Rs.10 per acre if the land is recorded as waste of a special class called *Puratan* or *Nutan patti*. But if the land is not so recorded, and if it fetches no income, an additional amount of either five times the annual raiyat's rent for an equal area of cultivated land, or if it fetches an income an additional amount equal to 10 times the annual income, or 10 times raiyati rent for an equal area, whichever is greater.

(3) For land of category (*d*), i.e., forests or uncultivated land, 10 times the net profits.

Disputes regarding compensation rolls

The revenue officer shall prepare and publish the compensation roll, and receive and decide any objections to entries or omissions in the entries. An appeal, if presented within two months, shall lie from the orders of the revenue officer to the superior revenue authorities, namely, the Collector, the Commissioner and the Board of Revenue. After appeals and objections have been decided the compensation rolls shall be finally published.

A Commissioner of State Purchase and under him a Director of Land Records and Survey shall exercise general supervision over the preparation of compensation rolls and settlement operations.

Special judges shall be appointed to hear appeals from the orders of Revenue authorities in respect of assessment and apportionment of compensation and disputes about title.

An aggrieved party may within 60 days require the Special Judge to refer to High Court questions of law arising out of this order.

If the Special Judge refuses to make the reference, the aggrieved party may apply to the High Court within 60 days.

Consequences of final publication

On final publication of the rolls, all interests of all the rent-receivers, including interests in the sub-soil and any rights to any minerals, shall be vested in the Crown free from encumbrances. The rent-receiver shall be entitled to retain possession only of homesteads, cultivated land and cultivable waste to which he is entitled.

All cultivatory raiyats, under-raiyats and other occupants of land shall on acquisition become raiyats of the Crown.

Copies of the records of rights after the elimination of the interests of intermediaries shall be printed and distributed free of cost to the tenants. All arrear rents and cesses due to outgoing landlords including decrees whether having the effect of a rent decree or money decree shall be realised only in accordance with the provisions of the Bill.

Payment of compensation

Arrears of revenue and cesses due from the rent-receiver shall be deducted from the compensation.

If the amount of compensation is less than Rs.1,000, it shall be paid in cash, otherwise either in cash or in bonds of guaranteed value at maturity carrying an interest of not less than 3 per cent.

If the person entitled to compensation is not an absolute owner, the bonds shall be kept in deposit by the Collector.

Arrears of rent

Arrears of rent due to an outgoing landlord and legally recoverable shall be recovered as a public debt under the Bengal Public Demands Recovery Act, 1913, by a Certificate Officer who may grant instalments extending to four years.

A suit for recovery of rent pending on the date of acquisition shall, however, be proceeded with and all decrees not barred by limitation shall be realised by the Certificate Officer.

Indebted Landlords

After a date notified by Government no Civil court shall execute a decree against the immovable property of an outgoing rent-receiver other than a decree for arrears of rent and cess.

A sale of immovable property made after 15th April, 1947, shall be set aside if the party applies within three months from the date of notification.

Limitation of debt to half the compensation

The execution of decrees against an outgoing proprietor shall be limited to half the compensation payable to him. Decrees in respect of money secured by a mortgage or charge shall first be satisfied in the order of their priority. If they amount to less than half the compensation, the balance shall be rateably divided for payment of decrees in respect of unsecured loans.

Waqfs and Trusts

The net income or part of income dedicated exclusively to charitable or religious purposes, without any reservation of pecuniary benefits to any individuals, shall be paid in the form of perpetual annuity.

The new land tenure system

Except for non-agricultural tenancy in homesteads held by proprietors and tenure-holders, there shall be only one class of tenants on land, namely, raiyats. The raiyats shall possess the following rights:

Permanent right of occupancy

The raiyat shall have the right to use the land in any manner consistent with the principles of good husbandry, and for any purpose connected with agriculture, horticulture, and pasturage. He shall have the right to make suitable improvements including the construction of dwelling houses, wells and tanks.

The raiyat shall be liable to ejectment on the following grounds:

(i) that he has not used the land according to the principles of good husbandry.

(ii) that he has misused the land so as to materially impair its value, or has rendered it unfit for the purposes of tenancy.

Restriction of sub-letting

The raiyat must cultivate the land himself or by servants or labourers or with the aid of a partner. Only a widow, a minor, a lunatic, a person suffering from physical infirmity, a convict in jail may sub-let the land at a rent not exceeding the rent of the land by 50 per cent., or on the *adhi* or *barga* system. No consideration shall be paid for the grant of a sub-lease. Any contravention of these conditions shall render the raiyat liable to ejectment.

Heritable rights

The interests of a raiyat shall devolve according to his personal law.

Right of transfer

The raiyat shall have the right to transfer his land subject to the following restrictions:

(i) *Usufructuary mortgages*: It must be registered, and is permissible only in the form of a complete usufructuary mortgage for a period not exceeding 15 years. The mortgage may be redeemed before the expiry of the period.

(ii) *Other transfers*: All transfers, whether by bequest or otherwise, or by sale in execution of decree, or for arrears of rent, shall be made only to another raiyat. The aggregate of the land transferred and the land already held by the transferee must not exceed 60 standard bighas or 5 standard bighas for each member of the family, whichever is greater. In the case of tea plantations or cultivation by mechanised means this maximum limit may be exceeded.

(iii) The Bill provides that with some exceptions all transfers shall be made by registered instrument, and that notice of all transfers shall be sent to the revenue officer for record.

In cases, where the co-tenant or tenants of adjoining holdings have the right of pre-emption, notices shall be sent to them also.

Right of pre-emption: Co-tenants and failing them, tenants of adjoining holdings, have a right of pre-emption on payment of the consideration money and an additional compensation of 10 per cent. to the transferee. This right is subject to the maximum limit on holdings. The revenue officer may apportion the holding among persons who have the right of pre-emption.

The right of pre-emption does not arise in the following cases:

(*a*) A transfer to a co-tenant.

(*b*) A transfer by exchange or partition.

(*c*) A transfer by bequest or gift.

(*d*) In the case of mortgages until a decree for foreclosure is made absolute.

(*e*) A *waqf* or dedication for religious or charitable purpose without reservation of pecuniary benefit to any individual.

Sub-division of holdings

If the total area of cultivable land held by a raiyat is less than 3 acres, the holding shall be deemed to be indivisible, and part of such a holding cannot be transferred.

Extinction of interest

The interest of a raiyat shall be liable to extinction on surrender, abandonment for two consecutive years, or death without heirs. If the successor of a raiyat does not cultivate the land for five years his right shall be extinguished.

Right in land gained by alluvion

The raiyat shall have the right to land gained by alluvion, on fixation of fair rent subject to the maximum limit of 60 bighas.

Cultivation under the bargadars

Bargadars are tenants-at-will paying a share of the produce, usually half, as rent. The Bill allows the continuation of the

system where it exists already, but provides for its gradual extinction by the following restrictions:

(i) It shall not be introduced in land which is not cultivated by bargadars at the commencement of the Act,

(ii) If a raiyat transfers his holding, the transferee shall not be allowed to sub-let his land on the bargadari system.

It also provides limited security of tenure to bargadars by laying down that they may be ejected only on one of the following grounds:

(i) Misuse of land by the bargadars or failure to cultivate it properly,

(ii) If the raiyat wishes to cultivate the land himself.

Collection of rent

Every raiyat shall pay or tender each instalment of rent before sunset on the day on which it falls due, at the village tehsil office or other convenient place or by postal money order.

All arrears of rent shall bear simple interest at the rate of $6\frac{1}{4}$ per cent., and shall be recoverable under the Bengal Public Demands Recovery Act, 1913, by the attachment and sale of land but not by attachment or sale of any other movable or immovable property or by the detention of the debtor.

MADRAS

Land System and Reforms in Madras Presidency

In the Madras Presidency the methods of holding and cultivating land manifest a bewildering variety, differing from region to region. The main forms of tenure are, however, the ryotwari and the zamindari system.

The Ryotwari System

Over two-thirds of the presidency the ryotwari tenure prevails covering an area of 2,76,46,403 acres. Theoretically, the Government is in direct contact with the cultivator of the soil for land revenue purposes. Although originally the ryot was the actual cultivator, there are now many non-cultivating or absentee ryots, e.g., members of the learned professions, and the term 'ryot' means only the registered holder of a particular piece of land who may or may not cultivate it himself. The ryots possess a permanent, heritable and transferable right of occupancy subject to payment of revenue to the Government. There is a widespread tendency on the part of the occupancy rightholders to leave the cultivation of land to tenants who hold the land generally on an annual lease. The tenant under the 'ryot' has no statutory rights. He has no permanent interest in the land he cultivates. If the tenant sows improved seeds or puts in good manure or extra labour to improve the land, he has no guarantee that he will get an extra return for his labour and enterprise. The absentee ryot, like our absentee landlords, cares only for rent, and takes no interest in the improvement of land.

The ryotwari system has thus gradually come to assume all the evils of the zamindari system, but whereas under the zamindari system the tenants have increasingly secured rights and security of tenure, the Government in Madras has thus far made no attempt to regulate by legislation the relations between ryots and their tenants. The unrestricted right of transfer and sale resulted in the accumulation of the lands of small and uneconomic holders in the hands of money-lenders and richer ryots, creating a large population of agricultural and landless labourers, whose problems are more acute in the Madras Presidency than in any other province of India.

According to the investigations carried out under Government orders in 1934, the total ryotwari area that had changed hands from 1931 to 1934 in the province (except for the west coast districts of Malabar and S. Kanan) was roughly about 10,351 thousand acres of which about 20 per cent. or 2,070 thousand acres went to non-agriculturists. A very large part of this land went to big absentee landholders particularly agricultural money-lenders indicating that many small and medium landholders were and are being rendered landless and destitute.

The Zamindari System

The zamindari tenure in Madras Presidency covers an area (including cultivated, cultivable and uncultivated land) of 1,28,42,230 acres.

About one-fifth of the province was permanently-settled under the Madras Permanent Settlement Regulation, 1802. By this permanent settlement, the Government granted to "zamindars and other landlords, their heirs and successors, a permanent property in land for all time to come and fixed for ever a moderated assessment of public revenue on such land, the amount of which shall never be liable to be increased under any circumstances". The 'public revenue' that was thus settled was the 'peshkash' which each zamindar had to pay to the Government. The calculation of the *peshkash* was in most cases made from such figures as could be gathered of the Government's revenue demand in previous years on each estate. Approximately two-thirds of the figure thus arrived at was fixed as the *peshkash*. It was understood that the zamindar would be entitled to any additional income that might be realised by extension of cultivation and that his *peshkash* would not be increased on that or on any other account. Certain complementary Regulations were also passed at the same time which aimed at securing that the rents which the ryot had to pay to the zamindar should not be increased beyond the customary rate. No attempt was, however, made to record by government agency what the customary rate was in any village or estate. The Permanent Settlement and the customary Regulations, however, laid down that within a reasonable 'period of time', the zamindar and his ryots should exchange *pattas* and *muchilikas* stipulating the exact rent,

whether in cash or in kind, payable on each holding. Any attempt by a zamindar to levy rents in excess of those so recorded rendered him liable to punishment by the court.

The provisions mentioned above, however, proved a dead letter and the ryots apparently found it too expensive and hazardous to resort to the courts to enforce their rights under the Regulations. It was easier for them to come to an agreement regarding their rent with the zamindar, than to take a dispute to the Civil court for fixing the 'customary rent', which in many cases was so vague and ill-defined that it was open to a variety of interpretations. Moreover, in Madras, at that time, most rents were grain rents. Such rents, while occasionally collected in kind, seem more commonly to have been converted then and there, for a cash payment based on the ruling prices of grain.

The provisions of the various regulations referred to above gave rise to a controversy among the administrative officers mainly due to the apparent inconsistency between the terms of the Permanent Settlement Regulation which gave the zamindar unlimited rights over his estate and the complementary regulations which sought to limit his rights in letting his property.

The Madras Estates Land Act, 1908

The investigation of this question lasted till 1908 when the Madras Estates Land Act was passed. By this Act occupancy right was accorded to every zamindari ryot subject to payment of the lawful rent. No principle was laid down regarding the amount of rent except that the existing rent should be presumed to be fair and equitable till the contrary was proved. Provision was made for enhancement of money rents on application to Revenue courts on specific grounds, such as increase in the value of the crops, improvements effected by the landholder, etc., and for reduction of rent on the opposite grounds. Provision was also made for the commutation of grain rents through government agency at the average of the previous ten years' price. Enhancement of *waram* rents (share of the crop) and of money rents "permanently payable at a fixed rate or rates" was forbidden and also the enhancement of money rent above the usual *waram* in the area.

In the same year, 1908, *inam* villages on which the land revenue alone had been granted in *inam* were placed on the same footing as zamindaris. They were treated as estates and brought within the scope of the Estates Land Act. In 1936, all *inam* villages were brought within the scope of that Act and the zamindari system was extended to them.

Prakasam Committee's Report 1938

The 1908 Act governed the relations between the land-holders and the ryots, and was the only measure for the protection of ryots against rack-renting and illegal dues and improper enhancement of rent till 1937. When the Congress Ministry came into power in Madras it appointed the Madras Estates Land Act Committee to enquire into and report on the conditions prevailing in zamindari and other proprietary areas in the province and suggest any legislation that might be desirable. The Committee, popularly known as the Prakasam Committee, submitted its report in November, 1938. Its main recommendations were:

(1) The present state of affairs which has been brought about by the errors of administration, should be radically altered and the position which the framers of the Permanent Settlement intended for the ryots should be restored to them. For that purpose all rents in zamindaris should be fixed at the figures in force in the year preceding the permanent settlement, i.e. in 1801.

(2) Where the rent of 1801 was in kind, it should be commuted at the grain prices which prevailed in that year.

(3) Rent on lands which were waste in 1801 should be fixed at the rates applicable to adjacent lands of similar quality which had been occupied in 1801.

(4) All occupation of land which had at any time been communal land, should be made illegal.

(5) All forests should be declared the property of the village community.

(6) All rights to the control of irrigation in estates should be appropriated by the Government.

(7) Every ryot should be given the right to work the minerals in his land.

(8) Recovery of arrears of zamindari rents should be effected by Government under the Revenue Recovery Act and a fixed percentage charged for such recovery.

In January, 1939, the provincial legislature passed resolutions urging the Government to bring in legislation to implement the recommendations of the Committee. A draft Bill, called the Madras Estate Land Revenue Bill, 1939, was accordingly prepared. But soon after the Congress Ministry resigned from office.

The Advisory regime which succeeded the Ministry considered the recommendations of the Estate Land Act Committee to be unfair and impractical, as 'turning the clock back' and decided to put it in cold storage and took to devising other means of solving the zamindari problem.

Step taken by the Ministry in 1946

The popular Ministry which was formed in 1946 again took up the question of legislation in regard to the zamindari estates and in November, 1946, decided:

(1) that the general principle of the abolition of the zamindari system should be adopted, and

(2) that a Cabinet Sub-committee should examine the Madras Estate Land Revenue Bill, 1939, and make recommendations.

In pursuance of this decision of the Government, the following resolution was adopted by the Madras Legislative Council on 31st January, 1947:

"This Council accepts the principle of the abolition of the zamindari system in this province and recommends to Government that legislation for it, providing for payment of equitable compensation to zamindars and other intermediaries whose rights are to be acquired, be brought forward at an early date."

The Madras Estates Bill of 1947

Objects and Reasons

At the same time a draft scheme for the acquisition of the estates and their conversion into Ryotwari was worked out in

the Revenue Department in consultation with the Board of Revenue and other departments concerned. After further discussions the legislation emerged as the Madras Estates (Repeal of the Permanent Settlement and Conversion into Ryotwari) Bill, 1947.

The statement of objects and reasons of this Bill, for the repeal of the Permanent Settlement, the acquisition of the interest of zamindars, *inamdars* and under-tenure-holders in permanently-settled and certain other estates, in the province of Madras, and the introduction of ryotwari settlements in such estates says:

"In many estates in the province of Madras the rent levied by the landholder from his ryots is substantially in excess of the assessments charged by the Government on similar land in the neighbouring ryotwari area and is beyond the capacity of the ryots to pay. The zamindari system has perpetuated an assessment which has no relation to the productive capacity of the land."

Provisions of the Bill: Transfer of Estates to Crown

The Bill provides that after its enactment the Permanent Settlement Regulation of 1802, the Madras Estates Land Act of 1908, and other enactments shall cease to apply to the permanently-settled estates which shall stand transferred to the Crown and vest in it free of all encumbrances in the same manner as lands in ryotwari areas, and all enactments in Madras relating to ryotwari areas shall apply to it. The estate which shall thus stand transferred to the Crown will include all communal lands, forests, mines and minerals, etc. The ryot in respect of his holding and the landholder in respect of his private land will have the rights of a holder under ryotwari settlement.

Tribunal for examination of land history

The Bill proposes to constitute a tribunal to examine the history of all lands claimed by the landholder as his private land and decide the question. The tribunal shall consist of a deputy collector appointed by the Government (who will act as chairman of the tribunal), a non-official appointed by the proprietor,

and another non-official appointed, in the prescribed manner, by the ryots of the estates. In case the landholder or the ryot fail so to appoint, the Government will make the appointment. The tribunal will have the powers of a civil court to summon witnesses, etc., and its decision will be final and cannot be questioned in any court of law.

Compensation as multiples of the basic annual sum

Compensation payable would be in a graded scale as fixed multiples of the basic annual sum. For ascertaining this basic annual demand the Bill proposes the completion of the ryotwari settlement in the estate. By this assessment rents will be greatly reduced, as zamindari rents are much higher than ryotwari rents. To the ryotwari assessment on cultivable land will be added the gross income derived by the Government from the estate in respect of fisheries, forests, mines and minerals during the *fasli* year preceding or succeeding the date of enactment. This will give the gross annual ryotwari demand in respect of the estate.

Calculation of the basic annual sum

In the case of permanently-settled estates other than *inam* villages the basic annual sum shall be deemed to be the sum obtained after deducting from one-third of the gross annual ryotwari demand (as computed above) (i) $8\frac{1}{3}$ per cent. of such demand on account of establishment charges and (ii) 5 per cent. of such demand on account of the cost of maintaining irrigation works in the estate.

In the case of *inam* villages the basic annual sum shall be deemed to be the sum obtained after deducting from one-half of the gross annual ryotwari demand amounts (i) and (ii) of the preceding paragraph and the annual quit rent or other annual payment of a like nature, if any, payable to the Government in respect of the estate.

Scale of Compensation

The compensation payable shall be determined in accordance with the following scale:

(i) For basic annual sum not exceeding Rs.1,000.	25 times such sum.

(ii) For basic annual sum exceeding Rs.1,000 but not Rs.3,000,	12½ times such sum or Rs.25,000, whichever is greater.
(iii) For basic annual sum exceeding Rs.3,000 but not Rs.20,000.	20 times such sum or Rs.67,500, whichever is greater.
(iv) For basic annual sum exceeding Rs.20,000 but not Rs.50,000.	17½ times such sum or Rs.4.00,000, whichever is greater.
(v) For basic annual sum exceeding Rs.50,000 but not Rs.1,00,000.	15 times such sum or Rs.8,75.000, whichever is greater.
(vi) For basic annual sum exceeding Rs.1.00.000.	12½ times such sum or Rs.15,00,000, whichever is greater.

Assessment of compensation will be done by an authority appointed by the Government.

Assessment and Apportionment of Compensation

For the apportionment of compensation, between the proprietor and any other persons whose rights will be acquired, a Special Tribunal of three persons shall be set up by the Government, consisting of a subordinate judge who will be its chairman, an advocate of the High Court of not less than 10 years' standing and a deputy collector. Appeals against the decision of the tribunal shall lie with the District Judge whose decision will be final.

Form and Manner of Payment

The form and the manner of the payment of compensation and the time of payment will be prescribed by rules made by the Government subject to the approval of both the Houses of the provincial legislature.

Interim Payments

In view of the fact that after the enactment of the law the final determination and apportionment of compensation may take some time, the Bill provides for interim payments to

proprietors and others concerned. In the first year the Government will pay the basic annual sum as determined on a rough calculation. In each subsequent year, and before the final determination of compensation, the Government will continue to pay the amount paid in the first year unless some new data warrant a revision. After the final determination has been made, the necessary adjustments in the amount to be paid will be made, keeping in view the sum already given.

Disposal of claim on Compensation payable

Compensation payable to the landholder shall be deposited by the Government in the District court. The creditors whose debts are secured by a mortgage of the estate or any portion thereof and others such as relatives claiming a share or dependants, etc., shall place their claim before the District court within six months of the date of deposit. The District court will enquire into the validity of the claims and determine the persons who are entitled to receive payment of the compensation awarded or apportioned and the amounts to which each is entitled. An appeal shall lie to the High Court.

Other provisions

The Bill provides for the appointment of a Commissioner who shall superintend the taking over of estates, make arrangements for their interim administration, survey and settlement operations, the recruitment of the necessary staff and the introduction and establishment of the ryotwari system.

Both in Madras and Bihar the intention is to replace the Permanent Settlement by the Ryotwari system. But the ryotwari has itself developed some of the worst features of the zamindari system. Rehabilitation of agriculture is not possible unless those defects are removed.

CHAPTER XI

AGRARIAN REFORMS IN SOME COUNTRIES OF EUROPE

The last two World Wars have brought about an increasing realisation of the fact that without a sound agricultural economy a country is doomed. In fact, some thinkers believe that the salvation of the entire world depends on reconstruction by way of the soil. Agriculture still is, as it always has been, the most important element of world economy, because seventy out of every hundred citizens of the world are peasants. Agrarian reforms are thus vital for the success of any plan of economic rehabilitation, particularly in a country like ours. A study of the measures of agrarian reforms adopted in certain other countries of the world will, therefore, not only be of interest but instructive as well. In this chapter, we propose to study how a few of the countries of the West whose problems are very similar to ours have gone about solving them. In the next chapter we propose to make a brief survey of collective and co-operative farm organisations in the U. S. S. R., Palestine and Mexico. That such a study is relevant to the problems which we ourselves have to solve cannot be gainsaid for, to quote E. B. Balfour,* "The methods employed in agriculture in any society are important not merely to the farmer. They determine the quality and nutritive value of the foodstuffs produced and consumed and they affect as well the cultural and social life of men living together. 'Culture' in its original significance, means work upon the earth just as it means, in its broadest sense, all that has been achieved by the human spirit." Agriculture in some countries has assumed a new and modern technique, very different from the ancient family farming on a subsistence basis. It stands to reason, therefore, that any study of better farming methods calculated to bring about greater efficiency, and to effect greater economies in production cannot but be of immense value. One must not lose sight of this, or of the fact that uneconomic functioning of agriculture results in greater national catastrophies than that of any other industry.

GENERAL

Effects of World War I

The first World War is estimated to have cost about 44 billion pounds sterling. The disturbance of normal economic life, the destruction and the waste impoverished the peoples involved but did not seriously affect the ruling class of financiers, who utilised their political power for shifting the whole burden of the War on to the shoulders of the peasants and the working masses. During the war, organisations like syndicates, trusts, banks grew in size and strength. They entered the markets as monopoly buyers and sellers to the detriment of the vast majority of producers and consumers who were unorganised. Even where co-operatives existed, they were too weak to protect the interest of their members against the cartels and trusts. A disparity was created between the prices of agricultural produce and of manufactured goods to the great disadvantage of the peasantry. To this burden resting on the peasantry was added the increasing burden of taxation and armaments.

The post-war restrictions imposed by even under-populated countries on emigration prevented the surplus agricultural population from moving out of over-crowded areas, on the one hand, while on the other, the rise in unemployment following the post-war industrial slump made even small scale exodus to towns impracticable. The magnitude of the problem thus created can be appreciated only if one bears in mind the fact that from 188 millions in 1800, the population of Europe (excluding Russia) increased to 266 millions in 1880, and by the end of the nineteenth century to over 400 millions.

Peasant movements during 1918—20

This deterioration in the economic life of the peasantry and the increased burden placed on land led to the springing up of peasant movement all over Europe but more particularly in the east of the continent. The demands of the peasants and the demobilised soldiers led to the final break-up of the feudal regime, and agrarian laws were passed in different countries involving the liquidation of large estates and the formation of new holdings for peasant proprietors.

Some of these peasant movements of the period immediately following the War derived their inspiration from the November Revolution in Russia. Others were characterised by a liberal and constitutional outlook. The aim of all these movements, however, was to end the existing feudal structure, and secure rights for the peasantry. Expropriation of the big landowners and the redistribution of their estates among the peasantry became, therefore, the most pressing demand of these parties, a demand that could not be brushed aside by the various Governments, who were compelled to introduce agrarian reforms—some more and others less radical in character.

The procedure generally adopted was to fix the maximum size of land (usually about 200 hectares) to be left with *soi devant* large estate owners. The remaining area was made available to the peasants with uneconomic holdings, or to landless agriculturists. In some cases, the State itself acquired the land for redistribution, and then sold it to the peasants, in others it was purchased by them directly. As the price of land was beyond the paying capacity of most peasants, the State gave financial aid for the acquisition of land by setting up credit agencies and land mortgage banks. This procedure was, however, tedious and dilatory, and the State sometimes found itself unable to provide an adequate amount of credit and to keep to its programme of expropriation. In addition the landlords exercised their political influence to slow down the whole administrative machinery. The progress of redistribution was, therefore, disappointing in several countries.

The objects underlying these agrarian reforms were the creation of a large number of economic holdings by increasing the size of existing holdings, the settlement of landless agriculturists on new holdings, and the reduction of the existing disparity in the area of land held by various classes. As small holdings were enlarged and large holdings cut down, there was a general tendency for the levelling up of agricultural incomes. As a result of these reforms, nearly 25 million acres were redistributed. Most of the farms in Eastern Europe are now held in small units, the average being about 5 hectares. Only 20 to 30 per cent. of the land is occupied by large farms.

Through this process of land reform, Eastern Europe passed from feudalism to a system of peasant farming in two decades. By

1939, though large estates still remained, the transformation was nearly complete in Czechoslovakia, Yugoslavia, Rumania, Bulgaria and Greece. In Poland the change was slower, and some 25 per cent. of the cultivable land was still held by big landowners. In Hungary very little was done, and large estates occupied some 35 per cent. of the land. On the liberation of these countries by the Red Army in 1944-45, radical changes were made in the agrarian structure, which will be described subsequently in this chapter. Briefly, the agrarian reforms in European countries after the first World War had the following underlying principles:

(*a*) The intermediate feudal interests should be abolished.

(*b*) Inequalities in the distribution of wealth and agricultural income to be reduced.

(*c*) Proprietary rights should be given to cultivators with certain restrictions on sub-division and transfer of land.

(*d*) The holdings should be economic units, and should be as far as possible in one block.

(*e*) The land should be cultivated by the man who owns it.

The methods adopted to achieve these objects were:

(*a*) Acquisition of big estates and their redistribution.

(*b*) Imposition of low rental so that landowners who do not cultivate may have no incentive to hold land.

(*c*) Financial assistance to tenants to buy land.

(*d*) Putting restrictions on the transfer of land.

(*e*) Creation of non-attachable farm properties.

(*f*) Prohibition of attachment or sub-division of properties by the declaration of the owner to the judicial authorities that the said properties are family properties.

(*g*) Measures to check the division of land on succession.

Besides distributing the land to the peasants as indicated above, the various Governments in East European countries also gave attention to other aspects of the task of rural rehabilitation. The problem of providing proper agricultural education, of health and sanitation, of the improvement of cattle breed and capital equipment of farms, etc., were dealt with varying degrees of care and success. The results of these reforms were striking

in those countries where they were seriously taken up and implemented e.g., Czechoslovakia. In others, the results were not so remarkable. The growth of industries in these countries also helped in relieving the pressure on land by providing work to those who stuck to agriculture mainly because no other occupation was available. As a result, the proportion of those depending on agriculture for their livelihood came down to a little more than two-fifths of the population.

The following table from D. Warriners' "Economics of Peasant Farming" (page 191) shows the increase in agricultural production in Europe as the cumulative result of land reform and technological improvements during the years following World War I:

Production of Cereals and Potatoes

(In million metric quintals)

Region	1919–23	1934–38	Percentage increase
Western Continental Europe	642·0	863·7	34·5
Eastern Continental Europe	459·2	686·9	49·6
Total ..	1,101·2	1,550·2	40·8

It would be noted that these reforms in East European countries were carried through constitutional and parliamentary methods without having recourse to violence and bloodshed. It was expected that after the full working out of the changes introduced through various land laws, society itself would be transformed. This, however, did not happen. There are many reasons for this. There were mistakes of omission in policy and mistakes of commission in its execution. Land was no doubt redistributed, but it was necessary to follow it up with an energetic policy of helping the new cultivators with various economic and technical measures. This was not done. It was also necessary to undertake effective political and democratic measures with a view to curb the dispossessed landed aristocrats, who never took kindly to the agrarian reforms, and continuously conspired to nullify them by gaining more and more control over the State policy and apparatus

in which they, to a large extent, succeeded. Further, these dispossessed people, who were essentially parasites on land, and had never really cared to increase its productivity, now gave their entire attention to the growth of industries, and completely neglected agriculture in their hunt for new fields of activity and gain. They were powerful enough to influence the State which consequently gave more attention to the development of industries and neglected agriculture. Fiscal policy in the matter of taxes, tariffs and prices was designed to help the industrialists rather than the agriculturists. As a matter of fact, in some of these countries, in the year following the agrarian reforms, the state duty on motor lorries, for instance, was reduced, while those on agricultural implements and other things necessary for improving the country's agriculture were raised. Though agricultural productivity has increased considerably, the fiscal policy of the State has kept the peasants poor. The average national income per head in most of these countries has been estimated at £ 16 or £ 17. The disparity in the price of agricultural produce and other goods is so great that the peasant is obliged to part with nearly half his produce to obtain his bare necessities, and to pay the taxes.

Different zones of land reforms

The steps taken towards reducing, acquiring, abolishing or confiscating the rights and privileges of vested interests in land vary from country to country. The United Kingdom and Germany followed a course by which conditions were laid for the growth of a contented peasantry, at the same time retaining the larger estates. The method adopted in the Soviet Union was on the other hand the summary confiscation of all vested interests in land. Between these two types are seen a whole series of variously devised agrarian reforms.

We propose to confine ourselves to a study of agrarian reforms in the Eastern and South-Eastern Europe, where conditions were remarkably similar to those obtaining in India. A study of the reforms in these countries, where peasant-farming is the rule, together with a study of the Russian Collective Farm System and certain experiments in co-operative farming should give us an idea of the possible alternatives for our future pattern of rural economy.

Eastern and South-Eastern Europe

The first thing that strikes one is the remarkable similarity between conditions obtaining in eastern and southern Europe and in India. These common features are an unbalanced occupational distribution of the population leading to the over-crowding of agriculture, the continuous increase in the number of cultivators of uneconomic holdings and landless labourers, the subdivision and fragmentation of holdings, the inequitable distribution of land, inefficient and primitive methods of agriculture and low yield as a result of these conditions. These similarities extend to other aspects of the peasants' life also, such as insufficient provision for medical facilities, education, backward social customs, poor nutritional standards.

Agricultural over-population

The following tables compiled by the Political and Economics Research Group, consisting of experts from the countries in this zone, will further illustrate the point :

*Density of Agricultural population**

	Agricultural population per 100 hectares of agricultural area	Agricultural area per head of agricultural population	Percentage of population dependent on agriculture as the main source of livelihood
		In hectares	
Poland	82·1	1·2	60·8
Czechoslovakia	66·7	1·5	36·6
Hungary	62·2	1·6	52·0
Yugoslavia	76·2	1·3	70·0
Bulgaria	100·0	1·0	72·2
Greece	90·9	1·1	46·4
Austria	42·3	2·4	27·4
Rumania	73·6	1·3	68·4
Average for whole region ..	77·4	1·4	55·5
Germany	48·0	2·1	20·7
France	45·2	2·2	37·2
Denmark	37·3	2·7	31·1

(1 hectare equivalent to 2·47 acres.)

*"Economic Development in S. E. Europe (P. E. P. Publication), 1945—page 26.

Low Agricultural Yield

Overcrowding of agriculture involves under-employment and poverty for the peasants. Their low income impairs the efficiency of labour. Excessive sub-division and fragmentation of holdings makes rational cultivation impossible and reduces the productivity of agriculture. The position is illustrated by the following figures giving average yield for the years 1933—37:

*Annual yield per acre (average, 1933—37)**

(in cwts.)

Country	Wheat	Rye	Maize	Potatoes
Poland	9·6	8·9	8·2	94·0
Czechoslovakia	14·8	12·9	13·5	103·3
Hungary	10·9	8·9	14·9	56·2
Rumania	7·3	7·4	7·8	63·7
Yugoslavia	8·9	6·6	13·6	48·9
Bulgaria†	10·7	8·5	10·0	53·0
Greece	7·7	6·4	7·2	43·9
Germany	17·7	13·6	25·3‡	117·9
United Kingdom	17·3	12·9§	..	134·1

Under-nutrition is the result following the low yield, which is reflected by the low income per head of population, as shown in the following table‖:

Country	Year of estimate	Approximate national income per head in U. S. dollars
Poland	1937	90—100
Czechoslovakia	1937	150—160
Austria	1935	150—160
Hungary	1937	90—100
Rumania	1937	60—70
Yugoslavia	1937	55—65
Bulgaria	1935	55—65
Greece	1937	60—70

*"Agrarian Problem from the Baltic to the Aegean" published by the Royal Institute of International Affairs, 1944—page 53.

†For 1937 only; the method of collecting statistics was modified in Bulgaria in 1936, and the earlier and later figures are therefore not strictly comparable.

‡For 1937 only; no previous data are available.

§Enland and Wales only.

‖"Economic Development in S. E. Europe", page 100.

It has been estimated that the *per capita* income in these countries is from one-fifth to two-fifths of such income in Great Britain, and the expenditure on food in the Balkan countries is about one-third.

That nutrition in these countries is inadequate is shown by the high incidence of deficiency diseases, especially in the poorer districts. Pallagra and anaemia were common in Rumania; rickets in Bulgaria; scurvy, rickets, night blindness, and anaemia in Yugoslavia. The high infant and child mortality is also largely due to inadequate nutrition. The following table* is illustrative:

Child Mortality

	Infant mortality rate in 1937†	Death rate for children‡		
		1 to 4	5 to 9	Year
Poland	1,360	N. A.	35	1933—34
Czechoslovakia	1,220	92	29	1930—32
Austria	920	60	26	1933—35
Hungary	1,340	98	23	1937
Rumania	1,780	N. A.	N. A.	..
Yugoslavia	1,410	N. A.	N. A.	..
Bulgaria	1,500	299	39	1933—36
Greece	1,130	322	62	1927—29
Denmark	660	32	12	1937
Sweden	450	35	15	1937

Social services and medical facilities in these countries are also comparable with the level in India. Conditions here as there, vary between town and country, especially in the less developed areas. Both points are strikingly illustrated by just one instance. Rumania has 4·6 doctors per ten thousand inhabitants, but only 1·1 in the rural districts, this figure being the same as in India.

*Ibid, page 18.

†Deaths under 1 year per 10,000 living births.

‡Deaths per 10,000 of population in respective age groups.

N. A.=Not available.

Again, in these countries, as in India, industry and finance were dominated by foreign capital. In Rumania the greater part of the capital invested in its major industry—oil—was British and Dutch; the British oil monopolists had in one way or another acquired control over 90 per cent. of the shares. Metal and locomotive works were also in the hands of British capitalists. Yugoslav industry was almost wholly controlled by foreigners; out of 24 million foreign capital invested in the country, £ 5 millions belonged to the British, and £ 5 to the French. In Hungary, United States and Britain had a commanding influence over industrial enterprise and development; of the £ 9 million reconstruction loan advanced by the League of Nations half was owned by British capitalists; the greater part of the £ 29 million long-term loans, taken by individual industrialists, had been advanced by the big financiers of Britain and the United States.

More figures and tables could be given, if we had the space, to show the great similarity between the conditions obtaining in our own country and those in the countries of Eastern Europe, particularly in Rumania, Bulgaria, Yugoslavia and Poland. The steps taken towards the abolition of landlordism in these countries, therefore, have special importance for us in India. Before we proceed to take up each country separately, it is important to bear in mind that the process of agrarian reform in many of these countries was completed in two stages, the first stage was initiated after the end of the first World War and continued in one form or the other right up to the outbreak of the second World War, while the second stage followed in the wake of the victory of the Soviet army over the German armies in 1944-45.

RUMANIA

The country and its peasantry

Rumania is predominantly an agricultural country. Out of 23·7 million hectares, the total area of the country, there are 9·7 million hectares arable land, 3·6 million hay fields and pasture land; 0·2 million vineyards; 0·2 million orchards; 6 million forests; 4 million fallow land. About 78·2 per cent. of the population is employed in agriculture. The population on the agricultural land works out at 81·6 inhabitants per square kilometre.

The life of the Rumanian peasant was hard because land was in the hands of big estate owners, and the entire system of land organisation was feudal. The peasants were obliged to perform certain services for the landlords under very hard and burdensome conditions. These conditions had caused a series of peasant rebellions in Rumania from the fifteenth century onwards. Thus, there were rebellions in 1437, 1484, 1512, 1848, culminating in the bloodiest one in 1907.

Inequitable distribution of land

These rebellions, however, effected no change in the conditions of the peasantry. As the figures about the division of land at the end of the first World War would show, the small estate owners up to 10 hectares owned 3,732,195 hectares or 46·7 per cent. of the whole rural area, the medium estate owners from 10 to 100 hectares owned 890,053 hectares, or 10·8 per cent., while over 3,397,851 hectares were in the possession of owners of over 100 hectares. It has been estimated that little over one-half per cent. of the proprietors owned 47·7 per cent. of the cultivated area, leaving 52·3 per cent. to the remaining 99·4 per cent. of the cultivators. Only a few of the big estate owners managed their land themselves; the majority let it out to intermediaries whose aim was to extract the largest profit with the smallest investments and minimum of risk.

Land reforms of 1917

In July, 1917, land reforms in Rumania were effected by changes in the constitution of the country. The law laid down the categories of land which were to be expropriated.

The Agrarian Reform law provided for (*a*) total and (*b*) partial expropriation. Total expropriation applied to cultivable lands in mortmain (i.e. land held inalienably by corporations), also to the estates of foreigners and absentee landlords. Partial expropriation applied to cultivable land and pasture meadows held by large owners.

By a law of 1921, lands which had been leased for more than ten years and all holdings of more than 17·4 hectares in urban districts were expropriated. In the case of lands which were leased on the 1st May, 1921, expropriation was applied to areas over 29 hectares in the mountains and hills, and 58 hectares in the plains. Exceptions were made for lands belonging to minors and state employees. In the different territories constituting the kingdom of Rumania different maximum limits were laid down, beyond which all land was expropriated.

It was decided to pay compensation to the expropriated owners at 40 times the average rent of the district between 1917 and 1922 for arable lands, and 20 for pasture. The compensation was to be paid over a period of 50 years, and the State issued bonds at five per cent. interest. The new peasants, who were allotted land after redistribution, were required to pay 20 times the average rent between 1917 and 1922 as the price for the land, the balance being borne by the State.

A comprehensive administrative machinery was set up to carry through the reforms. Public committees were appointed in each district to give decision on the legal position of various landlords, and also to collect other necessary information. Above the Public committees were Departmental committees. They were responsible for fixing the price to be paid for the lands from which the owners were expropriated. They were also responsible for hearing appeals against the Public committees of various districts. On the top was the Ministry's Consultative committee also known as the Agrarian committee. This committee included judges of the high court of Rumania and also reputed economists. It went into session only when the law was misinterpreted.

Result of the reforms

The following official figures are available about the land expropriated up to 1st August, 1938:

In the old Kingdom, an area of 2,554,658·37 hectares from 4,467 estates.

In Transylvania, an area of 1,688,465·89 hectares from 8,963 estates.

In Bessarabia, an area of 1,491,916·06 hectares from 4,271 estates.

In Bukovina, an area of 75,798·52 hectares from 561 estates.

Total area of 5,810,838·84 hectares from 18,262 estates.

Distribution of this expropriated land effected a striking change in the land holdings of the country, which would be clear from the following figures. Just before the reforms, the total cultivable area of the country, amounting to 20,134,661 hectares, was distributed in the following manner:

Small properties ... 12,025,814 hectares, i.e., 59·77 per cent.
Large properties ... 8,108,847 hectares, i.e., 40·23 per cent.

After the agrarian reforms the figures were as follows:

Small properties ... 17.30,652 hectares, i.e., 83·56 per cent.
Large properties ... 2,304,009 hectares, i.e., 11·44 per cent.

The State at first placed the expropriated land in the hands of the cultivators on a temporary lease. After some time these temporary leases were made permanent. Land was given to the landless agricultural labourers, and to the peasants already in possession of tiny holdings to increase their size to an economic unit. The exact area given to each peasant varied from district to district in accordance with the local situation, the productivity of land, etc.

Allotment of land to peasants was done, however, in a disorganised and inefficient manner. Little attention was given to the fact that the peasants' holdings were already extremely scattered and if they were not allotted land in a planned manner this evil would increase. The allotment of additional plots to the peasants made their holdings more scattered than before. Consequently, the question of the consolidation of holdings became even more serious, but the steps taken by the Government towards this end proved on the whole ineffective.

The Government of Rumania came increasingly under the influence of the landed aristocracy, who still continued to dominate Rumanian politics. A legislation in 1937 on the Organisation and Encouragement of Agriculture sought to create an agricultural middle class. With this end in view, it granted the right to alienate and mortgage agricultural property five years after the grant of possession except in the case of holdings less than 2 hectares, which were declared impartible, and could not be divided on sale or succession. For Bessarabia the law was, however, different. No peasant who was allotted land could sell it till such time as he had paid the price due to the State.

These reforms did not improve agrarian conditions to any great extent. The number of small peasants cultivating uneconomic areas tremendously increased, and in the absence of any other measures for the improvement of the productivity and efficiency of agriculture, the peasantry of Rumania continued to be backward and poor. The British Survey Handbook on Rumania thus summed up the position:

> "The big landowners who were compensated for their losses by state bonds, controlled the banks which granted agricultural loans at high rates of interest. They obtained interest on the state bonds they held. And all this had to be paid for by the peasant. The peasant, now nominal owner of a small strip of land, insufficient for the upkeep of his family, was burdened with the payment of taxes, dues and interest on his mortgaged property. He was, in fact, even worse off than if he had possessed no land at all."

The position would be better understood if it is kept in mind that even up to 1940 the agrarian reforms of 1921 had not been fully implemented. Even on that date the law courts were full of suits filed by the peasants against the estate owners who were stubbornly refusing to give up the land which had been granted to the peasants under the law.

Reforms after the second World War

During the second World War, Rumania, though it remained nominally independent, was occupied by the Germans, who made

it the base for an attack on Ukraine. Later, the Red armies overran Rumania. Naturally the brunt of the War had to be borne by the peasants. After the occupation of Rumania by the Red armies, the Groza Government came at the helm of the country's affairs on the 6th of March, 1945. During the period preceding the formation of this Government, the National Democratic Front of Rumania had asked for the application of peasant reforms in the following words—"For a speedy rebuilding and development of the country it is necessary to satisfy the most ardent and just demand of the Rumanian peasant, that is: the application of the land reform through the expropriation of the large estates from 50 hectares upwards and the bestowal of that land on those peasants who are landless or have little land. Those who had fought at the front should be privileged in the getting of land; the agricultural stock for those peasants should be provided by the large estate owners and by the State." It, further, asked for the organisation on a democratic basis of peasant co-operatives for credit, supply and production.

The land reform of the Groza Government was announced in March, 1945. All estate owners were expropriated without exception, and were left with only 50 hectares of land. The land of Nazi collaborators, war criminals and other big absentee landlords was completely expropriated. The lands of the Church and of the King and also of the Rumanian Academy of Letters and similar cultural or educational institutions were not acquired. The object of the reform was to provide land for the landless labourers and also to increase the area held by small peasant cultivators.

The Groza Government further realised that if it confined itself to giving the land to the peasants, it would be merely repeating the mistakes which had rendered the reforms after the first World War ineffective. Consequently, the Government took numerous measures for promoting agriculture and strengthening the peasant class by placing at its disposal efficient means with a view to completing the land reforms. Among these may be listed—

(i) just application of the law and rectifying the mistake of the local reform committees;

(ii) repairing of the destruction brought on agriculture by the war, particularly in Moldavia and Transylvania;

(iii) technological improvements for increasing the fertility of exhausted or poor soil;

(iv) speeding up extension of co-operative activities in rural life, by creating village co-operatives for credit, production and consumption and the removal of middle men;

(v) the industrialisation of agricultural production by the use of machines in order to increase the national reserves and to make the maximum use of the human labour available. The object is "to annihilate the distance and difference between the village and the town and to eliminate ignorance and help to obtain maximum yield with a minimum effort";

(vi) the creation of model farms for obtaining improved seeds and pedigree animals. The Land Reform Act provides for the creation of new private agricultural farms up to 150 hectares in size to serve as models of rational cultivation;

(vii) reorganisation of agricultural training in order to spread technical agricultural knowledge as quickly as possible.

POLAND

Area and population

After the first World War Polish territory comprised an area of 389,734 kilometres. In September, 1939, just before the invasion of Poland by Germany, it had 18 million hectares of arable land, 64 million hectares of meadow and pasture and 8 million hectares of forests. The rest of the area was marshy or uncultivable. Of the total population of 35 millions, in 1939, 60 per cent. lived on agriculture. The cultivated land was divided up into 4 million holdings, most of which were uneconomic. At the same time, a few big landlords owned huge areas of land. Most of the forests also belonged to them.

The population of Poland increased at a tremendous pace in the last two centuries. From 9·1 millions in 1800 it increased to 27·2 millions, i.e., nearly 3 times by 1921. In 1931, it had further risen to 32·2 millions. During the nineteenth century, when rapid economic developments took place in Europe, Poland was subject to the domination of Russia and Austria, who like other imperialist powers allowed both industry and agriculture to stagnate. No other means of occupation being open to the expanding population it stuck to land, on holdings that became more and more tiny and fragmented. In 1939, it was estimated that there was a surplus population of two to three millions on land.

Although the land reforms in Poland after the first World War did bring about redistribution of land, the position of the peasantry, nevertheless, did not register any definite improvement. In 1918, nearly 30 per cent. of the agricultural population was landless. The total number of farms in Poland in 1921 was 3·3 millions, of these 2·1 millions were below 5 hectares, which is regarded as an economic unit. On the other hand, the big landlords, a bare half per cent. of the population, owned about 30 per cent. of the cultivable land. The Tsarist Government, which ruled Poland before 1918 had granted special favours to the aristocrats, which in effect made the peasants their serfs.

Land reforms of 1919

Pilsudski came to power when Poland became independent in 1918. A proclamation initiating land reforms in Poland, issued by the Government, said that the land system of the Republic must be based on "strong healthy peasant husbandries capable of considerable agricultural production." A subsequent law provided for the acquisition of land in the following order: (1) from State properties; (2) from estates belonging to various types of public institutions; (3) land compulsorily acquired from private owners for redistribution. According to the law, certain categories of private estates were to be acquired completely. In the case of others, only surplus land above a certain maximum could be purchased. The maximum was fixed fairly high. The argument given was that some large farms must be left intact to provide livelihood to the agricultural labourers otherwise they would starve.

These land reforms were unsatisfactory as the landlords retained their power and influence and most of the peasants continued to be the cultivators of their fragmented, tiny, uneconomic holdings. A group of 16 or 17 great families still retained large estates, due to which tenant-farming and exploitation of hired labour continued.

Amendments of 1925

This state of affairs was sought to be remedied by an enactment in December, 1925. This enactment subjected all land belonging to private persons or corporations to acquisition. Only gardens, roads and house property were exempted.

This law was based on gradual and voluntary division of large estates by the owners themselves. If the owner did not divide his property voluntarily, the law empowered the State to do so at his expense, or expropriate him on payment of compensation. The law of 1925 laid down that 2 lakh hectares of land should be divided up every year amongst the peasantry from 1926 to 1938. In the beginning of every year, the Government published a list of estates which were to be divided up in the course of the year. The people generally divided their land voluntarily, and compulsory acquisition was necessary only in a few cases.

As regards compensation, the first law provided for compensation at half the value of the land. An amendment of the 1925 Act laid down that compensation should be equal to the full value of the land. Half of it, however, was to be paid in cash and half in government bonds. The peasants who were allotted land were required to pay a part of its value in cash. Credit facilities were provided for paying the remaining amount, and for other purposes also, for which a State Agrarian Bank was created. The new occupants were not allowed to alienate their newly acquired plots to any third party until the loan was cleared off. If any of the new occupants became insolvent, his land was subjected to the ordinary laws of attachment. The Polish Government had expected to make available for distribution about 5·5 million hectares by the end of 1939. This plan could not be fulfilled; nevertheless, during the years 1919—37, 2·5 million hectares were divided among 694,411 persons. By 1939 the land redistribution provided new independent plots to 15,300 agriculturists, 10,04,000 hectares were used for enlarging 502,000 uneconomic holdings into holdings of the minimum economic size. Altogether more than 600,000 cultivators got land.

Where the acquired land was disposed of by the Government, the new holder had to pay from five to ten per cent. of the purchase price on taking possession. He was to pay the remaining amount in 57 yearly instalments with 3 per cent. interest. In the case of voluntary division, the purchasers obtained their money from the State banks. The loan from the bank was to be paid back in 35 yearly instalments at 3 per cent. interest.

Consolidation of holdings

The Pilsudski regime also attempted consolidation of holdings in Poland. The process of consolidation covered an area of 5,423,000 hectares covering 859,000 holdings. This was, however, much less than the needs of the situation. With a view to speed up the process of consolidation, a new law was passed in 1932, which provided for a certain amount of compulsion. The Agriculture Department of the Government could undertake consolidation operations in any area on the request of even a minority of the cultivators. It was also authorised to undertake

the operations on its own initiative, if it considered it essential. Under these provisions, the average area consolidated per year increased from 60 thousand acres to over 7 lakh acres.

In order to prevent the fragmentation and splitting up of newly created economic units of cultivation, the law had laid down that the property could not be alienated till all the loans were cleared. With a view to further provide against the division of holdings, a law in 1937 made it obligatory for the holder to obtain the permission of the officials before dividing, leasing or mortgaging the property. At the same time the owners of such properties were required to cultivate them personally. Special administrative bodies were set up for the execution of these land reforms. The powers and functions of the Ministry for Agrarian Reforms were laid down, and the organisation of Land Committees and Land Offices were outlined. A Central Land Committee was set up under the Ministry of Agrarian Reforms. This Central Committee was authorised to hear appeals against the decisions of the Regional Land Committees.

Results of the reforms

Thus, through the land reforms initiated after the first World War more than 30,00,000 hectares of land were transferred to small proprietors. But this was only half of the cultivated area held by big owners in 1919. Many very big estates, like those of Count Potocki were not acquired and redistributed on the plea that they were well managed, and provided selected seeds, cattle, etc. for the country's agriculture. Obviously, the Government of Prince Pilsudski was greatly under the influence of big landed interests, and allowed the condition of the peasantry to remain as before. Very little was done in the matter of soil improvement, which was an urgent necessity in Poland. Some 18 million hectares of Polish agricultural territories needed draining out, of which barely 2 million were drained. Further, no steps were taken for the reclamation of waste lands.

Consequently, despite the agrarian reforms narrated above the position in 1939 was as follows:

> Holdings not exceeding 5 hectares in area constituted two-thirds of the total number. Barely a third of the remainder were holdings varying from 5 to 15 hectares, farms

of 15·50 hectares in size were comparatively few in Poland, while those above 50 hectares formed barely one-half per cent. of the total. The small holders, that is, owners of land less than 50 hectares in area, owned 76·3 per cent. of the land used for agricultural purposes. More than 19 million hectares were still in the hands of large landowners and the State. Despite the agrarian reforms of the post-war years Polish agriculture consisted of an overwhelming majority of small holdings on the one hand and a few very big landed aristocrats on the other.

Poland had to go through a most arduous experience during World War II. On the very outbreak of the war, the eastern half of the country was over-run by Soviet forces and the western half by the German army. The Red Army carried on wholesale expropriation of the large landowners, and is reported to have given 12 acres of land and a bullock to every peasant of the area occupied by it.

The big landowners, after a brief period of recalcitrance, soon became collaborators of the German forces of occupation, and later actively helped Hitler when he invaded Russia. Torn by the march to and fro of two giant armies, Polish agriculture was well-nigh ruined. No details are known, but it is said, that during the war years the land relations in Poland changed in favour of the land-owning classes. The following is estimated to be the position when the Polish Committee of National Liberation took over the administration of the country after the Germans had been driven away from Poland by the Soviet Union:*

Size	Percentage of holdings	Percentage of total land
1	2	3
Under 12·5 acres	64·7	15
Over 125 acres	1	52

It should be borne in mind that out of 64·7 per cent. of the holdings under 12·5 acres nearly 33 per cent. were below

*"Land Revolution in Eastern Europe", 1946, page 16.

5 acres. One-hundredth of the land-owning population possessed over three times as much land as was in the hands of the remaining two-thirds of the population.

Land Decrees of 1944

The Government of the Polish Committee of National Liberation was largely dominated by the Soviet power. Largely under its influence, it issued a land decree on 6th September, 1944, which effected radical reforms in the Polish land system. Now, we shall briefly examine the main features of these reforms.

Article I of the decree declared "that land reform in Poland is a state necessity and an economic one and will be introduced with the co-operation of the community." It further said that "the agrarian system in Poland will be based on strong, sound and productive land units, which will be the private property of their owners."

A considerable part of Poland being still under German occupation, the decree was applicable only to territories already liberated.

The introduction of the land reform included the increase in the size of the existing small holdings of an area of less than 5 hectares of arable land; creation of new independent holdings for landless peasants, land workers, labourers and small tenants; creation of small holdings in the vicinity of towns and industrial centres for gardening, nurseries and allotments for workers, civil servants and artisans; the setting aside of suitable land for model agricultural farms, schools and industrial enterprises.

For these purposes, it was decided to take over the following categories of land:

(i) the property hitherto owned by the State under different names and titles,

(ii) property of the citizens of the German Reich and of Polish citizens of German race,

(iii) property of persons sentenced for high treason and of those who helped the German invaders, or property confiscated on other legal grounds,

(iv) lands which were the sole or joint property of individuals or companies (i.e., lands held in mortmain) if their size exceeded 100 hectares of general area or 50 hectares of arable land.

The decree did not say anything about lands belonging to the Catholic Church or held for other religious purposes, decision on this question was left to the Legislative Diet.

The decree declared that lands under categories (ii), (iii), and (iv) would immediately pass into the possession of the State without compensation.

Machinery for carrying through the Reforms

Communal commissions of land reforms were to be elected under the Decree to co-operate with the State organs in carrying through the land reforms. They were to be composed of members elected by the village community, namely, owners of holdings of less than 5 hectares, small tenants, farm workers and labourers. Each village community was entitled to send two delegates to the Communal Land Reform Commission of the area. The Decree gave elaborate instructions regarding the manner of preparing lists of arable land available for redistribution and persons to be allotted the different pieces of land. Soldiers of the Polish forces, disabled men of the war and partisans who fought against Germany were to be given priority among those who were to be granted land. The Provincial Land Office was empowered to hear appeals against the decisions of the Communal and District Land Commissions. According to the time-table fixed, the Provincial Land Commission was to have disposed of all the appeals by 20th November, 1944, i.e., within less than three months of the publication of the land decree. It was further laid down that the parcelled estates along with deeds of ownership were to be made over to the new owners by 20th December, 1944.

Further, according to the land decree, the livestock and implements taken over from the parcelled estates were to be shared out among the newly created holdings for landless peasants. The area for these new agricultural holdings was not to exceed 5 hectares of land of medium quality, and for gardening and vegetables it could not exceed 2 hectares, and an additional $\frac{1}{4}$ hectare for workmen's allotments. Holdings thus created could not be divided, sold, let or mortgaged either in whole or in part.

Payment by peasants allotted land

The new owners of land allotments were to pay a price for the land equal to the value of the average yearly crop. They had to pay in cash 10 per cent. of the purchase price. The payment of the remaining sum was spread over ten years for landless peasants, who were further entitled to get from the District Land Office a deferment of the first instalment for three years on the recommendation of the Communal Land Reform Commission.

It has been stated above that the properties were acquired by the State without compensation. But the Decree, in one of its last clauses, stipulated that the expropriated owners or part-owners of land which was the sole or joint property of individuals or companies (i.e. lands held in mortmain), if their size exceeded 100 hectares of general area or 50 hectares of arable land, may receive independent agricultural estates outside the boundaries of their property. If they did not want to take advantage of this, they were to receive a monthly allowance corresponding to the salary of a civil servant of VI category.

The Chief of the Agriculture Department was empowered to increase the allowance for those owners or part-owners who fought against the Germans.

As a result of these land reforms, 8,832 large estates belonging to 6,724 big land-owning families (including that of Count Potocki), amounting in all to over 40 lakh acres, have been divided up among 302,893 families of landless labourers and poor peasants.

HUNGARY

Area and population

Hungary, situated under the southern slopes of the Carpathians, is for the greater part flat. The great Hungarian Plain is irrigated by the Danube, the Theiss, and their tributaries. Though industrialisation of the country was speeded up after the first World War, agriculture continues to remain the basis of Hungary's economic existence. Most of her people live by agriculture, and even the workers and employees in urban areas carry on agriculture as a source of subsidiary income on the outlying fields. According to the census of 1930, out of a total population of 8,688,000, nearly 51·8 per cent. depended on agriculture. About 63·7 per cent. of the people live in rural areas, 13·4 per cent. in areas partly rural and partly urban and only 22·9 per cent. in urban areas.

Out of a total land area of 9,307,000 hectares in 1937, the total cultivated area was 5,942,000 hectares excluding meadows, pastures and uncultivated though productive land.

Hungary suffered terrible devastation during the sixteenth century of Tartar invasions. Then followed a century and a half of Turkish occupation of Hungary, which added to the ruin of the country and its agriculture. During the Turkish occupation the fertile soil was reduced to the condition of steppe or marsh land. The Hungarian constitution was established in 1867, after which the State undertook to organise transport, build roads and railways, extend irrigation, establish agricultural banks and rural co-operatives, and to carry on other development works. During this period, and even after this, Hungary was ruled by a Government in which big landowners were the complete masters, and the vast mass of the peasantry toiled to provide luxuries for the landlord.

Inequitable distribution of property

After the end of World War I, Hungary, though formally independent, was really a semi-colonial agrarian country, dominated by the advanced industrial countries of the West, particularly Britain and France. Big landlords like Prince Esterhazy, who

alone owned 200,000 acres, formed the backbone of the ruling aristocracy.

Such being the case, extremely inequitous distribution of land continued to be the dominating feature of Hungarian agriculture. The new situation after the first World War, the great wave of peasant awakening, and subsequent reforms which marked the post-war Balkan countries, necessitated land reforms in Hungary as well. The decree of 1917 and the Agrarian Reform Law of 1920 were the first attempts to effect a change in the Hungarian system of land settlement in favour of the peasantry, and to control transfers of land with a view to give it to genuine agriculturists. The limited scope of these reforms and the half-hearted manner in which they were put into effect accounted for their failure in bringing about any substantial change in the conditions of the peasantry, as is made clear below.

Land Reforms after World War I

Land redistributed under the law may be divided into four categories: (i) land ceded in payment of the capital levy, (ii) land purchased, (iii) land subject to the right of pre-emption and (iv) expropriated land.

In category (i), the amount of the levy was made dependent on the tax on the net cadastral income. On properties of 1,000 cadastral arpents or 580 hectares (1 cadastral arpent = ·58 hectare, i.e., 1·43 acres), the levy consisted of an area of land corresponding in value to 14 per cent. of the net cadastral income; on properties of 5,800 hectares it was equivalent to 17 per cent. of the net cadastral income; on properties of over 8,700 hectares it rose to a total not exceeding 20 per cent. of the net cadastral income. This resulted in making 250,560 hectares available for the agrarian reform, and nearly one-half of the land acquired for the purpose cost the State nothing.

Lands under categories (ii) and (iii) were to be acquired under the law by purchase. Compulsion was to be avoided, as far as possible. Purchase was to be either by private contract or public auction, subject to the State's right of pre-emption. The State thus secured 99,324 hectares of land for redistribution.

Land under category (iv) was secured for redistribution by the law conferring on the State the right to acquire land, when necessary, through the courts on payment of full compensation.

Estates, which had been transferred during the 50 years preceding 27th July, 1914 or during the war of 1914—18 in such a manner that the transfer was subject to the State's right of pre-emption, could be expropriated as a whole. Generally, however, owners of large estates were allowed to retain an area sufficient for large-scale farming, and in drawing up the list of estates for expropriation due regard was paid to what were considered the "legitimate" interests of the owners. In actual practice, they were treated with great leniency, and left with the greater part of their estates.

A Land Reform Court was set up with powers to specify the land to be expropriated, and to determine the portion to be redistributed. A maximum limit was fixed for the area of the new holdings created under the Agrarian Reform. Landless persons were not to receive more than 3 cadastral arpents, while small holders were allowed to acquire land to increase the size of their holdings up to a maximum of 15 cadastral arpents. Up to 1st January, 1929, the cultivators had to pay the purchase price direct to the former proprietors, and about 15 per cent. of the price was paid in this way in cash or wheat. Subsequently, payments were made by specially created credit institutions. The economic depression of 1931, which destroyed the payment capacity of beneficiaries, obliged the Government to grant various facilities, and finally in 1937 the purchase price was reduced by a third, and the annual amortisation rate fixed at 4 per cent. including interest at 3 per cent.

Results of the Agrarian Reforms

The effects of the agrarian reforms in Hungary from 20th June, 1921 to 31st December, 1936, were as follows:

> 600,000 hectares were distributed amongst small and very small holdings, while 5,364 hectares were allotted to form 39 medium holdings. More than 104,400 hectares were set apart for public utility schemes, and 259,733 sites were allotted for building purposes. About 412,000 persons in all received land comprising an area of nearly 406,004 hectares.

These results were disappointing. The position in Hungary in 1935 was that 69 per cent. of the holders had not more than 5 Joch (2·9 hectares), that is, not enough for family subsistence. A further 15 per cent. had not more than 10 Joch (5·8 hectares).

The British Survey Handbook on Hungary relates that in 1935 out of 45 lakh Hungarians engaged in agriculture "one-third owned or leased enough land to support themselves and their families . . . another third owned or leased some land, but had to make up their earnings from it by work during part of the year. They were thus, in fact, living below the poverty line. The remaining third had nothing at all." The same survey wrote at another place: "The Hungarian peasant belongs to an inferior class and is treated as such and the whole machinery of the State has from time immemorial been organised to keep him in that position."

The living standard of the smaller peasants and most of the agricultural labourers continued to be very low. "The peasants eat very simply" says the British Survey, "and the poorest among them, the seasonal labourers, are often literally half starving during the months before the harvest." The earnings of the labourers continued to be too low to enable them to build their houses. Many dug holes in the sandstone rocks, and thus made cave dwellings, some of which contained families with 8 or 9 children. All this naturally affected the health of the people. In 1933, a Government Enquiry in Hungary disclosed an alarming deterioration in the standard of living and, particularly, physical degeneration among new-born infants and school children.

Further agrarian reforms of 1937

The Agrarian reforms reduced the area of big estates by about a million arpents. But, as said above, it did not do away with the marked disproportion between large and small properties in Hungary. So two more laws were passed in 1937. The Family Trust law permitted the breaking up of large impartible trust estates by laying down that the ban on alienation would henceforth apply to only 30 per cent. of their agricultural land. These restrictions, however, did not apply to trusts with a net output of less than 30,000 crowns. Of 61 trusts that existed in Hungary in 1937, 30 belonged to this category.

The land settlement law gave further powers to the State for acquiring land for redistribution. It aimed at the establishment of economic holdings from which a family could earn a fair livelihood, and at enabling agriculturists to purchase sites

for building their homes. Land was to be acquired by purchase in the open market, the exercise of the State's right of pre-emption, and by taking property no longer held in trusts or ceded in discharge of public taxes. In some exceptional cases, big land-owners were obliged to give up a part of their land, generally one-fourth of their land, but in some cases as much as two-fifths. In the case of an estate acquired between 1st January, 1914 and 1st January, 1936, the State could take over the whole land, leaving a minimum area of 580 hectares with the owner.

Compensation

Compensation was fixed by law at the full value of the land; two-thirds was payable in cash and the balance in 25 equal annual instalments, amounting to capitalisation at 3½ per cent. Small holders were not allotted land unless they possessed certain minimum capital, so as to ensure that they would be able to meet their obligations. Agricultural labourers displaced by the cutting down of large estates were exempted from this condition, and were given credit facilities for running their farms. The plots became the absolute property of the new owners only when half the purchase price was paid up. The holdings could not be alienated or mortgaged during the first 32 years.

The draft law of 1939

It was estimated that these laws would enable approximately 232,000 hectares to be used for the establishment of small undertakings. But the progress of land settlement proved too slow, the funds available proved to be inadequate and the number of persons who acquired land remained small. In 1939, a new Agrarian Law was considered necessary by the Government. A new law was, therefore, drafted which envisaged the distribution of one and a half million arpents in the space of ten years.

In Hungary, as elsewhere, land is divided up equally among all the heirs on succession. Only in certain parts of Hungary, west of the Danube, land is inherited by a single preferred heir; other heirs receive as compensation a small sum which bears no relation to the market value of the property. They generally take up some industrial occupation. With a view to prevent fragmentation of holdings caused by division of the property on succession, rights of inheritance on certain small holdings were,

under this law, limited and made subject to a special law. Small holdings were also to be made inalienable.

Hungary, however, continued to be dominated by large landowners. Large estates still covered a considerable part, nearly one-third of the total cultivated area. The draft law of 1939 never saw the light of the day as the country was caught in the vortex of the second World War. The new Government, formed in 1944 under Soviet influence after the Germans were driven from Hungary, undertook agrarian legislation of a fundamental and sweeping character. It introduced a Bill the main features of which are described below.

Sweeping reforms during World War II

All land belonging to those who collaborated with the Nazis, active members of pro-Nazi parties like the Arrowcross and war criminals was confiscated without compensation.

The following categories of land were acquired on the payment of compensation:

All estates exceeding 580 hectares belonging to individual owners.

All estates belonging to limited companies, insurance companies, and estates acquired by their owners through commercial transactions.

Estates acquired after September 1st, 1939, exceeding 2·9 hectares, were to be taken over if the owner did not cultivate it himself.

The following categories of land were partially expropriated with compensation. Individual owners, churches and municipalities were to be left with 58 hectares, the rest of their land being expropriated. Individual owners who fought against the Germans were allowed to keep up to 174 hectares. No details are available about the compensation that was to be paid.

Redistribution of expropriated land

In this manner several million yokes (1 yoke = 1·42 acres) of arable lands, pastures, forests, vineyards, orchards, market-gardens and waste lands were to be acquired for redistribution among landless labourers and holders of uneconomic units. The redistribution was to take place as follows:

(1) Forests to be kept under State management.

(2) Pastures were to be managed by rural communities. But all pasture lands were not included because some were to be used for redistribution.

(3) Arable lands, vineyards, orchards, and market-gardens were to be redistributed.

The basic principle kept in mind while redistributing land was that the holdings of a peasant family should not exceed the size which the family itself could till. Accordingly the following maximum sizes were fixed:

(i) 8·7 hectares of arable land or meadow land.

(ii) 1·7 hectares of orchards or vineyards.

Those who won distinction in the war of resistance against the Germans, or persons disabled in the fight were allowed to keep up to 14 hectares of arable or meadow land and orchards and vineyards up to 2·9 hectares.

The new owners of land were to pay to the State 20 times the net annual income of the land established for the purposes of land tax. The purchase price could be paid in cash or kind. Small holders who received additional land were to pay 10 per cent. of the purchase price at once and the balance in nine equal annual instalments, the full payment being made within ten years. Agricultural labourers and hired farm workers were, however, to pay the purchase price of their land within 20 years, the first instalment being due three years after the transfer of land. The recipients were not to be allowed to sell their land for ten years.

Result of the reforms

According to the Hungarian Under Secretary of State for Agriculture, 3,248,000 hectares of land were expropriated in 3,277 villages. It was distributed to 96,000 farm hands, 225,000 agricultural labourers, 178,000 owners of dwarf estates, 29,000 small holders, 22,000 craftsmen, and 50,000 agricultural workers. More than 600,000 claims were granted. An idea of the extent to which large estates were cut down can be had from the fact that whereas in 1936, estates over 58 hectares occupied an area of 7·8 millions, in 1946 they occupied only ·3 millions.

YUGOSLAVIA

The tiny State of Serbia as it existed before the war of 1914, became the new State of Yugoslavia after the first World War by the incorporation of all the Serbs, Croatians and the Slovenes living in contiguous territories in the Balkans. The Slavs living in the region of the Vistula had descended to the Balkans at the time of the break up of the Empire of the Huns in fifth century A.D. The four branches of Southern Slavs—the Serbs, the Croatians, the Slovenes and the Bulgars—retained through the centuries their essential characteristics, their language, traditions and custom of living as an agiculturist community. These people of common racial stock willingly united to form the State of Yugoslavia whose population in 1921 was about 11·9 millions. The Bulgars, however, formed their separate State of Bulgaria.

The population of Yugoslavia increased steadily. According to the census of 1931, the population was 13,934,038. On December 31, 1938, it stood at 15,630,129. Between 1931 and 1938, the population increased by 3,647,218 or 30·4 per cent. At the time of the census of 1921 the density of population of the country was 56·3 per square kilometre, rising to 63·1 at the end of 1938. Compared with other European countries, the birth rate in Yugoslavia is high. In 1936, it was 12·93 per thousand inhabitants. With the exception of European Russia, this is the highest in Europe. The mortality rate, however, is also high, particularly in the case of children under five years of age. In 1936, it was 35·8 per cent.

Agriculture is the main occupation of the people, its produce supplying not only food for the country but also the basis of its foreign trade. In 1931, 76·6 per cent. of the total population was engaged in agriculture, and 23·4 per cent. in other activities—industry, trade, public services, etc. This proportion changed between 1921 and 1931. In 1921, the corresponding figures were 78·8 per cent. in agriculture and 21·1 per cent. in other occupations. During the period of ten years, between 1921 and 1931, Yugoslavia developed industries which absorbed some of the working population on land showing the result given above.

Cultivated land constituted 58 per cent. of the total area of the State (247·582 square kilometres or 14·5 million hectares), being made up as follows: 30·28 per cent. arable land, 25·18 per cent. meadow and pasture land, 1·16 per cent. orchards, 0·86 per cent. vineyards, 0·59 per cent. kitchen-gardens.

The great majority of the holdings in Yugoslavia were small farms below 5 hectares in area, cultivated on a subsistence basis and yielding little surplus above the food requirements of the cultivator and his family. Many cultivators, however, supplement their income by stock-breeding. Hired labour is seldom employed. The census of 1931 gave the following data concerning the size of the holdings:*

Area of properties in hectares	Absolute figures		Relative figures	
	Number of properties	Total area of properties in hectares	Number of properties expressed as a percentage	Total area of properties expressed as a percentage
0·01 to 0·5	158,904	43,410	8·0	0·4
0·51 to 1	175,532	135,760	8·8	1·3
1 to 2	337,429	514,372	17·0	4·8
2 to 5	676,284	2,287,570	34·0	21·5
5 to 10	407,237	2,873,155	20·5	27·0
10 to 20	174,068	2,380,826	8·8	22·3
20 to 50	49,314	1,388,570	2·5	13·0
50 to 100	5,156	338,076	0·3	3·2
100 to 200	1,099	147,868	0·1	1·4
200 to 500	494	146,549	0·0	1·4
500	208	389,824	0·0	3·7
Total ..	1,985,725	10,645,980	100	100

The average size of holding works out at not more than 5·36 hectares. About a third of the total number of holdings were under two hectares, a third between two and five hectares and a third five hectares or more.

* "European Conference on Rural Life" No. 23 in the series of League of Nations Publications, p. 16.

Land distribution in 1919

As has been stated above, this was the situation as revealed by the census of 1931, after the land reforms introduced in 1919 had worked for more than a decade. In 1919, land distribution was not inequitable in Serbia proper (excepting its southern areas) where no large estates existed since 1830. But the feudal system existed in Bosina, some parts of Southern Serbia and in Croatia, Slovenia, etc. Its dominant form was known as the *kmet* system. Under this system the land belonged to one large landowner but was leased on a share-cropping basis to peasant (*kmet*) families, who usually paid one-third of the crop as rent. In the province of Dalmatia the *colonat* system existed under which also rent was paid in kind. At the time of the formation of the new Yugoslav State distribution of land was inequitable. Farms above 100 hectares formed 27·2 per cent. of the total area in Croatia and Slovenia and 41·8 per cent. in Voivodina. Most of the land under cultivation was divided up among small peasants with uneconomic holdings. 280,000 farm families or 14 per cent. of the total had not enough land while 600,000 or another 30 per cent. were landless.

Agrarian Reforms of 1919

Agrarian reform was given priority in the new State of Yugoslavia. The objects of these reforms were to abolish the feudal system, to convert the serfs into free men cultivating their own land, and to enable poor peasants to earn their living by enlarging their holdings. For this purpose, all estates which could be regarded as large, were acquired on payment of fair compensation. On February 27, 1919, the Yugoslav Government published the "Preliminary Rules for Agrarian Reform." This provided for the abolition of feudalism and serfdom, the revision of rents, the cutting down of large estates and the redistribution of land among the small holders. Sub-leasing of land was forbidden. This measure involved the liquidation of the evil system of *kmet* and *colonat*. All leases of large estates, where the owner did not himself cultivate land, were cancelled. All large forests became the property of the State; grazing rights and the right to cut wood for fuel and building purposes were allowed to the peasants.

Serfs were declared owners of the land, and large estates were distributed among farm labourers and serf-tenants for whom it was otherwise impossible to obtain land.

Result of the Reforms

The results of the agrarian reforms in various parts of Yugoslavia were as follows:

In the provinces of Voivodine, Syrmia, Slavonia, Croatia and Slovenia an area of 1,007,012 hectares belonging to 714 big landowners was ear-marked for redistribution. But during the 12 years up to June, 1931, agriculturists had purchased only 225,841 hectares from the former owners by private negotiation, leaving a large balance of about 8 lakh hectares still in the hands of the landowners. To deal with this balance the State acquired about 1·5 lakh hectares of forest land for the benefit of the neighbouring villages, and a further area of about 4 lakh hectares was acquired and redistributed by the end of 1938. Most of this land was allotted to 190,000 peasant families, each receiving on an average more than 2 hectares; 19,130 persons, mostly new settlers, received an average of 8·5 hectares; 2,000 refugees and others an average of 6 hectares, and about 5,000 settlers from poor areas, an average of 6 hectares.

In Southern Serbia agrarian reforms were enforced in 1933. By March, 1939, 32,561 persons were declared owners and received 185,827 hectares of land.

In Bosina and Herzegovina 160,000 families of serf cultivators, who were made owners, received about one million hectares, the balance being distributed among landless labourers and poor peasants.

In the Province of Dalmatia a law was passed in 1930, the main provisions of which were: any land cultivated by the same tenant for over 30 years prior to the Act became his property, each family was to get land up to a maximum of 10 hectares, families of more than five persons receiving half a hectare per additional person. The land was valued and compensation fixed by a special Commission.

Maintenance of the area of a holding so as to keep it an economic unit also drew the attention of the Yugoslav Government. In Yugoslavia the sub-division of holdings had been greatly

accelerated by the disintegration of family communities (*zadruga*). There are cases where a holding of no more than 2·89 hectares was divided into as many as 122 separate plots. Sub-division of a holding among the various heirs is the rule in Yugoslavia, as in most other countries. Only in parts of Slovenia, holdings are impartible, and the father leaves the whole farm to a son chosen by himself. The preferred heir in such cases must compensate the other heirs. To arrest progressive sub-division of holdings the Government, before the outbreak of the second World War, was contemplating a law to help the revival of family communities. Succession in such communities was to be restricted to the heirs who were already working on the farm. Those members of the family community who had obtained work elsewhere were not to be entitled to a share of land.

Defects of the Reforms

It would thus be observed that land reforms in Yugoslavia after the first World War were more advanced and of greater advantage to the peasantry than in Hungary, Rumania, etc. Nevertheless, the following defects may be noted:

(i) The compensation paid to the landowners was excessive and subject to commercial speculations.

(ii) Religious properties which were often extensive and undeveloped were untouched.

(iii) Landowners took advantage of legal defects, and by setting up fictitious companies managed to retain their large estates.

(iv) Peasants were often unable to cultivate their new land efficiently for lack of capital and farm equipment, for the supply of which the State had made no effective provisions.

(v) The names of the owners of new holdings were not carefully recorded. This omission gave rise to many disputes.

Land Reforms under Tito's regime

Marshal Tito emerged as the leader of Yugoslavia in the course of the second World War. The basic principles of the agricultural

policy of the new Yugoslav Republic have been defined in article 19 of the Constitution as follows:

"The land belongs to those who work it.

The law prescribes whether any institution or person, who is not a land-worker, may possess land, and how much.

No large land properties may be held by private persons upon any ground whatsoever.

The maximum land which may be held in private ownership is prescribed by law.

The State particularly protects and assists the poor and middle peasants through its general economic policy by cheap credits and by the taxation system."

In pursuance of this policy a law was passed on August 23, 1945, which provides for a drastic reduction of large estates and redistribution of land. The far-reaching provisions of this law are in marked contrast to anything done previously. The following categories of land were to be acquired:

(1) Large estates, i.e., agricultural and forest land above a maximum limit of 45 hectares.

(2) All land held by banks and other companies and enterprises; but where such a farm is of special scientific or industrial importance, the joint stock concern may be allowed to retain it.

(3) The land of religious institutions exceeding 10 hectares or in special cases, exceeding 60 hectares.

(4) All agricultural holdings exceeding 20—35 hectares; the exact size of holding which a cultivator is allowed to retain varies with the size of the family or the nature of land.

(5) Land in excess of about 2 hectares held by persons whose main occupation is not agriculture.

(6) Land which as a result of the war has fallen vacant.

Land acquired for redistribution is allotted to landless labourers and very small holders subject to a maximum of 20—35 hectares, depending on the size of the family and the nature of the land. Along with the allocation of land, suitable houses and farm buildings were also provided.

Peasant families belonging to the same village or district are settled on contiguous holdings. This is designed to help in the organisation of co-operative farming.

To prevent land passing into the hands of money-lenders and absentee landlords all sale and speculation in awarded lands is strictly prohibited by law.

Landowners who did not collaborate with the German occupationists of Yugolavia were paid as compensation an amount equal to one year's produce of the arable land.

This, in brief, is an outline of the land reform in Yugoslavia as carried out by the new regime of Marshal Tito. Further details are not available.

BULGARIA

The country and its people

With her present frontiers, Bulgaria has an area of 103,146 square kilometres. Its population at the end of 1938 was 6·4 millions. The density of population worked out at 62·5 per square kilometre.

The Bulgarians are a rural people devoted to the soil and living mostly in villages which are much more numerous than towns. When Bulgaria achieved independence its population was 2,880,800 with a density of only 29 inhabitants per square kilometre. The rural population was 81·5 per cent. of the whole. The census of 1934, however, showed that the urban population was 1,302,551, and the rural population 4,775,338, being 78·6 per cent. of the total. During the past 50 years, though there has been a slight decrease in the percentage of rural population, the pressure upon land, i.e., the proportion between the rural population and the area under cultivation has continuously increased, as will be clear from the following table.*

Density of Rural Population

Year	Rural population	Cultivated area (hectares)	Population per 100 hectares
1910	3,507,991	3,927,395	89
1926	4,348,610	3,831,899	113
1934	4,775,388	4,144,656	115

This large agricultural population depends upon comparatively bad or exhausted soil, and agriculture is of an extensive and primitive nature as in India. In cereals, Bulgaria is one of the countries with the lowest average yield, viz. 11·9 quintals

* "European Conference on Rural Life" No. 28 in the series of League of Nations Publications, p. 8.

per hectare for wheat, 10·6 for rye, 13·3 for barley, 9 for oats and 12·8 for maize.

Bulgaria employs more labour than the extensive character of her agriculture requires. It is estimated that before the last war only ·53 per cent. of the available agricultural labour was employed leaving a surplus of nearly 700,000 persons. Part of this surplus population was thus obliged to emigrate to America, and others sought refuge in the neighbouring countries, such as Rumania, Hungary, Austria, etc. But this emigration which affected hardly half a lakh of people was rendered ineffectual as Bulgaria had to give refuge to 251,309 immigrants during the inter-war years, mainly from Greece, Turkey, Yugoslavia and Rumania.

The earthquake of 1928 and the economic depression that set in the same year further accentuated the internal difficulties. The fall in agricultural prices was very steep and the disparity between the prices of agricultural produce and the prices of manufactured goods acted to the detriment of agriculture.

Though the majority of the people depend upon agriculture, the greater part of land in Bulgaria lies waste. Of the total area of 10,314,620 hectares (1935-36), 60·93 per cent. was non-arable land and only 39·07 per cent. arable land. The total area of arable land was divided up as follows:

(*a*) Corn land, 78·44 per cent.

(*b*) Fallow land, 11·06 per cent.

(*c*) Permanent plantations, (vineyards, mulberry and rose plantations), 6·93 per cent.

(*d*) Meadow land, 3·57 per cent.

In 1934 the total cultivated area was 43,723,670 decares. Of this 798,861 holders in rural areas held 41,717,361 decares. 86,124 holdings were situated in urban areas and covered an area of 2,006,309 decares.

Bulgaria is predominantly a country of small holdings, the farm lands being scattered over wide areas, and the distance between the various plots in many cases was as much as 5 and even 6 kilometres. This naturally led to considerable waste of labour, unnecessary expenditure, and inefficient cultivation.

The rapid increase in Bulgarian population, while there was no corresponding increase in the land available for cultivation, which in fact was considerably reduced by the loss of vast and fertile territories in Dobruja and Thrace after the war of 1914, further intensified the problem of the scarcity of land. This was further aggravated by the influx of refugees in Bulgaria.

Bulgaria, after achieving its independence, did not remain a country of large landed properties. The big estates were mostly done away with along with the old regime. Nor were there many large properties belonging to the State or communes. Therefore, the characteristic feature of agrarian reforms in Bulgaria was not so much the expropriation of large estates as a fairer redistribution and rearrangement of land between medium and small holdings. The State introduced a number of agrarian reform laws between 1920 and 1936.

Agrarian Reforms after World War I

The law of 1921 was conceived on the principle that land should belong to those who cultivate it. The Agrarian Party Government, which enacted the law of 1921, was replaced by another Government in 1924 which passed an amending law on Agricultural undertakings in 1924. Its main object was to give land to cultivators and agricultural labours as well as to refugees with agricultural experience, who were either landless or held dwarf holdings. The law provided for acquisition of land in excess of the maximum size of holding, namely 30 hectares for land cultivated by the owner and 15 hectares for land leased out, with 5 hectares extra for each member of the family. Holdings in excess of this size were to be cut down, with an exception in favour of model farms which could retain an area up to 150 hectares.

The 1921 law had given very scant attention to the question of setting up machinery to work the land reforms. The law of 1924 provided for the establishment of a Land Department to deal with land settlement and the consolidation of holdings. In 1926 the Bulgarian legislature added to the existing laws on agrarian reform a special law for the settlement of refugees in rural areas and for providing them with both land and agricultural implements. 30,000 families of agricultural refugees and 25,000

families of non-agricultural refugees were settled in this manner. The Bulgarian Government was considerably helped in this work by a loan of £2,50,000 sterling which the League of Nations helped to raise.

The agrarian reforms created a land pool of 426,500 hectares consisting mainly of forests and common pastures, State lands and lands belonging to the big landowners. Of this, 163,000 hectares were used for the settlement of refugees, and the remainder was allotted to peasants without land or with small holdings, and to several State and public institutions. Altogether land was allotted to some 32,000 refugee families, 130,000 agricultural and working class families and 1,000 State and public institutions.

Compensation

A law enacted on March 31, 1938, provided that the price of the land allotted under the 1924 law on agricultural undertakings was to be paid by the beneficiaries. The price was assessed separately for different regions and different classes of soil but was not in any case to exceed 50 per cent. of the market value of the land during the year 1932. Payment was to be made in equal annual instalments free of interest for 20 years, beginning in the year in which the equipment of the undertaking was complete. The payment of the price of land was financed by the Bulgarian Bank for Agriculture and Co-operative Associations, to which a settlement fund of 2 per cent. was payable over and above the price of land.

One of the major defects of Bulgarian agriculture is the extreme fragmentation of holdings. The 1924 law on Agricultural undertakings, therefore, provided for the reintegration or consolidation of fragmented holdings. Consolidation can be undertaken on the request of the owners if 50 per cent. of them join in the application, or if they hold 50 per cent. of the land. The survey work is carried out on behalf either of the State or of the owners and communes concerned. In both cases, most of the costs are borne by the State. The progress of consolidation has been slow and disappointing mainly on account of lack of funds. It was, however, carried out in such a manner as to enlist the support of the peasant. By the beginning of 1940, the lands of 28 villages with an area of 98,100 hectares were finally

consolidated, and the lands of 34 others with an area of 129,700 hectares were in the process of consolidation.

The following table shows the changes effected in the distribution of land between 1897 and 1934:*

Area of undertakings	1897		1934	
	Number of undertakings	Area of undertakings	Number of undertakings	Area of undertakings
Under 2 hectares	94,921	94,408	174,588	195,331
2 to 5 ,, ...	136,235	469,992	292,064	992,696
5 to 10 ,, ...	132,849	947,320	185,497	1,284,737
10 to 30 ,, ...	85,530	1,302,340	89,605	1,322,963
Over 30 ,, ...	7,431	420,656	4,921	236,125
	456,972	3,234,716	746,675	4,031,852
	Percentage	Percentage	Percentage	Percentage
Under 2 hectares	20·8	2·9	23·4	4·8
2 to 5 ,, ...	29·8	14·5	39·9	24·6
5 to 10 ,, ...	29·1	29·3	24·0	31·9
10 to 30 ,, ...	18·7	40·0	12·0	32·8
Over 30 ,, ...	1·6	13·3	0·7	5·9
Total ..	100	100	100	100

It is surprising that in a country, which is predominantly agricultural and which suffers from an acute scarcity of land, only about 40 per cent. of the total area is under cultivation. Attempts were therefore made to increase this area firstly by cultivation of fallow land included in holdings. By 1929, 4 million hectares of land, which was previously fallow or meadow, was brought under crops.

It will be seen that distribution of land in Bulgaria is more equitable than in any other Balkan country. The farms on the

*"European Conference on Rural Life"—No. 4 in the series of League of Nations Publications, p. 68.

whole average about 5½ hectares. The number and area of large farms above 30 hectares is very small. The largest increase, both in the number and area of undertakings, took place in the class between 2 and 10 hectares. It is true that there are still a large number of farms below 2 hectares. This is hardly avoidable in view of the over-population on land. Besides, most of these allotment holders supplement their incomes by subsidiary occupations, such as animal husbandry, wine brewing, bee-keeping, etc. Cultivation of land by the owner and his family is the rule. The help of agricultural labourers is required on only 2·9 per cent. of the holdings. Only 0·1 per cent. of the holdings are worked entirely by hired labour. It is not, therefore, surprising that there are only about 30 thousand agricultural labourers, and tenants and labourers together constitute no more than 1·06 per cent. of the agricultural population.

These reforms cannot, however, be said to have solved the problem of agricultural reconstruction, as holdings tend to grow smaller and smaller on succession, and scarcity of land still remains an acute difficulty. The small size of the holdings prevents rational cultivation.

After World War II

After the end of the second World War, the new Bulgarian Government has at its head G. Dimitrov of the Reichstag Fire Trial fame and former Secretary General of the Communist International. His Government has undertaken radical measures of land reform, involving a drastic redistribution of land and its collectivisation. The details of these measures are, however, not available.

CZECHOSLOVAKIA

Czechoslovakia emerged as an independent country after the first World War. The total land area of the new State was 14 million hectares, 43 per cent. of which (about 6 million hectares) was cultivated. Of the total population of 14·7 millions, 39 per cent. were engaged in agriculture.

The new State gave its first attention to the reform of the antiquated land system of the country under which a large area of land had passed into the hands of non-cultivating owners. The agricultural labourers had begun to migrate to the towns and foreign countries on a large scale, and migratory field labour from some of the Balkan countries (Rumania, Yugoslavia, etc.) was being employed to run Czechoslovakian agriculture. A few landed aristocrats held the bulk of the land, and the overwhelming majority of agriculturists had either very tiny plots or were landless. In Moravia, for instance, a bare 0 1 per cent. owned 33 per cent. of the cultivable area. Further, nearly 50 per cent. of the peasant holdings were less than half hectare in size. Over 60 per cent. of the area of large estates (over 100 hectares) was in Latifundia (estates over 1,000 hectares owned mostly by the aristocracy, the Church and the State).

Land Reforms of 1919

In April, 1919, the National Assembly adopted the Land Restriction Act. According to this the State could take possession of the land of all estates exceeding 150 hectares of arable land or 250 hectares of land of any kind. In exceptional cases the owner could keep up to 500 hectares. Estates smaller than the above were allowed to remain in possession of the owner but his rights were limited. He was unable, without authorisation from the land office, to alienate, lease, or divide his property. The law further allowed the State to dispose of the owner's property in favour of public or private charitable organisations. The law could also force an expropriated owner to sell his agricultural implements, cattle, etc., at the current market price.

The law for expropriation resulted in making the landlords apathetic to their estates. Improvement works already undertaken were given up, and the land neglected. To counter this

move of the landowners a law was enacted which empowered the Agriculture Department to take over the management of such neglected estates. Peasant associations in various parts of the country were called upon to report to the Government all instances of wilful neglect of cultivation.

Compensation

For land more than 100 hectares in size, the owners were paid compensation determined according to the average market price during the period 1913—15. With a view to calculate the amount to be paid as compensation for different types of land, separate rates of assessment were laid down for different kinds of land. For every 100 hectares above 1,000 hectares the price was lessened by 1/10 per cent. The price, however, could not be lessened by more than 30 per cent. In the case of estates of certain categories, the Government undertook to pay off its encumbrances from the compensation payable.

The rate of compensation for properties of less than 100 hectares was different. It depended on the cadastral yield, and varied from district to district according to the types of farming, the distance from the railway stations, etc.

It was decided to pay no compensation for land held by alien interests. Nearly 35 per cent. of the amount due as compensation, that is, about 2,500 million crowns, were paid in cash; the balance was treated as State debt at 4 per cent. interest.

Law of Allotment of new holdings

The Law of Allotment to specify persons eligible for allotment, with a view to create or enlarge individual holdings, was passed in 1920. Under this law small peasant proprietors, craftsmen, landless people, persons with record of war service, farm and forest workers and others were entitled to receive land. The basic principle of land allotment was to provide each family with an economic unit of cultivation in order to enable it to support itself. This economic unit varied from 6 to 15 hectares. Care was also taken to see that the land allotted did not exceed the area that the peasant family could cultivate itself.

The Law of Allotment emphasised the need of, and provided the necessary measures for, consolidating the holding of each cultivator. Where it was not possible to provide such consolidated

units, the person allotted land had to sign a form pledging his support to consolidation measures if and when they could be undertaken. The law also made it obligatory for the owner to live on his holding, and cultivate it himself in an efficient manner

The law also sought to create what may be called impartible economic units. It was made obligatory to obtain the previous sanction of the Government before dividing, alienating or mortgaging land. This was an entirely new feature in Czechoslovakian agriculture where family properties used to be divided up among heirs since ancient times.

Detailed instructions were provided for in the legislation under which alone the States Land Office could sanction the alienation of any family property after careful investigation.

Payment by persons allotted land

Persons allotted lands, were, however, made to pay rather heavily. They had to pay the entire amount to be given as compensation to the expropriated person as well as the administration charges of the State Land Office. The amount could be paid in a lump sum or in ten annual instalments bearing interest at 4 per cent. Two of these instalments had, however, to be paid before the transfer could be registered. The State assisted the purchasers by providing for credits on a mortgage basis. Advances could be granted up to 90 per cent. of the price of the land, and 50 per cent of the price of the buildings. Land Offices or banks, on the recommendation of the land offices, were authorised to grant short-term credits to deserving applicants.

The following table gives an idea of the distribution of holdings in 1930, after the new reforms had been put in practice: *

Size of holdings in hectares	Number	Percentage	Area in hectares	Percentage
1 to 5	1,168,205	70·8	2,084,641	15·4
5 to 10	258.076	15·7	1,825,842	13·6
10 to 15	206,188	12·5	3,709,180	27·6
50 to 100	7,302	0·4	505,018	3·7
Over 100	8,833	0·6	5,333,785	39·7
Total ..	1,648,604	100·0	13,458,466	100·0

*"European Conference on Rural Life"—No. 4 in the series of League of Nations Publications, p. 60.

New distribution of holdings

Holdings from 1 to 5 hectares number nearly two-thirds of the total, but in area they amount to about one-seventh of the land. Holdings of 100 hectares and above represent nearly two-fifths of the total area. It would appear that large estates still occupied a very important position in Czechoslovakia. Account must, however, be taken of the fact that in calculating their size, the area under timber, which is very large in the country, is included. Further, many of these large estates could not be expropriated in many cases, and far more than 250 hectares were left with them with a view to maintain valuable buildings, parks, etc. and industrial establishments. Moreover, the small farms are intensively cultivated; the farmers supplement their income from crops by live-stock production. Sixty per cent. of the small holders in Czechoslovakia have supplementary occupation.

The total amount of land taken over by the State up to January 1, 1938 was 4,021,617 hectares, which came to nearly 28·6 per cent. of the total area. Including the land obtained from some other sources, by the end of 1937, 4,058,370 hectares had been made available for redistribution. 44·3 per cent. of this area, that is, 1,800,782 hectares, was distributed among 642,574 new owners, mostly in small and medium lots. Agricultural labourers, who had been previously employed on the large estates were among these new holders, each of them receiving nearly 30 hectares. The former owners of large estates were allowed to retain 1,831,920 hectares or 45 per cent. of the agricultural land.

As a result of these reforms the area under the cultivation of the owner himself increased to 91 per cent. of the total. Nearly 10 per cent. of the cultivated area was held on lease. This leased area was either additional land acquired on rent by small proprietors or land which had to be leased by the owner of an expropriated estate on instructions from the Land Office to provide persons who did not have the capacity to buy land on cash or credit. But such tenants constituted only one half per cent. of the agriculturists.

Results of the reforms

The agrarian reforms also raised the productive capacity of the land. The area under cultivation between 1903 to 1937

decreased by 9 per cent. due to numerous causes but the total yield from land rose by about 28 per cent. This increase in agricultural production led to an increase in the demand for industrial products, leading to a rapid industrialisation of Czechoslovakia, which again helped considerably to reduce the pressure on land.

Agrarian reforms after the first World War in Rumania, Hungary, etc., though they effected redistribution of land, nevertheless did not result in any remarkable improvement in the economic conditions of the peasantry. But the reforms in Czechoslovakia were more successful. The standard of living and the incomes of the peasants were appreciably increased. Big landed properties, however, continued to exist, as has been shown above.

After World War II

After the defeat of Germany and the re-establishment of the Czechoslovakian Republic under Dr. Benes, agrarian reforms were carried a stage further. It was decided to confiscate without the payment of any compensation all lands of German and Bulgarian landowners. It was also decided to do away with the big Czechoslovakian landowners, particularly those who collaborated with the German invaders, without giving them any compensation. It is estimated that roughly over 60 lakh acres of land are involved in this. This land was to be distributed in lots of 28 to 37·5 acres to the landless and poor peasantry. A radically different policy in regard to supplying peasants with the necessary capital and the means of production is being followed. It is no longer regarded as a private affair of the individual peasant but as one of the tasks of the State. The Government has arranged for the manufacture of agricultural implements and machines for being supplied to the peasants at cheap rates. Formation of peasant co-operative associations for the sale of the produce and for the purchase of urban manufactures with the objective of preventing profiteering by middlemen are being encouraged. Further details, however, are not available.

CHAPTER XII

COLLECTIVE FARMS

AGRARIAN REFORMS IN THE U. S. S. R.

Old Tsarist Russia was one of the most backward agrarian countries in the world. The distribution of land was inequitable; 167 million acres of fertile soil were in the hands of 28,000 big landowners; each big estate owner possessed on an average about 6,000 acres; 700 of the biggest among them possessed an average of 81,250 acres each. At the same time, 10 million peasant families owned only 197 million acres of land, much of it being of poor fertility. Thirty per cent. of the peasants had no horses, 34 per cent. had no agricultural implements and 15 per cent. were landless. The holdings were small and divided into tiny strips, sometimes miles apart. Cultivation was necessarily inefficient, manures were little used and there was practically no rotation of crops. Such primitive instruments as horse or ox-drawn wooden ploughs, sickles, reaping hooks, etc., so common in the present-day Indian agricultural production, were widely used. The peasants paid an enormous amount as rent, amounting to nearly 500 million gold roubles a year. It is not, therefore, surprising that the peasants were always in debt to the landlord, the *kulak* or the banker. Before the first World War they owed to the peasant land-bank alone 1,300 million gold roubles. In interest alone this bank collected from its debtors, the peasants, about 100 million gold roubles a year. The owners of the big estates did very little of farming themselves. They let out their land to the peasant in return for half the produce or for free labour on the master's estate. The peasants lived a life of semi-starvation, for many of them unadulterated bread made of pure grain was a delicacy enjoyed only on special occasions. Due to this state of agricultural backwardness there were, during the first half of the nineteenth century, no fewer than 35 years in which there was a more or less widespread failure of crops. In the years from 1891 to 1910, there were only four good harvests, with thirteen bad seasons and three famine years. Statistics show that the average yield of grain on the peasant lands in 50 provinces of Russia during 1881—90

decade averaged 0·51 ton, from 1891 to 1900 the crop yield was 0·59 ton and from 1901 to 1910, 0·65 ton per hectare.

These conditions of acute agrarian distress resulted in violent uprisings of the peasants in one region or the other throughout the early years of the twentieth century. The peasant revolts were sternly suppressed but continued to break out here and there. They did not, however, lead to any improvement in agrarian conditions or the redress of peasant grievances.

The chaotic conditions created as a result of the first World War shattered the entire economy of Tsarist Russia. On account of the mobilisation of men and horses and the dearth of agricultural implements the cultivated area was reduced by about 25 million acres, causing a tremendous decrease in the output of grain. The disorganisation of transport intensified the food shortage. It is a significant fact that the revolution was started off by the hungry women of Petrograd, throwing stones at the windows of closed bread shops.

After the overthrow of the Tsar, the peasants started forcible expropriation of the landlords on a large scale. Men from the armies and workers from factories crowded back to their villages, eager for a share in the land forcibly seized from the large landowners and the division of their property. This spontaneous liquidation of landlords, effected by the peasants themselves, with immense suffering to the landowners and the loss of much national wealth, was not in accordance with any plans of the Bolshevik Government. The Government would have been unable to check it even if it had the wish to do so. Lenin accordingly recognized an accomplished fact, and issued a decree by which the land was declared the property of the people as a whole. Local Committees elected by the peasants were made responsible for allotting among the peasant cultivators the huge areas of land owned by the Church, the Tsar and his relatives, and the aristocracy. Thus, nearly 150 million hectares of land were given to the peasantry in Russia. This distribution, however, resulted merely in increasing the number of uneconomic peasant holdings, which from 14 or 15 millions in 1916 rose up to 24-25 millions in 1926.

During the early years of Lenin's regime from 1918 to 1920, the Soviet State fought a grim battle for survival against civil war

and foreign invasion by the armies of Great Britain, the United States, France, Japan and Italy. To maintain the Red armies in the field and to feed the army and the urban population, the State was compelled to adopt extreme measures of control over industry, trade and agriculture known as "War Communism". The peasants, instead of paying rents in cash, were forced to surrender a large part of their produce. The demands, as was indeed inevitable in the circumstances, were often arbitrary and excessive. The peasants, on the whole, supported Lenin as the counter revolutionaries in the civil war intended to restore the landlords. But agricultural conditions deteriorated rapidly. The gross output in 1920 was only half of the gross output in pre-war Tsarist days. The large estates of the landowners having been parcelled out, production was mainly in the hands of small holders. This resulted in the reduction of the marketable surplus of foodgrains. Manufactured goods were scarce and their prices were very high as compared with agricultural produce; the peasant, therefore, had no motive for selling grain even if he had a surplus. On top of this, the crops failed in 1921. All these factors led to a terrible famine in 1921.

This famine, along with the general dislocation of the whole economy of the country following the devastation wrought by civil war and foreign invasion, led the Tenth Congress of Communist Party held in March, 1921, to reverse its economic policy and adopt measures known as the "New Economic Policy", which restored normal trade and gave wide scope to small-scale capitalist enterprise. In the sphere of agriculture, though the land had nominally been nationalised, it continued to be held by peasants. Centralised collection and distribution of food supplies was now given up. Instead of compulsory procurement of surplus, a graduated tax on grain was levied on each peasant in proportion to the size of his holding. Among concessions to capitalist enterprise in farming may be noted, for instance, the permission to lease land for twelve years and the legalisation of the employment of wage-labour on peasant farms not only at harvesting but throughout the year. Previously the period for leasing land was limited to six years. An extension was considered necessary because this was one of the ways by which a poor peasant could obtain agricultural implements for cultivating his land. He leased a part of his holding to a well-to-do peasant in exchange

for a plough-team and for carting facilities with which to cultivate the rest of his land. By 1924 some progress was observed. The crop area increased, and the average yield per hectare also improved. Lenin emphasized during the years 1922—24 that the predominance of small peasant farming in the countryside could not be ignored and that a transition to socialist large-scale farming could be only gradual. In some of his last writings, he clearly stated that in order to win over the peasants for socialist reconstruction of agriculture it was necessary to develop co-operative societies. He regarded them as a means of transition from small individual peasant farming to large-scale producing associations or co-operative farms, and advocated the extension of co-operative principles in agriculture first to selling and marketing and then to the growing of farm produce. Within a few years of the revolution, there grew up in the U. S. S. R. no fewer than 80,000 agricultural co-operative organisations of nearly 50 different kinds—credit societies, marketing societies, societies for purchasing machinery, dairies, etc. Their aggregate membership was nearly 10 millions.

Along with these, three new types of co-operative joint farms were also developed in various parts of the country. One was the association of members only for joint tillage. The second type was the artel. In this not only the labour forces but also the ownership of the capital employed was pooled together and only the management of cattle, gardens, and dwelling houses was left to the individual. The third type was the agricultural commune organised, mainly, by the Communist Party among its peasant party members. These artels and communes, however, were few and far between.

The Soviet leaders attached great importance to these new types of agricultural organisations. In fact, the line of development had been laid down much earlier, at the first Congress of agricultural communes and agricultural artels convened in December, 1919. Lenin's address to this Congress is very important in so far as it may be said to lay down the blue print for the subsequent collectivisation of agriculture in the U. S. S. R. The following excerpts from this important speech of Lenin will indicate the line of later developments:

He announced that the Soviet Government had assigned a fund of 1 billion roubles to assist "communes, artels and all

organisations generally, that aim at transforming and gradually assisting the transformation of smaller, individual peasant farming into social, co-operative or artel farming." Lenin declared: "Only if we succeed in proving to the peasants in practice the advantages of common, collective co-operative artel cultivation of the soil, only if we succeed in helping the peasant by means of co-operative or artel farming will the working class which holds State power, be really able to convince the peasant of the correctness of its policy and to secure the real and durable following of the millions of peasants." Referring to the millions of individual farms in Russia dispersed throughout remote rural districts, Lenin declared: "It would be absolutely absurd to attempt to reshape these farms in any rapid way, by issuing an order or bringing pressure to bear from without. We fully realise that one can influence the millions of small peasant farms only gradually and cautiously and only by a successful practical example. For the peasants are far too practical and cling far too tenaciously to the old methods of agriculture to consent to any serious change; only when it is proved in practice by experience comprehensible to the peasants, that the transition to the co-operative, artel form of agriculture is essential and possible, shall we be entitled to say that in this vast peasant country Russia, an important step towards socialist agriculture has been taken." Lenin also gave detailed hints on the manner in which the artels and communes should function and also assist the individual peasants. In a note on co-operation written in 1923 he said that the Soviet State was neglecting the various forms of co-operation that had developed among the peasantry. Following this the Soviet authorities helped and encouraged the various consumer and credit associations of the peasants for the purchase and common use of machines, associations for selling agricultural produce (dairy products, honey, vegetables, fruits, tobacco, etc.).

This, however, did not effect any fundamental change in the pattern of Russian agriculture which, even a decade after the Russian revolution, remained primitive and backward and unproductive. By 1927 Soviet industry had been socialised and its output surpassed the pre-war years, but the amount of grain produced was lower than the pre-war figure. The distinction between the poor and the rich peasants remained the dominant feature of the countryside. In 1928, out of a total of about 25

million farmers about 9 millions were able to live only by selling their labour to the rich "*kulaks.*" There were 12 million *kulak* farms which employed hired labour. The process of the sub-division of small farms into still smaller fragments continued unchecked. On these tiny holdings the cultivators reverted to subsistence economy, providing barely enough for their own food. Thus, though the gross yield of grain in 1927 was 91 per cent. of pre-war, the marketable surplus was only 37 per cent.

The huge State farms under the administration of the Government itself were so badly managed that, after feeding their staff, they failed to produce even in good years more than a very small surplus of marketable grain.

The Soviet leaders realised the urgency of stepping up the country's food production. In fact, anxiety about the food situation had been a constant pre-occupation of the State during all these years. There seemed no immediate prospect of the solution of this problem if the slow growth of agricultural co-operatives and collective farms was not speeded up by drastic measures involving coercion. For a long time there were heated controversies as to whether mechanisation of agriculture and co-operative and collective methods should be enforced by the State. The final decision was taken in December, 1927, at the 15th Party Congress which decided to take "one more step toward socialism" by the development of collective peasant farming. The plan, subsequently evolved, visualised the transformation of individual small peasant farming to large-scale mechanised farming within less than a decade. Under the scheme nearly the entire individual peasantry were to disappear and become workers on large mechanised farms. They had the option of becoming farm labourers on wages in State farms, or co-operative owner producers on collective farms "*Kolkhozes*". This process of collectivisation soon achieved remarkable results as shown by the following table: *

	1929	1930	1934	1938
(1) Number of collective farms..	57,000	85,400	233,300	243,300
(2) Number of peasant households united in collective farms.	1,000,000	6,000,000	15,700,000	18,800,000
(3) Percentage of households collectivised in proportion to the number of households.	3·9	23·6	71·4	93·5
(4) Percentage of sown area collectivised in proportion to the sown area.	4·9	33·6	87·4	99·3

*"U. S. S. R. Speaks for Itself", page 127.

The average cultivated area per collective farm, in 1933, was over 400 hectares, which is incomparably larger than the holdings of well-to-do peasants who, in the past, used to cultivate from 15 to 20 hectares per household.

Year	Percentage of collectivised peasant farms	Total M. T. S. output expressed in thousand of H. P.
1932	61·5	1077·0
1933	65·6	1758·1
1934	71·4	2753·9
1935	83·2	4281·6
1936	90·5	5856·0
1937	93·0	6679·2
1938	93·5	7437·0
1939	95·6	7943·5
1940	96·9	8224·0

This progress was not, however, a peaceful process. With the growth of these organisations the Government decided to eliminate the substantial cultivators, the *kulaks* as a class, because they refused to join the collective farms and proved a hindrance to the success of the government and party plans. The subsequent decrees eliminated the *kulaks* as a class and permitted their being deprived of their estates, and all their property and being driven away from their homes without any compensation or means of livelihood. As it was assumed that *kulaks* would not be able to adjust themselves to conditions on a collective farm they were not allowed to become members. The zeal and over-enthusiasm of the Communist Party in forcing the pace of collectivisation resulted in the spread of great dissatisfaction among large masses of peasantry. In Ukraine, the resistance of the peasantry to collectivisation assumed the character of a national struggle. Whole tracts were left unsown, cattle were slaughtered on a large scale. At the harvesting season, crops dried up in the fields or the threshing floor. The Soviet government dealt strongly with the recalcitrant peasants, and hundreds and thousands of them were removed from their villages and sent to far away railway and

canal construction camps, or to industrial enterprises like Magnitogork and Chilyadinsh. It has been alleged that the Soviet government dealt barbarously with a large section of the people. Sydney and Beatrice Webb say—"In fact almost the only thing publicly known is that travellers throughout the southern part of the U. S. S. R. repeatedly witnessed for several years, in the railway stations, groups of weary and desolate men, women and children, with no more belongings than they could carry, being shepherded by armed guards into trains carrying them to unknown destinations. The sum of human suffering involved is beyond all computation."

This, however, is not the Soviet view of the matter. According to the spokesmen of the Soviet State, the elimination of *kulaks* as a class solved three fundamental problems of Socialist reconstruction:

(i) It eliminated capitalist restoration by liquidating the most numerous class of exploiters in the country, namely the *kulaks.*

(ii) Peasantry, the most numerous labouring class, was won over from individual farming, which breeds capitalism to the path of co-operative, collective, socialist farming.

(iii) The Soviet State got a socialist base in agriculture.

The Soviet State, however, soon after changed its attitude towards its peasantry. The organisers were rebuked for not winning over the voluntary support of the peasants by preparatory work and propaganda and for failure to make allowances for the diversity of conditions in the various regions of the country. The new instructions made sufficient concessions for the possession of private property even inside collective farms. Stalin said that the major mistake committed was "the incorrect approach to the middle peasant." At the 16th Party Congress, which met in June, 1930, the Commissar for Agriculture in his speech said—"the degree of stability of the collective farm depends to a great extent on whether or not the middle peasants participate in its management." The same Party Congress drew up the fundamental Marxist-Leninist principles of the collective farm movement which are as follows :

1. Collective farms can be built up only on the principle of voluntary entry.

2. To demand that the peasant on joining an artel should immediately abandon all individualist habits and interests; should surrender all possibility of carrying on individual farming enterprises in addition to the socialised farming; is to forget the A. B. C. of Marxism and Leninism.

3. The form of the collective farm must be guided by the economic peculiarities of each district and each branch of agriculture.

4. For the collective farm movement to rise to a higher form —the commune, it is imperative that the peasants themselves approve of the respective changes in the status, and that the changes are initiated from below.

5. The creation in the collective farms of a new socially disciplined productivity of labour can be achieved only on the basis of genuine individual initiative, and the management of the farms by the members themselves.

6. The transition to collective agriculture can be brought about on the condition that the collective farms are assisted by the Soviet State by far-reaching organisational, material and financial aid.

7. Any attempt to apply the organisational system of management of the State farms to the collective farm, which is a voluntary social organisation of peasants, is anti-Leninist.

8. Middle peasants must be drawn into collective farms because they possess technical and organisational skill.

Grain area and output

This agricultural revolution led to an enormous and progressive increase in the total cultivated area as well as the total yield. By 1935 about 333,450,000 acres (including 247,000,000 acres under cereal crops) out of a total arable area of about 1,037,400,000 acres were brought under cultivation. The following table based on statistics compiled by the International Agrarian Institute in Rome for 1935-36 shows the relative grain areas and output of the Soviet Union and other countries:

*Grain area in acres**

——	Wheat	Rye	Barley	Oats
U. S. S. R. ..	96,330,000	59,250,000	22,230,000	44,460,000
All other countries ..	249,470,000	46,930,000	71,630,000	101,270,000
U. S. A. ..	59,280,000	2,470,000	7,410,000	34,580,000

Grain output (million of tons)

——	Wheat	Rye	Barley	Oats
U. S. S. R.	31	21	9	18
All other countries	97	25	34	49
U. S. A.	17	1	6	17

Official statistics show that the total area sown in 1940 was about 30 million hectares more than 1913 which is regarded as the best year of pre-revolutionary times. By the end of the second Five-Year Plan, i.e., in 1938, U. S. S. R. had advanced to first place in the output of wheat, barley and oats. Progress was made in the yield of commercial crops as well, such as cotton, flax, tea, etc. Compared with 1913 cotton production increased 3·5 times sunflower 4 to 5 times, sugar-beet about 2 times. Simultaneously qualitative changes in agriculture have also taken place. For instance in grain production, the proportion of the most valuable crop—wheat, has risen; four-fifths of the area under grain crops were sown with selected seeds.

Change in social composition

The process of collectivisation brought about a remarkable change in the social composition of the country as well. Molotov

*Ibid, page 58.

reporting at the 18th Congress of the Russian Communist Party in March, 1939, gave the following figures:

Social composition of the population of the Soviet Union

——	1928	1939
1. Workers and other employees	17	35
2. Collective farm peasantry (together with handicraftsmen united in co-operatives).	3	55
3. Individual peasants and handicraftsmen not united in co-operatives.	73	6
4. Capitalist elements (Nepmen, Kulaks)	5	..
5. Rest of the population (pupils, army men, pensioners, etc.)	2	4
Total ..	100	100

Machine and Tractor Stations

To assist the collective farms, the Soviet government established machine and tractor stations all over the country. At the end of 1938, 483,500 tractors, 153,500 harvest combines, 195,800 lorries, hundreds of thousands of tractor-drawn ploughs, seeders, cultivators, complex threshers, and various other up-to-date agricultural machines were employed in the Soviet Union.

The role of these M. T. S. (Machine and Tractor Stations) in the collectivisation of Russian agriculture has been tremendous. Before the second World War the number of tractors in the U. S. S. R. exceeded the total number in all European countries put together.

Thus it was that the millions of uneconomic peasant cultivators were joined together in collective farms. Their income rose steadily. Conditions of insecurity disappeared and the future looked hopeful. The rise in the standards of living of the peasantry led to a cultural revival among them. In 1939 there were 153,000 village schools as compared with 93,700 in pre-revolutionary Russia. In 1914, 6 million children attended usual schools and in 1919, 27 million. Agricultural education was also expanded, and in 1940 the number of students, who were mostly children of collective farmers, amounted to 62,000.

Soviet agriculture during and after the second World War

The German invasion of Russia in 1941 told heavily on the agriculture of the U. S. S. R. resulting in inefficient cultivation in the unoccupied areas, and the crop yield was reduced.

The German army captured highly important agricultural districts. By autumn 1942, the Soviet territory occupied by the Germans contained 71 million hectares of cultivated land, constituting 40 per cent. of the entire area under crops in the U. S. S. R.

In the occupied districts there were 107,000 collective farms and 3,000 machine and tractor stations equipped with the latest tractors, etc. The collective farms seized by the Germans had 44 per cent. of the horses, 38 per cent. of the cattle, 28 per cent. of the sheep and goats and 59 per cent. of the pigs in the U. S. S. R. The Germans dissolved the collective farms, confiscated the land from the peasants and forced the citizens to work for the German landowners. The extent of the damage caused by the Germans was discovered on the liberation of the occupied territory. They had killed and driven to slave labour in Germany millions of peasants. They devastated or burnt fully or partly 79,000 villages, and ruined and looted 98,000 collective farms and 2,890 machine and tractor stations. The loss inflicted by the Germans on the collective farms has been estimated by Soviet authorities to amount to 181,000 million roubles. This does not include the losses suffered by the machine and tractor stations, the State farms and other agricultural enterprises in the occupied areas.

The first thing the peasants did when their districts were liberated by the Red Army was to revive their collective farms. In 1943, while the war was still raging, the Soviet government took a special decision for the restoration of normal economy in the districts liberated from the German occupation, through State aid and the gratuitous assistance of peasants of districts in the interior. By 1946 about $\frac{3}{4}$ of the pre-war cultivated area and more than half of animal husbandry were restored to the collective farms. The rapid recovery of agriculture from such large-scale destruction demonstrates the strength and resilience of the collective farms.

Summary

The first step in the transformation of Russian agriculture from semi-feudal conditions to collective farming was taken when, during the revolution, bands of peasants and soldiers returning from the war forcibly expropriated large estate-owners and divided up their land, stock, and buildings among themselves. The elimination of feudal over-lords paved the way for the growth of an independent peasantry carrying on small-scale farming on a subsistence basis. Peasant proprietorship is one of the forms of a capitalist organisation of agriculture and, in the long run, subject to the same difficulties and conflicts as capitalism in any other sector of economy. It was far removed from socialised agriculture, carried on large farms with the aid of machinery, which was the ultimate objective of the communist party. It seemed anomalous that though industry and finance were rapidly socialised, agricultural production continued to be carried on for over a decade as a capitalist enterprise. The explanation of this apparent inconsistency is to be found in Lenin's recognition of the peasant's conservatism, mistrust of change, and his attachment to the soil. A change-over from the independent ownership of his holding to work on a co-operative farm might have seemed to the peasant, newly released from the burden of large estate-owners, a change definitely for the worse. It was inevitable, in the circumstances, that progress should be gradual and slow and the peasant carefully educated and prepared at each step. On one side, peasant proprietorship was allowed partly to run its own course by which the mass of the peasantry sank to the status of a proletariat, subject to the domination and exploitation of the much-hated *kulaks* or large farmers; and were, therefore, ready for any change which promised an improvement. On the other hand, co-operative organisations were built up to train the farmers in the art of combining with their neighbours for a definite economic and social purpose. The co-operatives were primarily confined to such activities as the supply of credit, and processing and marketing of produce. The next step was co-operation for the joint cultivation of the soil. In these associations called "toz" the members combined only for certain manual operations, such as ploughing, sowing and harvesting the crops upon their different holdings. The profits of the farm were distributed among members according to the size of their land. These associations for

joint cultivation were created and encouraged by the State as a preparatory stage for the development of collective farms or "Kolkhoz".

A type, even more extreme than the *kolkhoz* itself, is the commune, on which not only production but distribution also is socialised. The members of the commune pool all their land and property, and the profits of the farm are distributed not on the basis of the amount or the quality of labour contributed by each member, but according to his needs. The difficulty in this type of organisation is the lack of any economic reward for individual effort and initiative. Even though the commune represents, perhaps, the ultimate ideal of a communist society, it did not succeed on any large scale in the U. S. S. R. There are very few communes now in existence, consisting mostly of some zealous party members.

Collective farm organisation

The artel or the *kolkhoz* is the most prevalent form of agricultural organisation in U. S. S. R. Under this organisation, all the means of production are socialised; these are land, labour, machines and implements, animals and farm buildings. At the same time, the members of the *kolkhoz* are allowed to have their own private orchards, vegetable gardens, household, dwellings, cows, livestock and poultry.

The capital needed for the working of the artels was provided by pooling the resources of the peasants; horses, cows, ploughs and other implements. The Soviet State aided the artels by providing machines and credit. Also the implements and livestock of the *kulaks*, who were eliminated as a class, were made over to the collective farms.

As for the land of the collective farms, Article 8 of the Constitution of the U. S. S. R. declared that "the land kept by collective farmers is secure to them for their use, free of charge, and for an unlimited time, that is, perpetuity." The everyday law does not fix any limits to the amount of property which a collective farm may own. The collective farmers are under an obligation to carry out production according to the plan of the Planning Commission of the U. S. S. R. and to supply to the State the quota of agricultural produce assigned to them. Apart from this it is not open to any

government official to interfere in the working of the collective farms which are practically autonomous and self-governing.

On joining a collective farm a member had to pay an entrance fee and a share contribution. The former is paid in money, and the latter in kind. Further, the entrance fee is to be paid immediately but the payment of the share contribution is extended over a given period.

Members are allowed to leave their collective farm but, when they do so, they cannot get back the entrance fee. Their share contribution is, however, returned to them in cash, equivalent to the value of the implements, goods, etc., contributed by them. They may also receive land from free land reserves in the possession of the State, but cannot get back any land belonging to the collective farm itself.

The Central Committee of the C. P. S. U. and the Commissariat of Collective Farm Centres jointly issued instructions of a general nature regarding distribution of the produce among the collective farm members, as follows:

"Part of the product, an amount to be defined by the National Economic Plan, is sold to the Government; another part goes to the reserve and the sinking fund; another part is kept into a fund for the benefit of the sick or disabled persons, and for the maintenance of orphans of diseased members; part may be used for capital extension. The rest is distributed among the members in accordance with the work they put in the Collective Farm Organisation."

Matters relating to the distribution of the farm-profit, important constructions on the farm, and large purchase of farm requirements, are decided in the general meeting of the farm members. The execution of these decisions is left to the Collective Farm Management Board, which is elected by the general meeting for a specified period. The members of the farm are further divided into brigades which are made responsible for carrying on specific jobs over specific areas of land. The brigade leaders, like the Collective Farm Management Board, are elected in the general meeting. The same Board presents to the general meeting budget estimates for each sowing season and obtains its approval.

The Collective Farm Management Board keeps a correct record of the amount of work done by each member on the collective farm.

The profits of the farm are divided according to the number of work-day units which each member secures. The usual practice is to fix up a standard quota for each type of work on the collective farm, according to the skill, technical ability, or physical exertion involved. A few hours of work of one type, as for instance, work on the Management Board, or as a tractor-driver, may, thus, count for much more than unskilled work for an equal period of time. Since conditions differ from farm to farm with regard to the skill and industry of the members, the productivity of the land, the quality and the quantity of draught animals and the machinery available, the standard quota set for each type of work also differs from farm to farm. Every brigade leader is responsible for maintaining the record of work-day units put in by each member. The work of each brigade is so arranged that it is possible to discover whether it has been performed efficiently. "Quality inspectors" are appointed to check up and report upon the value of the work of each brigade. Special bonuses are given as a reward for work of outstanding quality.

Thus by making the share of every collective farmer dependent on the work performed by him, the Russian system combines the virtues of a collective organisation of society with the high efficiency of an individual enterprise.

The distribution of the farm income being dependent on the quantity and quality of labour performed, it is obvious that the incomes of all classes of people could not be the same. But apart from this, there is another reason for the existence of inequality among collective farm members, that is, the disparities in the size of private land and animals belonging to each family. These inequalities had to be allowed as a concession to the instinct of private property. Marx himself had said that a certain inequality is "unavoidable even in the first stage of communist society."

Nevertheless, with a view to reduce this inequality among the collective farmers it was decided to increase the income of the collective farm through socialised work and reduce the income secured through individual effort on the private orchard or the dairy. The private farms of *kolkhoz* members, which were in the beginning very large, have been gradually cut down to a small patch of land. Income on the collective farm is now generally

regulated in such a manner as to reduce inequalities among the collective farmers only to those which arise on account of differences in the quantity and the quality of the work performed.

Conclusion

The Soviet experiment in agriculture has been the subject of controversy all over the world. On the one hand it has been lauded as the only way of putting agriculture on a sound footing and on the other it has been accused of killing all initiative and individuality and reducing man to a machine in a vast state apparatus whose strings are pulled by a clique, at the top. Whatever may be the truth, a number of impartial writers have testified to the general prosperity and well-being of the Soviet peasantry. Equally true it is that this prosperity was achieved through a violent disturbance and an amount of human misery which is incalculable.

As Maurice Hindus observed: "The transformation of Russian agriculture from individual ownership to collectivised holdings and tillage because of the very speed of the process was accompanied by inordinate sacrifice of comfort, substance and life . . . yet without the collective farm, Russia could never have fought as she has been fighting. She would not have had the mechanical-mindedness, the organisation, the discipline, and above all the food. In the writer's judgment she should have lost the War."

CO-OPERATION IN PALESTINE

The Kvutza or the Jewish communal farm in Palestine appears to be an even more radical and uncompromising social experiment than the *kolkhoz*. The pattern of life in these communities—family relations, education, housing, social life, is unlike anything found elsewhere except in the Soviet communes. Living quarters, kitchen, dining and reading rooms, laundry and other social services, such as the care of children, education, medical aid, are co-operatively organised for the whole community. Co-operation comprehends all the main activities, agricultural production, processing and marketing of produce, and its distribution and consumption. Unlike the commune, the Kvutza exists, as a nucleus of comprehensive co-operation within the framework of an essentially capitalist society. It is, therefore, interesting to observe that the Kvutza have not merely survived but have continued over 25 years to flourish and expand. The *Moshavo* or small-holder's villages, were founded as the result of a reaction from the communal life of the Kvutza and its strong encroachment upon private life. In these settlements private ownership is recognized and farming is generally conducted on an individualist basis, though other allied activities, such as purchase of stock and implements, marketing of produce, are done on the co-operative basis. On an average, however, the communal settlements are economically more sound than the small-holder settlements. The productivity and earning-power of the Kvutza have increased, contrary to the forecasts of various experts who feared that the lack of the incentive of personal profit would make for inefficiency in production. Communal settlements have grown, both in membership and area, relatively more than small-holder's villages.

The political and economic forces and the psychological attitude that shaped the Jewish co-operative villages, or for the matter of that, the Soviet Kolkhoz have no parallel in India. Inspired by the ideal of Zionism, the Jewish youth abandoned individual ambition, the notion of private property and all forms of exploitation. It was an escape from the discrimination practised against

them in Europe. But a mood of exaltation and willingness to make sacrifices was not enough. Most of the settlers had originally belonged to urban areas and the professional classes, and could not adapt themselves to the hard physical labour, the routine of cultivation and the lack of urban diversions. In the beginning, therefore, many of these colonies failed. But those which survived acquired useful practical experience and served as models for later settlements.

Economic causes of formation of the Kvutza

The first Jewish villages grew in the customary way. The settlers took small farms on lease and built huts. A cluster of such buildings and farms formed the village. But many of the individual cultivators had no previous experience, and either abandoned their farms, or remained on land which they could not cultivate properly. Group settlements were first conceived as a solution of this difficulty. Untrained colonists could only make good if they worked in co-operation with skilled cultivators. The first group settlements were managed by paid professional agriculturists, who looked upon their work as a job and were not members of the co-operative and did not share its ideals. This led to friction: a group of highly skilled workers left the settlement and formed the first Kvutza on a self-governing basis—the Kvutza Daganía.

Originally, they did not intend to abolish private property—the first plan was to work together and divide the profits. But as there were no profits to divide, they ruled that there would be no private property and the members would live and eat in common. This proved so successful that the communal organisation of production and distribution was retained even when the Kvutza began to make substantial profits.

Internal Organisation

The Kvutza is practically autonomous in all matters of internal management. The general meeting of all the members, adult men and women, is the central administrative and judicial agency, and decides all matters of importance by a majority vote. A committee of management is elected every year by the general

meeting. Special committees are in charge of such tasks as education, health, culture, distribution of work.

The broad outlines of common work are planned by the general meeting. The work assignment committee consisting usually of five members specifies the daily tasks. A list is hung up every evening at the dining-hall, from which every member learns his next day's task, whether cultivation, or cooking in the kitchen, laundry work or service as waiter. As cultivation is mainly for subsistence and not for profits, the settlement usually produces all the food it needs.

Complaints and shirking are very rare. Willing co-operation is ensured by the representative character of the management and by the fact that every candidate undergoes a period of probation and training before he can be admitted as a member. There are no codified sanctions: the law is upheld by the proximity of the members and the influence of public opinion. The only formal sanction is expulsion from membership, the principal cause being failure to do minimum work.

The most striking feature of the Kvutza is the absence of individual economic reward. The member shares the food, clothing and other amenities, provided by the community, by virtue of being a member, and not in proportion to his productivity or usefulness. He makes himself useful not with the hope of profit but from a sense of social responsibility. The same attitude is shown towards positions of power and privilege, these are not coveted and are accepted only out of a sense of duty.

Central Agencies

There is no individual property in land. The Kvutza itself, holds the land in lease from the National Fund. Originally, these settlements had to be subsidised but now the great majority of the Kvutza are self-sufficient. The National Fund is administered by the central Zionist organisation, the Jewish Agency, which represents the whole Jewish Palestine, and to which the Kvutza are subordinate. Another central organisation is the Histadrut, the General Federation of Jewish Labour, to which the Kvutza are affiliated. The Histadrut co-ordinates a large number of activities, such as consumer's co-operatives,

marketing of agricultural produce, the sick fund, maintenance of dispensaries and hospitals, and co-ordination of educational activities. The Kvutza are also affiliated to one or the other of three Kibbutz or roof organisations, which are distinguished by some minor ideological differences.

The size and membership of the Kvutza

The following table shows the number and size of these settlements in 1948:

Number of settlements	Total no. of members	Total area of land	Average no. of members in each settlement	Average area of settlement	Average area per family
133	18,746	316,283 dunams = about 79,071 acres.	139 (varying in different settlements from fifty to over a thousand)	About 593 acres.	Varying from 4·4 acres to as much as 20—25 acres per family in mixed farming settlements.

*Adapted from "Jewish Labour Economy in Palestine" by G. Muenzner, page 38.

COLLECTIVE FARMING IN MEXICO

The Ejidos or new land settlements were first formed in Mexico under the Agrarian Reforms of 1915. Land for these settlements was acquired either by the reduction of large estates or the reclamation of waste land. In most cases cultivation was conducted on an individualist basis by small farmers; the exceptions being (1) some state farms worked under the direction of an Administrative Committee, and (2) a few group settlements organised on a system of "simple collectivism", according to the principles codified in "Circular 51," which provided that "Ejido lands were to be held and worked in common, all for one and one for all, and no questions raised concerning mine and thine". These co-operative communities did not make much headway under unsympathetic governments, and by a law passed in 1925, large co-operative farms were broken up even against the will of the members, and land re-distributed in small holdings.

The origin of the Ejido is to be traced in the agrarian distress caused by the large number of destitute landless labourers in a country of large-scale capitalist farming. Of the working population of 5 millions in 1930 as many as 3·6 millions or over 70 per cent. were engaged in agriculture. Of these 2·5 millions, that is, half the total working population were landless. Their poverty and enslavement contained the seeds of an agrarian revolution, which occurred in 1934. In that year, Lazaro Cardenas, the candidate of the National Revolutionary Party, was elected President. One of the main objectives of this party was the "expropriation of land for distribution to communal groups or villages." So far, progress under the reforms initiated in 1915 had been slow and unsatisfactory. But under the laws passed by Cardenas in 1936, known as the "Agrarian Code", 221 Ejidos were formed forthwith. In the Laguna region alone, over 3 lakh acres of farming land and 5 lakh acres of unimproved land were distributed among 32,000 farmers. By 1940 there were 15,000 Ejidos with a total area of over 624 lakh acres settled with over 14 lakh peasants (heads of families). It has been estimated that one-third of these Ejidos, i.e., about 5,000, are

collectivised; the others are distributed in individual holdings, but the land in every case belongs to the group in common possession. We shall describe briefly the characteristic features of a collective farm organisation.

Organisation

The establishment of an Ejido is on a voluntary basis. At least, 20 eligible male peasants must in the first instance form a group, and apply to the Government for land. After the land has been acquired it is made over to the group in common possession, and the members are free to decide whether it will be divided into individual holdings or worked collectively.

No fee is charged for admission to an Ejido. The administration is in the hands of two committees elected by a general assembly of the members, each consisting of 3 members and 3 alternates. One of these is the Executive Committee, which elects from among its members the President, who is the executive head of the Ejido, the other committee has supervisory functions, and sees that the best possible use is made of the land and that investments (in machinery, mules, goods for the co-operative store, etc.) are properly made. A number of administrative officers are also elected by the general assembly, the most important among them being the work-chief who prescribes the work for each member and sees that it is carried out. The general programme, however, is laid down at weekly meetings of the two committees, and all that the work-chief does is to organise and supervise the daily work.

The income of the collective Ejido is distributed in the form of wages on a daily or piece-rate basis and as a share of the profit. Wages vary according to the nature of the work and the skill required, but the surplus profit is divided equally on the basis of the hours of work put in by each member.

Expulsion is very rare, the only grounds being (1) continued unwillingness to work, (2) creating disorder, (3) active opposition to the Collective System and (4) criminal offences. No compensation is paid either on expulsion or on voluntary withdrawal from the collective.

The members are associated in agricultural production, but in other aspects, life remains largely individual. They live and

eat separately. In this respect, the organisation of an Ejido corresponds to the Russian Kolkhoz, more than the Jewish Communes of Palestine.

Supervision

The Ejidos, unlike the Jewish communes, which are largely autonomous bodies, require considerable supervision by higher agencies. This was considered necessary because the great majority of the members, roughly about 73 per cent., were illiterate, inexperienced and unprepared for a new social organisation. As one would expect, many difficulties arose in the beginning and conflicts among members were not uncommon. To overcome these the Ejidos were linked together in zones and regions. Each zone had an elective committee of six delegates, each of them in charge of a separate department. Joining the zones together is a regional organisation, called the Union of Ejidal Credit Societies, consisting of delegates from the zones and a representative of the National Bank, which supervises credit, commerce and insurance, agriculture, machinery and social services namely education, health and administration. A vigilance committee exercises a general control over the work of the Union.

State supervision is maintained through two agencies, the National Agrarian Commission which helps the organisation of new settlements, and the National Bank of Ejido Credit which finances them. As the Ejidos were composed of the poorest section of society, the bank had in most cases to advance credit not only for the purchase of livestock, machinery and other farm implements, for land improvement and means of irrigation, but also to make weekly payments for current expenses. The bank also exercises a close and detailed supervision over the finances and working of the Ejidos.

Achievements of the Ejido

Surveys showing costs and net profits on a collective farm are not available, but there are a number of facts indicating that the Ejidos have achieved a large measure of success. In the first year, according to the National Bank statements, 40 per cent. of the Ejidos were able to repay their loans, in the third year as

many as 60 per cent. There has been a considerable expansion of social services, notably, education and medical facilities. Irrigation has been extended, and there is, according to the accounts of competent observers, an all-round improvement in living standards. According to Senior's "Democracy comes to a Cotton Kingdom", the average income in the region rose from 75 centavos before the organisation of Ejidos to 2·25 pesos a day in 1934 and 304 pesos in 1939. Diversified farming and the establishment of fishermen's co-operatives have led to a greatly improved diet.

Maize consumption rose from 64 thousand tons in 1936 to 84 thousand tons in 1938, wheat consumption from 18 thousand tons to 22 thousand tons, and that of beans from 4·5 thousand tons to 8 thousand tons. It appears from recent accounts that the Ejidos are being further extended.

Chapter XIII

CASE FOR ZAMINDARI ABOLITION

The organisation of agriculture and its efficiency depend, to a large extent, upon the rights and obligations of the landholders. There exists an intimate relationship between land tenures and agricultural production, and the latter cannot be materially improved without mending the former. The peasant will not work to his full capacity nor will he invest his resources in improving his land, unless he is certain that he will enjoy the fruits of his labour and the benefits accruing from his investment. That the present land system prevailing in India retards our agricultural efficiency and makes it impossible to effect technological improvements in production is conceded by agricultural experts and economists. It was a tragedy that the problem of land-tenures was not included among the terms of reference of the Royal Commission on Indian Agriculture (1927). Dr. Radha Kamal Mukerji has observed that "the standard of living of the Indian peasant cannot rise until a change in the land system supplies the essential economic basis of more efficient peasant farming. Neither scientific agriculture nor co-operation can make much headway unless we reform the land system."* Sir Mani Lal Nanavati, in his minute of dissent to the Report of the Famine Commission (1945), says that "no scheme of agricultural planning for the post-war period would achieve material results if it overlooks the adverse effects of a defective land-tenure system on the productivity of land. As far back as 1889 Dr. Voelcker pointed out in his report that defective land system is one of the causes of low productivity of agriculture in India". Dr. Gregory, till lately Economic Adviser to the Government of India, confirms the view that agricultural improvement is impossible under the present land system in India. In reply to the questionnaire issued by the Famine Commission (1945) the Government of Bihar said: "The view that unless changes are made in the prevalent system of land tenure, it would not be possible to secure significant

*"Land Problems of India", page 1.

increase in agricultural production, is in accord with facts." Weighty as these opinions are, we must consider the facts and judge for ourselves.

The word "landlord" has been defined in the U. P. Tenancy Act, 1939, as the proprietor of a *mahal,* or of a share, or a specific plot therein. He has the right to cultivate the land assiduously or indifferently. He can settle tenants on it, but immediately on admission the tenant acquires hereditary rights under the law. The landlord owns the pasture land, waste land and common land of the village. In such lands the cultivating body has customary rights, but, unless specified in the record-of-rights, these rights remain undefined and capable of being encroached upon. The landlord has the right to keep the land idle, but if the evil becomes widespread in any area or locality, the State may under a recent enactment, intervene and let out the land on behalf of the landlord. The landlord may be in direct contact with the tenant in which case he owns all the proprietary rights, or there may be an under-proprietor in Avadh or a sub-proprietor in Agra or a *thekadar* or motgagee-in-possession, intervening between him and the tenant, whose rights are carved out of the sum total of the proprietor's rights. The landlord has a right to fix initially any rent he pleases, but after the expiry of ten years under conditions stated by law the rent becomes liable to enhancement or abatement. This can be done by order of the court or by a registered agreement or compromise entered into in the course of litigation. The landlord has the right to eject a tenant, but only when he is in arrears of rent, or misuses the land, or transfers or sublets it otherwise than in accordance with the law. All tenants with a right of occupancy can make agricultural improvement other than digging a tank, and, on ejectment, they can claim compensation for an unexhausted improvement. On the tenant dying without an heir the land reverts to the landlord. The landlord holds his rights subject to liability for the payment of revenue. All land is deemed to be hypothecated for the revenue demand and arrears of revenue have precedence over other debts of the landlord. Except in the Banaras Division and the permanently-settled parts of the Azamgarh district, all land in the United Provinces is subject to settlement every forty years. At the settlement, the revenue which the landlord must pay during the next

forty years is fixed, and if the landlord refuses to sign an engagement in acceptance of the new *jama,* his estate is temporarily vested in the Collector for management. During this period the landlord is entitled to a bare subsistence allowance. Ordinarily land revenue forms 40 per cent. of the rental assets, but in special cases it may go up to 45 per cent. and come down to 38 per cent. In practice it works out to about 35 per cent. of the assets. The failure of the landlord to pay the land revenue is met with severe consequences. All his land and movable and immovable property of various kinds are liable to be attached and sold. He can be deprived of the right of management, and the land taken under direct control. Wherever there are more than one co-sharer in a *mahal,* one of them is appointed a *lambardar,* and he represents the whole body of co-sharers *vis-a-vis* the State and performs certain acts relating to common management. As the successive tenancy laws increased the security of tenure by making tenants' rights heritable, and by imposing restrictions on enhancement of rent and ejectment, the landlord carved out for himself a special estate known as "*sir*". On the transfer of *sir* the landlord becomes its exproprietary tenant. *Sir* is assessed to a lower rate of revenue. A tenant settled on *sir* land does not become a hereditary tenant, but gets a five years' tenure. The process of augmenting the area of *sir* went on until 1939, when it was arrested by the Tenancy Act of that year.

Such is the general picture of a landlord in the United Provinces to-day, but it is far from complete. The history of landlord's right is characterised by a progressive increase in the rights and security of the tenant, and by a gradual reduction in the State's share of the produce, on the one hand, and a corresponding increase in the landlord's share on the other.

The precept that "he who does not work shall not eat either", which has for thousands of years remained a mere moral injunction, has now come to be recognised as a fundamental principle upon which the social structure must rest. He who does not make a return in the shape of produce or social service equivalent to or more than what he consumes is a drone and a drag on social and economic progress. Every section of people must

perform a definite economic function. Experience has shown, however, that the various classes of intermediaries functioning as rent receivers, whether as zamindars or taluqdars or under-proprietors or other subordinate holders, have done nothing to improve the land and have left the land and the tenantry where they were, and indeed in a plight worse than before.

Agriculture is no doubt a means of earning livelihood for the peasant. None the less the peasant holds the land in trust for the nation. Public opinion has of late been clamouring for a far-sighted national agricultural policy which must have as its objects the conservation of our natural and human resources, the augmentation of the nation's food supply. and the assurance of prosperity to the masses. Land was not created by man's efforts. It is nature's gift to man, and is vital to the community. It cannot, therefore, be looked upon as property owned and possessed by individuals to be used or abused at their will.

The old view which regarded property as a subjective right has, since the end of the first World War, been progressively replaced by the idea which regards it as a social function. This development was greatly accelerated by the exigencies of the War which led every State to curtail the property rights of its citizens whenever social needs demanded this. Even in a country like Italy this new theory received formal recognition from the State. It passed a decree for the expropriation of land which was not utilised in accordance with certain prescribed standards. The new Constitution of the German republic enunciated the same general principle in Article 153 "Property carries duties with it. Its use shall at the same time be a service for the general good". And article 155 made "the cultivation and exploitation of the soil a duty of the landlord towards the country". The Russian Revolution, and the land decrees following it, knocked the bottom out of the traditional concept of property. The agrarian countries, all the world over, were powerfully affected by the Russian Revolution, and even those who were opposed to the communist way of life were shaken in their faith in proprietary rights as conceived by the Roman law. The depression of 1928 and the following years disturbed the economic structure of the

world and exposed its weakness. The growing pauperisation of the toiling masses became a serious problem and it forced thinkers and economists to the conclusion that in India, as in many other parts of the world, landlordism is an inequitable anachronism; that land can no longer be allowed to be treated merely as a source of income; that it is for use, and therefore, it should be regarded as a definite and limited means for supplying labour to a category of citizens whose occupation in life is the tilling of the soil. World War II carried the process further, because it proved the imperative need for more severe limitations and restrictions on rights of private property. Not so much by abstract thinking, as by the exigencies of the time, the common man lost faith in the sanctity of private rights for he saw one after another of the property rights, which since times immemorial had been held sacrosanct, forcibly taken away in the national cause and he got used to it. We have seen elsewhere how the process of breaking up the larger estates and handing over land so released for raising uneconomic holdings to a standard size and creating settlements for landless labourers, which started in the period intervening between the two world wars gained momentum during the last years of the second World War. In the context of these developments it would be sheer folly for the landlord in India to insist upon "the inviolability" of his rights.

It is sometimes claimed by the landowner that the zamindari system in India is an ancient institution, but enough has been said by historians and economists to disprove this preposterous claim. Very few estates of our times can trace back their origin to a date prior to the advent of the British in India. The zamindari rights came into existence in most cases owing to the chaos that prevailed on the decline of the Mughal Empire or to the misconceptions of the early British administrators. In "Aeen-i-Akbari", the term "zamindar" was used to signify "a rent collector"; the forefathers of many a zamindar of our times were either village headmen, or farmers of revenue, or sureties of defaulting zamindars, dishonest government servants, money-lenders or speculators. Lord Canning who, more than any other person is responsible for the re-establishment of the taluqdars in Avadh, wrote that: "The majority are distinguished neither

by birth, good service or connection with the soil, who, having held office under the Native Government, as *nazims* or *chakladars* or having farmed the revenue of extensive tracts, had taken advantage of the weakness of the Native Government. . . ."

Considerations of administrative convenience, whereby the State's share of the produce could be collected from a handful of well-to-do persons rather than from a multitude of small and indigent owner-occupiers weighed a great deal with the early British administrators in creating the zamindari system. From the earliest days of British rule the rights of the zamindars have been subject to their liability to pay revenue. Even under the present Land Revenue Act the landlord can enjoy his property only so long as he is bound by the engagement to pay revenue, but if he refuses to engage, the property for the time being passes out of his hands. Whatever considerations may have prevailed at a time when the administrative machinery was inadequate and the share of the landlord was low, there is no justification now for keeping a highly expensive machinery which fulfils no other function except the collection of rent. The figures for 1944-45 go to show that in order to collect Rs.6,82 lakhs as land revenue and Rs.71 lakhs as local rates, the State forgoes no less than Rs.10,00 lakhs in maintaining the landlord system for the collection for its dues. None but a most extravagant person would employ an agency which costs him about one and a half times the amount collected.

Land has some peculiar qualities. It can neither be moved nor extended. Thus every nation has a fixed quantum of land except when it conquers and annexes the land of other people or acquires colonial rights over other countries. We have no design or ambition in either direction. We must, consequently, make the best use of the land which nature has given us. Any system under which the land is concentrated in the hands of a few persons means the degradation of large numbers who have less or none of it.

The following statements, compiled from the statistics collected by us, show the classification of zamindars in the United Provinces,

excluding Almora and Garhwal districts and the hill Pattis of Naini Tal district, according to the amounts of revenue payable by them.

Classification according to the land revenue payable	Number of zamindars in the class	Amount of land revenue payable
		Rs.
Rs. 25 or less	17,10,530	1,00,49,725
Exceeding Rs.25 but not Rs.50	1,42,890	50,02,021
Exceeding Rs.50 but not Rs.75	53,288	32,51,796
Exceeding Rs.75 but not Rs.100	28,369	24,57,362
Exceeding Rs.100 but not Rs.150	27,861	34,05,055
Exceeding Rs.150 but not Rs.200	14,473	24,82,548
Exceeding Rs.200 but not Rs.250	9,230	20,68,434
Total ..	19,86,641	2,87,16,941
Exceeding Rs.250 but not Rs.500	16,758	59,19,934
Exceeding Rs.500 but not Rs.1,000	7,491	51,72,917
Exceeding Rs.1,000 but not Rs.1,500	2,362	28,75,894
Exceeding Rs.1,500 but not Rs.2,000	1,076	18,67,688
Exceeding Rs. 2,000 but not Rs.2,500	588	13,18,882
Exceeding Rs.2,500 but not Rs.3,000	393	10,73,639
Exceeding Rs.3,000 but not Rs.3,500	242	7,85,148
Exceeding Rs.3,500 but not Rs.4,000	179	6,71,590
Exceeding Rs.4,000 but not Rs.4,500	135	5,71,335
Exceeding Rs.4,500 but not Rs.5,000	114	5,39,491
Exceeding Rs.5,000 but not Rs.10,000	414	29,28,888
Exceeding Rs.10,000	390	1,56,26,679
Total ..	30,142	3,93,52,085
GRAND TOTAL ..	20,16,783	6,80,69,029

This statement shows that in our province zamindars paying Rs.250 or less as land revenue annually are about 98·51 per cent. of the total 20,17,000. Only 30,000 or about 1·49 per cent. pay

land revenue exceeding Rs.250 annually. Of 1,987,000 zamindars paying Rs.250 or less, the number of those who pay only Rs.25 or less is 1,711,000, i.e., 86·11 per cent. of the total number of such zamindars. Thus, among the zamindars paying Rs.250 or less as land revenue, the overwhelming majority consists of those who pay Rs.25 or less. The petty zamindars suffer more at the hands of the money-lender than a tenant of equal status. Many petty zamindars are also tenants and as such subjected to exploitation by the bigger landowners.

Thirty thousand persons, who pay more than Rs.250 as land revenue, annually paid to the State in 1353 Fasli a total sum of Rs.394 lakhs out of the total provincial demand of Rs.681 lakhs, the remaining Rs.287 lakhs being paid by those paying Rs.250 or less. Land revenue in the United Provinces is assessed on the valuation of land. Thus, a bare 1·49 per cent. of bigger landlords own nearly 57·77 per cent. of the land while the overwhelming majority of 98·51 per cent. of smaller landlords owns only 42·23 per cent. of the land. Figures for landlords paying more than Rs.5,000 as land revenue, who may properly be termed the elite of the landed aristocracy, are even more revealing. Their number does not exceed 804 throughout the province, and they paid to the State no less than Rs.186 lakhs as land revenue, which is about 27 per cent. of the total revenue paid to the State. Thus, 804 landlords out of a total of more than 20 lakhs own anything between one-fifth and one-fourth of the land of the province. They constitute a bare of 0·04 per cent. of the total number of zamindars and 0·0014 per cent. of the total population of the province. These figures are enough to throw light on the inequitable distribution of our land and agricultural wealth. So long as the present system of land-tenure exists this inequality will prevail.

The smaller zamindar depends for his economic position upon the cultivation of *sir* and *khudkasht*. He is essentially a cultivator and not a rent-receiver. If his *sir* and *khudkasht* lands are secured to him, as we propose to do, and compensation is paid to him at a higher scale, 98·51 per cent. of the zamindars will not suffer much hardship. In fact, he may even gain by the abolition of zamindari, for as a result of direct impact between the tiller of the soil and the State, large and small scale works of land improvement and land reclamation will gain impetus.

The State proposes to spend large sums to effect technological improvements by undertaking comprehensive schemes of development. The history of the tenancy and land revenue legislation will bear out that the Congress has always been anxious to safeguard the interests of the smaller zamindars. In 1929 during the progress of the Land Revenue (Amendment) Act, Congress members of the Legislative Council pressed that the land revenue of the petty zamindar should be brought down to 35 per cent. of the assets, a proposal which was resisted by bigger landlords. In the United Provinces Tenancy Act, 1939, the Congress Ministry exempted landlords paying Rs.250 or less as annual land revenue from the provisions limiting the area of *sir* and imposing other restrictions.

The only persons who will suffer in wealth and status are about 30,000 landowners paying a land revenue of more than Rs.250 annually. They constitute, as we have seen, only 1·49 per cent. of the entire body of the landowners, and ·054 per cent. of the whole population. Many of these, particularly those paying land revenue of more than Rs.500 and over, will receive sufficiently big amounts as compensation to rehabilitate themselves. In the case of 16·8 thousand landlords paying a land revenue between Rs.250 and Rs.500 annually we have applied a comparatively higher multiple. It will thus be seen that every care has been taken to minimize the suffering as much as possible. Nevertheless, suffering there will be, but in the larger interest of society it cannot be helped.

The large landed aristocrats of the province in their crusade against the Government for abolishing zamindari have recently developed a new love for the petty landowners. They claim to speak on behalf of the zamindars, who are "as poor, as necessitous and practically as numerous as the tenants." The truth or otherwise of this statement apart, it is obvious that this move of the landed aristocracy is a part of the strategy to win over the smaller zamindars, who constitute the overwhelming majority of their class for their own ends. Never in the past has the bigger zamindar shown any concern for the smaller zamindar. And we have no doubt that the smaller zamindar is possessed of too much patriotism and intelligence to be duped by others.

The founders of the zamindari system in India had expressed a pious hope that the landlord would look after the welfare of the tenant and improvement of the soil; that he would act like an English landlord who provides homestead and improves the quality and fertility of land. In the Permanent Settlement Regulation it was expressly stated that "The Governor-General in Council trusts that the proprietors of land, sensible to the benefits conferred upon them by the public assessment being fixed for ever, will exert themselves in the cultivation of their land". Lord Canning laid it down as one of the conditions in the taluqdari *sanads* of Avadh that "It is also a condition of this grant that you will, so far as is in your power, promote the agricultural prosperity of your estate, and that all holding under you shall be secured in the possession of all subordinate rights they formerly enjoyed." Failure to do so would render the taluqdar liable to the cancellation of the *sanad*. These hopes have, however, remained expressions of pious wishes. Instead of improving the condition of the cultivator and the soil, the landlords have been responsible for the steady impoverishment of both. They have indulged in rack-renting and illegal exactions. While on the one hand the State's share in the rent collected has progressively decreased, the margin of profit left to the landlords has increased.

The following table will show how the ratio which land revenue bears to the total rental demand in the United Provinces has progressively decreased from 1793:

Year	State share in rents
	Per cent.
1793 and near about	90
1822 ditto	83
1833 ditto	66
1855 ditto	50
1893 ditto	49
1903 ditto	46
1913 ditto	41
1925 ditto	38
1929 ditto	36
1939 ditto	39
1946 ditto	39

Thus the State's share of the rent, which in 1793 was 90 per cent. has come down in 1946 to 39 per cent.

The following table gives the total rental demand, the total land revenue and the margin of profit left to the intermediary for the years beginning from 1893-94 to 1943-44:

Year	Total rental demand (in lakhs of rupees)	Total land revenue paid (in lakhs of rupees)	Margin of profit (in lakhs of rupees)
1893–94	1224	593	631
1898–99	1236	619	617
1904–05	1383	640	743
1909–10	1507	649	858
1914–15	1632	651	981
1919–20	1784	677	1107
1924–25	1867	690	1177
1929–30	1940	703	1237
1934–35	1881	712	1169
1939–40	1810	702	1108
1942–43	1717	682	1035
1943–44	1737	681	1056

The increase in the rental demand since 1893-94 is about 45 per cent. and in the land revenue only 15 per cent. During this interval the margin of profit of the intermediaries has increased by 70 per cent. It shows that while the burden of rent on the peasant increased from 12,24 lakhs in 1893-94 to 17,37 lakhs in 1943-44, the major part of it was appropriated by the intermediaries and only a small portion went to the State. In 1929-30 the landlords' profit reached the peak figures. There was a rise of 58 per cent. in rents with a corresponding rise of 19 per cent. in revenue and 96 per cent. in the landlords' profit. The lower figures for 1934-35 and subsequent years are accounted for by the remissions granted on account of slump in the agricultural prices. After the prices had recovered a little, revision and settlement operations were revived and consequently the figures for

1942-43 show a decline on account of the adjustment of rents of tenants during the settlements.

A part of the increase in the rent-rolls can no doubt be attributed to the extension of cultivation into wasteland, but the major portion of the increase was due to the enhancement of rent of the existing tenants. Major C. E. Erskine, Commissioner on special duty in Avadh, gives the following figures of the rise of rents between 1865 and 1883, that is, over a period of 18 years in the districts of Avadh.*

District	Average rise in rent incidence
Lucknow	27·1
Unnao	23·3
Bara Banki	19·2
Sitapur	37·3
Hardoi	29·7
Kheri	29·2
Faizabad	21·3
Bahraich	41·2
Gonda	13·9
Rae Bareli	25·5
Sultanpur	26·8
Pratapgarh	49·4
Average Avadh	24·5

Another officer, Mr. H. B. Harrington, Deputy Commissioner of Sultanpur, reported that during the same period rents in some of the villages in the Sultanpur district had increased from 20 to 101 per cent. According to the Congress Agrarian Enquiry Committee (1936), rent and revenue, between 1901 and 1930 as compared with the rent and revenue of 1904-5 are as follows:

INDEX NUMBERS OF RENT AND REVENUE IN THE U. P.

Year	Rent per acre		Land revenue demands
	Privileged tenants	Ordinary tenants	
	Rs.	Rs.	Rs.
1901	99	96	99
1910	106	112	103
1920	113	133	107
1930	121	166	111

*"Collection of papers relating to the condition of the tenantry and the working of the present Rent Law in Oudh," Vol. II, 1883, P. 275.

An evil effect of the rise in rents and the failure of the peasant to pay his dues, is the increase of relinquishments and the institution of a large number of suits for the realisation of rent. These suits cast an additional burden on the tenant in the form of expenses of litigation, which under the complicated system of the law courts is no inconsiderable amount. In a large number of cases the tenant is unable to pay the decretal amount and is ejected. The table below will show the figures of cases for ejectments, arrears of rent and relinquishments:

Year	Total number of cases in which ejectment ordered	Arrears of rent cases	Relinquishments
1926–27	69,006	241,618	21,628
1927–28	80,226	257,177	29,276
1928–29	70,375	267,508	26,068
1929–30	81,661	335,551	26,064
1930–31	101,305	336,800	89,039
1931–32	90,937	317,731	51,368
1932–33	88,256	327,920	43,422
1933–34	99,257	324,104	28,173
1934–35	109,019	321,143	32,829
1935–36	102,748	297,971	32,103
1936–37	87,012	366,937	17,809
1937–38	43,570	276,310	13,798
1938–39	81,835	341,712	12,971
1939–40	51,086	256,385	15,446
1940–41	86,557	305,753	14,098
1941–42	86,535	271,158	15,484
1942–43	115,971	211,837	12,920
1943–44	112,184	164,051	14,898

The full effect of rise in rents would be better understood by the figures of the area of land involved in the ejectment orders,

which could not but have a most harmful effect on the agricultural production. The following table shows the area from which the ejectment actually took place up to the year 1939:

Year	Agra		Avadh	Total United Provinces
	Under section 79 of the Agra Tenancy Act under a decree for arrears	Under section 81 of the Agra Tenancy Act in default of payment of arrears	To eject statutory and non-statutory tenants	
	Acres	Acres	Acres	Acres
1926–27	47,576	28,846	26,954	103,376
1927–28	56,950	41,493	23,678	122,121
1928–29	63,760	27,236	30,928	121,924
1929–30	85,329	31,384	36,723	153,436
1930–31	157,124	51,157	38,656	246,937
1931–32	154,157	58,738	42,011	254,906
1932–33	139,080	39,726	46,725	225,531
1933–34	141,782	44,432	55,225	241,439
1934–35	162,899	43,417	68,680	268,996
1935–36	136,780	38,213	60,129	235,122
1936–37	101,469	24,697	39,932	166,098
1937–38	31,558	9,033	22,513	63,104
1938–39	75,181	12,254	59,935	147,370

The misfortune of the cultivator did not end with his ejectment from the holding. The decree for arrears of rent could until 1939, even after ejectment, be realised from other properties of the tenant. Cases are not wanting when the tenants' pitiful belongings—household utensils, cots, framework of doors, thatched roof—were auctioned to realise the arrears of rent. The Civil Procedure Code prohibits the auction of bullocks and agricultural implements, but the law was often circumvented by enforcing their sale through private negotiations for liquidating the arrears. Sometimes, even physical violence was used for

the realisation of the arrears of rent. Invariably the auction money was far short of the market price of the articles sold. The United Provinces Tenancy Act, 1939, however, enacted a provision whereby all arrears of rent are wiped off after the ejectment of the tenant from his holding. Thereby this vicious practice came to an end.

With the growth of population and the absence of any means of livelihood except agriculture, the scramble for land had intensified continuously. There was no increase in the cultivated area. The land, therefore, became scarce and the claimants grew in number. The zamindar made full use of the situation. Rents became competitive and it was in the zamindar's interest to change the tenant as often as he could. Every change meant increase in rent and *nazrana*. This state of affairs was partially arrested in Avadh by the Avadh Rent (Amending) Act, 1921 and in Agra by the Agra Tenancy Act, 1926, which conferred statutory rights on the generality of tenants, that is, gave them right to hold land during their lifetime and to their heirs for five years afterwards. Finally the United Provinces Tenancy Act, 1939, conferred hereditary rights on all tenants and, thereby, arbitrary ejectment came to an end. But the landlord's rapacity continued to be as acute as ever. He did not fail to take the fullest advantage of some loopholes left in the 1939 law. Section 171 of the United Provinces Tenancy Act, 1939, provides, among other things, for the ejectment of a tenant who sublets his holding contrary to the provisions of law, that is, for a period of more than five years, or before the expiry of three years after the last subletting. This provision was intended to apply only to sub-leases made after the commencement of the new law. The Board of Revenue, however, held that the law applied retrospectively and any subletting made contrary to law, whether before or after the commencement of the new Act, came within the mischief of that section. Some other rulings laid down that all lands held by sub-tenants for more than one year without a registered sub-lease were held unlawfully. Tempted by the prevailing high prices of agricultural produce during the second World War the landlord took the fullest advantage of these interpretations and filed a huge number of suits for the ejectment of tenants and sub-tenants under section 171, with a view to increase rents and realise *nazrana* from new

tenants. No warning could prove of any avail. The following table gives the number of suits filed and the area from which the tenants were ejected under section 171:

Year	Total no. of cases disposed of	Number in which ejectment actually ordered	Area in acres from which ejectment actually took place
1939–40	2,172	664	709·3
1940–41	16,083	7,536	6,306·77
1941–42	42,051	21,142	31,458·43
1942–43	50,257	24,852	38,148·43
.. ..	46,610	24,174	34,200·46
Total ..	157,173	78,368	1,10,823·39

After the restoration of the Congress Ministry in 1946, the mischief was undone and lands were restored by an amending Act to the tenants who had been ejected under section 171, contrary to the intentions of the framers of the United Provinces Tenancy Act, 1939. All the same the landlords could not be made to disgorge the huge sum they had received as *nazrana* in these transactions.

The following tables give figures for ejectment under sections 163 to 165, 175 to 179 and 180 of the United Provinces Tenancy Act, 1939, up to the end of 1944:

Sections 163-165

Year	Total no. of cases disposed of	Number in which ejectment actually ordered	Area in acres from which ejectment actually took place
1939–40	10,751	2,112	995·89
1940–41	40,928	13,401	29,585·92
1941–42	63,360	23,141	53,485·53
1942–43	52,789	19,540	37,412·14
1943–44	30,229	10,065	25,017·93
Total ..	1,98,057	68,259	1,46,497·42

Sections 175-179

Year	Total number of cases disposed of	Number in which ejectment actually ordered	Area in acres from which ejectment actually took place
1939–40	14,606	6,179	4,819·98
1940–41	43,752	34,671	55,254·61
1941–42	17,075	14,886	24,052·68
1942–43	12,207	10,833	18,240·09
1943–44	45,451	31,062	25,793·19
Total ..	1,33,091	97,631	1,28,160·55
N.B.—These figures were furnished by the Board's Office for the period from January 1, 1940 to December 31, 1945.	..	3,11,584	3,26,991·48
Section 180			
1939–40	31,369	19,068	28,676·83
1940–41	50,096	28,745	34,320·69
1941–42	43,244	25,017	32,461·29
1942–43	1,02,136	58,851	42,552·61
1943–44	82,029	45,694	46,347·29
Total ..	3,08,874	1,77,375	1,84,358·71
N.B.—These figures were furnished by the Board's Office for the period from January 1, 1940 to December 31, 1945.	..	2,05,958	2,19,166·99

The huge figures of ejectment suits and the area of ejectment indicate that with the change of times and conditions the landlord has not changed his mentality. Even today, just as ever, he is prepared to take advantage of anything legal or otherwise, that helps him to displace old tenants. If he is unable to indulge in mass ejectment, it is not for want of will but for want of opportunities.

The story of the illegal exactions of the zamindars may appear today to be of academic interest, as with the conferment of greater security of tenure, regulation of rents and administrative watchfulness, illegal exactions have during the last two decades become rarer. Nevertheless, it throws a lurid light on the genesis and growth of landlordism in the United Provinces. It is also interstring to note that illegal exactions were more common in Avadh, which abounds in big estates. Mr. S. N. A. Jafari gives an interesting account of the illegal exactions in the United Provinces :*

> "It must be borne in mind that the cesses—to employ a more correct if less harsh term than exaction—differed greatly in nature and origin. An increase of existing cesses and the creation of new and sometimes extraordinary ones took place, e.g., in an eastern district a big zamindar realised 'gramophoning' when his son went round the village with a musical instrument of the kind mentioned . . . . The presentation of a *nazarana* on building a house, planting trees and digging a well—making him in fact pay for the privilege of improving his holding—will, we fancy, continue for some time, nor be objected to so long as confined to reasonable limits. Cess of *bhusa,* sugarcane, *payal* and *karbi,* are objectionable in theory and—of late years still more so in practice—the small quantities formerly levied from the individual cultivator having increased in size. Among the less legitimate exactions on the part of big zamindars we find that a tenant is expected to give his landlord a *kachcha* maund of wheat whenever a wedding takes place in the family of the latter, also to give one day's ploughing each season to the *sir* land of the zamindar. The non-cultivating residents of a village have likewise to add their quota to these unlicensed dues. The *chamar* gives two pairs of shoes annually, the shepherd a blanket, the *pasi,* usually the village watchman, a goat, the *kahar* one maund of *singharas* per tank on which that waternut grows. The oilman (*Teli*), the grain parcher (*Bharbhuja*), and the weaver (*Jolaha*) pay sums in cash varying from twelve annas to a rupee and a half. Considering that a majority of these

*"History and Status of Landlords and Tenants in the United Provinces" by S. N. A. Jafari—pp. 131-132.

people live from hand to mouth these demands seem excessive."

In some *ilaqas* illegal exactions amounted to as many as 50 in number. Ingenious as some of these exactions were, the methods of realising them were even more ingenious. There were cases when fields sown by the tenants were ploughed up again and the crop destroyed, and crops ready for reaping were either forcibly taken away by the zamindar's men or burnt down. The tenant was sometimes made to stand in the sun with a stick between his legs. It is unnecessary to multiply these sadastic stories.

It has been urged by some zamindars that their estates have been acquired through purchase, and that they are a class of investors, who instead of purchasing shares, stocks or bonds or putting their money in industries, have diverted it to land. Why should they alone, of all the property owners, be singled out for expropriation? If their zamindari rights are acquired, the State must at the same time acquire all industrial and financial concerns. We might state, at the outset, that we do not think that these zamindars deserve any praise or sympathy for sinking their money in an unproductive investment, such as the zamindari rights are. Their money should profitably have gone to industrial concerns and enriched the country.

The Government of India have recently defined their industrial policy. The manufacture of arms and ammunitions, the production and control of atomic energy and the ownership and management of railway transport have been made the exclusive monopoly of the Union Government. Further, in any emergency, the Government would have the power to take over any industry vital for the national defence. In coal, iron and steel, aircraft manufacture, ship building, manufacture of telephone, telegraph and wireless apparatuses and mineral oil, ordinarily the existing concerns, have been assured a ten-year lease of life, after which their future will be decided in the light of circumstances obtaining at that time. Any new venture within the scope of these industries, however, shall in future be the exclusive concern of the Central or Provincial and State Governments and other public authorities like Municipal corporations. The generation and distribution of electrical power has already come under Government's control. The rest of the industrial field will normally be

open to private enterprise, individual as well as co-operative. The State will also progressively participate in this field, nor will it hesitate to intervene whenever the progress of an industry under private enterprise is unsatisfactory. A number of other industries, such as salt, automobile parts, electrical engineering, heavy machinery, machines and tools, chemicals and fertilisers, rubber, cotton and woollen textiles, cement, sugar, paper, air and sea transport and minerals have been marked out as basic industries of importance which require planning and regulation in the national interest. Their location will, therefore, be governed by factors of all-India importance and they will be subject to central regulation and control. It is true that the State control and nationalisation envisaged in this programme falls short of what we propose to do in respect of the zamindari system. But we cannot close our eyes to the fact that India is industrially one of the most backward countries in the world. Many industries are yet in a nascent state and are struggling. Some have so far not been established. We can talk of socialisation and nationalisation but it is not possible to socialise or nationalise something that does not exist. Moreover, private enterprise in industry has some justification for the *entrepreneur* provides organisation and takes risks. The zamindar, however, is not an organiser of agricultural activities in the sense in which an industrialist or a businessman is. Apart from the money that the zamindar invests in acquiring land, he invests almost no capital for increasing agricultural production and does nothing to improve the land or the standard of cultivation. "The capitalist performs at least an active function himself in the development of surplus value and surplus products. But the landlord has but to capture his growing share in the surplus produce and the surplus value created without his assistance."* says Marx. From the social point of view, zamindari and industry stand on two different levels. Then, one has to begin somewhere, and it would be foolish for us not to do a thing that lies within our power because we cannot do another thing that does not lie within our power. The question of industrial policy is an all-India matter, while matters concerning land and land tenures are exclusively within the power of the Provincial Governments.

*"Capital," Vol. III, p. 748 (Kerr Edition).

In a previous chapter we have given figures for our declining food production. The problem of our food supply, normally precarious, has been heightened by the partition of the country. It has created for us entirely new difficulties in relation to our food problem. Undivided India could more or less freely draw upon the wheat and rice surpluses of the Punjab and Sind. Pakistan has now become a foreign country and the position has altered. Supplies from territories now forming part of Pakistan will have to be secured through negotiations and settlements between the two dominions, and in order to secure even a portion of the estimated Pakistan surplus of 1,000,000 tons of foodgrains we shall have to compete with numerous other countries.

The partition has also accentuated the problem of our foreign exchange. In 1946, India imported foodgrains from Argentine in exchange for jute and cotton. In fact, the export of raw jute and cotton was the most important item of foreign exchange in undivided India. But, after the division Pakistan has come to possess almost a world monopoly of jute. A large part of the cotton area, once our own, has now become a part of Pakistan. The Indian Union, therefore, can no more rely upon jute and cotton either for foreign exchange or for barter agreements for food. It is through foreign imports that India has of late fought its battle against famine and starvation. The present major difficulties of foreign imports cannot, however, be overlooked. Despite all efforts our actual imports in the past years have been much less than the needs of the country. In 1946 the deficit in India was estimated at 70 lakh tons; our representatives demanded only 40 lakh tons from the Combined Food Board but we received only about 23 lakh tons. The deficit for 1947 was estimated at 45 lakh tons but the amount allotted was less and the actual imports were very much less. Of the allotment of 410,000 tons for the first half of 1947, only 250,000 were received by the end of June.

"Food is No. I Politics" says Rammurthi, alternate leader of the India Delegation to the F. A. O. "It was for political reasons that we wanted India to stand by herself in the matter of food. If India were dependent on other countries for food, big powers might threaten to starve her out during the new war, if India did not join their side." Excessive reliance on food imports has its own dangers. The politics of the United States of America and the United Kingdom dominate the allocation of food. There is

a possibility of our getting embroiled in power politics dominating the U. N. O. and the major countries of the world as opposed to the declared policy of the Indian Union to remain out of it. In a world heading towards a third world war and divided between two rival camps, we cannot rely upon the food imports from foreign countries. Such a course would mean mortgaging our independent role in world politics to the caprice of powerful States. We may lose the initiative which alone can help in the restoration of world peace and harmony. We must, therefore, look to our resources which are by no means inconsiderable.

One of the basic causes of the food crisis, which has become chronic, is the outmoded system of land tenures under the system of landlordism. This system has prevented the nation from exploiting all its natural resources for increasing food production. The power and domination of the landlord have resulted in a lack of incentive in the cultivator and in the prevention of intensive cultivation. There cannot be any permanent and final solution of our food crisis unless landlordism, which must bear the main responsibility for recurrent famines and permanent food scarcity, is done away with. The system needs complete overhauling. Any attempt on our part, to tinker with the problem and suggest changes here and there in the super-structure, is bound to fail. Our agrarian system has collapsed. It has become a drag on the development of the productive forces of the country. It hinders every sensible scheme of large-scale operation for rehabilitating the collapsed economy of the country. Abolition of parasitic landlordism along with the simultaneous development of industries can alone draw away the population unproductively engaged in agriculture—the landless labourers and the occupiers of uneconomic holdings—and make possible the reorganisation and regrouping of those who remain on land into co-operative enterprises and, thereby, increase the national wealth and income. No solution within the existing framework of the land system being possible, the landlord must go. Any system which has lost vitality must be changed and the classes or groups that cling to it must disappear. This process, we are of opinion, must be made as easy as possible. It should involve the least suffering, but suffering to a certain extent is inevitable and will have to be borne. Landlordism today has reached the stage when it

cannot be tolerated any longer, without putting our national economy in jeopardy.

The age-long simmering discontent, occasionally bursting into acts of open defiance and sometimes of violence in our province and other parts of India, has reached a critical stage. Whatever forbearance and self-restraint we find in the countryside among the tenants is due to the hope that those who are running the State will undo the wrong done to them. Once that hope has gone, the tenant will be driven to desperation. The discontent may develop into revolt and our social security may be threatened by the outbreak of violence. Our scheme of zamindari abolition contemplates payment of equitable compensation. If abolition is held over for a few years, abolition may mean expropriation without compensation and, quite possibly bloodshed and violence. In the words of Professor J. Laski "To the threat of revolution, there is historically only one answer, viz., the reforms that give hope and exhilaration to those to whom otherwise the revolutionaries make an irresistible appeal." One can only hope that the entire landed gentry is not blind to the writing on the wall.

PART II

RECOMMENDATIONS

CHAPTER XIV

THE INTERMEDIARIES AND THEIR ELIMINATION

One of our most important terms of reference is to suggest what rights of intermediaries should be acquired so that in future the land and the profits accruing from it should remain with him who cultivates it. The preceding sections of this Report will have gone to show that, apart from the questions of social justice, it is essential also from the economic point of view (for principles of social justice are now generally recognized to be synonymous with those of a sound economic policy) that those who are merely rent-receivers should go.

The term "intermediary" is widely used and most people have some idea of what it means with respect to agricultural land, but our task is to ascertain, as precisely as possible, what the term connotes. The task is manifestly difficult because of the vast territory and the variety and complexity of the tenures involved. Among the intermediaries there are proprietors with stable tenures and proprietors with unstable tenures; there are various classes of tenants, some confined to specific areas and others spread over almost the whole province, some with rights of occupancy and others holding at the pleasure of the superior proprietor. The same person may be an intermediary with respect to one plot of land and a cultivator in respect of another. The classification will depend not merely on the person, but on the nature of rights and tenure in a specific area of land. Another question is: who should be considered to be the cultivator of the soil. Is it necessary that he should personally perform manual operations incidental to cultivation? What other functions should he necessarily perform in order to be classed as a cultivator? Should all the intermediaries be removed? If not, where should we draw the line?

An analysis of the existing land tenures in the United Provinces will show that there is a broad division between the holders of various rights on the basis whether those rights are proprietary or tenant's. On a critical scrutiny, however, it will be found that this division is sometimes artificial. The rights of a permanent tenure-holder are transferable and heritable according to

personal law and his rent is fixed in perpetuity, and yet he is, according to our tenancy law, classed as a tenant, while an under-proprietor or a sub-proprietor, holding rights inferior to those of a permanent tenure-holder, is classed as a proprietor. However, in classifying whether a particular right is a proprietary right or a tenant right, we shall follow the division laid down in section 32 of the United Provinces Land Revenue Act, namely, that the rights which find place in the registers mentioned in sub-sections (*a*), (*b*) and (*c*) of that section shall, unless there are strong reasons to the contrary, be treated as proprietary rights and those entered in registers kept under sub-section (*d*) as tenant rights.

A vertical division of these rights can be made on the basis of security of tenure. Under the existing law, a *thekadar* of proprietary rights holds a precarious tenure for a limited number of years not exceeding ten, but his name finds a place in the *khewat* while a tenant with rights of occupancy holds a perpetual tenure, but his name occurs in the *khatauni*. To distinguish between rights of a temporary and permanent nature, the Bengal Famine Enquiry Commission used the term "the occupancy-right holder," meaning an occupant of land who has a more or less stable and permanent tenure, with a certain amount of fixity of rent in cases where rent is payable. The term is convenient and easy to understand but not capable of precise definition because it is difficult to say what exactly constitutes a stable interest and what constitutes only an insecure or temporary interest.

On the basis of these two main lines of division, namely, proprietary and tenant, and stable and unstable rights, the existing interests in land may be classified as follows:

Proprietary rights

Persons possessing proprietary rights are:

(*a*) Landlord, that is, the proprietor of a *mahal* or of a share, or specific plot therein.

(*b*) Under-proprietor, that is, in Avadh a person possessing heritable and transferable right in land who is, or but for a judicial decision or contract would be, liable to pay rent therefor.

(*c*) Sub-proprietor, in the province of Agra, meaning a person who possesses a subordinate but heritable and

transferable proprietary interest in land and with whom a sub-settlement has been made.

(*d*) *Thekadar,* that is, a farmer or other lessee of the rights in land of a proprietor, and under-proprietor or a permanent lessee or mortgagee in possession.

(*e*) Mortgagee-in-possession of proprietary rights.

(*f*) Permanent lessee, that is, a person in Avadh who holds under a heritable non-transferable lease, and who is entered in the register maintained under the provisions of clause (*b*) or clause (*c*) of section 32 of the United Provinces Land Revenue Act.

(*g*) Permanent tenure-holder, who is really possessed of proprietary rights but is wrongly classed as a tenant.

All these rights, except those of a *thekadar* and mortgagee in possession, are of a stable character.

Tenant rights

The following are the classes of persons having tenant rights in the United Provinces:

(*a*) Fixed-rate tenant.

(*b*) Tenant holding on special terms in Avadh.

(*c*) Exproprietary tenant.

(*d*) Occupancy tenant.

(*e*) Hereditary tenant.

(*f*) Non-occupancy tenant including (i) tenant of *sir,* (ii) sub-tenant and (iii) tenant of land mentioned in section 30 of the United Provinces Tenancy Act, 1939.

(*g*) Grove-holder.

(*h*) Rent-free grantee.

(*i*) Grantee at a favourable rate of rent.

All these tenants are possessed of a stable tenure except the non-occupancy tenant, and the rent-free grantee at a favourable rate, if by the terms of the grant or by a local custom the grant is held (*a*) at the pleasure of the grantor or (*b*) for the purpose of some specific service, religious or secular. which the landlord no longer requires and (*c*) conditionally, or for a term.

We may now proceed to define the terms "cultivator" or "tiller of the soil" and "intermediary" and examine which of the rights in land, mentioned above, fall under either category.

Cultivator or tiller of the soil

The functions of a cultivator or "tiller of the soil" may be analysed thus:

(1) The performance of all or some of the manual tasks of cultivation, namely, ploughing, manuring, sowing, watering, reaping, etc.

(2) Financing agriculture, i.e. providing either from his own resources or by borrowing, the necessary working capital, seeds, stock, implements, manure, etc.

(3) Management or supervision of the holding, i.e. deciding when and how an agricultural operation will be performed, what rotation would be followed, what crops would be raised, what kind of seed would be sown, how irrigation and manuring shall be done, and generally ensuring that all the necessary agricultural operations are properly carried out.

(4) Taking the risk involved, i.e., the cultivators profit or loss depends upon the value of agricultural produce and the cost of production.

An ordinary tenant, who pays rent in cash, and cultivates his holding by his own labour and with the help of his family, performs all of these functions; a rent-receiving landlord performs none of them. Between these two extremes the different functions may be combined in different degrees and in a variety of ways. For instance, the risks of business are, to a certain extent, shared by the zamindar and the cultivator when the rent is determined as a part of the agricultural produce. A *halwaha* engaged by the zamindar sometimes contributes only his labour towards the cultivation of the land. He may, however, share the risks involved if his wages are not fixed on a permanent basis, but are, either wholly or partly, paid as a share of the produce. If the zamindar is indolent or an absentee, the management of the land may also be left effectively to the *halwaha*. In some cases, the agricultural labourer provides his own stock or implements and thus partly finances the undertaking.

All the above functions cannot obviously be regarded as of equal importance. It would appear that the actual performance of all or some of the manual tasks of cultivation cannot, by itself, be treated as necessary or indispensable. In many parts of this

province considerations of social status and caste prejudice prohibit high caste-men, Brahmans and Kshattriyas, from engaging in certain kinds of manual work, such as driving the plough which is considered fit only for lower caste agriculturists or field labourers. All the same, since times immemorial, they have been treated as "cultivators". If the performance of manual operations were imposed as an essential condition, a large number of such men, whose livelihood at present depends upon land, would be excluded from the definition of "cultivator." Nor can we rule out the employment of servants or hired labourers, for all over the world the employment of casual or permanent labour is necessary for carrying on even small- and medium-sized farming. If, therefore, the employment of agricultural labour were ruled out cultivation under the existing conditions would become impossible. It is not possible to define the minimum of manual labour which a man must perform in order to qualify himself for inclusion among cultivators. Nor are we prepared to say, in view of the prevailing conditions, that no one can be a cultivator unless he personally performs manual labour. While, therefore, the ideal is that the cultivator and his family should contribute most of the labour required, a person, who hires agricultural labour either permanently or casually for the performance of all or some manual tasks, must still be regarded as a "tiller of the soil", provided that he finances and supervises agricultural production and takes the risks involved.

It might be argued that by allowing the unrestricted right of employing agricultural labour we run the danger of permitting large-scale capitalist exploitation of land, i.e., of the land gradually passing into the possession of capitalists who themselves do not directly engage in the performance of agricultural tasks but employ hired labour. In the present set-up the danger is not immediate as most of the holdings are small. The employment of hired labour does not pay on a small holding, the cost of production being too high to leave a substantial margin of profit for the small holder. It may often be higher than the value of the produce and thus yield no profit at all. According to available information, if the wages of labour at prevailing rates were included in the cost of production, the cost would in many

cases exceed the value of the produce. In other words, agriculture is a deficit economy, but it can still be carried on as most of the labour is supplied by the cultivator and members of his family and does not have to be paid for.

A large farm efficiently organised and managed can, on the other hand, be run with the help of hired labour. If we permit the growth of such farms most of the tenants would be bought out of their lands and reduced to the status of wage-earners. As agricultural labour is necessarily weak and unorganised it would be a task of considerable difficulty to provide effective statutory protection, and ensure a living wage. Restrictions on subletting alone cannot prevent large-scale capitalist farming for, by definition, the employment of hired labour would not amount to subletting. It would be, therefore, necessary to place restrictions on the transfer of land so as to prevent the accumulation of large holdings in the hands of individuals.

Subject to these considerations, for which provision must be made separately, we would suggest that the performance of manual tasks should not be regarded as a part of the definition of a cultivator. As already indicated, an intermediary may sometimes share in some of the other functions and in a very few special cases it may not be always easy to draw the line between an intermediary and a cultivator. The remaining three functions are, however, in our opinion indispensable and a person who effectively performs them should be regarded as a cultivator or tiller of the soil.

The wages of agricultural labour are sometimes fixed on the basis of a share of the produce, the labourer thus shares the risk. But if we permit the occupant of the land to transfer a part of the risk to the labourer, we create conditions in which he may leave the management of the land also to him, and thus become an intermediary. So long as land remains a commodity and can be bought and sold, there is a temptation for the non-cultivating money-lender to use it as a commercial investment. The new agricultural economy that we envisage will, inevitably, be subject to considerable pressure from forces outside it, which may sabotage it by using any unguarded breach. We must, therefore, prevent the ordinary economic laws from recreating the system of landlord tenant in some other shape or form. Accordingly we propose

that an agricultural labourer whose wages depend, either wholly or partially, upon the actual outturn of the land, and are calculated as a share of the actual produce, should be regarded as a sub-tenant and not as an agricultural labourer, and an arrangement of this nature should be subject to the same restrictions as are imposed upon subletting in general.

It would be interesting to compare this analysis of the functions of a cultivator with the position under the tenancy law of the province. The term is not directly defined in any of our existing legal enactments. But as the zamindars have certain rights in land under their personal cultivation, i.e., *sir* and *khudkasht,* the law defines these two terms and the meaning of "cultivation" may be inferred from the definition of *khudkasht.* The United Provinces Tenancy Act of 1939 defines the expression "*khudkasht*" as land other than *sir* cultivated by a landlord, an under-proprietor or a permanent tenure-holder as such, either himelf, or by servant or by hired labour.

The Agra Tenancy Act of 1926, and corresponding laws preceding it, had laid down that cultivation of land by the landlord or by the permanent tenure-holder himself with his own stock, or by his servants, or by hired labour, for a specified period would qualify him for acquisition of *sir* rights. There was a similar provision in the Oudh Rent Act of 1884.

It would appear that this definition is incomplete and the zamindar would be held to be a "cultivator" of his *khudkasht* even when the hired labourer shared in some of the essential functions of a cultivator.

The Bombay Tenancy Act of 1939, however, laid down that—

> 'To cultivate personally' means to cultivate on one's own account:
>
> (*a*) by one's own labour, or
>
> (*b*) by the labour of any member of one's family, or
>
> (*c*) by servants on wages payable in cash but not any crop share, or by hired labour under one's personal supervision, or the personal supervision of any member of one's family.

This definition is much less incomplete; in the cases of a servant it expressly provides that his wages shall not be determined as a

share of the crop, but in the case of hired labour it insists only upon "supervision" being exercised, either by the occupant of land himself or a member of his family. We have already shown that if the wages of hired labour are fixed as a share of the crop, it would be easy for the occupant of land to transfer the function of supervision or management as well. It would be difficult in actual practice to ascertain whether the occupant did or did not effectively supervise the cultivation of land.

In conclusion we would, therefore, recommend that an agricultural labourer who is permanently associated with agricultural production during a whole season, and whose wages are paid partially or wholly as a share of the produce, should be deemed to be a sub-tenant. A day-labourer, on the other hand, engaged in a specific operation, and paid wages on the basis of piece-rates or time-rates in the form of a part of the produce, will, however, not fall under the definition of a sub-tenant.

Intermediary

An intermediary is ordinarily defined as a "rent-receiver", a definition which was accepted in the Bill prepared by the Government of Bengal to abolish the zamindari system before the partition of that province. Rent, as defined in the United Provinces Tenancy Act, 1939, means whatever is, in cash or kind or partly in cash and partly in kind, payable on account of use and occupation of land, or on account of any right in land. In the present context it may be defined as a sum of money or share of the produce, payable by the cultivator to the landholder, who does not perform any of the functions connected with agriculture, and who is entitled to that rent by virtue of owning superior rights or interest in land. The actual payment is not a necessary condition, for in that case a proprietor of land intervening between a rent-free grantee and the State would not be an intermediary. What is essential is that either the rent is payable or would be payable but for a contract expressed or implied.

Cultivators

We may now classify existing rights in land according to whether they are intermediaries or cultivators. The following

classes should in our opinion be regarded as cultivators in regard to the land comprised in their holdings:

(*a*) Fixed-rate tenant.
(*b*) Tenant holding on special terms in Avadh.
(*c*) Exproprietary tenant.
(*d*) Occupancy tenant.
(*e*) Hereditary tenant.
(*f*) Non-occupancy tenant including (i) tenant of *sir*, (ii) sub-tenant and (iii) tenant of land mentioned in section 30 of the United Provinces Tenancy Act.
(*g*) Grove-holder.
(*h*) Rent-free grantee.
(*i*) Grantee at a favourable rate of rent.

All classes intervening between the above-mentioned categories and the State are to be regarded as intermediaries and should, therefore, be abolished. Where these tenants sub-let their land, they may themselves be said to be intermediaries. There are, however, certain difficulties in ousting the tenants-in-chief and conferring permanent rights on sub-tenants, which we shall examine in the sequel.

Intermediaries

The intermediaries are:

(1) Proprietor.
(2) Under-proprietor.
(3) Sub-proprietor.
(4) *Thekadar.*
(5) Mortgagee in possession.
(6) Permanent lessee in Avadh.
(7) Permanent tenure-holder.

These classes are to be regarded as intermediaries in respect of the land included in the holdings of tenants and grove-holders, and cultivators in respect of land under their personal cultivation. There is another category of land in respect of which they are not intermediaries, e.g., wasteland and forests, and the question arises whether their rights in respect of such land should or should not be abolished.

We shall now consider how the various kinds of lands owned by intermediaries should be dealt with:

Classes of land owned by zamindar

The lands owned by a zamindar fall into the following distinct classes:

(1) *Sir* and *khudkasht* under his own cultivation.
(2) *Sir* and *khudkasht* let out to tenants.
(3) Zamindar's groves.
(4) Land included in the holdings of tenants and grove-holders.
(5) Land covered by forests.
(6) Wasteland and other forest land.
(7) Land included in *abadi.*
(8) Pathways.
(9) Land occupied by things of common usage, such as tanks, wells and water channels.

It is obvious that he is not an intermediary in respect of land falling under classes 1, 3, 5, 6, 8, 9 and he is an intermediary in respect of lands falling under classes 2, 4, 7.

Sir and khudkasht

We are of the opinion that all *sir* and *khudkasht* lands, under the cultivation of the landlord, should remain with the landlord as hitherto, but subject to such modifications with respect to the rights of transfer and sub-letting as are suggested in a later part of this report. This recommendation does not need the support of much reasoning as the landlord is not an intermediary in respect of such lands. It has, however, been suggested that large areas of *sir* and *khudkasht* should be cut down and redistributed among holders of uneconomic holdings and landless agricultural labourers. We have examined this question in the last section of this chapter.

Sir and khudkasht let out to tenants

Under the United Provinces Tenancy Act of 1939, the tenant of *sir* was given a five-year security of tenure, but for all practical purposes the *sir* and *khudkasht* of 1333-34 Fasli has been treated as a special domain of the landlord secured to him for cultivation. The tenant of *sir* knows that he holds an insecure tenure for a limited period, and his status is more or less the same as of a sub-tenant. Any attempt to deprive the landlord of his *sir* which is let out to tenants would, therefore, inflict great hardship upon

him as we have, for reasons stated later on, decided to treat the tenant as a cultivator in respect of the land let out to a sub-tenant. We do not, however, suggest the curtailment of the existing rights of the tenants of *sir*, and they will run their normal tenure. Our attention has also been drawn to the fact that the demarcation of *sir* lands as provided for under section 15 of the United Provinces Tenancy Act, 1939, has not been effected and we would, therefore, like to make it clear that our recommendations do not affect the limitation laid down on the area of *sir* or the rights conferred on the tenants of *sir* by that Act.

Zamindar's groves

It was suggested by some members of the Committee that if a zamindar possessed groves in more than one village, he should be allowed to retain the groves situated in the village where he resides and all other groves should be acquired and placed in the hands of the village community. The reason given was that after the loss of their proprietary interest in other lands it would not be possible for the landlord to manage the isolated groves, and that after the relation of landlord and tenant has been broken, the villagers would be deprived of the fruits from zamindar's groves which they now enjoy in varying degrees. This would disturb the food and economic equilibrium. The majority of the Committee, however, felt that as groves do not require constant personal supervision there is no reason to think that a zamindar would be unable to look after his groves in more than one village. What we are primarily concerned with is the maximum utilisation of every bit of land. As this can be managed by zamindars we do not think it fair to deprive them of their groves outside the village of their residence. Besides, it is doubtful if for some time to come, the village communities would be in a position to manage groves, and there being no other agency to look after them, we recommend that the holders of proprietary groves should be allowed to retain all their groves.

Holdings of tenants and grove-holders

In respect of the land included in the holdings of a tenant or grove-holder, the landlord will cease to exist as an intermediary, the reasons for which are perfectly obvious.

Wastelands and forests

According to the Season and Crop Report, U. P., for 1945-46 the total area under forests, excluding the districts of Almora and Garhwal and the hill *pattis* of Naini Tal, was 26·18 lakh acres and the culturable waste 99·58 lakh acres. Figures collected by the Board of Revenue in 1944 show that 19·05 lakh acres of forest are under private ownership of which 3·36 lakh acres are under timber trees and 15·69 acres under shrubs, bushes and long grass, etc. It is the considered opinion of the senior Forest Officers, *vide* proceedings of a conference held in 1945, that "Owing to lack of control, privately owned forests and wastelands throughout India have been progressively denuded and largely rendered valueless amounting in some cases to complete destruction by over-felling and excessive grazing and that such denudation and destruction is endangering supplies of timber, firewood, and fodder, is causing erosion and is rendering land liable to the destructive action of floods." The conference recommended that the State should ensure scientific management of private forests and wastelands. It is to be regretted that sufficient use of section 35 of the Forest Act, 1947, providing for government control in special cases and section 38, providing for government management at the owner's request, has not been made.

Owing to the lack of fuel, a large quantity of cattle dung, which should have gone to enrich our exhausted soil, is burnt in the oven. Mr. M. D. Chaturvedi (now Chief Conservator of Forests) estimated that on account of the deficiency of about 10 million tons of fuel, about 50 million tons of dung are burnt in the rural area in the Indo-Gangetic Basin. If the deficiency of fuel could be made good by the scientific management and development of forests we might expect an increase of about 15 per cent. over current crop production. The figures are conjectural but they give an idea of the magnitude of the problem.

Apart from the usual mismanagement, there are complaints in this province that forests and scrub jungles are being cleared at a rapid rate. This is partly the result of the Government's own campaign for growing more food and partly of the high value of land as well as fuel and the zamindars' desire to capitalise their assets before the abolition of zamindari.

Wastelands other than forests are an essential part of village economy, being used as pasture lands and for other uses common to the villagers. The proper utilisation of these lands under State supervision is a vital part of agricultural planning. In the *raiyatwari* areas the ownership of the wasteland generally vests in the State. In the hilly regions of Kumaun, the wastelands are the property of the State, subject to the prescriptive rights of the villagers to graze cattle, collect wood and fuel and the like. There is, we believe, no room for difference of opinion regarding the necessity of acquiring all forests and wastelands as a part of the scheme for the abolition of the zamindari system. It has been suggested, in some replies to the questionnaire issued by the Committee, that a part of the wasteland should be set apart for cultivation by the zamindars. We do not think that this suggestion can be accepted. Zamindars have always had the opportunity for reclaiming wasteland and bringing it under their cultivation. If they did not find it worthwhile even during the period of the prevailing high prices there is no point in reserving any wastelands for them for the future. On the contrary any such reservation will not only be stigmatised as a discrimination in favour of the landlord but would deprive the villagers of much needed land for extending cultivation, pasturage and afforestation.

We, therefore, recommend that notwithstanding the fact that there are no intermediaries between the State and the occupant, all the forests and wastelands owned by the landlord should be acquired by the State. Forests outside the village boundaries should be entrusted to the Forest Department to be treated and developed as government forests and forests inside the village boundaries and wastelands should be entrusted to the village communities for management; in both cases subject to the customary rights hitherto enjoyed by the villagers.

Village abadi and pathways

In the United Provinces, as in the rest of India, the cultivator has since times immemorial been living collectively in the village *abadi*. He has not developed the practice of living on anything resembling the European farmstead. It was only under the United Provinces Tenancy Act, 1939, that the tenant acquired the right to erect a dwelling house on his holding for personal occupation, or a cattle shed or store-house or any other construction for

agricultural purposes, and treat it as an improvement for claiming compensation on ejectment, in case the construction was made with the permission of the landlord or to remove the material if the permission had not been obtained. We do not think that much use has been made of that provision and the co-sharers and tenants alike continue to live in the village *abadi*. The co-sharers own the *abadi* site jointly, which must, at some time, have been set apart for the common purpose of habitation, and they have a customary right to build houses for residence or other use. On the transfer of his interest in the cultivated area, the co-sharer does not lose his right in *abadi* unless it is specifically transferred. A tenant can occupy a site in the *abadi* only with the permission of the co-sharers, but in practice the right to cultivate carries with it the right to live in the *abadi*. In fact a *pahi-kasht* or non-resident tenant has always been looked upon as a less desirable type of occupant, and in 1921 when statutory rights were conferred on the generality of tenants in Avadh, the non-resident tenant was excluded from these rights. The rights of the tenants in *abadi* have been dependent on the custom entered in the *wajib-ul-arz* and there are innumerable instances when attempts to convert a mud structure into a *pucca* building or replace straw *chappar* with corrugated iron sheets was resisted by the landlord. The tenant has a right to transfer the material but not the right of occupancy unless there is a custom or contract to the contrary. Prior to the enactment of the United Provinces Tenancy Act, 1939, a series of the rulings of the Allahabad High Court and the Avadh Chief Court had laid down that the right of a tenant to live in the *abadi* was dependent on his right to cultivate and he could be ejected from his residential house in consequence of his ejectment from the holding. Section 162 of the U. P. Tenancy Act, 1939, however, laid down that "No tenant shall be liable to ejectment from his residential house in a village merely because he has been ejected from his holding in that village." After the abolition of the landlords' rights as an intermediary between the State and the cultivator in respect of the cultivated area it would be an anomaly if his rights in the *abadi* were retained. We, therefore, recommend that the interest of the landlord in the *abadi*, including the pathways, should be acquired and the management of the *abadi* should vest in the village community. House-sites held in

severalty at present should, however, belong to the individuals who are in possession.

Wells and tanks

Wells may either be private or public. Tanks and major water channels are generally common and affect the interests of a large number of cultivators. Private wells, i.e., wells whose use is confined to a particular holding or holdings may remain in the possession of their present owners. All public wells, i.e., wells with a common right of user, as well as all tanks, *tals* and water-channels should belong to the village community which will regulate their use in the public interest.

Trees

Standing timber, according to the Transfer of Property Act, 1882, is not an immovable property, but the fact remains that the trees are physically attached to the earth. After the interest of the landlord in wasteland has ceased, he will have no other use for trees except to fell them down and sell the wood as timber or fuel. Trees take scores of years to grow and it would be a national loss if, as a result of our recommendation, the tendency to fell trees finds encouragement. The same arguments apply to trees standing on the boundaries of holdings and we recommend that both these varieties of trees should be acquired and vested in the village community for management and use in the public interest. Trees on holdings and in the *abadi* will, however, continue to belong to their present owners.

Sayar income

Sayar income includes whatever is to be paid or delivered by a lessee or licensee on account of the right of gathering produce from forests, fisheries and the use of water for irrigation from artificial sources and the like. The nature of *sayar* income is complex and there is a perplexing variety of *sayar* dues found in different parts of the province. Some *sayar* dues may be classed as manorial dues, others partake of the nature of rent, in the economic sense of the term; and *sayar*, except when the contrary intention appears, is included in the definition of rent under the United Provinces Tenancy Act, 1939. It is practically impossible to make out a list of the main heads constituting *sayar*, which depends largely upon local custom. Some of the main items mentioned in settlement reports, however, are income from

orchards, fish, thatching grass, reeds, palm trees, grazing dues, *dhak* jungle, saltpetre, *mahua* flower, charcoal, flax, *bel,* etc. *Sayar* may be classified in two categories:

(i) *Sayar* income derived from natural products such as fruits or fish (but excluding stone and *kankar* quarries and the fruit of groves of timber trees), is according to the Board's circular, liable to assessment. The broad line of division appears to be that income from land or anything attached to or growing on land is assessable. The fruits of groves of timber trees such as country mangoes are excluded because income in such groves is primarily derived from timber and the income from fruit is of a casual nature. Large deductions from the aggregate average income from *sayar* are made by settlement officers to exclude other casual income.

(ii) *Sayar* which is not assessed to revenue includes income derived from brick-kilns, ground rent of building plots, sale-proceeds of *kankar,* weighment dues, income from *hat* and bazar, income from gardens and ferries and the like.

It is apparent that the sources of income constituting *sayar* are incidental to the ownership of land and after the abolition of landlord's rights they naturally belong to the State. We, therefore, recommend that all the *sayar* income should be acquired by the State and put under the management of the village community. This includes *hat, penth, mela* grounds, and fisheries. Rights in respect of ferries should vest in the State.

Inferior proprietors

The holders of other proprietary rights, that is, the under-proprietor, the sub-proprietor, *thekadar,* and permanent lessees in Avadh, are possessed of rights essentially similar to those of the landlord, even though those rights are derived from and subordinate to the superior rights of the landlord. We see no reason why these persons should be treated on a different basis and we recommend that their rights for the purpose of acquisition should be treated *pari passu* with those of the landlord, except that any *sir* and *khudkasht* of the landlord and in possession of the *thekadar* shall, on the ground that the *thekadar's* right to cultivate is of a temporary nature, revert to the landlord and the *thekadar* shall

cease to have any rights in it. *Sir* or *khudkasht* let by the *thekadar* should be deemed to have been let by the zamindar. There are, however, many cases where ordinary agricultural leases were camouflaged as *theka* in order to prevent the accrual of hereditary rights. The lessees, in such cases, are in fact tenants and not transferees of proprietary rights, notwithstanding that they are recorded as *thekadars*. We recommend that persons falling in this category should be treated as cultivating tenants. Similarly if a *theka* was granted in lieu of maintenance, the land in the personal cultivation of the *thekadar* should not revert to the zamindar so long as the right of maintenance subsists.

A mortgagee in possession is possessed of rights materially different from the holders of other proprietary interests. He is essentially a creditor and holds land only as a security for the realisation of his advance. Under the United Provinces Encumbered Estates Act, 1934, a mortgagee-in-possession was ranked among the creditors and on the passing of a decree in favour of the creditors possession of land was restored to the landlord. Again lands forming the subject of mortgage may be partially let out to tenants and be partially *sir* and *khudkasht,* in which case it is during the existence of the mortgage cultivated by the mortgagee-in-possession. Under the scheme which the legislature has accepted all the intermediaries between the cultivator and State would cease to exist and if we are to eliminate the mortgagee-in-possession only in respect of the lands let out to tenants while leaving *sir* and *khudkasht* lands in his possession, it would break the integrity of the mortgage, which is detrimental to the interest of the mortgagee. Therefore, taking all the factors into consideration we recommend that a mortgagee-in-possession of zamindari rights will rank with other secured creditors of the landlord and his rights in the land forming the subject-matter of mortgage will terminate as part of the abolition of the zamindari system. All *sir* and *khudkasht* lands of the landlord shall thereupon be restored to him.

Permanent tenure-holder

A permanent tenure-holder has been defined in the United Provinces Tenancy Act, 1939, as a person intermediate between the landlord and the occupant. He is found only in the districts which are permanently settled. His interest is transferable and

heritable according to personal law The rate of rent payable by him is fixed in perpetuity and cannot be varied. He can hold and acquire *sir* rights in the same manner and to the same extent as a landlord or an under-proprietor. Tenants under him are possessed of hereditary rights. Thus, he is possessed of larger rights than an under-proprietor yet the existing law treats him as a tenant. We are more concerned with the incidents of the interest held by the permanent tenure-holder than with the formal position assigned to him under the law. We are of the opinion that his interest should not be treated differently from those of other holders of proprietary rights and he should be treated on the same footing as the landlord.

Tenants with occupancy rights

As we have pointed out earlier the following classes of tenants enjoy a right of occupancy:

(1) Fixed-rate tenants.

(2) Tenants holding on special terms in Avadh.

(3) Ex-proprietory tenants.

(4) Occupancy tenants.

(5) Hereditary tenants.

(6) Grove-holders.

The fixed-rate tenant enjoys the rights of transfer and inheritance similar to those of the permanent tenure-holder, but the former possesses only a right of occupancy while the latter is an intermediary between the superior proprietor and the actual occupant. The number of fixed-rate holdings in the province is approximately 4·68 lakhs, and the area covered by them is 7·11 lakh acres, which works out to an average of 1·5 acres per holding. The fixed-rate tenants are, therefore, not materially different from other tenants with rights of occupancy.

A grove-holder differs from other tenants inasmuch as he possesses a right of transfer, but in other respects his rights are similar to those of tenants with a right of occupancy. He plants a grove on the land granted to him specifically for that purpose by a landlord or under-proprietor or permanent lessee or permanent tenure-holder or with the written permission of the landlord or

according to local custom on his exproprietary, occupancy or hereditary holding or on land specially given for the purpose. The average area held by a grove-holder in the province is 0·58 acre. During the infancy of the grove the land is sometimes let out to tenants for cultivation, but such tenants do not acquire hereditary rights as their occupation of the land is only temporary. We see no reason for treating a grove-holder differently from a cultivator and recommend accordingly.

All these classes of tenants should be given permanent, heritable rights, and a right of transfer subject to certain limitations as recommended by us in Chapter XIX.

Tenants with temporary rights

The following classes of tenants have not got permanent or stable rights:

(1) Rent-free grantees.

(2) Grantees at a favourable rate of rent.

(3) Non-occupancy tenants including:

(i) tenants of *sir,* (ii) sub-tenants, and (iii) tenants of land mentioned in section 30 of the United Provinces Tenancy Act.

Rent-free and favourable grants

A rent-free grantee holds land free of rent and a grantee at a favourable rate on rent which is less than the aggregate of revenue and local rates payable thereon. In cases the grantee satisfies the conditions laid down in section 192 of the United Provinces Tenancy Act, 1939, he can be declared a proprietor or an under-proprietor. If he comes under the mischief of section 195 of that Act he is liable to ejectment, that is, if by the terms of the grant or local custom the grant is held (*a*) at the pleasure of the grantor, or (*b*) for the purpose of specific service, religious or secular, which the landlord no longer requires, or (*c*) conditionally or for a term, when the condition has been broken or the term has expired. Except in cases falling under section 191 a grant held rent-free or at a favourable rate is liable to fixation or enhancement of rent, as the case may be, and if the grantee is declared a proprietor or

an under-proprietor, is liable to fixation of revenue or rent. The right of rent-free grantees and grantees holding at a favourable rate are mostly similar to those of tenants with right of occupancy, and we see no reason to treat them differently. We recommend that a rent-free grantee and a grantee at a favourable rate should be treated as a cultivator and a sub-tenant holding under him as a temporary occupant. The right of superior or under-proprietor now held in respect of such grants by the landlord should be abolished and the grantees given the same rights as other cultivators.

Sub-tenants

In the year 1353 Fasli, according to the figures collected by the Board of Revenue, no less than 32 lakh acres of land included in the holdings of the tenants (412 lakh acres) was settled with sub-tenants. In other words, 7·8 per cent. of the land included in the holding of tenants was actually in the occupation of sub-tenants. The incidence of their rent is Rs.8·2 per acre against Rs.6·2 paid by the hereditary tenant. There is no gainsaying the fact that the tenant is in the position of an intermediary in respect of the land settled with the sub-tenant. It has been suggested by some witnesses that the tenant-in-chief should in such cases be ousted and permanent rights conferred upon the sub-tenants. The Floud Commission rejected a similar proposal on the ground that it would cause tremendous distress to the sub-tenants themselves because the tenants-in-chief would immediately make every effort to throw them out. We do not think that argument has much force because the eviction of sub-tenants could be prevented by prior legislation; it has, in fact, been stayed in our province by section 295A of the United Provinces Tenancy Act. We are, however, of the opinion that it would not be desirable to oust the tenant-in-chief in an attempt to pursue the Assembly resolution to its logical conclusion. The sub-tenant has always been holding an insecure tenure not exceeding five years and on the clear understanding that after the expiry of the lease he would be ejected from the holding. Nor can we treat the tenant-in-chief as a permanent intermediary, for under the law he must cultivate the holding once sublet for at least three years before he can sublet the whole or part of it again. We have seen that no less than 81

per cent. of the holdings in the province have an area of five acres or less and any further curtailment of the area held by tenants with a right of occupancy will cause widespread economic distress. Moreover, we would not like to suggest a measure that would multiply the number of holdings and, thereby, reduce their area and impair agricultural efficiency. The tenant-in-chief has a lawful right to sublet the whole or part of his holding for a limited period, and it would create a feeling of insecurity if he is penalised for exercising a right given to him by the law. Apart from this many of the sub-tenants are mere allotment holders who hold a small patch of land to supplement their income from other occupations. They are not usually efficient cultivators and do not often possess stock or working capital to carry on agriculture on a permanent basis as their main occupation.

We, therefore, recommend that the five classes of tenants enumerated above, namely, fixed-rate tenants, tenants holding on special terms in Avadh, ex-proprietary tenants, occupancy tenants and hereditary tenants should be treated as cultivators both with regard to the land under their cultivation and the land settled with sub-tenants. This will not mean that any of the rights of sub-tenants are in any way curtailed; the existing sub-leases will run their normal tenure, i.e., until the expiry of the period of sub-lease, or the period under section 295A, Tenancy Act; whichever is later.

Tenants under section 30, Tenancy Act

Among the tenants who do not possess rights of occupancy, we have already disposed of the cases of tenants of *sir* and sub-tenants. There remains another class of non-occupancy tenants settled on lands specified in section 30 of the United Provinces Tenancy Act, 1939, that is—

(1) groveland, pasture-land, or land covered by water and used for the purpose of growing *singhara* or other produce;

(2) land used for casual or occasional cultivation in the bed of a river;

(3) land acquired or held for a public purpose or a work of public utility; and in particular, and without prejudice to the generality of this clause:

(*a*) lands at present or which may hereafter be set apart for military encamping grounds;

(*b*) lands situated within the limits of any cantonment;

(*c*) lands included within railway or canal boundaries;

(*d*) lands acquired by a town improvement trust, in accordance with a scheme sanctioned under section 42 of the United Provinces Town Improvement Act, 1919; or by a municipality for a purpose mentioned in clause (*a*) or clause (*c*) of section 8 of the United Provinces Municipalities Act, 1916;

(*e*) lands within the boundaries of any government forests;

(*f*) municipal trenching grounds;

(*g*) land held or acquired by educational institutions for purposes of instruction in agriculture;

(4) such tracts of shifting or unstable cultivation as the Provincial Government may specify by notification in the official *Gazette*;

(5) such areas included in the tea estates as the Provincial Government may notify as areas in which hereditary rights shall not accrue.

It is apparent that lands mentioned in clause (3) are held either by the Government or public bodies primarily for non-agricultural purposes or for training in agriculture and are let out in so far as such letting will not interfere with the primary purpose. Lands mentioned in clauses (1), (2), and (4) have a special peculiarity of instability and areas refered to in clause (5) are meant to supply labour to the tea industry. Grovelands and pasture-lands are primarily meant to be used as such, and their temporary use for agricultural purposes should not change the nature of tenure. The restrictions laid down by this section are, in our opinion, just and proper and should be maintained in future. We also recommend that the owner of groveland and pasture-land should be treated as an agriculturist and the tenant holding under him as a temporary occupant. Lands specified in clauses (2) and (4) do not raise any special problem, for whatever may be the nature of tenant's rights he must be treated as a cultivator. In clause (3) wherever Government is the owner no question of an intermediary arises and the tenant of such land

is a cultivator, but whenever any land falling under the clause is held by a public body, such as an improvement trust or a municipality or an educational institution, the tenant must be treated as a temporary occupant. These lands should not be subjected to the general limitation on sub-letting. Regarding the areas mentioned in clause (5), all tenants, except those holding less than half an acre have been given hereditary rights and those who have not acquired those rights are mere allotment holders primarily engaged in tea estates as labourers. They can not be treated as cultivators but are temporary occupants. We wish to make it clear that our recommendations do not contemplate any change in the status of tenants occupying land mentioned in this section.

Guzaredars

Our attention has been drawn to the case of *guzaredars* who have been given assignments from the *sir* or *khudkasht* by the landlord in lieu of the maintenance allowance in cash. They are in the nature of temporary occupants and we are of the opinion that they should be allowed to hold their land according to the terms of the grant or for so long as the right of maintenance subsists. After their right to hold land has expired, it will revert back to the grantor.

Tenants' mortgagees

Lastly there is the case of mortgagees in possession of the whole or part of a tenant's holding. Such mortgages are not permissible by law, but broadly speaking the law as laid down by a series of court decisions is that the court would not assist the tenant in recovering possession without payment of the money due on the mortgage. We do not propose to disturb the existing law. The mortgagee-in-possession of a tenant's holding should be treated as a temporary occupant entitled to hold land so long as his mortgage is not liquidated.

Tenants of common lands

There have been widespread complaints that the zamindars have for some time been leasing out lands held for ages under public user, such as *khalyans,* pasturage, pathways, land seasonally under tank water, etc. This is accounted for partly by the increasing demand for land on account of the pressure of population and high prices of grain, and partly by the desire of the

zamindars to make as much as possible before the abolition of zamindari, in complete disregard of the needs and rights of the village community. We cannot too strongly deprecate such encroachment on public rights.

We feel no hesitation in recommending that the village community should have the right to remove all encroachments on lands of public user and utility made during the last two years by the landlord or any other person deriving authority under him and restore the land to the original user.

REDISTRIBUTION OF LAND

It has been suggested that large farms whether *sir* or *khudkasht* or tenants' holdings should be cut down and redistributed among landless labourers or cultivators with uneconomic holdings. According to the statistics collected by the Committee about nine thousand zamindars possess *sir* and *khudkasht* exceeding 50 acres each. The total area thus held amounts to 9 lakh acres working out at an average of about 100 acres per zamindar. About 2,300 out of these nine thousand zamindars possess $3\frac{1}{2}$ lakh acres of *sir* and *khudkasht,* i.e. an average of 150 acres each. Taking all the large holdings together, whether held by zamindars or tenants we find that 1,15,000 persons are in possession of land exceeding 25 acres. They hold among themselves 12·9 per cent. of the total area. Considering that over 81 per cent. of the cultivators possess holdings below 5 acres and over 67 per cent. possess holdings below 3 acres, there appears to be a strong case for redistribution of land on lines similar to the action taken in most of the south-eastern European countries during the period between the two world wars.

One of the most important features of land reforms in those countries was the redistribution of land for reducing inequalities. Large landed estates were broken up, either by direct acquisition or by giving the peasantry right to purchase land at prescribed prices from landowners. No landowner could possess land beyond a prescribed maximum area and the land so released went to increase the size of uneconomic holdings to a standard size or to create new settlements for the labourers who had no land. In the result, about 25 million acres of land, changed hands from the big to the small owners. Most of it was distributed in quite small parcels, averaging one hectare per farm and no less than 2 million new farms were created. In Rumania in 1941, 73·6 per cent. of persons, whose sole occupations was to work in fields, owned only 33·3 per cent. of the arable land, while the large land estate owners, who represented a microscopic minority of 0·4 per cent. of the people, owned no

less than 19·3 per cent. of the whole area. Through the post-war reform 10,187,000 hectares of land passed into the hands of smaller owners. In that land of big proprietors, Poland, changes were effected more slowly. Nevertheless between the years 1919 and 1937, 2,535,000 hectares of land belonging to the bigger landlords was divided up among 694,411 purchasers. By 1939 land belonging to bigger landlords was parcelled out, of which 1,432,000 hectares were assigned to 153,000 new independent holdings, while 1,004,000 hectares were used for bringing dwarf holdings to standard size and the remainder went to farmers and workers' and employees' settlements to fulfil social needs. Altogether more than 600,000 persons obtained land under these reforms. The process was accelerated after the second World War and over 4 million acres of land was distributed among 302,895 families of landless labourers and poor peasants. Similar reforms with varying degree of success were introduced in Hungary, Yugoslavia, Bulgaria and other eastern and central European countries.

The redistribution of land would reduce gross disparities in agricultural incomes and thus make for social justice. Land is a gift of nature and it seems unfair that some persons should own large acres, while thousands of others eke out a bare living from small holdings. An uneconomic holding is a national loss, for it can not fully occupy the minimum agricultural unit, which under the prevailing technique is a pair of bullocks and a plough. Redistribution of land would increase the number and the area of economic holdings and thus promote agricultural efficiency. Against this we must reckon the fact that it would arouse a spirit of opposition among the substantial cultivators—landlords and tenants—and would inflict great hardship upon the landlords, whose income will, in any case, be reduced by our scheme for the abolition of zamindari. Before we undertake such a measure we must assess carefully, not merely its theoretical advantages, but also its practical utility. We have to see how much land would be available if we were to acquire the whole area in excess of a prescribed limit and how many persons would be benefited by it. What would be the result of this redistribution on our economic structure?

Two proposals about the maximum size of cultivators' holdings have been suggested to us, namely, 25 acres and 50 acres. We

cannot think of placing the maximum limit below 25 acres for a certain amount of inequality is inherent even in a communist society. The industrial policy recently adopted by the All-India Congress Committee envisages a span of 40 between the highest and the lowest income.

We would put the economic holding at 10 acres. The following tables show the effect of the imposition of a maximum limit of 25 acres and its redistribution to make holdings of 10 acres in size. For purposes of illustration we have chosen six districts each from a typical region of the province.

Table I below gives the total area which will be released if all lands in excess of 25 acres, whether in the cultivation of a tenant or a proprietor, were acquired by the State and Table II gives the area which will be needed if all the holdings below the standard size were brought to the standard size of 10 acres:

TABLE I

Large holdings over 25 acres

District	Total no. of persons	Total area in acres	Area available for redistribution
1. Bijnor	2,242	98,263	75,843
2. Mainpuri	755	30,315	22,765
3. Sitapur	2,730	139,631	1,12,331
4. Basti	2,638	133,833	1,07,453
5. Banda	8,416	387,555	3,03,395
6. Ghazipur	1,614	70,007	53,867
Total ..	..	..	6,75,654

TABLE II

Uneconomic holdings below 10 acres in size

District	Total no. of persons	Total area in acres	Area required to make their holdings average 10 acres
1. Bijnor	1,30,541	4,23,763	8,81,647
2. Mainpuri	2,43,666	5,39,165	18,97,495
3. Sitapur	2,38,872	7,28,988	16,59,732
4. Banda	1,38,411	4,38,686	9,45,424
5. Basti	5,72,361	10,77,018	46,46,592
6. Ghazipur	2,19,243	4,39,676	17,52,754
Total ..	..	..	1,17,83,644

It will be seen that 118 lakh acres of land is required for bringing all the holdings of a size between 0·5 acre and 10 acres to the standard size. If all holdings exceeding 25 acres, whether in the cultivatory possession of the landholder or the tenant, were reduced to 10 acres we shall have about 6·7 lakh acres of land at our disposal. If we acquire only the *sir* and *khudkasht* of the landlords in excess of 25 acres we get only 2·8 lakh acres (*vide* Appendix I to this Chapter) which in either case is far too small to meet our requirements. Figures collected go to show that if the *sir* and *khudkasht* holdings of the proprietors alone below the standard size were raised to the standard size of 10 acres, we should need no less than 16·76 lakh acres of land (*vide* Appendix II to this Chapter), which is a little less than twice the land which we can obtain by acquiring all land in excess of 25 acres whether held in cultivation by a landlord or tenant. If we fix the area of the maximum of *sir* and *khudkasht* holding at 50 acres, we shall get no more than 1·9 lakh acres of land (*vide* Appendix III to this Chapter).

These figures show that the cutting down of all holdings above 25 acres will have only a negligible effect on agricultural economy and will not appreciably reduce the number of uneconomic holdings.

We have already mentioned that redistribution of land is likely to arouse opposition among the substantial tenants and increase the difficulty of zamindars in adjusting themselves to changed conditions. In addition to this, we must note that an immediate cutting down of large farms might reduce the quantity of grain available for the market.

Agriculture has, even now, not been fully commercialised; it is carried on mainly for subsistence. The small cultivator grows food primarily for his own consumption and parts with just enough to pay off his rent and interest charges and to buy his minimum requirement of consumers or other goods. If most of the producers are small farmers it is possible that the surplus taken to the market may be considerably reduced and the cultivator may consume most of the grain that he produces.

What happened in the Soviet Union in this connection would be instructive for us. At the end of the decade, following the Land Decree of 1917, the number of the peasants' holdings in the U.S.S.R. increased from something between 14 and 16 millions to 24 to 25 millions. Large holders having been eliminated, most of the producers were small peasants. In these circumstances, though the amount of the gross output of grain had reached the pre-war level, the available quantity of marketable grain was reduced to half of the pre-war level. In this period of high-soaring agricultural prices, any reduction in the quantity of grain available for our towns may cause a severe famine. Lastly, the dismemberment of large holdings would have the result of displacing a large number of agricultural labourers for whom it would not be possible to find an alternative occupation within a reasonable time. This will cause acute distress to a large section of the people.

On a consideration of all these difficulties we do not think that the results achieved by the redistribution of land would be commensurate with the discontent and hardship resulting from it. We, therefore, recommend that no limit be placed on the maximum area held in cultivation either by a landlord or a tenant. Everybody, now in cultivatory possession of land, will continue to retain his whole area.

We wish to point out, however, that in Chapter XIX we have suggested measures to prevent future accumulation of large holdings, over 30 acres in area. The present large farms are likely to be cut down in the near future by a sub-division of the holding

on succession. Redistribution of land can thus be effected by a gradual process without social disturbance or the risk of a deterioration in the food situation.

APPENDIX I

Sir and *khudkasht* over 25 acres

District	Number of zamindars	Total area	Area available for redistribution
1. Bijnor	655	31,028	24,448
2. Mainpuri	227	9,264	6,994
3. Sitapur	515	32.701	27,551
4. Banda	1,941	1,12,046	92,636
5. Basti	2,005	1,30,955	1,10,905
6. Ghazipur	549	26,724	21,234
Total		..	2,83,768

APPENDIX II

Sir and *khudkasht* below 10 acres

District	Number of zamindars	Total area	Area required to make the holdings not less than 10 acres
1. Bijnor	28,027	70,306	2,09,964
2. Mainpuri	25,155	45,174	2,06,376
3. Sitapur	5,169	17,010	34,680
4. Banda	26,183	1,30,617	1,31,213
5. Basti	1,13,364	3,05,547	8,28,093
6. Ghazipur	39,353	1,27,252	2,66,278
Total ..	..	..	16,76,604

APPENDIX III

Sir and *khudkasht* over 50 acres

District	Number of zamindars	Total area	Area available for redistribution
1. Bijnor	198	17,057	15,077
2. Mainpuri	43	3,224	2,794
3. Sitapur	179	21,338	19,548
4. Banda	595	61,635	55,685
5. Basti	873	94,304	85,574
6. Ghazipur	124	10,839	9,599
Total ..	..	..	1,88,277

CHAPTER XV

COMPENSATION

The amount of compensation and the form in which it is paid are matters of utmost importance for the landlord. Even those zamindars who realise that they must bow to the inevitable are not prepared to compromise on the matter of compensation. Many and complicated are the questions that arise in this connection. What principles should govern the determination of the amount of compensation payable to intermediaries whose rights are going to be acquired? Should we reckon only the interest of the intermediaries or also the ability of the State to shoulder the financial burden? Should all the intermediaries be compensated at a flat rate? If they are to be classified into different grades, how will those grades be determined and what would be the rate for each grade? Do the joint Hindu families deserve any special treatment? Should any distinction as regards the rates of compensation be made between persons who have purchased zamindari rights for cash or other valuable consideration, and those, who obtained them by inheritance or gift? Should there be higher compensation for the intermediary rights purchased recently? Do banks and other similar institutions deserve any special consideration? Should *waqfs* and trusts be treated like other owners of land? How can we preserve their income and objectives? In case of mixed trusts, should we treat the whole property alike or differentiate between the portions applicable to religious and charitable purposes and those applicable to the benefit of the *waqif* and his family or descendants or other private beneficiaries? Many grants of proprietary rights in land were made for loyalty shown to the British rulers and even for acts of positive disloyalty to the nation, such as help in the suppression of the 1857 uprising. Should we trace a zamindari to its source and apply rates according to the nature of its origin? How would the exclusion of *sir* and *khud-kahst* lands from acquisition affect the amount of compensation? Since under the Encumbered Estates Act lands were compulsorily transferred to creditors in discharge of their advances, do such transferees deserve a special treatment? Should the compensation

take the shape of annuities? Should the compensation be paid in cash? If so, how can this money be raised? Should it be paid in the form of bonds and whether the bonds should be negotiable or non-negotiable? Is there any other possible form of compensating the landlord?

Closely allied to the question of compensation, is the problem of the landlord's indebtedness. Many landed estates are encumbered with mortgages and other charges. While compulsorily converting landed rights into cash compensation, should we leave the landlord and his creditor to settle between themselves? How should we distribute the compensation between the intermediary and his mortgagee or charge holder? If the landlord gets less compensation than the prevailing market rates for his rights, in what proportion should debts be scaled down? Under the Encumbered Estates Act, Government had, in some cases, issued bonds to discharge the creditor's dues, and took the right to recover the amount of bonds from the landlord in instalments over a number of years. Should the sum payable to Government by the landlord be also reduced? How is it to be realised? How are the interests of a mortgagee under section 25 of the Encumbered Estates Act and under the Bundelkhand Alienation of Land Act going to be affected by the liquidation of zamindari? Should we scale down the unsecured or simple debts of the landlord?

In the preceding chapter we have enumerated the intermediaries whose rights will be acquired and the type of tenures which will be abolished under our scheme. The intermediaries whose rights will be acquired are the landlord, the under-proprietor, the sub-proprietor, the permanent lessee in Avadh, the thekadar, the mortgagee-in-possession and the permanent tenure-holder. The tenures which are to be taken over are enumerated below:

(*a*) Land included in the holdings of tenants and grove-holders.

(*b*) Forests and wastelands.

(*c*) Trees standing on wastelands and the boundaries of holdings.

(*d*) Right to receive *sayar* income.

(*e*) *Abadi*, pathways, tanks, wells and water channels.

It will be noted that we have not recommended the acquisition of the *sir* and *khudkasht* lands, whether let or unlet, or of the pro-

prietary groves. They will remain with their present holders, with the exception of areas in which hereditary rights will accrue. In a subsequent chapter, however, we have recommended that the right of transfering and subletting such lands should be curtailed. The question arises whether landlords should get any compensation for the curtailment of their rights? Our legal history is full of instances when rights of transfer and inheritance were materially tampered with, yet no compensation was claimed. The Oudh Estates Act, 1868, applied the law of primogeniture to a large number of taluqdari estates, thereby depriving the members of the family of their right of inheritance, but no compensation was paid to the persons affected. The Bundelkhand Alienation of Land Act restricted rights of transfer, but it contained no provision for payment of compensation for the curtailment of those rights. Another recent example is the Regulation of Agricultural Credit Act, 1940, which provides that all land in the United Provinces belonging to a proprietor and assessed to a land revenue of Rs.250 annually or less, shall not be alienated without the permission of the Collector, but for this encroachment too no compensation was paid. Many times income from non-agricultural property has decreased on account of the increase in the rate of income-tax, but that does not justify any claim for compensation. Nor did the zamindars press that the creditors whose loans were scaled down under the debt laws of the last thirties should be compensated for their loss. The State must first raise and then pay money as compensation, but if every abridgment of private rights must be compensated for, it will mean the end of all social reforms. Laws have been passed from time to time restricting zamindars' rights in respect of land let to tenants, charging of rent, *nazrana,* etc. but no one ever thought of claiming any compensation for them. The State has a well recognised right to modify property rights in the interest of society at large. We are definitely of opinion that such limitations, as we are placing on the transfer and subletting of lands, are in the interest of society, and of the land-owning classes in particular, and no case for compensation for the curtailment or abridgment of these rights exists.

The zamindars quite naturally claim that compensation should be paid at the "full rate." Some of them go further and claim 15 per cent. as additional amount for compulsory

acquisition. "Full rate" according to some means the amount which if invested elsewhere would yield them the present income. According to others it means what they call "the market rate." There are many good reasons why this proposal cannot be accepted.

The payment of full compensation would perpetuate the present inequitable distribution of wealth. We have already commented on the large share of wealth appropriated without justification by the zamindars on account of their ownership of land. If they are paid the market value of the land, it is true that they would be deprived of future unearned income on account of a possible rise in land values and extension of cultivation but they would, at the same time, be assured of the enjoyment of their present unearned income and would be saved even the trouble of collecting the rents for themselves. They would thus continue to live as parasites, performing no service in return for their share of the wealth produced by others.

We have also emphasised the fact that only a negligible fraction of the zamindar's income from rents is employed for productive purposes. So far, therefore, as the agricultural producers and the development of agriculture are concerned, this income is more or less an unnecessary waste imposed by the creation of the landlord-tenant system. If the whole of this were utilised for payment of compensation, the consequence would be that the peasantry would continue to be exploited and a large part of the wealth produced by them employed for unproductive purposes. It was the zamindar's duty, and this he has generally failed to perform, to employ his surplus income for the development of agriculture. It would be, therefore, morally just to intercept a part of his income for this purpose.

Even the payment of equitable compensation will be a heavy charge upon the land, and will prevent any drastic reduction in rent-rates. The payment of compensation involves, therefore, the continuance of some, at least, of the features of the existing system of land taxation. This system has been subjected to strong criticism by economists and the substitution of an income-tax principle in its place has been suggested. We have examined this question in Chapter XX and recommended that the rates of rent of small holders should be reduced. If compensation is

paid at the full market value of land on the basis of the present assets, rents cannot be reduced without serious financial embarrassment to the State.

While, again, transfer of land under the Land Acquisition Act is strictly a business deal, the sort of universal land acquisition scheme, that is now contemplated, must be governed by entirely different considerations. It is possible to pay the market value of land and even an additional 15 per cent. when comparatively small areas of land are acquired. But it is neither possible nor desirable to pay compensation on the same basis when almost the entire province is to be taken over. A measure of economic reform that is vitally necessary in the interest of the community as a whole cannot be regarded as a commercial transaction between individuals.

If the claim for compensation at market value were accepted, the State's finances would be crippled to such an extent that it would not be able to carry on even the present administration, let alone put into operation any large plans for the economic rehabilitation of the country. We are not in possession of adequate data for the calculation of the total compensation that would be payable on the basis of the Land Acquisition Act multiples. But on the basis of a rate of interest at $2\frac{1}{2}$ per cent. the zamindar's net assets would have to be capitalised at 40 times. Now, 40 years' purchase of the present total net assets (which have been estimated at about Rs.9·15 crores) amounts to Rs.366 crores. To clear off this huge burden in, say, 40 years with an interest of $2\frac{1}{2}$ per cent., the State would have to make annual payments of about 14·53 crores a year. The total possible additional gain of the State by the abolition of zamindari, if rents were not reduced, has been estimated approximately at Rs.10 crores and a half. The State would, therefore, have to set apart from its revenues and from other sources an annual sum of 4·03 crores a year, a proposal that is financially impossible. Apart from this, it has been estimated that the loss in revenue from court-fees, stamps and registration following the abolition of the zamindari system would be of the order of about 1·50 crores per year. Besides, the State would be required to pay an annual sum of 50 lakhs or so to public and religious trusts. This makes a total deficit of over 6 crores per year for 40 years.

These estimates show that the payment of the market value of land is not a practical proposition. As Mr. Driver, Professor of Agricultural Economics, Poona, has pointed out in the memorandum submitted by him: "It is significant that those who talk of paying compensation also talk of the inadvisability of nationalization on the ground that the compensation would be a financial liability of a very serious nature. Professor Fawcett, for example, who has been quoted by some in support of the claim for heavy compensation, was of the opinion that if nationalisation without compensation was unjust, nationalisation with compensation would prove incalculably mischievous. He has almost ruled out the whole idea for England on the ground that full compensation would require an amount which would be three times the national debt of that country. Since our idea is to go ahead with the question of the abolition and not sabotage it, we cannot afford the luxury of the talk of full compensation."

On the other extreme are persons who would expropriate zamindars without paying them any compensation. The Communist Party, at its Sixth Congress held in 1928, laid down the broad outline of Communist policy in India, which includes a struggle for the destruction of all feudal relics and for an agrarian revolution envisaging the dictatorship of the proletariat and the peasantry. In October, 1937, the All-India Kisan Sabha strongly denounced the suggestion for the payment of compensation to zamindars. The 1942 programme of the Socialist Party included the taking over of zamindari land by the peasant after a victorious class struggle, although Acharya Narendra Deva, whom we have examined as a witness, has admitted that, "at the present stage of the country's development abolition with compensation is the only practical proposition." In fact, the abolition of landlordism without compensation, the confiscation of large estates and the direct seizure of land by organised peasants are common features of the programmes of revolutionary peasant movements all over the world. Gandhiji's theory of trusteeship has been widely misrepresented as defending the continuance of vested interests. In the course of a talk Gandhiji said that "his views on the ownership of land were well known. The only rightful owner of the land was he who tilled it. The present proprietors were morally entitled to hold lands only if they became trustees of it. If the

cultivators of the field of a proprietor, who had become a trustee, refused to till the land for him, he would not sue them or seek otherwise to coerce them. He would leave them alone and try to earn his livelihood independently by honest industry. If he has been discharging his function as a trustee honestly, they would come to him before long in contrition and seek his guidance and help, for he would use his privilege not to fill his pocket by the exploitation of the labourers, but teach the latter co-operation and organization so as to increase their produce and ameliorate their condition. This would mean that the proprietor must himself become a cultivator *par excellence*. A proprietor who regarded his property merely as a means of satisfying his lust was not its owner but its slave." "A proprietor who holds his property as a trust", says Gandhiji, "will not pass it on to his children in inheritence unless the latter in their turn become trustees and make good their claims as such. If they are not prepared for it, he should create a trust of his property. It is demoralizing for an able-bodied young man to live like a parasite on unearned income."*

This is a revolutionary doctrine, differing from others not so much in its economic objectives as in the method of attaining them. What it contemplates is not a violent social upheaval but a process of peaceful transformation. The tiller of the soil would become its owner neither by organised violence nor by legislation but by a moral revolution; a revolt not of the peasants, but of the conscience of the landlords themselves.

History is full of instances of the extinction of the rights of intermediaries without compensation. The rights of a *jagirdar* and an *ijaredar* under the Mughals were terminable at the death of the grantor or grantee and at the pleasure of the king. In the thirteenth century, Alauddin Khilji abolished the system of rent collectors and substituted for it a system of direct collection from cultivators. Akbar's settlement was also of a *raiyatwari* nature. In more recent times, Jafar Khan (1711—26) dispossessed a large number of zamindars. Similar action was taken by Nawab Saadat Ali Khan of Avadh (1789—1814). In the settlement of Agra, made under Bird's supervision, according to Regulation

* *Leader*, January 13, 1916.

IX of 1833, numerous engagements were made with the headmen of proprietary bodies by superseding taluqdars and zamindars with whom engagements had been made in the previous settlements. The zamindars have received the grants of zamindari rights gratis; they have earned large amounts by way of unearned profits and even today they have no economic function other than that of rent collection. Thus, consideration of equity, supported by historical precedents are put forward to justify the acquisition of zamindari rights without payment of compensation.

Whatever may happen under a revolution, we do not know of any country where landlordism has been abolished through legislation without payment of any compensation. In Russia where landlordism was liquidated by a violent revolution and seizure of property, the Land Decrees came in afterwards to give legal recognition to a state of things which was an accomplished fact. The dictatorship of the proletariat and peasantry may take up an attitude that the zamindars are beyond the pale of their sympathy, and their liquidation, by death or starvation, is a matter of little concern. But a democratic State must so adjust the necessary reforms in the economic structure that the severity of their effect on a particular class is, as far as possible, mitigated and give the class an opportunity to find new and useful avocations by engaging in production activities. Abolition of landlordism without compensation would, in the existing state of affairs, in our opinion, create a dangerous economic and social situation. Apart from questions of social stability, we cannot look with equanimity on the suffering and national waste involved in the forced pauperisation of a section of the people. It is idle talk that the zamindars so released will be absorbed in industrial enterprises, assuming that they are possessed of the aptitude and will to work. The State is simply not in a position to create employment for all the unemployed and under-employed in the country. Abolition without compensation, we are afraid, will create, for the State and society, problems no less difficult and dangerous than abolition with full compensation.

An alternative that has been suggested to us is that the payment of compensation should take the form of annuities payable during the lifetime of the zamindar and his living heirs and dependants. According to this view the zamindar should

be treated as a revenue official and compensation be given to him in the form of a pension based on the pay of civil servants who would be substituted in his place for making rent collections. "The zamindar has been collecting about 7 crores for the State every year, a task whose efficient performance can, in no case, cost more than 50 lakhs a year. On this basis, he could not be entitled to a pension of more than 25 lakhs a year on being discharged from active service."* Another, more or less similar suggestion that has been made is that the biggest zamindar should be treated as the most highly paid revenue official and others should be graded accordingly, each receiving a pension on the basis of the salary payable to revenue officials. If we put the cost of direct management and collection of revenue at 15 per cent., the highest percentage which we have adopted for making deductions from the rent collections for the purpose of assessing compensation, the zamindars would be entitled to Rs.105 lakhs a year on active service and 52·5 lakhs on retirement. Warren Hastings wrote to the Court of Directors in connection with the zamindars of the 24 Parganas, who had been dismissed by the Company in 1772: "when a zamindar was divested of his authority it was a rule of the Moghal Government to allow him a subsistence out of the rent of zamindari in proportion to the annual income of it. The proportion usually amounted to a tenth." The earliest settlements in our province were made on the basis of 10 per cent. of the rental demand to zamindars. Even today under the Land Revenue Act, the zamindar can enjoy his property only so long as he is bound by the engagement to pay the revenue. If he refuses to engage, or is excluded from assessment, he is entitled to receive an allowance under section 74 of the Act of not less than 5 and not more than 15 per cent. of the revenue, taking due account of the profits arising from the cultivation of *sir* and *khudkasht*. On these estimates, the zamindar is entitled to an allowance in the form of annuities varying from rupees 25 lakhs to rupees 105 lakhs. Annuities have certain advantages over lump sum payment in so far as the recipient is assured of a livelihood; there is no danger of dissipation inherent in lump sum payment through extravagance and wastefulness; the State does not have to provide for any sinking fund and the State's burden under the annuity scheme is comparatively lighter.

*"Abolition of Zamindari", Oudh Publishing House, page 10.

There are, however, equally grave objections against the annuity scheme. The State pensions off persons who are no longer fit for active service, but the zamindars are composed of persons both young and old, active as well as infirm. The analogy of pension is, therefore, not fully applicable. At any rate, any State which relegates men fit for active service to a life of pensionary idleness deserves the severest condemnation. We do not think that the zamindars should be segregated into a class of do-nothings, they should, instead, be assimilated in the new social order as soon as possible. We have seen that more than 84 per cent. of the landlords in the United Provinces pay a land revenue of rupees 25 or less per annum and none of them will receive an annuity of more than Rs.75 if the aggregate annuity for whole province is fixed at Rs.25 lakhs and not more than Rs.300, if the aggregate of annuity is fixed at Rs.105 lakhs. Realisation of such petty amounts, if made monthly, will absorb the whole or major portion of the annuity in travelling expenses. On an yearly basis they will mean hardship of another type. In any case they will not be worth much. On consideration of expediency, therefore, the annuity system is as impracticable as compensation at "full rate" and "no compensation."

We have discussed the two extreme alternatives of confiscation without compensation and payment of compensation at market rates, not because the choice of either of them was open to us, but in order to show that the one was impracticable and the other financially unsound. The Assembly resolution, to which this Committee owes its existence, has specifically directed us to prepare the scheme of acquisition on the basis of the payment of "equitable compensation." What is "equitable compensation" and what factors should be taken into account in determining it remains for us to decide.

But before any specific proposal can be considered, it is necessary to examine the financial implications of the scheme from the point of view of the zamindars as well as the State. We shall, therefore, proceed to discuss the basis on which the net assets of the zamindars are to be calculated, and the increased income which the State can expect as a result of the abolition of the zamindari system.

Calculation of gross and net income

A proprietor's gross income from land consists of:

(*a*) Cash rents paid by tenants and grove-holders.

(*b*) Cash rents paid by tenants of *sir*.

(*c*) The surplus produce of *sir* and *khudkasht* under proprietary cultivation.

(*d*) Income from the zamindar's groves.

(*e*) The income from the grain-rented land.

(*f*) Rents paid by grantees at favourable rates.

(*g*) *Sayar* income.

(*h*) Income from forests.

Careful consideration is required in determining whether a number of these items should or should not be included in the assessment of gross income. We have already examined the question of *sir* and *khudkasht* and groves, and decided that no compensation need be paid for the land which a zamindar is allowed to retain.

The second item relates to areas held rent-free or at favourable rates of rent. The zamindars do not at present derive any income from land held rent-free and receive an exceptionally low rent in the case of grants at favourable rates. It is difficult to say, if and when a grant shall mature into a proprietary holding, or become liable to asessment of rent or revenue or be liable to resumption. We do not propose the immediate determination of rents at hereditary rates for land held either rent-free or at a favourable rate. The grantees will continue to enjoy their land on the present favourable terms until the next settlement. We, therefore, recommend that only their recorded rents, if any, should be accounted for in the calculation of the net profits of the landlord.

Another point deserving consideration refers to the areas which are occupied but yield no rent at present, namely, land held without title and land included in holdings on which rent has not been determined, forming a total of over 23 lakh acres. If the gross income were calculated strictly on the basis of the actual present income, the exclusion of this area would be justified. But we do not think that this would be quite fair, considering that the intermediaries would, in the normal course of

estate management, have either settled rents by private negotiations or sued for determination of rents in cases where they recognized the title of the occupier; in other cases they would have filed suits for ejectment and compensation based upon the hereditary rates of rent. We recommend, therefore, that the assumed rent at hereditary rates on such land should be included in the gross assets.

Sayar income may either be assessed to land revenue or it may be exempted from it. If it can be ascertained from the Government records, the annual average income from *sayar* will be calculated from the recorded figures of the last twelve years. If it is not so ascertainable, the zamindar will have to show how much *sayar* income was received by him during the preceding twelve years and the annual average worked out.

Income from forests is of a fluctuating nature and the period of renovation of different kinds of forests also varies. We recommend that the annual income from forests should be calculated from the income received during the period ordinarily required for the renovation of that forest. Income from waste land would be included in the *sayar* income, and therefore we do not propose to make any separate valuation for it.

From the gross assets the following deductions will be made to give the net assets:

(*a*) Land revenue.

(*b*) Cesses.

(*c*) Estimated percentage of gross assets to be deducted as costs of management and irrecoverables.

Adequate data regarding estate management in the United Provinces are not available. It is not, therefore, possible to determine accurately the cost of management, the short collections from year to year, the part of the short collections which is realised in subsequent years, and the balance which is not realised and becomes barred. The figures of arrears of rents shown in the *siyaha* are notoriously unreliable and exceed the actual figures of short collections. Deductions made on that basis would be unfair.

The only reliable figures that are available relate to the Court of Wards and the Government estates. The cost of management for all Government estates, including Tarai and Bhabar, for 1943-44 and 1944-45 respectively was 17·44 per cent. and 15·68 per cent.; while in Tarai and Bhabar Government Estates which maintain a more elaborate system, the average cost for the years 1938-39 to 1944-45 was 19·82 per cent. An approximate average for all the Government estates works out at 16·49 per cent.

In the Court of Wards, the cost of management varied between the years 1935-36 to 1940-41 from 10·97 per cent. to 12·11 per cent., the average being 11·67 per cent. which is much lower than the cost of management on Government estates.

The percentage of collections as against total demand in all the Government estates for the years 1943-44 and 1944-45 respectively was 95·88 per cent. and 97·85 per cent., the average being 96·94 per cent., i.e., 3·06 per cent. short collections. In Tarai and Bhabar the collections were lower, the average for the years 1938-39 to 1944-45 being 93·26 per cent., i.e., 6·74 per cent. short collections. In the Court of Wards the percentage of collections to demand in the years 1935-36 to 1938-39 varied from 92·34 per cent. to 95·39 per cent., the short collections varying from 7·66 per cent. to 4·61 per cent. It is difficult to say how much of this was recovered in a subsequent year. From the figures showing amounts written off as irrecoverable from 1935-36 to 1940-41, it would appear that the average was only 0·14 per cent. of the demand.

It is difficult wholly to apply these figures to estate management by private individuals. As a general rule the cost of management in private estates is lower as they do not usually maintain the elaborate records and staff kept by the Government. The short collections and irrecoverables would on the other hand be considerably higher as private individuals do not possess the same facilities for realisation of rent as Government agency.

Again, both the cost of management and short collection would be lower on small estates than on large ones. The small zamindars frequently realise their rents personally and are generally more exacting in their demands than the bigger zamindars.

Taking all these factors into consideration we think that a reasonable estimate would be as follows:-

Categories of zamindars	*Total deductions on account of cost of management and bad debts.*
(1) Zamindars paying land revenue up to Rs.250 ...	5 per cent. of the gross assets.
(2) Zamindars paying land revenue exceeding Rs.250 but not exceeding Rs.500 ...	10 per cent. of the gross assets.
(3) Zamindars paying land revenue exceeding Rs.500 but not exceeding Rs.2,000 ...	12 per cent. of the gross assets.
(4) Zamindars paying land revenue exceeding Rs.2,000 ...	15 per cent. of the gross assets.

As we have accepted, (*vide* Chapter IX), the recorded rents and circle rates as the basis of calculation, the figures of the Fasli year preceding the year in which the compensation rolls are prepared should be taken into account, except in the case of *sayar* and income from forests which are casual and fluctuating.

Conclusion

The gross income will consist of:

(*a*) Cash rents paid by tenants and grove-holders.

(*b*) Cash rents paid by tenants of *sir* which the intermediary is not allowed to retain.

(*c*) The income from grain-rented land.

(*d*) Rents paid by grantees at favourable rates of rent.

(*e*) Assumed rent at hereditary rates on land included in holdings on which rent has not been determined and land held without title.

(*f*) Twelve years' average of *sayar* income.

(*g*) Average income from forests.

The following deductions will be made to give net income:

(*a*) Land revenue.

(*b*) Cesses.

(*c*) Percentage of gross assets according to the above schedule to be deducted as cost of management and irrecoverables.

As table " A " at the end of this chapter shows, the gross assets of all the zamindars calculated on the above basis amount to Rs.1,877 lakhs a year, and net assets amount to Rs.915 lakhs.

Let us now examine the financial implications of the acquisition of intermediaries' rights by the State.

The revenue from land in the year 1945-46 consisted of:

	Rs.
Land revenue	678 lakhs
Cesses	99 ,,
TOTAL ...	777 ,,

On the abolition of zamindari the State will collect tenants' rent directly. For their *sir* and *khudkasht* which they are allowed to retain and their groves zamindars will pay at the revenue rates on the land. The gross revenue from land payable to the Government after the abolition of zamindari will, therefore, consist of:

	Rs.
Recorded cash and grain-rental ...	1,701 lakhs
Average *sayar* income for the last 12 years	31 ,,
Assumed rent for the land included in holdings on which rent had not been determined or held without title ...	145 ,,
Estimated revenue on *sir* and *khudkasht* and groves payable by intermediaries after the abolition of zamindari ...	160 ,,
TOTAL ...	2,037 ,,

The *sayar* income will belong to the village community which will be given the right of management over all sources of *sayar* income.

Out of the gross revenue from land the following deductions should be made:

	Rs.
(1) Cost of management by the State at the rate of 5 per cent. of the gross assets, and irrecoverables at 5 per cent. of the gross assets, total 10 per cent. of the gross assets excluding *sayar* income, i.e., 10 per cent. of Rs.2,006 lakhs	201 lakhs
(2) *Sayar* income (which will henceforth go to the village community) ...	31 ,,
TOTAL ...	232 ,,

The net revenue of the State will, therefore, amount to Rs.1,805 lakhs. As the present land revenue and local rate from land amount to Rs.777 lakhs (the gross additional gain of the State after the abolition of zamindari, comes to Rs.1,028 lakhs).

In considering the total effect of the scheme of abolition upon the revenue of the State, we must also take into account the likely loss of revenue from stamps, court fees and registration, consequent on the abolition of zamindari and the likely reduction, among other things, of litigation in Revenue and Civil courts. Proprietary right in land is by far the most important form of property in the United Provinces and the loss of revenue under these heads is departmentally estimated to be about 80 per cent. of the total revenue under these heads, i.e., at about Rs.187 lakhs a year. We have no means of checking these figures and we accept them as suggested by the department. This decrease will be offset by a little saving in expenditure. We, therefore, estimate the net loss at approximately Rs.150 lakhs per year. We have recommended that *waqfs* and trusts should be given annuities equivalent to their expenditure on public and charitable objects. This is estimated at Rs.50 lakhs a year. We have also recommended reductions in rent from 1 to 6 annas a rupee on all the tenants' holdings of 10 acres of land or less. This will cost Government Rs.150 lakhs a year.

After making an allowance for all these deductions the net additional gain of the State on the abolition of zamindari comes to Rs.678 lakhs a year.

Equitable Compensation

The preceding discussion has indicated the main principles that should govern the determination of equitable compensation. There seems to be an apparent conflict between the interests of the zamindars on one side, and the State on the other. In judging what is equitable, all the relevant factors must be taken into consideration and a reasonable balance struck between conflicting claims and interests. Apart from questions of the origin and status and the nature of the "real" rights of the zamindars and the unearned income which they have already enjoyed, the main practical considerations are:

(1) The ensuring of a reasonable livelihood to the expropriated intermediaries.

(2) The ability of the State to shoulder the financial burden involved.

While we are fully conscious that the interests of the individual from whom property is acquired are of paramount importance, we cannot forget that the capacity of the State to bear the burden is an equally important consideration. If we fix a rate of compensation which may be outside the capacity of the State to pay, either the scheme of abolition will have to be abandoned or the financial structure of the State will be jeopardized. In one case a most desirable object will be frustrated, which may recoil to the disadvantage of the landlords themselves. If, on the other hand, the financial structure of the State is shaken, it will spell disaster no less for the landlords than for the whole province.

Besides, the amount paid as compensation should not be so large as to make economic development impossible, for the main purpose of the abolition of zamindari is to raise the standard of living of the rural masses and to increase food production.

A considerable proportion of the State's additional revenue from land will naturally have to be spent on large schemes of agricultural reconstruction. A portion will also have to be reserved for meeting unforeseen contingencies, such as agricultural calamities, remissions that may be necessary, if there is a fall in prices from the present level, special remissions that may have to be given to owners of small holdings or as concessions to co-operative farms or to peasants who construct approved works of land fertility and reclamation. We must take into account

the fact that with the establishment of direct contact between the State and the cultivator there will be larger and more frequent demands than hitherto for the grant of remissions. It will not be feasible to meet these from the State's revenue from sources other than land, as the financial burden on the State is daily increasing and will continuously increase on account of the plans of development in all spheres of life and of the expansion of the services provided by the State.

We must also remember that the revenue policy of the British Government was to tax the zamindars lightly, thus throwing an undue burden upon other classes of tax-payers. If this discrimination in their favour were removed their incomes and consequently compensation would have been considerably reduced. The Government is possessed of the power to legislate for the enhancement of land revenue or for the imposition of a tax on agricultural incomes or estate and death duties on the inheritance of agricultural properties. In fact, legislation for the imposition of income-tax on agricultural income is already pending before the legislature, and will reduce the landlords' income by about one crore annually. The imposition of estate and death duties could not also be delayed for long if zamindari were not abolished.

On the other side, the compensation, to be equitable, must be a reasonable return to the intermediaries for the loss of their property and provide them a reasonable standard of living and an opportunity for their economic rehabilitation.

Taking all these factors into consideration we are of the opinion that the major part of the net additional gain of the State on the abolition of zamindari should be paid as compensation to the intermediaries, reserving something between 1 and 1·5 crores to cover unforeseen contingencies and for schemes of agricultural improvement.

Graded rates of compensation

Almost all the witnesses we have examined suggested that the smaller landlords should get comparatively larger compensation, that is, the multiples should be graded, the highest being applicable to those with small incomes and the lowest to those with the largest. We think that there are good reasons in support of this proposal. It will have the effect to a certain extent of reducing the gross disparity in income between the various classes, and

minimise the present inequitable distribution of wealth. The principle of grading incomes according to their size and of imposing a more severe burden upon large incomes than upon small ones is universally recognized as equitable. In assessing income-tax, for instance, person with small incomes are treated much more leniently than those with large incomes. A distinction between big and small zamindars would, therefore, be in accordance with universally accepted principles of public finance and equity. Besides, even a low multiple applied to a large estate will assure a reasonable income, while the same low multiple applied to a small estate would give such a ridiculously small amount that it would be hardly better than confiscation. If these small amounts were doled out to the smaller zamindars paying land revenue up to Rs.250 who comprise about 19 lakhs and 87 thousand individuals out of a total of 20 lakhs and 17 thousand, the compensation payable to each individual would be so small that it could hardly be put to any productive or useful purpose. There would be a strong temptation to squander the money, resulting, in the aggregate, in an enormous loss of national wealth.

Besides, as the statistics collected by us show, there is a wide disparity between the area of *sir* and *khudkasht* which the zamindars in the various categories are likely to retain. Taking the unlet *sir* and *khudkasht* alone, the area in the possession of each individual zamindar varies from 3·17 acres in the case of the lowest category to 245·52 acres in the case of the highest. It is difficult to say how these averages will be modified by the demarcation proceedings recommended by us, but it is obvious that the biggest zamindars will retain much larger areas per head than the small zamindars. The graded multiples recommended by us, though they are fairly steep, will not have such a crushing or levelling effect as may appear at first sight. The compensation along with the fairly large areas of *sir* and *khudkasht* left to the bigger zamindars will give them a reasonable income, while the modest income of the small proprietor will be reduced only by a small fraction, as the highest multiple of 25, along with their *sir* and *khudkasht* will assure to them the enjoyment of a standard of living only slightly different from the one to which they have been accustomed. It must also be remembered that the benefits flowing from the State, in the shape of more extensive services, the development of agriculture and the reconstruction of society

on a democratic basis hold out a reasonable hope of a higher standard of living and a happier and more useful existence in the not distant future, to all agriculturists including those who are today merely idle rent-receivers and parasites.

The classification of zamindars and the multiples unanimously recommended by us are as follows:

Categories of zamindars according to land revenue	*Multiples*
I—Up to Rs.25	25 times of the net assets.
II—Exceeding Rs.25 but not exceeding Rs.50.	22½ times of the net assets (but not less than the highest figure payable to the class above).
III—Exceeding Rs.50 but not exceeding Rs.100.	20 times of the net assets (but not less than the highest figure payable to the class above).
IV—Exceeding Rs.100 but not exceeding Rs.250.	17½ times of the net asse'ts (but not less than the highest figure payable to the class above).
V—Exceeding Rs.250 but not exceeding Rs.500.	15 times of the net assets (but not less than the highest figure payable to the class above).
VI—Exceeding Rs.500 but not exceeding Rs.2,000.	12½ times of the net assets (but not less than the highest figure payable to the class above).
VII—Exceeding Rs. 2,000 but not exceeding Rs.3,500.	10 times of the net assets (but not less than the highest figure payable to the class above).
VIII—Exceeding Rs.3,500 but not exceeding Rs.5,000.	9 times of the net assets (but not less than the highest figure payable to the class above).
IX—Exceeding Rs. 5,000 but not exceeding Rs.10,000.	8 times of the net assets (but not less than the highest figure payable to the class above).
X—Over Rs.10,000	{ 8 / 3

N.B.—In the case of those who are paying a land revenue of over Rs.10,000 although they will get 8 times the net income in respect of that portion of the property for which they pay a land revenue of Rs.10,000 the compensation payable for income in excess of this will be calculated on the basis of three times of such income.

We wish to make it clear that this slab principle will not apply to categories other than the last. Thus a person in category II will be entitled only to a multiple of 22½ for his entire income without getting the benefit of the higher multiple suggested for the previous category.

The same multiples should also be applied to intermediaries other than landlords, namely, sub-proprietors, under-proprietors, permanent tenure-holders, etc., on the basis of the net income of each intermediary.

As the table "A" at the end of this chapter would show, the total amount of compensation at these rates will amount to approximately Rs.137 crores and the annual liability of the State

for a period of 40 years at 2½ per cent. interest will be about Rs.5·5 crores. This leaves an additional gain to the State of only Rs.1·3 crores a year.

We considered the question of imposing a maximum limit of Rs.10 lakhs upon the compensation payable to any individual zamindar. The reasons for such a limitation are, firstly that the amount of Rs.10 lakhs is amply sufficient for any single individual and assures a high standard of living, secondly that it would help to reduce the financial burden upon the State. But when the effect of this maximum limit was studied in the light of statistics collected by the office, it was found that it would apply to only four estates and the savings would amount to approximately Rs.22 lakhs only. In these circumstances, the Committee did not consider it desirable to impose any maximum limit.

We have recommended a graduated scale of compensation descending from the highest multiple to be applied in the case of the smallest zamindars to the lowest in the case of the highest. We apprehend that there is a possibility of the partitioning of estates falling in a higher income group into a number of small estates with the object of getting higher multiples. While there can be no objection to partition of property among collaterals, a partition effected among sons when the father is alive, may be easily made to defeat the proposals regarding compensation. Similarly properties may be transferred by way of gift or for nominal amounts by a father to a son with the object of getting higher compensation. We, therefore, recommend by a majority (Begum Aizaz Rasul dissenting), that any transfer of property from father to son by way of gift or fictitious sale, and any partition taking place between father and son and made since the Assembly resolution on the abolition of zamindari, should be disregarded in assessment of compensation.

Joint Hindu families

A joint Hindu family is, strictly speaking, a legal entity, but in fact it consists, in many cases, of more families than one and its income is the aggregate of the income of the families constituting it. If the income of the joint Hindu family were treated as one unit, we think that the members of the joint family may, in some cases, be hit very hard. In India, it is a rule that the sons and daughters live with their parents and dine in the same mess.

For assessment of compensation a bigger family should be divided into its component parts. We must, therefore, differentiate between joint Hindu families which consist of father, sons and grandsons and joint Hindu families consisting of brothers and their descendants. We are of the opinion that a joint Hindu family which consists of father and sons and grandsons should be treated as a single unit, but if it consists of brothers and their descendants, the joint Hindu family should be deemed to be composed of as many units as the members constituting it, and the appropriate multiples applied to each case. For instance, if a joint Hindu family consists of:

(i) *A* and his two sons *B* and *C*, and *X* the son of *C*, and *Y* and *Z* sons of *D*, the deceased son of *A;* the whole family should be treated as a single unit.

(ii) Three brothers *A, B* and *C; X, Y* and *Z* three sons of the fourth deceased brother *D;* and *L,* son of *A; M* and *N,* sons of *B; O, P* and *Q,* sons of *C;* will be deemed to consist of six units—one representing *A* and his son *L;* the second *B* and his sons *M* and *N;* the third *C,* and his sons *O, P* and *Q;* and *X, Y* and *Z* shall each constitute one unit.

If the family in the second illustration paid a land revenue of Rs.1,000 annually, the three families of *A, B* and *C* shall each be deemed to pay Rs.250, and each of the three sons of *D,* i.e., *X, Y* and *Z* Rs.83·33, and appropriate multiples shall be applied.

Discrimination on the basis of origin

We have also to consider the question whether in assessing compensation there should be discrimination on the basis of how a particular estate was initially acquired. Some of the present day estates were granted on account of loyalty to the alien rulers. The British confiscated the lands of a number of landlords and taluqdars who had proved too troublesome during the 1857 rebellion and settled them with others who had helped in the restoration of British authority. Many a zamindari and taluqdari have been acquired by dubious methods including violence, fraud, forgery and sycophancy. Elsewhere, we have quoted Lord Canning to show how objectionable were the

means by which many taluqdars in Avadh obtained their property. All over the province, there are innumerable instances where the rightful owners were deprived of their property and men having no claim usurped their rights. Theoretically, there appears to be ample justification for awarding either no compensation or compensation at a lower rate in cases where land was acquired by what in the larger sense may be called disloyalty to the country or other questionable methods. Why should a free nation be burdened with financial responsibility for the benefit of those who have stood in the way of the achievement of freedom? But considerations of abstract justice are not the only factors which should guide us in the matter. We cannot ignore the fact that there is hardly an estate in the province which has not changed hands either by inheritance or transfer since the original grant. If the transfer has been for valuable consideration, there is little justification for punishing a zamindar for the misdeeds of his predecessor—when those misdeeds were of a personal character and not attached to the nature of the property. There will be numerous cases where land has passed through more than one hand. The grandson or the great-grandson of a traitor of 1857 may be a hero of the 1942 rebellion. If the treachery of one is a disqualification, the sacrifice of the other is a meritorious act. How far the original disqualification can be offset against a more recent meritorious act, is not susceptible of mathematical calculation. It requires delicate weighment of sentiments, motives and moral considerations. We do not know of any State which has ever succeeded in setting up an adequate machinery for the decision of such delicate matters. Even if that were possible, we would have to trace the origin of each individual estate, the manner in which it has descended since and the conduct of its successive owners. All this would take an amount of time which would completely defeat the scheme of the abolition of zamindari. We have had, therefore, with a certain amount of reluctance, to abandon the idea of making any discrimination on the ground of how the title to the property had originated.

Some other allied questions arise. Should any distinction as regards the rate of compensation be made between those who acquired zamindari rights for valuable consideration and those who obtained them by inheritance or otherwise? Should there be a higher rate of compensation for zamindari, or other intermediary

rights, acquired during the last twenty years? These questions are related with another question, i.e., should the amount of compensation be affected by the fact that the intermediaries have enjoyed progressively increasing incomes? We have already seen how the zamindar's share of the total collections increased from 10 per cent. to 60 per cent. during the nineteenth century and after, how the period of settlement increased from 3 to 40 years, and how the practice of including prospective rise of rents during the term of settlement in the assets was abandoned. All these, coupled with increasing pressure of population on land, widened the gap between the scissor blades representing the zamindar's income and the gross rental. Elsewhere we have given figures to show how between the years 1893-94 and 1944-45, while the increase of land revenue was 15 per cent. from 593 lakhs of rupees to 682 lakhs of rupees, the rent shot up by 43 per cent. from 1,224 lakhs of rupees to 1,753 lakhs of rupees. These figures do not contain concealed rents, or the numerous perquisites in the shape of levies and cesses which until a decade ago were common in various parts of the province. We do not know of anything that the landlord has done to improve the land. Mostly, therefore, the increase of rents is in the nature of unearned profits due to social causes. The continuous increase in the landlord's share means that the longer the period over which a landlord has held the land the larger are the unearned profits enjoyed by him. It is on this ground that suggestions have been made that a landlord who has acquired zamindari recently, say within less than 20 years, should get a higher rate of compensation. It was also suggested that a purchaser for valuable consideration who has invested money in zamindari, which he could, with the expectation of equal profit, have invested in house property or industries, deserves greater consideration than another person who has acquired zamindari by inheritance. Such a distinction may be justified on the principles underlying the imposition of estate or death duty, but not in awarding compensation. We see no reason, for instance, why two estates of equal market value, one purchased by one brother in 1940 who is alive, and another purchased by a second brother who is dead and whose estate has passed to his son, should be differently treated for the purpose of assessing compensation. It must be borne in mind that we are acquiring certain rights and in equity the compensation

should be co-related to the value of those rights. Besides the general rise in the landlord's share of rent-collection does not mean that all the landlords have benefited equally by this rise and each of the cases of the millions of landlords will have to be worked out separately. If we enter into these meticulous details, it would mean a delay that would end the abolition scheme.

Banks

It has been suggested to us that banks which have acquired estates in the course of their transactions should be paid compensation equal to the market-value of their landed property so that the commercial structure of the country may not be shaken. We are not in possession of statistics showing the extent to which banks have invested money in landed property, and cannot estimate how far acquisition of the land held by banks at the multiples recommended by us will affect their finances. We must point out, however, that the provisions of the Encumbered Estates Act, which also to a certain degree affected banks, do not appear to have had any serious repercussions. One of the banks in a representation submitted to the Hon'ble Minister of Revenue pointed out that it owned landed property worth about Rs.15 lakhs. From certain inquiries made by the office, it appears that this does not represent a very high proportion of its capital, and the payment of compensation at the rates recommended by us, should not seriously affect its stability.

As regards the loans advanced by banks on the security of land, we have in a subsequent chapter recommended that such loans shall not be scaled down and will be realisable up to the amount of compensation payable to an intermediary.

The arguments that have been advanced by us for making no distinction between one intermediary and another apply to the banks as well. We, therefore, recommend that compensation should be paid to them at the same rates as are applied to other zamindars.

Waqfs and trusts

We are agreed that public *waqfs* and trusts which use their income for charitable or religious purposes, i.e., objects that are socially useful, deserve special consideration. If the income of *waqfs* and trusts is reduced as a result of the abolition

of zamindari, many of the objects may become incapable of fulfilment. Compensation, if paid in a lump sum, to *waqfs* and trusts, would be in danger of being misappropriated or dissipated. We recommend that public and charitable *waqfs* and trusts should be assured their present income in the form of permanent annuities equivalent to their present allocation of expenditure for public and charitable purposes. The amount set aside by them as reserve fund for future expenditure on public and charitable objects or to meet a contingency will also be treated as part of the expenditure for public and charitable purposes. This annuity will be subject to revision according to the increase or decrease in the rent rates of the *waqf* property acquired. The payment of an annuity should be acceptable to the Muslim *waqfs* who may have a legitimate objection to the acceptance of interest on money, but who can have no objection to the acceptance of an annuity out of the revenues of the State.

Mixed *waqfs* and trusts, whose income is partly applied to religious and charitable objects and partly for the benefit of individuals, the *waqif,* his family or other persons, will have to be split up into two parts, namely, income applicable to religious and charitable objects and income reserved for private benefit. The income which is immediately applicable to religious and charitable objects will be compensated in the form of annuity on the same principles as a purely religious or charitable trust. But the property whose income is reserved for the benefit of private individuals will be treated as ordinary zamindari. The *waqf-alal-aulad* wherein income is ordinarily reserved for the benefit of the donor and his family and heirs, and a benefit in favour of religious, charitable or public purposes is a remote contingency, should in our opinion, be treated as ordinary zamindari. We recommend, therefore, that *waqfs* and trusts whose income is reserved for the benefit of the donor and his heirs, and is applicable to religious and charitable purposes only in a remote contingency, should be compensated at the rates applicable to ordinary zamindari. *Waqfs-alal-aulad* should be treated on the same basis as a joint Hindu family, i.e., the beneficiaries shall be treated as one unit in so far as they consist of a father and sons, and as separate owners in the case of others, the father being dead.

In cases where *waqfs* and trusts, whether public, private or mixed, have been created after the Assembly resolution on the abolition of zamindari, the State will have the discretion to disregard such *waqfs* and trusts in assessing compensation, and may treat them like ordinary zamindari.

Certain special cases

Among the cases which appear to merit special consideration, one is that of persons to whom proprietary rights have been transferred under sections 28(i) and 28(ii) of the United Provinces Encumbered Estates Act. There are two principal differences between such persons and a purchaser of landed property in the open market. Firstly, the former acquired land on the pre-slump valuation which did not in many cases correspond to the market value of the land at the time of the transfer. Secondly, they acquired land by an order of the Collector under the Encumbered Estates Act and not voluntarily by a private contract. It may, therefore, be argued that they should be compensated at a rate different from other intermediaries or even that they should be paid the valuation which was put upon the estate at the time of the transfer. In its general aspect this question has already been discussed and we have recommended that no discrimination should be made on the basis of how or when intermediary rights were acquired. The same arguments apply to these cases with equal force. Besides, it must be noticed that the special valuation of land for purposes of transfer under the Encumbered Estates Act was intended to re-adjust the debts to the change in the value of money and the value of land on account of the depression. In theory, therefore, the transaction was quite fair. Though the transfers were made by an order of the Collector, the creditor had the option under section 34 of having the land sold by public auction. Had this option been exercised, the sale-price of the property, at least in the earlier years, would probably have been less than the valuation put upon it, but it would theoretically have been equal to the real value of the debt.

We recommend, therefore, that the persons who acquired proprietary rights under the Encumbered Estates Act should be paid compensation at the same rates as are applied to other zamindars.

TABLE "A"

Statement showing in lakhs of rupees the net income and amount of estimated compensation of zamindars of various categories in the United Provinces, except Almora and Garhwal Districts and the Hill Pattis of Naini Tal District, based on the figures for 1945-46 (1353 *Fasli*)

Categories of zamindars according to land revenue (with their numbers)	Amount of gross assets	Amount of land revenue	Amount of cesses	Total land revenue and cesses	Estimated percentage of gross assets to be deducted as irrecoverable and cost of management	Amount to be deducted for irrecoverable and cost of management	Total amount to be deducted (columns 5 and 7	Net assets or income (column 2—8)	Multiples	Amount of compensation	Remarks
1	2	3	4	5	6	7	8	9	10	11	12
	Rs. (lakhs)	Rs. (lakh)	Rs. (lakhs)	Rs. (lakhs)	Per cent.	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)		Rs. (lakhs)	
(1) Up to Rs.25 (17,10,530) ..	280	101	15	116	5	14	130	150	25	3,750	
(2) Exceeeing Rs.25 but not Rs.50 (1,42,890).	138	50	7	57	5	7	64	74	22½	1,665	
(3) Exceeding Rs.50 but not Rs.100 (81,657).	158	57	8	65	5	8	73	85	20	1,700	
(4) Exceeding Rs. 100 but not Rs. 250 (51,564).	219	79	11	90	5	11	101	118	17½	2,065	
(5) Exceeding Rs. 250 but not Rs.500 (16,758).	163	59	9	68	10	16	84	79	15	1,185	
(6) Exceeding Rs. 500 but not Rs. 2,000 (10,929).	274	99	15	114	12	33	147	127	12½	1,588	

(Continued on the next page.)

TABLE "A"—(*concld.*)

Categories of zamindars according to land revenue (with their numbers)	Amount of gross assets	Amount of land revenue	Amount of cesses	Total land revenue and cesses	Estimated percentage of gross assets to be deducted as irrecoverable and cost of management	Amount to be deducted for irrecoverable and cost of management	Total amount to be deducted (columns 5 and 7)	Net assets or income (column 2—8)	Multiples	Amount of compensation	Remarks
1	2	3	4	5	6	7	8	9	10	11	12
(*Continued from the previous page.*)	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)	Per cent.	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)		Rs. (lakhs)	
(7) Exceeding Rs. 2,000 but not Rs. 3,500 (1,223).	89	32	5	37	15	13	50	39	10	390	
(8) Exceeding Rs.3,500 but not Rs. 5,000 (428).	55	20	3	23	15	8	31	24	9	216	
(9) Exceeding Rs.5,000 but not Rs.10,000 (414).	80	29	4	33	15	12	45	35	8	280	
(10) Exceeding Rs.10,000 (390) ..	421 { 105 / 316	152 { 38 / 114	22 { 6 / 16	174 { 44 / 130	15	63 { 16 / 47	237 { 60 / 177	184 { 45 / 139	8 / 3	777 { 360 / 417	
Total ..	1,877	678	99	777	..	185	962	915	..	13,616	

	Rs.
Compensation to superior proprietors	13,616 lakhs
Compensation to inferior proprietors (vide Table " B ")	124 "
Total ..	13,740 "

NOTE—Amount to be paid annually with interest at the rate of 2½ per cent. per annum by half-yearly instalments in 40 years is equal to Rs.545 lakhs.

TABLE "B"

Statement showing in lakhs of rupees the estimated amount of compensation to be paid to inferior proprietors in the United Provinces (except Almora and Garhwal Districts and the Hill Pattis of Naini Tal District), based on the figures for 1945-46 (1353 *Fasli*)

Class of intermediaries	Total area held in lakhs of acres	Area of *sir* and *khud-kasht* in lakhs of acres	Net area for which compensation is to be paid (column 2—3) in lakhs of acres	Gross assets of the area in column 4 at the rate of Rs.6-2 per acre	Amount payable by inferior proprietors to superior proprietors on the area shown in column 4	Irrecoverables and cost of management at 5 per cent. on the amount shown in column 5	Total deductions (column 6+7).	Net assets (column 5—8)	Multiple	Amount of compensation
1	2	3	4	5	6	7	8	9	10	11
Sub-proprietors and under-proprietors.	6·04	4·65	1·39	8·62	1·98	·42	2·40	6·22	20	124·40 or in round figures 124 lakhs.

Amount to be paid annually with interest, at the rate of 2½ per cent. per annum, by half-yearly instalments in 40 years will be Rs.4·92 lakhs or Rs.5 lakhs in round figures.

NOTE—The multiple 20 has been taken as an average for the purpose of an estimate. The actual multiples to be applied will be the same as those for other intermediaries.

CHAPTER XVI

METHOD OF PAYMENT OF COMPENSATION

One of the most important points for decision concerns the method that should be adopted for payment of compensation. What the zamindars would like would be the immediate payment of lump sums in cash. Apart from the fact that payment in cash is not only impracticable under the present conditions of the Indian money market, we are of opinion that the distribution of 137 crores of rupees in cash would be highly inflationary. If the compensation were paid in cash to the smaller zamindars alone, i.e., zamindars paying an annual land revenue not exceeding Rs.250, the amount required would be about Rs.92 crores. It will not be possible for the Provincial Government to raise such a huge loan; even for the Central Government it will be exceedingly difficult, when we consider the fact that similar demands are likely to be made by other provinces where the zamindari system is being abolished. Besides, the distribution of Rs.92 crores in cash would also be highly inflationary.

The next alternative that suggests itself is payment of compensation through redeemable negotiable bonds, the entire amount to be paid within a fixed period of years. This will have the advantage of providing a zamindar, who wishes to invest in industrial enterprise, with ready cash which he can obtain at a small discount. This method also, according to many, is open to the objection that it will have an inflationary tendency. Those who hold this view contend that the negotiable bonds will naturally pass through banks in one of two ways; banks will either grant overdrafts against them or directly invest in them. In the former case, the bank deposits will increase, and in the latter, bank investments. In both cases, new purchasing power, i.e., money which otherwise did not exist, would be created by the banks.

The following passage from the Report of the MacMillan Committee would appear to support this contention:

> "It is not unnatural to think of the deposits of a bank as being created by the public through the deposits of cash representing either savings or amounts which are not for the time being required to meet expenditure. But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft or purchasing power, a bank creates a credit in its books, which is the equivalent of a deposit." —(MacMillan Committee Report, page 34.)

It has, therefore, been suggested that compensation should be given in the form of fixed deposits in the Provincial Co-operative Bank, Central Banks and village co-operatives. Such fixed deposits will be non-transferable by their very nature and the Government may impose an additional restriction on transfers to persons who are not members of co-operative societies. It is pointed out that the advantage of this method of payment would be that while, on the one hand, fixed deposits in the co-operative movement would not mean the creation of new money, such deposits, on the other, will be utilised for large-scale agricultural productive investments.

There is, however, another school of thought according to which the issuing of negotiable bonds will not result in the sort of inflation feared by those whose views have been outlined in the preceding paragraphs. Those who belong to this school contend that if the issuing of negotiable bonds had the same, or approximately the same, inflationary tendency as the issuing of currency, there would be no point in Government's floating loans as an anti-inflationary measure. Loans are floated for this purpose only because by converting currency into bonds, money is immobilised to a very great extent.

Then, again, the contention that the issuing of negotiable bonds would create new purchasing power, i.e., money which did not otherwise exist, would, according to this school, appear to be fallacious inasmuch as banks have in the past been advancing money on the security of land which they will not be doing now. In other words, the bonds that are issued will be merely replacing

securities that already existed. Not only this, the rates of compensation are such that the bonds will be nowhere near the valuation of property against which banks have so far been used to making advances. It can be safely said that these bonds as security will be less in value than the security of landed property. Thus, therefore, it is said, not only no new purchasing power will be created (one purchasing power, viz., land having been replaced by another, viz., bonds); it can be argued that the old purchasing power has been decreased.

Then, again, to the extent that banks are prepared to discount these bonds and offer currency instead, they will not be investing in other securities of a like nature and, therefore, the net effect on the volume of currency in the country will remain unchanged. There will certainly be redistribution of money consequent on the abolition of zamindari but no inflationary danger appears to be involved in this redistribution.

To the argument that the bonds being readily exchangeable the velocity of circulation would be high, and it is the velocity of circulation that determines whether a security is or is not equivalent to money, the reply is that in the case of a security which carried a fixed rate of interest no speculative activity is possible, and, therefore, the velocity of circulation is not likely to be as high as in the case of stocks and shares whose dividends vary from time to time. There is no danger also that these bonds will take the place of money at any time. If at all they change hands, the purchaser would be requiring them only for investment purposes, and the purchase money will be immobilised for the period of investment.

We are, therefore, of the opinion that there is no grave danger of inflation by the issue of negotiable bonds.

There are, however, other considerations governing the question whether the bonds should be negotiable or non-negotiable.

Considering the fact that a great many of the zamindars are used to a high standard of living, there is the danger that a large part of the compensation would be spent imprudently, reducing the zamindars and their heirs to indigence. There is the further danger that on account of their lack of experience in industry

or business, their assets representing, in many cases, the capital accumulated during several generations, might be dissipated in unprofitable and ill-conceived enterprises. Besides, considering that, just at present, there is no tradition or scope for an immediate investment of large sums of money for the scientific rehabilitation of agriculture and the development of cottage industries, it is likely that there will be a flight of capital from the countryside to urban areas. These are the dangers in so far as the bonds are negotiated in the open market. To the extent that they are not negotiated or invested in productive enterprises, the compensation money would lie idle and become a dead-weight.

On the other hand, if the bonds are made inalienable and invested as fixed deposits in co-operative banks or societies, there would be comparatively little danger of either waste or unprofitable use of the money, provided of course, that the State exercises efficient supervision, undertakes a drive for the development of co-operative institutions and remedies their present defects. A large capital investment would in itself give a stimulus to co-operative activity and help to a great extent to solve the problem of rural finance. To protect the interests of the zamindars it would, of course, be necessary for the State to guarantee both the capital and a minimum interest of $2\frac{1}{2}$ per cent. If investment by the co-operative societies results in a larger profit the zamindars would naturally be entitled to a share, like other members of the co-operative society. Besides, it must be noted that the zamindars at present supply about 40 per cent. of the rural credit. It is doubtful whether many of them would continue their money-lending activities after the abolition of zamindari. A sudden shrinkage of this source of credit might, therefore, create a gap that would be difficult to fill. Under this scheme the supply of rural credit would be assured, and the zamindars themselves would also be able to borrow money from the co-operative bank for their genuine needs, or for profitable investment in proportion to the amount of money to their credit in the form of a fixed deposit. They would, besides, have the right of withdrawing their money from the bank with the permission of the Collector, if they wished to invest it for a *bona fide* productive purpose.

On these considerations, it would appear that it is in the interests of the community as well as the zamindars themselves

to make the bonds generally non-negotiable, and allow them to be negotiated only under the conditions and safeguards mentioned above.

It has been argued, on the other hand, that in a *laissez-faire* economy the State should not assume the guardianship of zamindars, and that just as other classes are free to do what they like with their money, the zamindars should be left free to do what they like with the compensation paid to them.

The restrictions imposed above, it is felt, would prove extremely irksome to the zamindars and would make it difficult for them to use their money freely in adjusting themselves to changed conditions or in making such investments as they choose.

As a compromise between these two diverse proposals, we recommend that out of the total compensation part should be given in the form of negotiable bonds, and part invested as fixed deposits in co-operative banks. Shri A. G. Ansari suggested that bonds up to a maximum of Rs.5,000 should be freely negotiable, in the case of bonds exceeding this amount, half the amount should be freely negotiable, the balance to be held as fixed deposit. The majority of the Committee, however, prefer the scheme proposed by Shri R. C. Gupta, under which the bonds given to zamindars paying up to Rs.2,000 land revenue should be freely negotiable. In the case of bonds given to zamindars paying land revenue exceeding Rs.2,000, half the amount should be negotiable provided that the negotiable amount is not less than the compensation corresponding to Rs.2,000 land revenue. The balance is to be held as a fixed deposit in a co-operative bank under the scheme outlined above. There must, however, be a provision to safeguard the interests of minors, and others such as widows, who have a limited interest in the property. In the former case, there is a danger that the guardian of the minor might squander the money, while in the latter it is quite possible that the widow might defeat the interests of the reversioners. In such cases the entire amount of the bond will be non-negotiable, except under the orders of the Collector.

The bonds issued by the Government, whether negotiable or non-negotiable should bear an interest of $2\frac{1}{2}$ per cent. and be redeemed in the course of 40 years, the interest being payable in six-monthly instalments.

Chapter XVII

INTERMEDIARIES' DEBTS

Rural indebtedness in the province has been a matter of grave concern during the last two decades. After the slump in agricultural prices (1928-29), a series of debt laws, namely, the Agriculturists' Relief Act, the Encumbered Estates Act, the Usurious Loans (Amending) Act, etc. were passed by the Provincial Government in 1934. The Congress Ministry framed two Bills, the Debt Redemption Bill and the Regulation of Agricultural Credit Bill, but before these laws could be formally enacted the Ministry had resigned, and these two Bills were enacted as Governor's Acts in 1940. The principle underlying all these measures was to reduce the amount of debt by substituting a prescribed rate of interest for the contractual rate and applying the principle of *damdupat,* i.e., that the amount of interest should not exceed the amount of the principal. All agreements, settlements of accounts and decrees which converted the accumulated interest into the principal amount and created new obligations, were re-opened and any interest paid in excess of the prescribed interest was readjusted towards the principal amount. Another method of relief to the debtor was by regulating the methods of the execution of decrees, such as, the payment of decree by instalments or shortening the period during which execution be taken out. Under the Encumbered Estates Act, a special valuation based on the pre-slump values of land, which was far in excess of the prevalent prices, was fixed and the creditor was given the option of either purchasing the land at the assessed value, or have it auctioned by the court and be satisfied with the sale-proceeds. Under the Regulation of Agricultural Credit Act, not more than one-third of the agricultural produce of a judgment-debtor over a period of six years, was liable to be attached and sold. The land of a proprietor, assessed to a land revenue of Rs.250 or less, could be declared as "protected land" and, thereby, restrictions were placed on its voluntary alienation or attachment and sale by the order of the court.

Rural indebtedness was estimated at about Rs.124 crores by the United Provinces Banking Inquiry Committee in 1929. In 1936 the Congress Agrarian Committee estimated it at Rs.200 crores and the Expert Committee on Rural Indebtedness appointed by the Congress Government in 1937-38 put its figure at about Rs.186 crores. It is difficult to vouch for the accuracy of these figures, but they are good enough to give some idea. We do not know how much of this debt has since then been liquidated as a result of the debt laws and the high prices of agricultural produce. Nor have we figures showing how this indebtedness is distributed between the tenant and the landlord or between different categories of landlords. The rent-receiving bigger landlord has not benefited from the high agricultural prices as much as the smaller landlord whose main occupation is cultivation. All that we can say is that quite a number of the landed estates must today be indebted.

Zamindars' debts can be classified according to the nature of the loan and the class of the creditor. We give below both the categories. According to their nature the loans may be classified as follows:

(i) loans secured by a charge or mortgage of landed property,

(ii) loans secured by a charge or mortgage of property other than land,

(iii) loans secured partially by a charge or mortgage of landed property and partially by property other than land,

(iv) unsecured or simple loans.

According to the class of the creditor the loans of the landlord may be classified as loans due to:

(i) Government, Indian or Provincial,

(ii) Local bodies, such as District Boards or Municipal Boards,

(iii) Co-operative Societies,

(iv) Public registered banks whose names appear on the schedule of the Reserve Bank,

(v) Religious and charitable trusts,

(vi) Private persons including all other creditors.

A study of the corresponding laws either enacted or conceived by the other provinces in India is of interest. The Bihar Government provided for the appointment of a Claims Officer authorised to receive claims based on loans secured by a mortgage or charge on the landed property. He would ascertain the principal advanced in each case, in disregard of any agreement or settlement of account or decree, and would set off any interest paid in excess of 6 per cent. simple interest towards the payment of the principal. If the total interest already paid was equal to or more than the principal advanced, no further interest would be payable, while in other cases, future interest would be paid at a rate between 3 and 6 per cent., prescribed by the Government. The debts would be arranged in priority according to the Transfer of Property Act. The main reason of this scheme appears to be that the Government wanted to acquire land free from all encumbrances. The scheme does not contemplate the reduction of unsecured loans or of loans secured on property other than land, on account of the reduced paying capacity of the debtor-landlord consequent upon the abolition of zamindari rights. The Government of Bengal, prior to the partition of the province, intended that not more than 50 per cent. of the compensation paid to an expropriated landlord shall be liable to attachment by the creditors. During the course of the deliberations of the Committee, it was suggested that there were difficulties in the adoption of either of these schemes and that the debts should be scaled down in the proportion which the amount of compensation payable to the landlord bears to the market value of the land.

In our province the existing laws contain adequate provisions for the reduction of debts as proposed by the Bihar Government, but these provisions do not take into account the special problem of the reduced capacity of the landlord to pay his debts due to the abolition of zamindari. There appears to be an element of injustice in this proposal. The compensation being less than the market value of land, it may be regarded as having the effect of depreciating land value. Both the creditor and the debtor are, therefore, likely to suffer some loss. But if, as in this case, the whole of the adjudicated debt is made a charge upon the

compensation the debtor may suffer much more than the creditor. For instance, take the case of an intermediary owning land worth say, Rs.84,000, who has taken a secured loan amounting to Rs.42,000. In the ordinary course, he would expect to retain property worth Rs.42,000 after the payment of the debt. Now if the compensation amounts to say, Rs.28,000, the creditor would get the whole of it. He would lose Rs.14,000 on a transaction in which he had expected to receive Rs.42,000. The debtor, on the other hand who had expected to retain Rs.42,000 would have nothing left. The reduction in the value of land from Rs.84,000 to Rs.42,000 is distributed unevenly between the creditor and the debtor. While the creditor suffers a loss of only Rs.14,000 the debtor suffers a loss of Rs.42,000.

It does not seem fair that the zamindars should suffer the greater part of the consequences of this depreciation and the creditors, who had made an investment in the shape of a loan on the security of land, should be placed in a position of advantage. Equity demands that the effects of this depreciation should be shared equally by both the classes of zamindars and creditors.

Besides this, the total debt may in some cases approximate to or even exceed the whole compensation with the result that the outgoing intermediaries would be left with little or no means of living unless the debt is reduced.

We are not much impressed by the scheme which provides immunity for 50 per cent. of the compensation payable to the landlord. Apart from the percentage being fixed arbitrarily such a scheme is bound to work out unevenly. Suppose a landlord owes Rs.20,000 to his creditors and the market value of his land is Rs.25,000. In normal conditions the landlord would, after the sale of his property, have saved Rs.5,000 after discharging the loan of Rs.20,000. Let us further suppose that the landlord gets Rs.18,000 as compensation on the abolition of zamindari. Out of this amount only Rs.9,000 will be liable to attachment by the creditors. Thus, as a result of the abolition of zamindari, the landlord will after discharging the debts of his creditors, have with him Rs.9,000 while under normal conditions he would have had Rs.5,000 only. We see no justification for this.

The reduction of the landlord's debts in proportion to the reduction in value of his land consequent upon the abolition of

zamindari appears to us sound and equitable. It divides the loss between the debtor and the creditor. We may now proceed to work this out in detail.

The debts wholly secured by a charge or mortgage of property other than land need not be adjudicated or liquidated in connection with proceedings for the abolition of zamindari. There is no reason why such debts should be reduced as the value of property other than land will not be affected by our recommendations.

Loans secured by a charge or mortgage of landed property derive their security from such property and if the value of the landed property itself is reduced, the amount of the loan must be reduced proportionately.

Mixed loans, secured by a charge or mortgage partly of landed property and partly of property other than land, will have to be apportioned according to the market values of land and other property. The portion relating to the landed property shall be reduced on the same principle as a loan secured wholly by a charge or mortgage of landed property and the balance shall be treated as a mortgage loan secured on property other than land. Any portion of a secured loan in excess of the value of the mortgaged property shall be deemed to be an unsecured loan. Some members of the Committee opposed this and suggested that in the case of mixed loans the principles of the Transfer of Property Act and the Debt Redemption Act should be applied and if the creditor declared that he would recover the whole debt only from property other than land the debt should not be reduced at all. The majority of the Committee, however, feel that this would cause hardship to the zamindars and recommend that the part of the debt secured by land should in any case be reduced.

Unsecured or simple loans present a considerable amount of difficulty. Although they are not directly attached to any property, they depend for their security and realisation upon the landed and other properties possessed by the debtor. Any reduction in the value of the landed property is consequently bound to reduce the paying capacity of the landlord. There is thus a good case for the reduction of all unsecured or simple loans of the debtor-landlord. Experience of the working of debt laws has, however, shown that cases are not wanting when big businessmen and industrialists happen to possess a little

landed property. These persons were essentially non-agriculturists but under the defective definitions laid down by these laws they came within the category of persons who could take the benefit of the legislation meant essentially for the agricultural classes. We know of a case where a big industrialist who had constructed a mill worth over fifty lakhs on agricultural land applied under the Encumbered Estates Act for the liquidation of his debts. The local rate payable in respect of this land forming the site of the mill came to more than a rupee and thereby the millowner became a landlord. A person whose sole or major portion of wealth consists of landed property is a landlord in the real sense but a person whose wealth consists mainly of property other than land is not really a landlord. It is not easy to draw a distinction between these two categories of persons who may pass for landlords. The distinction between an agriculturist and non-agriculturist in the existing laws was based on the principle whether the principal occupation of the debtor was or was not agriculture and income from land. The definitions of the agriculturist in the Agriculturists' Relief Act and the Debt Redemption Act are deserving of consideration. We reproduce them below in an amended form as they are applicable to landlords:

"Agriculturist" under the Agriculturists' Relief Act means—

(*a*) a person who, in districts not subject to the Benares Permanent Settlement Regulation, 1795, pays land revenue not exceeding Rs.1,000 per annum; or

(*b*) a person who, in districts subject to the Benares Permanent Settlement Regulation, 1795, pays a local rate under section 109 of the District Boards Act, 1922, not exceeding Rs.120 per annum; or

(*c*) a person holding land free of revenue, who pays a local rate under section 109 of the District Boards Act, 1922, not exceeding Rs.120 per annum;

(*d*) in Avadh, an under-proprietor holding a sub-settlement of land the revenue of which does not exceed Rs.1,000 per annum; or

(*e*) a *thekadar* who holds a *theka* of land the revenue of which does not exceed Rs.1,000 per annum;

provided that no person shall be deemed to be an agriculturist if he is assessed to income-tax which, if he belongs to any of the classes (*a*) to (*e*) above exceeds the local rate payable on the land which he holds.

In the Debt Redemption Act an agriculturist means—

A proprietor of a *mahal* or of a share or portion of a *mahal* . . . provided that no such proprietor shall be deemed to be an agriculturist if—

(*a*) the aggregate of rent, if any, and ten times the local rate, if any, payable by him exceeds one thousand rupees, or

(*b*) he is assessed to income-tax under the Indian Income-tax Act, 1922, or under the income-tax law of an Indian State.

Both these definitions are based upon two principles, namely the revenue payable by the landlord and the fact whether he is assessed to income-tax or not. They exclude the bigger landlords and persons whose main source of income is other than agriculture. We consider that these principles are sound, but we would fix the limit of the local rate at Rs.25 payable annually which means that 99·34 per cent. of the landlords would derive benefit. We would exclude all persons, who were in any one year during the preceding three years of the enactment of the law abolishing zamindari rights, assessed to income-tax. We have imposed the limit of three years to avoid evasion of income-tax, with a view to take benefit of this proposal. Any under-proprietor or a sub-proprietor or a *thekadar* or permanent-lessee in Avadh, the total land held by whom as such is not assessed to more than Rs.25 annually and who is not assessed to income-tax as aforesaid, will also get the benefit of this proposal. The unsecured or simple debts of such landlords will be reduced in the proportion which the compensation payable to them bears to the market value of their property.

We have shown how difficult it is to ascertain the market value of land, an opinion which has been borne out by the experience of the working of the Land Acquisition Act and debt laws. A possible method of determining the market value, is to capitalise income from land at the prevailing rate of interest. We have provided for the payment of $2\frac{1}{2}$ per cent. interest

on Government securities. There is a certain amount of risk and uncertainty in the incomes arising from the land even after making full reduction for land revenue, local rates, cost of management and short collections. For instance, rents may be remitted on account of an agricultural calamity, such as flood, fire, drought, etc. or reduced during revision or settlement proceedings, or be adversely affected by a new legislation. Rents do not pour in as easily as interest on bonds. For the purpose of calculating the market value, income from land may, therefore, be capitalised on the basis of 3 per cent. rate of interest, i.e., it should be $33\frac{1}{3}$ times of the net assets of the landlord. The market-value of land should be deemed to be the value immediately before the Assembly resolution on the abolition of zamindari. We would leave the exact basis on which it should be determined to the decision of the Government. Before finally fixing the market-value of land the Government may, if it considers it desirable, consult an expert tribunal.

To sum up: All debts secured by a charge or mortgage of landed property and so much of the debt of a mixed mortgage as is apportioned to the landed property of all landlords and the unsecured or simple loans of a landlord who is not assessed to a local rate exceeding Rs.25 annually or to income-tax in any of the three years preceding the enactment for the abolition of zamindari, should be reduced in the proportion which the market-value of the property forming the subject-matter of the charge or mortgage, in case of a charge or mortgage, and the whole landed property, in case of simple loans, bears to the amount of compensation awarded in respect of such property. In determining the amount of loan the provisions of the United Provinces Usurious Loans Act and the Debt Redemption Act, 1940, shall be applicable.

We cannot accurately assess the effect of the reduction of debts on agricultural credit and finance, but as the future agricultural finance should, in our opinion, be organised mainly through State or co-operative agencies, no serious difficulties should arise. Elsewhere, we have refused to treat the zamindari rights owned by banks on a basis different from zamindari rights owned by other zamindars, but so far as the debts payable to banks are concerned, we fear that any reduction in the amount of debts may affect thousands of small investors who have

deposited their money in banks and shake the credit of the province. We would, however, limit the application of this principle only to a genuine bank, that is to a public bank registered according to the Indian Companies Act, 1913, which is entered on the Schedule of the Reserve Bank. Such banks as well as all co-operative credit societies shall be entitled to receive the full amount of loan, whether secured or unsecured, advanced by them to a debtor-landlord. We have assured an income equal to what they are now enjoying from zamindari rights to all religious and charitable trusts and the considerations which have prevailed with us in maintaining the income of these trusts at their full value hold good here. In case of mixed trusts loans advanced by them to landlords shall be apportioned according to the income applicable to charitable and religious purposes and the income appropriated for the benefit of individual beneficiaries. The loans apportioned to religious and charitable purposes shall not be reduced but that which is apportioned for the benefit of private individuals shall be treated like an ordinary loan. This will apply both to loans secured by a charge or mortgage of landed property and unsecured loans. All dues payable to the Indian and Provincial Governments or to a local body should, in our opinion, be paid in full and in precedence to all the other loans of the debtor-landlord may be deducted from the compensation payable to the landlord. We should like to make it clear that in all these cases the debts may be recovered only up to the full amount of the compensation. The balance that cannot be recovered in this manner will, however, not be recovered from any other property belonging to the intermediary.

Bonds issued under sections 27, 28(1) and 28(2) of the Encumbered Estates Act create a fresh liability on the part of the Government to pay the creditor the amount of loan due from the debtor-landlord to the creditor. In return Government acquires a right to recover the amount of the bond by instalments from the landlord. There is no relationship between the bond and the debtor-landlord. The value and validity of the bond depends upon the credit of the Government. These bonds are in the nature of ordinary State bonds and we see no reason why they should, in any manner, be affected by the abolition of zamindari. Since it will no longer be possible to recover the instalment from

the zamindar, the principal of the bond less any amount already recovered, should be deducted from the compensation payable to the landlord like other public dues.

Three alternative suggestions have been made to us for liquidating a mortgage created under section 25 of the Encumbered Estates Act or under the Bundelkhand Alienation of Land Act. The first suggestion is that the amount due on such mortgages should, in the case of Encumbered Estates Act, be calculated according to Rule 77 of the rules framed under that Act and in the case of the Bundelkhand Alienation of Land Act, according to section 7(3) of that Act, and the amount so found due on the date of the extinction of the rights under mortgage should be paid. The second suggestion is that these mortgages should be treated like other mortgages and their amount scaled down accordingly. The third suggestion is to continue payment of the profit of the property for the remainder of the term of the mortgage. We would rule out the last alternative at the outset, for after the abolition of the zamindari rights no question of the payment of the profits of the property can arise. The method of calculation under the first suggestion does not take account of the reduced capacity of the landlord to pay, consequent on the abolition of zamindari. We have refused to accord any special treatment in respect of lands transferred to the creditors under the Encumbered Estates Acts on the ground that the transfer was compulsory and we see no reason why any special treatment should be given to mortgages granted under the Encumbered Estates Act or the Bundelkhand Alienation of Land Act. We recommend that these mortgages should be treated like other mortgages and their amounts scaled down accordingly.

In the case of *guzaradars* it will be inconvenient, and in some cases, perhaps, even impossible for the zamindars to go on paying the full maintenance allowance after the abolition of zamindari. It is at the same time necessary to make some provision for this class. They must be assured of some income, though for obvious reasons this income will have to be reduced in much the same proportion as the income of the estate-owner himself. We accordingly recommend that *guzaradars* should be regarded as creditors of intermediaries provided that their maintenance is a charge upon the land. In such cases the maintenance charges should be

treated in the same manner as loans on the security of land and scaled down in the proportion which the compensation bears to the market-value of land.

We would like the liquidation of zamindari rights and debts to be effected as quickly as possible and recommend that all debts due to any creditor from a landlord should be notified with particulars of the debt to the Compensation Officer within three months of the enactment of law providing for the abolition of the zamindari rights. Any debt which is not so notified shall be deemed to have been discharged unless the failure to notify within the prescribed time is satisfactorily explained. No claim shall be entertained after the expiry of six months from the enactment of the said law. The Compensation Officer shall immediately proceed to examine and classify and, if necessary, apportion the debts and declare the amounts which could be paid out of the compensation payable to the debtor-landlord.

To prevent duplication of authority all cases pending in civil courts, relating to the unsecured loans of agriculturists and loans secured by landed property, shall be transferred to the Compensation Officers. Appeals pending in civil courts shall be transferred to Special Judges or Compensation tribunals. At the same time as soon as acquisition proceedings are taken up it will be necessary to provide a moratorium on debts to avoid hardship to zamindars. Execution of decrees shall be stopped, and unsatisfied decrees transferred to the Compensation Officer for re-adjudication according to the recommendations made above.

CHAPTER XVIII

ADMINISTRATIVE MACHINERY

The work in connection with the acquisition of zamindari will consist of—

(i) Assessment of compensation.
(ii) Apportionment of compensation.
(iii) Adjudication of debts.
(iv) Decision of disputes regarding title.
(v) Decision about the nature of *waqfs* and trusts, i.e., whether a *waqf* or trust is public or private or mixed and the assessment of normal expenditure by such trusts on public, religious or charitable purposes.

Many non-official witnesses suggested that non-officials such as M. L. As., M. L. Cs., representatives of zamindars, etc., should be associated with the administrative machinery in an advisory capacity. As the compensation rolls will be based upon revenue records the usefulness of a non-official with no training or special knowledge of land records is extremely doubtful. The adjudication of debts and disputes regarding title would involve complicated questions of law and fact, to the decision of which a non-official can hardly be expected to make any effective contribution. We, therefore, think that the association of non-officials with the work would serve no useful purpose.

It might, at first sight, appear desirable to entrust the work connected with the acquisition of zamindari to various classes of officers, the assessment and apportionment of compensation to revenue officers who have the requisite experience and knowledge of the land tenure system, land records and land acquisition proceedings, and the adjudication of debts, disputes about titles and questions regarding *waqfs* and trusts to special judges.

The administrative machinery in connection with the United Provinces Encumbered Estates Act was designed on the above basis, work in connection with the assessment of the income and value of the property being entrusted to revenue officers and

adjudication of debts to special judges. The enormous delay in the disposal of cases under this Act has demonstrated in a marked manner the delays in the work of civil courts or judges and also showed that the appointment of different sets of officers to deal with different parts of the same case is a cumbersome and inconvenient method.

Quick disposal of work will be to the advantage of the intermediaries concerned no less than to the State. The administrative machinery for proceedings in connection with the acquisition of zamindari should, therefore, be devised to work without friction or avoidable delay. We propose, therefore, that all the work mentioned above should be dealt with by the same set of officers.

The rent-rolls will be prepared by the patwaris at tahsil headquarters. As the work will give an opportunity and temptation for dishonesty, we consider it necessary to make arrangements for as effective and thorough a check as possible on the patwaris' work; for this purpose we suggest that the checking should be done simultaneously by two agencies, one the usual land records staff, the other a specially recruited staff with some settlement experience, both acting under the supervision of the officers appointed for the purpose.

The first task of the administrative machinery will be to determine the income of each of about 20 lakhs of zamindars. Recorded rents being the basis of income, there will not be much difficulty in adding them up. Assessment of rent on holdings, whereof rent is payable by *batai* or appraisement of crop, and on land held *bila tasfia lagan,* that is, without determination of rent, at the circle rates will again be a question of mathematical calculation. This work can easily be done by the patwari. Income from *sayar* and forests will, however, require exercise of discretion, and we think that this work must be entrusted to the chief officer doing the work arising out of the abolition of zamindari, whom we would, for convenience, call Compensation Officer.

On the receipt of the rent-rolls prepared by the patwari, the Compensation Officer will serve a notice upon the landlord to furnish details of his intermediary rights. If the landlord has

intermediary rights within the jurisdiction of more than one Compensation Officer, all his cases will be transferred to the Compensation Officer within whose jurisdiction the landlord ordinarily resides. The Compensation Officer shall then proceed to determine the *sayar* income and the income from forests of the landlord. The sum total of these incomes will give the rental assets of the landlord. The Compensation Officer shall then, after hearing the landlord, determine the multiples applicable to him and shall calculate the total compensation payable to the landlord in respect of his zamindari rights. The landlord shall be duly intimated of the compensation awarded to him. We have suggested earlier that within three months from the commencement of the law for the abolition of zamindari rights, every creditor of the debtor-landlord should be required to notify his claim to the Compensation Officer. The Compensation Officer shall then determine the debts payable by the debtor-landlord and apportion the debts payable out of the compensation and those not payable out of the compensation. The landlord or a creditor of the landlord shall have a right to question the income assessed, the choice of multiples, the adjudication of debts, and decisions about title and the nature of *waqf* in a special tribunal set up for the purpose. If the landlord or the creditor does not file a petition questioning the aforesaid decisions of the Compensation Officer within two months from the delivery of notice intimating to the landlord the amount of compensation or the adjudication of debts or the decisions on the question of title or the nature of trust, the decisions of the Compensation Officer shall become final, and the Compensation Officer shall proceed to give bonds to the landlord and his creditors according to his decision. If the landlord or the creditor questions the decisions of the Compensation Officer, the amount of bonds forming the subject-matter of the dispute shall remain in deposit with the Collector until the final decision of the case. The same action will be taken in cases of disputes about title. During the period that the bonds remain in deposit with the Collector, the person held *prima facie* entitled to those bonds by the Compensation Officer shall be entitled to receive the interest on the bonds. Any adjustment that may become necessary as a result of the ultimate decision of the dispute shall be made accordingly.

If the person to whom compensation is payable is a minor or a limited owner, the bonds will be non-negotiable, except with the permission of the Collector. Until the minor attains majority or until the limited owner is succeeded by an absolute owner, only the interest on the bonds shall be payable.

Waqfs and trusts

The Compensation Officer shall also be entrusted with the preliminary work in connection with the *waqfs* and trusts. Within a prescribed time all trustees and *mutwallis* would be required to submit full statements regarding them. After examining the deeds and making such local inquiries as necessary the Compensation Officer shall declare the nature of the trust. A private trust would be treated like ordinary zamindari, in the case of a public or mixed trust he shall declare its expenditure on public and charitable purposes, on the basis of which an annuity would be fixed by him. A party aggrieved by his order may seek redress from the appellate authority proposed in the sequel. During the pendency of the appeal an annuity, as fixed by the Compensation Officer, would be payable. In the case of a trust, declared a private trust, bonds will be issued by the Compensation Officer only if there is no dispute about the nature of the trust, otherwise the bonds will be kept in safe deposit and only interest paid until the dispute is decided.

Number of officers required

In estimating the number of Compensation Officers who will be required, it is necessary to form some idea about the number and nature of cases regarding adjudication of debts and disputes about titles. According to the statistics collected by the Committee the total number of intermediaries may be put at twenty lakhs. We have no data for estimating the percentage of debt-free and indebted intermediaries. The United Provinces Banking Enquiry Committee estimated that 54 per cent. of the peasant proprietors and tenants and 55 per cent. of the bigger landlords were indebted. Making a small allowance on account of the rise in agricultural prices we may roughly estimate the indebted intermediaries at 50 per cent. This gives the enormous total of 10 lakh cases for compulsory adjudication of debts.

The intermediaries fall into the following income groups:

Categories of zamindars	Net average annual income	Number
1	2	3
	Rs.	
Paying land revenue not exceeding Rs.25	9	1,711 thousands.
Exceeding Rs.25 but not exceeding Rs.50	52	143 thousands.
	Total ..	1,854 thousands
Others	..	162 ,,

On a rough estimate we may say that out of the total number of indebted intermediaries, about 9 lakhs belong to the category of zamindars paying revenue not exceeding Rs.50.

As the annual income of these intermediaries is very small, their debts would in the vast majority of cases be of the nature of small causes and could, therefore, be disposed of at the prescribed standard for small causes, i.e., 25 per day.

The debts of the intermediaries paying more than Rs.50 land revenue will mostly be of the nature of ordinary suits and could be disposed of at the standard rate of $1\frac{1}{4}$ per day.

Disputes about title

We have no data for an estimate of the number of disputes about titles. According to the Revenue Administration Report of 1944, the number of mutations effected in the year 1943-44 was 244 thousand. But we do not know how many of these were contested in the civil courts; obviously it cannot be more than a very small fraction. According to the Report on the Administration of Justice, 1944, the total number of suits about immovable property were about 23 thousand. But we do not know how many of these related to property in land. We may at a guess put the number of disputes about title likely to arise on the abolition of zamindari at about 10 thousand. These can be disposed of at the rate of $1\frac{1}{4}$ per working day.

We have thus a total of 9 lakh cases that can be disposed of at the rate of 25 per day and 1 lakh 10 thousand cases that can be disposed of at the rate of $1\frac{1}{4}$ per day. At the rate of 25 cases

per day 9 lakh cases will require 36,000 working days and 1 lakh 10 thousand cases at the rate of $1\frac{1}{4}$ cases per day will require 88,000 working days. In all 36,000+88,000=124,000 working days will be required for one officer to dispose of all these cases. This means that 423 officers (9 officers in each of the 47 districts) will dispose of these cases in 293 working days or roughly a little over one year. To this we must add the number of officers who will be required to deal with the assessment and apportionment of compensation and the question of *waqfs* and trusts. At a rough estimate, about 200 officers will be required for this purpose, making an average of a little over four for each district. Altogether, therefore, 623 Compensation Officers will be required. These officers should be of the status of a deputy collector with an average pay of Rs.500 per month.

Compensation Commissioner

For exercising general supervision, deciding references about difficult or intricate questions arising out of the preparation of compensation rolls and seeing that the work is conducted on the right lines and is not unnecessarily delayed, it will be desirable to appoint a Compensation Commissioner for a year with jurisdiction over the whole province. For assisting him in his work and touring districts two Assistant Commissioners should also be appointed. The Compensation Commissioner should be of the status of a Commissioner with an average pay of Rs.1.500 per month and the Assistant Commissioners of the status of a Collector with an average pay of Rs.1,000 per month. The Compensation Commissioner and Assistant Commissioners will work under the control and guidance of the Board of Revenue.

Appellate authority

As regards appellate authority, it is estimated that appeals will lie in about one-fourth of the cases regarding title and adjudication of debts, i.e., in 252,500 cases. An appellate judge will normally be able to dispose of five appeals per day. At this rate 50,500 working days will be required for one judge to dispose of these appeals or 185 judges (four in each of the 47 districts) will dispose of the work in a year. To this we may

add one judge for each division to deal with appeals regarding assessment and apportionment of compensation and *waqfs* and trusts. This makes a total of 193 appellate judges.

Special tribunal

Appeals from the decisions of these special judges should lie with a special tribunal on points of law only. The tribunals should be composed of three members, one of them possessing the qualifications necessary for appointment as a judge of the High Court. There should be one tribunal for every division.

Estimated cost

The estimated expenditure of entertaining 623 officers for dealing with original cases, 193 officers for appellate work, one Compensation Commissioner and two Assistant Compensation Commissioners for a year, will be about 148 lakhs of rupees and that for eight tribunals about 6 lakhs of rupees. The total expenditure is estimated to be about 154 lakhs of rupees.

In the appendix to this chapter is given a detailed estimate of the total cost of the establishment for assessment of compensation, adjudication of debts and disposal of disputes relating to title.

APPENDIX

Estimated cost of establishment for assessment of compensation, adjudication of debts and disposal of disputes relating to title and appellate work

	Amount in Rs.
Daily allowance to 27,500 patwaris for 6 months at 6 annas per day for working at tahsil headquarters in connection with the preparation of valuation statements and account slips and their checks ..	18,56,250
Checking of statements prepared by patwaris, by 5,500 muharrirs for 6 months at Rs.60 per month each	19,80,000
Dearness allowance to the above staff of muharrirs at 20 per cent. of the pay	3,96,000
Supervision and checking of muharrirs' work by 550 munsarims for 6 months at Rs.75 per month each	2,47,500
Dearness allowance to the above staff of munsarims at 20 per cent. of the pay	49,500
47 head clerks for 47 districts for 12 months at Rs.100 per month each	56,400
Dearness allowance to the above head clerks at 20 per cent. of the pay	11,280
47 Sadar munsarims for 47 districts for 12 months at Rs.90 per month each	50,760
Dearness allowance to the above Sadar munsarims at 20 per cent. of the pay	10,152
470 clerks (10 for each district) for 47 districts for 12 months at Rs.60 per month each	3,38,400
Dearness allowance to the above clerks at 20 per cent. of the pay ..	67,680
47 record-keepers for 47 districts for 12 months at Rs.60 per month each	33,840
Dearness allowance to record-keepers at 20 per cent. of the pay ..	6,768
47 record-lifters for 47 districts for 12 months at Rs.30 per month each	16,920
Dearness allowance to record-lifters at 25 per cent. of the pay ..	4,230
188 office peons (4 for each office) for 47 districts for 12 months at Rs.25 per month each	56,400
Dearness allowance to the above peons at 25 per cent. of the pay ..	14,100
623 special officers for 12 months at Rs.500 per month each ..	37,38,000
623 readers to the above officers for 12 months at Rs.80 per month each	5,98,080
Dearness allowance to the above readers at 20 per cent. of the pay ..	1,19,616
623 ahlmads to the above officers for 12 months at Rs.60 per month each	4,48,560
Dearness allowance to the ahlmads at 20 per cent. of the pay ..	89,712
1246 orderly peons (2 for each officer) to the above officers for 12 months at Rs.25 per month each	3,73,800
Dearness allowance to the peons at 25 per cent. of the pay	93,450
94 menial servants (2 for each office) for 12 months at Rs.25 per month each	28,200
Dearness allowance to the above menial servants at 25 per cent. of the pay	7,050

	Amount in Rs.
1,000 process-servers (taking 1,200,000 processes in 1,010,000 cases, and 1,200 processes for each process-server in a year—paragraph 1061, Revenue Manual, gives a standard of 750 processes a year for each process-server—as in this case there may be several processes for one village and it may be possible to serve more processes during the year) for 12 months at Rs.25 per month each	3,00,000
Dearness allowance to process-servers at 25 per cent. of the pay ..	75,000
One Compensation Commissioner for 12 months at Rs.1,500 per month	18,000
Two Assistant Compensation Commissioners for 12 months at Rs.1,000 per month each	24,000
Three stenographers for 12 months at Rs.100 per month each ..	3,600
Dearness allowance to stenographers at 20 per cent. of the pay ..	720
Six clerks, 4 for Compensation Commissioner and one each for the two Assistant Compensation Commissioners, for 12 months at Rs.60 per month each	4,320
Dearness allowance to the above 6 clerks at 20 per cent. of the pay ..	864
Three jamadars for 12 months at Rs.30 per month each	1,080
Dearness allowance to the jamadars at 25 per cent. of the pay ..	270
Six orderly peons for 12 months at Rs.25 per mensem each ..	1,800
Dearness allowance to orderly peons at 25 per cent. of the pay ..	450
Three menial servants for 12 months at Rs.25 per month each ..	900
Dearness allowance to menial servants at 25 per cent. of the pay ..	225
193 Appellate Judges for 12 months at Rs.750 per month each ..	17,37,000
193 Readers for 12 months at Rs.100 per month each	2,31,600
Dearness allowance to Readers at 20 per cent. of the pay	46,320
193 ahlmads for 12 months at Rs.60 per month each	1,38,960
Dearness allowance to ahlmads at 20 per cent. of the pay ..	27,792
193 Stenographers for 12 months at Rs.100 per month each ..	2,31,600
Dearness allowance to stenographers at 20 per cent. of the pay ..	46,320
386 peons (2 for each officer) for 12 months at Rs.25 per month each ..	1,15,800
Dearness allowance to peons at 25 per cent. of the pay	28,950
386 menial servants for 12 months at Rs.25 per month each ..	1,15,800
Dearness allowance to menial servants at 25 per cent. of the pay ..	28,950
210 process-servers (for about 260,000 processes at the rate of 1,200 processes per process-server in a year) for 12 months at Rs.25 per month each	63,000
Dearness allowance to process-servers at 25 per cent. of the pay ..	15,750
Travelling allowance for officers and the staff	1,00,000
House rent for 240 officers (47+193) for 12 months at Rs.100 per month each	2,88,000
Contingencies, including stationery, printing charges, etc. for 819 officers at Rs.500 each	4,09,500
Honoraria to patwaris and kanungos at Rs. 1,500 per district for 47 districts	70,500
Total ..	1,47,99,019

Estimated cost of a tribunal for appellate work for one year

	Amount in Rs.
One President for 12 months at Rs.1,500 per month	18,000
Two members for 12 months at Rs.1,150 per month each ..	27,600
Three Readers for 12 months at Rs.100 per month each	3,600
Dearness allowance to Readers at 20 per cent. of the pay	720
Three ahlmads for 12 months at Rs.60 per month each	2,160
Dearness allowance to ahlmads at 20 per cent. of the pay	432
Three stenographers for 12 months at Rs.100 per month each ..	3,600
Dearness allowance to stenographers at 20 per cent. of the pay ..	720
Three office clerks for 12 months at Rs.60 per month each ..	2,160
Dearness allowance to office clerks at 20 per cent. of the pay ..	432
Three jamadars for 12 months at Rs.30 per month each	1,080
Dearness allowance to jamadars at 25 per cent. of the pay	270
Six orderly peons for 12 months at Rs.25 per month each	1,800
Dearness allowance to orderly peons at 25 per cent. of the pay ..	450
Two office peons for 12 months at Rs.25 per month each	600
Dearness allowance to office peons at 25 per cent. of the pay ..	150
Two menial servants for 12 months at Rs.25 per month each ..	600
Dearness allowance to menial servants at 25 per cent. of the pay ..	150
Contingencies	2,000
Total ..	66,524
Cost of 8 such tribunals ..	5,32,192
GRAND TOTAL ..	1,53.31,211
In round figures ..	1,54,00,000

Chapter XIX

THE FUTURE PATTERN OF RURAL ECONOMY

The dominant impression created by a study of the conditions of agriculture in India is one of a paradox; we possess, on the one hand, a fertile soil, great natural advantages and vast human resources, our agricultural efficiency, on the other hand, is among the lowest in the world. Those dependent upon agriculture, constituting about 73 per cent. of the total population, have a lower standard of living than that of practically any other civilised country and produce much less than the minimum nutritional needs of the people. The Bengal famine of 1942-43, the anxious years of food rationing, our difficulties in obtaining food from other countries, and the recurring threat of famine in one part of the country or the other have made us realise how precarious is the balance in India between a bare level of subsistence and disaster. With a rapidly expanding population dependent upon a limited food supply a critical situation might easily develop, ending in a calamity of unprecedented magnitude, unless an organised and sustained effort is made to solve the fundamental problems of agriculture.

According to estimates made by Shri J. K. Pande, Economic Adviser to the United Provinces Government, on the basis of the present rates of the growth of population, and production of cereals, in the United Provinces, the produce in 1951-52 would be about 9·6 million tons against the total requirement of 15·8 million tons, showing a deficit of about 6·2 million tons or 39 per cent. A number of village economic surveys have shown that already large sections of the population, comprising about 30 per cent., have not got enough to eat. The immediate problem is not so much planning for a better way of life but of creating conditions in which bare survival may be possible. Considering that agriculture is, and must remain, the basic industry of the country, our economy would collapse if India could not become at least self-sufficient in the matter of food

production, and meet the needs of her increasing population for an adequate and balanced diet, and of raw materials for industries.

Agricultural inefficiency being one of the principal causes of India's poverty, the improvement of agriculture forms the focal centre of her economic planning. The health and life of the people in India, whose main occupation is agriculture, depends upon the agricultural policy that is followed. This policy will determine the standard of living of the primary producers, and the standard of living and purchasing power of the primary producers will, in their turn, determine the market for industrial products.

The crushing poverty of the rural masses stands in the way of progress in all spheres of life. A population living below an adequate nutritional standard, and suffering from low vitality, will inevitably be exposed to ill-health and disease; extension of medical relief, hygiene and sanitation cannot by themselves cope with the evil. Low vitality and disease contribute to economic inefficiency, and a waste of human resources, by reducing both the capacity for work and the incentive for improvement. Schemes for education cannot, by themselves, bear much fruit in the face of the poverty, squalor and insecurity of the peasant's life.

It is a commonplace that India lives in her villages and that her civilisation is predominantly rural. But there can be no prospect of a revival of this rural civilisation or culture, or of establishing high moral standards in individual and social life, unless the most primary needs of the masses can be met. Economic causes, no less than social and political, have led to the social conflicts and antagonism, the prevalence of crime and the low level of public morality that we notice today. The full development of personality and spiritual value is possible only when the minimum material needs of the body, i.e. adequate food, clothing and housing are assured. This is brought out clearly in a famous argument between Gandhiji and Tagore during the non-co-operation movement. Tagore thought that Gandhiji in his emphasis upon material needs "was inculcating a negativist philosophy and outlook, and was denying higher values." He referred to the singing of the early morning birds, their *joie de vivre*, their careless abandon in the presence of nature.

Gandhiji's reply was characteristic. "I have had the pain of watching birds who for want of strength could not be coaxed even into a flutter of their wings. The human bird under the Indian sky gets up weaker than when he pretended to retire. For millions it is an eternal vigil or an eternal trance . . . The hungry millions ask for one poem—invigorating food."*

Just as the effects of the poverty of the rural masses spread out in a widening circle, and are linked with all the vital problems of economic and cultural development, so also must the question of agricultural reconstruction itself be viewed in a wide context. Until recently there was a tendency to consider this problem in isolation from its social and economic background and to regard the defects of agriculture as being primarily technological. An extreme example is the exclusion of questions of land tenure from the terms of reference given to the Royal Commission on Agriculture. These technological defects have long been known, and analysed lucidly and in detail by experts. There is, admittedly, great need for the further development of scientific research and its application to specific local conditions but the general problems and the line of technical advance have for long been clearly mapped out. In most cases, experts seem to be in agreement regarding the technological causes responsible for the low productivity of Indian agriculture and the consequent poverty of the Indian peasants. There is a familiar pattern in the analyses and recommendations of government experts, beginning from Dr. Voelcker down to our own times. The same evils have been deplored and similar suggestions reiterated by one commission or committee after another. In spite of this vast heap of recommendations, the British Government took no effective action to remove these technological defects. The experts seldom reflected upon the reasons why their recommendations were not or could not be acted upon, amounting as they often did, merely to mathematical calculations, showing what quantities of manure and water, for instance, would yield what quantities of additional produce.

By a further process of abstraction one could reduce the technological analysis into purely biological details, showing the interaction of plant organism and plant food, and how under

*J. J. Anjaria : An Essay on Gandhian Economics—P. 12.

given conditions of soil and climate the growth of a plant would be affected. Such an analysis, while it advances technical knowledge, cannot by itself suggest a solution of the chronic difficulties against which the agricultural industry in India has to struggle. In the same way, the purely technological approach, though it has an element of truth, inasmuch as increased production ultimately depends upon improved farming practice, suffers nevertheless, from the defects of unreality and false abstraction. It tends to ignore the complex social and economic factors that hinder the use of improved methods and the application of all the resources of science, technology and agricultural experience for increased production.

Main defects of Indian Agriculture

We would like to sum up the main defects in the existing land system and agricultural methods and organisation, though some of it may be a repetition of things said before:

1. A semi-feudal land system, in which the cultivator who is the primary producer of agricultural wealth, has a depressed social status. The zamindars, as a class, enjoy social position, authority and power out of all proportion to any useful function performed by them in village economy. This class was created as a social base by the British to help them in consolidating and maintaining their rule, and like other vested interests has generally acted as a check on progressive forces.

The economic deterioration of the country under British rule, together with the historical development of the land system has had the effect of splitting up rural society into a vast series of classes descending from the feudal overlord to the under-proprietor, numerous grades of privileged tenants, the tenant-at-will, the sub-tenant, the *halwahas,* and at the bottom of the scale—the large class of landless labourers. Division of labour had, to a certain extent, been effected even in Hindu times, it is indeed, an inevitable outcome of economic growth. But this division was generally confined to essential functions, and the Hindu village community consisted in the main of the village functionaries, the permanent cultivators and the village artisans

and servants, and in some cases a few non-resident or *pahi-kasht* cultivators. The economic interests of these classes were carefully adjusted and their relations to one another defined and controlled by old established custom and usage.

In spite of the specialisation of functions and the hereditary division of labour, the village community formed on the whole a homogeneous and essentially democratic society in which both economic and social conflicts were reduced to a minimum. The establishment of a feudal order has broken down the social organisation of the village, and the policy of *laissez faire* has intensified economic maladjustments. The increasing differentiation of classes in the rural community that has followed it, should, as far as possible, be checked and the rights and obligations of each class brought back into vital relationship with economic functions. A semi-feudal rural society not only prevents the development of productive relations, it is also incompatible with democracy. It is necessary, therefore, to change the fundamental basis of our social order to create a democratic rural society.

2. A land system, under which the cultivator has a feeling of insecurity, which the conferment of a permanent and heritable right of occupation has tempered but has failed entirely to remove. Under a system based upon a recognition of the landlord's property in land, wide powers of land management have necessarily to be conceded to the proprietor, including a right to eject the tenants in certain circumstances. The landlord who has greater ability and resources for litigation seldom fails to take full, and in many cases, undue advantage, of the opportunities for ejectment of tenants given by the existing tenancy laws; in the conflict of interests between the zamindar and the cultivator and the continuous struggle that it involves between the two classes the cultivator is, inevitably, the weaker party. It is impossible to eliminate this struggle and to give the cultivator a feeling of security, so long as two sets of rights in land, one superior and the other of an inferior nature, are allowed to exist side by side. The cultivator's feeling of insecurity as well as much of the existing social and economic discord, and the vexatious and ruinous litigation consequent upon it, would be eliminated by the abolition of the superior rights in the land held by the zamindars.

3. A land system in which a great part of the agricultural wealth is employed for unproductive purposes and goes to support a parasitic class in idleness.

4. As a direct consequence of his depressed social status, feeling of insecurity and the loss of his surplus wealth, the agricultural worker lacks the incentive for efficient land utilisation and land management.

5. The excessive pressure of population on land mainly on account of decay of cottage industries under British rule, and the growth of population. The supply of land has, on the one hand, been limited and inelastic, while on the other hand, the total number as well as the percentage of the population, driven through sheer necessity to land, has been continuously increasing. The relatively small extension of cultivation that has taken place was not sufficient to relieve this pressure. Overcrowding of agriculture involves, among other things, a tremendous waste of human labour. This cannot be remedied unless the present occupational unbalance is corrected, and alternative sources of employment are created for the surplus labour both of the rural landless class and the cultivators during the off seasons when they are not employed actively in agricultural operations.

The overcrowding of agriculture has, further, led to the continuous sub-division and fragmentation of holdings so that the vast majority of the cultivators possess an area too small for efficient operation. Small holdings in other countries can yield enough income for a reasonable standard of living only if highly intensive farming is practised, but the small holdings of this province are so infinitesimally small and scattered as to make intensive farming impossible; even if that were possible the total out-turn would in many cases be hardly enough for anything much above the bare margin of subsistence.

6. Connected with the question of land shortage which is, perhaps, the most fundamental characteristic of Indian agriculture, is the question of rural finance.

An agriculturist like any other businessman needs to borrow fixed capital for such purposes as purchase of live-stock, construction of a well, embankment or farm-building, or acquisition of

more land; and working capital to cover his current expenses, such as purchase of seeds, manure, food, clothes and other necessities for himself and his family and the payment of labourer's wages. In fact, he needs more credit than most industrialists, because he must maintain himself for several months during each season while the crops are growing, and does not get any return till he has harvested and sold them. The principal agencies for the supply of credit are the village *mahajan* and the zamindar. The development of agricultural credit in the form of State aid or co-operative credit has been on the whole negligible. This is partly accounted for by the fact that rural society today is undemocratic, and consists of an hierarchy of interests. A democratic order of society is one of the essential conditions for the full growth of the co-operative movement.

In these circumstances, the cultivator cannot get all the long-term credit he needs for the permanent improvement of land, even the short-term credit cannot be obtained except at exorbitant rates.

On account of the usurious practices of the village *mahajan* and the zamindar, and the small size of his holding, the cultivator is usually heavily indebted and lacks capital for intensive farming. The fact that he does not possess transferable rights in land makes it difficult for him to offer any tangible security for credit.

7. Organisation of rural marketing.—The present system with its long chain of middlemen, many of whom do not perform any essential service, results in the agricultural producer getting less than his due share of the price paid by the consumer. A net-work of co-operative marketing societies spread over the countryside would appreciably increase the profits of the cultivators and reduce a considerable part of the wastage involved in the present system.

Similarly it is necessary to organise institutions for the cheaper supply of improved implements, seeds, manure, etc. to the cultivators.

8. The lack of an adequate economic organisation of agriculture.—We have already referred to the effects of the social disintegration caused by the decay of the village community and its sub-

stitution by the zamindari system. Its economic effects have been no less marked. In pre-British times, the village community absorbed much of the strain caused by political changes or economic development and adjusted the interests of each class to changing conditions. Among other things the total revenue demand of the village was redistributed by it among the various cultivators with due regard to their conditions in general and the area and class of land held by them. The village community also maintained the agronomic balance between cultivated area, pasturage and forests. Common lands and pastures, distribution of water for irrigation, allotment of land to new settlers, and to the village officials, artisans and village servants were under the joint village management. In effect. therefore, the Hindu village community was an almost perfect organisation for planning and coordinating economic activity to the extent that was then necessary in relation to the development of productive forces.

This agricultural organisation has been broken up by the establishment of the zamindari system but has not been adequately replaced, either by the landlords themselves or by the State, while the necessity of such an organisation has become more urgent, and the scope of the functions it should undertake greatly widened by the change from subsistence to commercial farming and the increasing complexity of economic forces.

The substitution of the control of the village over common lands, pastures and forests by the control of the zamindar, along with the increasing pressure of men and cattle upon land, has led to extensive denudation of forests and over-grazing, and consequently to soil erosion. Waste reclamation through modern scientific methods and the use of large machinery requires capital and organisational ability which is beyond a small cultivator. The zamindars, in general, have failed to supply the deficiency due partly to apathy and partly to the fact that it was in many cases beyond their means as well, most of the land being held in small estates by petty proprietors. Large projects by the State for reclamation of waste or the development of pastures or forests, are hampered by the existing rights in such land held by the proprietors and the necessity as a preliminary step of either taking them under State control or acquiring them outright.

9. Primitive agricultural technique—The defects of technique are well known, the most notable being:

(i) Lack of irrigation facilities. A large extension of the canal system, as well as the building of more wells, tanks, and water reservoirs, would give the cultivator security against the vagaries of climate and rainfall, and lead to increased production.

(ii) Lack of manure—the most important needs, under this head, are the development of forests to supply fuel so that organic manure need not be used as fuel; proper conservation and use of animal refuse, compost-making, supplemented by extensive use of artificial fertilizers, green manure and a better rotation of crops.

(iii) The use of improved seeds.

(iv) Defence against crop pests and diseases by the use of fungicides.

(v) Improved tilling by the use of heavier ploughs and more powerful cattle.

(vi) Crop planning.

(vii) Improved threshing and storage to avoid waste and decay of the produce.

All these require comprehensive and co-ordinated planning on a province-wide basis, intensive research, and a vast organisation with the two-fold purpose of educating the cultivator and of making all the means for intensive farming available to him. This work can, however, succeed only when the social and economic impediments to the use of technological resources have been removed.

10. Lack of general and agricultural education of the peasantry is responsible, in a great degree, both for inefficient production and the disappointing progress of co-operative activities. An ignorant and backward people is slow to develop the community spirit, and lacks the ability for the successful administration of co-operative enterprises. Most of the recent improvements in

agriculture have been due to the application of scientific knowledge. In India, more than anywhere else, agricultural practice is far behind agricultural science, but no attempts have been made to impart to the cultivator all the knowledge that science has brought together to promote the growth of plants and animals.

11. Lack of facilities for canning and preservation and transport of perishable produce, such as milk, vegetables, and fruits, etc. account partly for the retarded development of animal husbandry and market gardening, which yield higher profits than cereal production.

12. Another disability of the peasant is the fluctuation of prices. His surplus in normal times is so small that even a comparatively slight change in the prices of agricultural produce reduces him to acute distress and depletes his working capital.

13. There are no adequate arrangements for safeguarding the cultivator from the effects of drought or excessive rainfall or other agricultural calamities that occur with distressing frequency. Social insurance against bad crops or loss of cattle would not be easy to organise on a large scale, but an extension of State aid in the form of *takavi* loans, and of co-operative credit is indicated.

A consideration of these difficulties has a chilling effect upon the most ardent enthusiast and rules out any facile optimism that the abolition of zamindari will, by itself, bring in an era of plenty and prosperity by removing all the impediments to increased production and assuring the cultivator a high standard of living. The substitution of this outmoded system by a more efficient and progressive organisation is a necessary pre-requisite for the improvement of agriculture, but it is mainly a means to an end "the first milestone on a long road." While it is true that no progress is possible today until this obstacle is removed, we must remember that the zamindari system is only one among a number of factors contributing to agricultural inefficiency. It would be unfair and even risky to blame the zamindar for all the ills from which agriculture suffers.

The abolition of zamindari will give the cultivator the necessary feeling of security and the incentive for better agriculture,

lead to a more equitable distribution of agricultural wealth and prevent its waste. It will restore the cultivator's self-respect, give him hope and confidence, and create an egalitarian society. The psychological change and the social enthusiasm that this measure will arouse in the countryside must be utilised to put through an organised and co-ordinated programme for agricultural reconstruction, and to make an attack upon the present apathy, stagnation and inefficiency.

The study of the defects of rural economy also suggests the principal features of the new agrarian structure that should replace zamindari. It should be so designed as to give psychological satisfaction to the cultivator, induce him to take an active interest in the improvement of land, encourage the growth of social responsibility and community spirit in the village and the creation of co-operative institutions, and facilitate the economic progress of the country on a comprehensive and planned basis.

Different types of Agricultural Organisation

We may now proceed to survey some of the systems of agricultural organisation and technique prevailing in various countries. We shall examine briefly their economic aspects, the social values underlying them, and consider how far these systems are suitable and what modifications would be necessary with regard to Indian conditions and ideals.

The classification of the various systems would fall broadly under two heads:

1. On a consideration of agricultural technique alone the principal types are—

> (*a*) Mechanised farming, with such types of machinery as multi-furrow ploughs, 90 h. p. tractors and sixty-feet harvestor combined, practised exclusively in the U. S. A., the U. S. S. R., England and in parts of western European countries. The unit of organisation is a large farm of several hundred to over a thousand acres.

(*b*) Peasant family farming, usually with a horse or bullock-driven plough, as in the countries of south-eastern Europe, Denmark, China, Japan and the *ryotwari* areas in India. The size of the farm varies from about 2 or 3 acres to about a hundred acres or so.

There are wide diversities in the type of farming and agricultural technique in the various countries where peasant farming prevails, ranging from the primitive level of Indian and some of the eastern European countries—with a light wooden plough driven by under-sized animals barely scratching the soil, the traditional methods of threshing, oxen going round in a circle treading out the corn, and scanty use of water and manure—to the intensive farming of China, and lastly the highly efficient and profitable mixed farming of Belgium, Holland, and Denmark. The use of machinery also varies. In countries, where the peasantry have comparatively larger farms and are better off, a number of small machines are in use, for instance a small motor-plough to which a hoe or harrow may be harnessed, the cheap-hay-mower which has replaced the scythe throughout western Europe, electric clippers for sheep-shearing, chaff-cutter, etc. In spite of these variations, there is a broad distinction between mechanised farming and peasant farming.

2. The above distinction, however, includes in one group such extremely dissimilar types as the U. S. A. and the U. S. S. R., on the one hand, and India and Denmark on the other.

It is desirable, therefore, to make a further sub-division on the basis of the form of agricultural organisation. Excluding the landlord-tenant systems, the following appear to be the main types:

(i) Mechanised large farms subdivided into the following groups:

(*a*) Large-scale capitalist farming with extensive use of hired labour as in the U. S. A. and England and the "Plantation" farming of colonial countries.

(*b*) State farms or the Sovhoz of the U. S. S. R.

(*c*) Collective farming as in the Kuvtza in Palestine, the Kolhoz in the U. S. S. R., the Ejidos in Mexico and,

until recently, the collective farms in the U. S. A. under the Farm Security Administration.

(ii) Small peasant family farming, subdivided into the following groups:

(*a*) Peasant proprietorship as in the *ryotwari* areas of this country, China, Japan, and the peasant agriculture of Europe,

(*b*) Peasant proprietorship, with highly developed co-operative institutions for agricultural finance and marketing, for instance in Denmark and the small holders' settlements in Palestine.

AGRICULTURAL TECHNIQUE

The first question is whether we should aim at the mechanisation of agriculture, and if so, the extent and the pace of its introduction, or whether we should aim at intensive farming with the plough and bullock technique.

Does mechanisation lead to increased production?

There has been a great deal of controversy on the question whether mechanisation makes for greater production, in other words, whether the gross produce per acre is larger on mechanised farms than on peasant farms. This will determine which of the two agricultural systems makes for the maximum use of land.

A simple method of testing the productivity of mechanised and peasant farms would be to compare the agricultural output of various countries. The following table gives the average yield of some of the principal crops in various countries, in the years 1933-34*:

(lbs. per acre.)

	Wheat	Rice	Maize	Sugarcane	Cotton	Tobacco
Egypt ..	1,918	2,998	1,891	70,302	535	..
Germany ..	2,017	..	2,828	..	..	2,127
Italy ..	1,383	4,568	2,079	..	170	1,139
Japan ..	1,713	3,444	1,392	47,534	196	1,665
U. S. A. ..	812	2,185	1,579	43,270	268	882
Java ..	..	..	..	13,570	..	..
China ..	989	2,433	1,284	..	204	1,288
India ..	660	1,240	803	34,944	89	987

These figures, however, are not very helpful.

*Indian Rural Problem, by Nanavati and Anjaria, page 40.

Any attempt to relate the average yield to the agricultural system seems futile as these and similar figures are incapable of being arranged in a series according to the agricultural technique adopted. For instance Germany, over a large part of which mechanised farming prevails, stands at the top in the production of wheat, maize and tobacco, while China and Japan with peasant farming appear, on the whole, to take precedence over the mechanised agriculture of U. S. A. Besides, it must not be forgotten that agricultural technique is only one among a host of factors determining productivity. The soil and climate, the character and habits of the rural population, the extent of planning and State aid for agriculture, provision for working capital, the system of land taxation are all directly connected with agricultural production. The differences in these factors account for the wide disparity between countries with similar technique. While each of these various factors can be analysed separately and its effect on efficiency estimated, it is impossible to reduce this comparison to purely mathematical terms and to relate it to statistical data.

More direct and detailed surveys have been made by some economists to test average output on various sizes of farms.

The following table * gives the result of a survey made in 1917—23 by Larsen in Denmark:

Size of farm	Gross output per acre			Net output per acre		
	£	s.	d.	£	s.	d.
Under 25 acres	20	1	0	2	11	0
25 to 50 acres	15	4	0	3	8	0
50 to 75 acres	15	3	0	3	13	0
75 to 100 acres	13	18	0	3	14	0
100 to 250 acres	12	8	0	3	3	0
Above 250 acres	12	4	0	3	0	0

The following results † were obtained in an economic investigation conducted in the U. S. A. in 1922:

Size of farm	Output per acre
40 acres holding	$ 54
80 acres holding	$ 48

* Van Der Post, Economics of Agriculture, page 170.
† *Ibid*, page 172.

The following results* were obtained in an economic investigation of Swiss agriculture:

Size of farms	Gross output per acre			Net output per acre		
	£	s.	d.	£	s.	d.
7½ to 12½ acres	22	11	7	3	16	6
12½ to 25 acres	19	0	3	4	14	9
25 to 37½ acres	17	17	2	5	8	3
37½ to 75 acres	16	2	3	5	1	2
Above 75 acres	13	17	7	4	5	9

The following are the results† obtained by Orwin in a survey of English farms:

Size of holding	Production per acre		
	£	s.	d.
1 to 50 acres	11	19	9
50 to 100 acres	9	19	2
100 to 150 acres	7	19	1
150 to 250 acres	7	5	8
Above 250 acres	8	4	4

The following are the results ‡ of similar inquiries made in 1938:

Size of holding	Receipt per 100 acres	Expenses per 100 acres
	£	£
Average size 117 acres	1,636	1,406
,, 174 acres	1,333	1,241
,, 240 acres	1,108	1,068
,, 415 acres	906	829

These tables indicate clearly that the value of the gross produce per acre diminishes as the size of the farm increases. Only one survey conducted in the U. S. A. gave a different set of results,

* Van Der Post, Economics of Agriculture, page 172.
† *Ibid.* page 175.
‡ Agriculture Today and Tomorrow, edited by Sir John Russel, page 90.

showing that the gross produce on the large farms was not less than the produce of small or medium farms:

*Crop yield per acre**

Farm size	Corn bushels	Oats bushels	Wheat bushels	Potatoes bushels	Hay tons
Small .. .	45·5	35·6	18·0	82·6	1·36
Medium . ..	48·4	36·9	19·5	88·1	1·25
Large ..	49·5	37·9	20·3	97·0	1·24

The small farms were 50 acres or less, the medium farms 76 to 100 acres and the large farms over 151 acres in size. The weight of evidence is, however, on the side of small farms. A number of causes have contributed to this:

(1) In many cases, the smaller farms are on comparatively good land or on land near large towns.

(2) The small farmers are frequently engaged in market gardening or intensive live-stock husbandry, whose products command higher prices than cereals. It is not only the difference in the quantity of produce but also the difference in the kind of produce that accounts partly for the higher value of the produce on the small farms.

(3) Farming in general is not adapted to large-scale operations, in the sense of a big unit run by a single manager or *entrepreneur,* and employing a large number of hired workers. One of the principal reasons for this comparative failure of large-scale farming is the fact that agricultural work cannot be easily supervised and standardised. Supervision is difficult on account of the fact that the labourers are not concentrated in one building under the master's eye as in an industrial enterprise, but are scattered all over the farm. Standardisation is difficult because farming involves the performance of many odd jobs that cannot be reduced to a regular schedule and the constant modification of plans according to changes in the weather. A hired

* Farm Economics. Frank App and A. G. Waller, page 54.

agricultural labourer cannot, therefore, be kept at the same standard of work and efficiency as an industrial worker. Apart from this, most men with managerial ability are drawn into business undertakings where the profits are much larger. The average managerial ability of larger farmers is usually far below the average of industrialists.

It must be noted that these are vital difficulties in large-scale capitalist farming. They do not necessarily apply to a co-operative farm, where the workers would not need as much supervision, and would have an incentive much greater than that of a hired labourer for doing their work efficiently, for performing odd tasks out of the regular schedule and for making the necessary modifications in agricultural plans.

When all these circumstances are taken into account, it would appear somewhat doubtful whether the available data justify a positive inference about the superior productivity of peasant farms. Besides, these investigations were conducted primarily to compare the relative efficiency of various sizes of farms as units of organisation rather than to test the merits of different agricultural techniques. Admittedly, the technique varies with the size of farm, full mechanisation being possible only on a farm of not less than 300 to 400 acres. But several of these inquiries stopped short of this size.

Unfortunately, it is not easy to compare the relative efficiency of collective farms where at least some of the defects inherent in large-scale capitalist agriculture do not exist. The absolute figures about the average yield per acre in the U. S. S. R., for instance, as compared with other countries, are inconclusive because of the difference among other things of climate and soil. Besides, the dominant feature of agricultural development in the U. S. S. R. has been the large extension of cultivated area and the tremendous increase in the gross output of the country. Naturally, where large areas of marginal land have been brought under cultivation one would not expect a high over-all increase in the average yield. A possible test would be an increase in the average yield in the U. S. S. R., as compared with the increase in the average yields in other countries, during the same period. But the required figures for the U. S. S. R. do not seem to be available. Gregory and Shaw in "The U. S. S. R.: A Geographical Survey" mention an increase in the yield of gram from 6·8 cwt. per acre in

1913 to 7·4 in 1938, cotton from 8·6 to 9·8 cwt., potatoes from 3 tons to 3·8 tons and sugar beet from 6·7 tons in 1913 to 7·3 tons in 1937. S. P. Turin in "The U. S. S. R.: An Economic and Social Survey" gives the following figures:

	1901—13	1929	1935	1937
Rye, in bushels per acre ..	12 to 15	13	14·1	19·7

Barley—In pre-revolutionary times 17·8 bushels, in 1937, 21·1 bushels per acre.

Oats—23·23 bushels in 1912, 34·4 in 1934.

It is impossible to draw any definite conclusions from these figures as the comparison is confined to only a few crops and to some individual years. It is well-known that there is wide disparity in production from year to year on account of variations in the weather and other conditions. It is impossible to say to what extent the higher yield of oats in 1934 and of others in 1937 or 1938 was due merely to favourable weather.

The following statement given by Baykoo in "The Development of the Soviet Economic System" gives comparable figures:

	1928-32	1933-37	1938	1939
Average yield of grain crops (quintals per hectare).	7·5	9·1	9·3	9·3
Average harvests of grain crops (in million quintals).	735·9	944·7	949·9	1,054

These figures, however, are of little significance because they are confined to the era of collective farms. The appreciable increase from 7·5 quintals to 9·3 in all the grain crops, therefore, proves only the growing efficiency of collective farms. But it does not render it possible to institute a comparison between the efficiency of the collective farms in the U. S. S. R. and other agricultural systems.

We may conclude this discussion by saying that there is no evidence to prove that mechanised farming leads to increased agricultural production, and little ground for assuming that the rationalisation of agriculture necessarily implies the use of heavy machinery. The controversy persists on account of the peculiar

unreliability of agricultural data and the diverse and conflicting inferences that can be drawn from them. But most economists are, on the whole, in agreement that peasant farming at its best, particularly in regions where market gardening and mixed farming is practised, makes for the maximum use of land, in other words, the maximum produce per acre.

They maintain, at the same time, that on a consideration of all the economic conditions large-scale farming is distinctly superior to small farming. The main reason for this view which may, at first sight, appear somewhat paradoxical is that small farming involves a tremendous waste of human resources. In other words, though the output per acre may be high, the output per active worker is very low. In 1937, an agricultural worker in the United Kingdom earned on average £ 120 a year compared to less than £30 earned by the agriculturist of eastern European countries. On a small farm a worker cannot earn as much as on a big farm. Human labour is, therefore, employed unproductively and consequently wasted. At the same time, the cost of cultivation on a small farm is relatively higher and the total produce very small. The cultivator is, therefore, just able to make both ends meet in normal years, and is reduced to acute distress on a fall in agricultural prices or a bad season.

Large and small holdings

We may now examine in greater detail the advantages and disadvantages of large and small holdings:

(i) Intensive peasant farming involves extraordinarily hard labour. The small producer, obliged to eke out a living from a tiny strip of land, works under a continuous strain that wears him out. In most countries, he has to put in more hours of work per day than an ordinary agricultural labourer, and to drive his children to work at an early age. A small Lincolnshire farmer giving evidence before the Parliamentary Commission which investigated agrarian conditions in England stated, "I have brought up a whole family and have almost worked them to death." Another farmer said, "We and the children sometimes work eighteen hours a day, on an average we work from ten to twelve hours." Still another complained, "We work harder than the day labourers: we work like slaves." Mr. Reade describes the conditions of the small farmer thus: "The only way in which he can

possibly hold on is to do the work of two agricultural labourers and to spend as much as one . . . as regards his family, they are worse educated and harder worked than the children of the agricultural labourers."

In fact, many observers have deplored the heavy physical labour of small farmers whether in Eastern Europe, in China or Japan. Of course, no universally true statement can be made about this as about any other feature of the agricultural industry; conditions vary so widely and with such an infinite number of combinations, that a generalisation based upon one set of facts does not hold good about another. It is, therefore, hardly necessary to say that over-work is not a universal characteristic of all peasant-farming systems. Quite often, diminution of holdings goes so far, as in the case of the majority of holdings in this province, that the cultivator is actually under-employed. The amount of human labour varies with the size of the holding, the skill and the industry of the workers and the economic conditions in general. In China the farmer does the work even of animals because human labour is cheaper than animal labour and takes great pains for the preservation and use of manure, in notable contrast with some of the higher caste cultivators of our province who consider it derogatory to put their hands to the plough.

Notwithstanding these variations, it is, on the whole, true that if intensive agriculture is practised on a farm large enough for efficient production and for giving the cultivator and his family a reasonable standard of living, the physical labour, specially in some parts of the year, is very heavy.

It has been suggested that this could be remedied by the use of new types of small labour-saving machinery that are adapted for operation on a small holding. The introduction of such labour-saving methods is, however, hardly likely to pay so long as the holdings are small and agricultural labour remains cheap. For instance, a large number of farmers in Northern France, who had bought tractors in the third decade of the nineteenth century, gave up using them after a few years because it was cheaper to employ human labour. Apart from such large machines, even the use of smaller implements is not economical on a farm of 10 or 20 acres. Besides, the capital investment required would be beyond the means of most of the small-holders.

So long, therefore, as agricultural labour is cheap and there are too many people on land, the use of labour-saving devices is neither possible nor even desirable.

We must remember that while a discussion of the relative merits of the agricultural systems of other countries helps us to understand our own agricultural problems more clearly, it would be foolish to assume that we have an unfettered choice and could adopt any system that appeared in the abstract to be the most desirable. Economic and social progress is at every step guided and determined by existing conditions; any attempt to ignore them is to invite disaster.

In our province and in the country in general, where the major economic problem of agriculture is one of under-employment, the introduction of a land system designed to replace human and animal labour by machines would aggravate rather than solve our difficulties.

One need hardly quote statistics to prove that the use of machines reduces the number of men who can be employed in agriculture. In Russia, the collectivisation of agriculture released a large part of her rural population, running to several millions. But as her programme of agricultural reconstruction coincided with industrial development, many of the men who were displaced found employment in towns. This can hardly be managed in India where the problem is much more acute, for one thing Russia was not so densely populated, secondly she possessed vast virgin lands whose cultivation for the first time absorbed a large number of the persons displaced by the introduction of large machines. In the United Provinces, where the population is very dense and the resources for extension of cultivation limited, it would not be possible to absorb even a small fraction of displaced agricultural workers.

(ii) The capital resources necessary for mechanised agriculture are not available. Russia overcame this difficulty by forcibly restricting the production of consumers goods and diverting all her energies to the production of capital goods. In this way she made saving compulsory and used most of her national income for producing capital equipment. The cost was extreme privation and suffering for the people and much discontent. Another

alternative is to borrow foreign capital—a dangerous expedient as many countries have found.

Neither of the methods seems desirable in the present conditions. Besides, even with the present technique which requires comparatively less capital equipment, our main difficulty is lack of capital for the permanent improvement of land. The resources of the State should, therefore, be employed mainly in such works as the construction of canals, wells, afforestation, reclamation of waste, rather than diverted to a difficult and doubtful experiment.

(iii) If agriculture were mechanised we should have to depend upon foreign countries for the supply of oil and petrol. This has its own dangers; if the supply were cut off, the whole economic life of the country might be paralysed.

(iv) Agricultural operations can be performed much more quickly by the use of machinery than by human or animal labour.

The importance of speed as a factor in agricultural efficiency depends upon the character of the seasons. Where, for instance, an unfavourable change in the weather frequently follows harvesting time; speedy harvesting, threshing and storing of the crop may save it from much damage. The margin of time during which the various operations, for the preparation of the soil and for sowing, must be performed may also in some cases be narrow, for each agricultural operation must be adjusted to changing weather and moisture in the soil, and delay may spoil the growth of the crops. This aspect of the question does not appear so far to have been thoroughly investigated. Shri Maya Das, formerly Director of Agriculture, U. P., advocated the use of harvester and thresher combines to reap and thresh the rice and wheat crops. The quick performance of these operations would, in his opinion, safeguard the rice crops from damage by October rains, and the wheat crop from changes in the weather, dust storms, hail and showers, in April and May. Apart from that, he thinks that if rice was harvested and threshed quickly enough, it would be possible to take a second crop of peas and gram from the whole area under rice. The additional yield of peas and gram would amount to about two million tons. The sowing of these leguminous crops would also increase the fertility of the soil. The early harvesting of wheat would permit hot weather cultivation, which

will increase the yield of wheat and barley by about one million tons.

No definite opinions can, at this stage, be expressed upon the suggestions made by Shri Maya Das, but it seems desirable to test them. If the experiments bear out his thesis, the case for mechanisation may, perhaps, have to be reconsidered.

(v) Within certain limits the cost of cultivation varies inversely with the size of the holding. On large holdings the cost of cultivation is low and the net produce per acre is, therefore, usually higher. This applies as a general rule to both peasant and large-scale farms, the cost being lowest on an optimum size of the latter type.

In an age of commercial farming, when agriculture is no longer carried on merely for subsistence in self-contained villages, and when agricultural prices are influenced by the world market, the lower cost of production on the large farms gives them a tremendous advantage over small holdings. The small farmer who has become both a buyer and seller in the market is helpless in the hands of the money-lender and the trader.

These disadvantages can, to a large extent, be reduced by co-operative organisations for credit, purchase of seeds, stock and implements and for the processing, grading and marketing of agricultural produce. By such an organisation a group of small-holders can effect the economies available to a large-scale producer and seller. The cost of cultivation, itself, can be greatly reduced if agriculture is carried on an optimum size of holding.

The small producer even on an optimum holding in Western countries is at a disadvantage because the wages of agricultural labour are high. In England, for instance, an agricultural labourer has a minimum wage of over £ 3 a week, which is about the same as the wage of an assistant librarian or a demonstrator at a university. But in countries where agricultural labour is ill-paid, the cost of cultivation on an efficiently run peasant farm need not necessarily be much higher than that of the large farms in U. S. A.

In spite of all this, however, the balance of advantage is still with the large farmer who possesses sufficient surplus to tide over an agricultural calamity or a fall in prices. But the handicaps of the small farmer can to a certain extent be made good

by stabilisation of the prices of agricultural produce and extension of State aid and social insurance against poor crops or loss of stock.

(vi) Another advantage of the large farm is its capacity to employ technical experts. Development of agriculture in the Western countries has been due mainly to the use of all the systematic information that science and agricultural experience have brought together for increased production. In a country like China, where the cultivator has developed a high degree of skill, traditional methods of farming may seem to hold their own against scientific agriculture. But the capacity and traditional skill of the Chinese cultivator is not made for export. In our country the line of advance will obviously be determined by the increasing application of technical knowledge.

But the employment of an expert by the large farmer is not the only way in which technical knowledge can be made available. The co-operatives in Denmark employ experts, who visit the farm of each member, help him in understanding and removing his difficulties and give him advice on better methods of farming. Besides this, they have perfected a system of education by which all young farmers acquire a certain degree both of theoretical knowledge and practical experience which makes them receptive to new ideas and eager to improve their methods. The State also can provide the service of trained experts to give technical advice and guidance. It is possible in this way for a small farmer to get the benefit of technical knowledge and experience.

(vii) A farmer using animal and human labour cannot manage a very large area as one unit of organisation. With the use of tractors and harvesters, on the other hand, a skilled manager can run a farm of even a thousand acres. This advantage of mechanised farming has been emphasised by some western economists.

It has been pointed out that a farmer is interested, not so much in the produce per acre, as in the total net profit he can make on his enterprise. Large-scale farming is the only method by which an income comparable with industrial incomes can be earned by the agriculturist.

It is hardly necessary to consider this argument in detail because the limiting factor in our case is not the technique but land itself. When over 80 per cent. of the cultivators of this province possess dwarf holdings below 5 acres in area it is futile to consider the advantages of a technique that would permit them to hold a thousand acres each.

Economic holding

This subject, however, leads to a very interesting question, namely, the size of holding that is considered sufficient to provide a fair standard of living to the cultivator. In Europe as a whole (excluding Russia), the average holding is about 7·9 hectares or about 19 acres. In eastern Europe excepting Hungary and Western Poland, the average holding is about 5 hectares or 12 acres. The standards of farming in eastern Europe are certainly not inferior to India. And yet commenting upon the poverty of cultivators in these countries Yates and Warriner observed—"In terms of money, incomes in Eastern Europe are so low that it is difficult to form any idea of what standard of living they indicate. However, numerous investigations in the villages have shown that large sections of the farm population are living below an adequate nutritional standard, in the simple sense that for part of the year they are starving . . . . In 1936-37 the League of Nations undertook a series of investigations in Eastern Europe which showed the prevalence of diseases of mal-nutrition. In a group of Serbian villages 60 per cent. of the population showed signs of rickets, while in a sample of Rumanian villages 80 per cent. of the children had intestinal parasites . . . Furthermore, in all the Danubian countries we find high rates of infant mortality, which are due in large part to the low nutritional standards."*

It is well known that animal husbandry is one of the most profitable forms of agriculture and least suited to large-scale methods. Even in Russia the live-stock are mostly owned privately by the peasant. One would expect, therefore, that an efficient unit for live-stock breeding would be much smaller than

*Yates and Warriner, Food and Farming in Post-War Europe, pages 36, 37.

the unit for the production of cereals. Even this low economic holding is, however, according to the opinion of experts, about 50 acres.

Yates and Warriner observed that "the most successful dairying the world has seen is run on the 50—150 acres farms of Holland and Denmark . . . . For dairying it is the farms of over 50 acres which prove the more successful."*

Van Der Post would place it even a little higher—at about 75 to 100 acres. He remarked that "the data . . . . indicate in conclusion that in Denmark the holding of a size less than 25 acres is at a minimus disadvantage and is not an economical unit. The "efficiekill of the holding increases with size until the "optimum-size" holding, if measured in terms of net returns per acre, is reached in the group of approximately 75 to 100 acres. Beyond this size-group there is again a decline in efficiency, but not to the low efficiency of farms less than 25 acres in size."†

Denmark is often held up as a model of successful peasant farming. Its prosperity depends to a large extent on the fact that it produces protective foods which fetch high prices and for which it has a good market in the highly industrialised zones in its neighbourhood. Besides this, the peasants of Denmark have built up highly efficient co-operative institutions. In spite of these advantages the condition of small holders in the country is not sound.

E. A. Pratt observed that "Nominally the peasant proprietors who constitute so important a section of the Danish people are free holders; practically they are saddled with a mortgage debt . . . representing 55 per cent. of the value of their farms, with buildings, stock and improvements. Interest and repayment of capital constitute a heavy burden and many a Danish farmer is, with all his family working for long hours . . . not so much for his own gain as to satisfy the demands of his German creditor."‡

Sir John Russell expressed a similar opinion: "The small holder manages well enough during periods of rising prices, and good

*Food and Farming in Post-War Europe (Yates and Warriner, page 68).

†Economics of Agriculture, Van Der Post, page 170.

‡Transition to Agriculture, E. A. Pratt, page 241

men can adapt themselves to steady prices, but all are defeated in periods of falling prices, especially by rapid falls such as came between 1930 and 1933. During these times the small holder is badly hit... This system of ownership is common in Denmark, and while it led to a good standard of living during the years of steady or of rising prices, it involved great suffering in times of crisis. First a Government mortgage was taken out, then a second and sometimes a third mortgage. Peasant ownership in short, works smoothly only so long as prices remain steady; in other times it is liable to lead either to land speculation or bankruptcy... the man with a large holding has more scope and survives better."*

These estimates of the size of an economic peasant holding are very discouraging when compared with the three acres that constitute the average holding of the province. An enormous effort for the development of subsidiary occupations would be required to displace only a fraction of the surplus rural population dependent upon agriculture, and to make the average holding a little bigger, not to speak of the size contemplated by Western economists. The estimates, therefore, serve only to emphasise the magnitude of the problem and indicate that a solution of the present agricultural crisis is possible only if agrarian reforms are integrated with over-all planning and economic development so that even a small holder may be assured a minimum standard of living.

Our own estimate of the size of an economic holding, in relation to the conditions in our province, is 10 acres (*vide* Chapter I).

Conclusion

On a consideration of the purely economic aspects of agricultural technique, we are of the opinion that mechanisation of agriculture is not desirable, mainly on the following grounds:—

(1) Mechanised agriculture does not lead to the maximum use of land. Considering that we have got only about 0·7 acre land per head of the population, it is necessary to employ the most intensive methods to make this small area yield enough food for the people.

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*Agriculture Today and Tomorrow, edited by Sir John Russell, page 63.

(2) Mechanised agriculture would lead to the displacement of a large proportion of the rural population dependent upon land. Considering that we have got a surplus of labour, the use of machines that would increase the number of persons who are unemployed or under-employed is not, in the present circumstances, desirable.

(3) Lack of capital resources and absence of local fuel supply.

Though we have not advocated the general use of large machines to replace human and animal labour, we think there is considerable scope for mechanised agriculture:

(i) On experimental farms, designed to test the productivity of such farms under Indian conditions.

(ii) For the eradication of deep-rooted weeds like *kans*, clearing land under jungle, anti-erosion works such as contour terracing, bunding and gully-plugging, and the reclamation of wasteland by mechanised means.

We have also examined some of the principal disadvantages of small-scale farming and suggested the methods for removing them, namely:—

(i) Speedy methods should be devised to eliminate uneconomic holdings. Scattered holdings should be consolidated.

(ii) Organisation of co-operative institutions for credit, purchase of seeds, stock and implements, etc., and for grading, standardisation and marketing of agricultural produce. By these methods the handicaps of a small producer, buyer and seller can be eliminated.

(iii) Social insurance against agricultural calamities, loss of stock, etc.

(iv) An extensive service of trained experts to give technical advice and guidance to the cultivator.

(v) General and technical education of the cultivators.

(vi) Stabilisation of the prices of agricultural produce.

AGRICULTURAL ORGANISATION

Planning in agriculture must be governed by a two-fold aim, economic efficiency and the creation of new social values suited to the genius and traditions of our country. Firstly, it must make for maximum food production and the highest possible standard of living for the community. The people should be able to obtain enough wholesome and nourishing food at prices within their reach, and the efficient cultivator should get an adequate remuneration for his services to the community and safeguarded from poverty and distress. An agricultural policy must aim at the highest development of the national heritage, the full use of both natural and human resources.

But man is not merely an economic being, and does not find his highest fulfilment in the satisfaction of material needs. Economic activity is not an end in itself but only a means to a fuller life. It should, therefore, be so directed and organised as not only to create enough material wealth but also to promote the well-being of the whole man and to subserve desirable social ends. If the production of an abundance of worldly goods cannot be organised except with the loss of individual freedom and happiness, many would prefer an economic system that produced less, provided it gave scope for the full development of human personality and did not lead either to war and imperialism, or to a totalitarian regime. Social values must not be sacrificed to economic efficiency. Reorganisation of agriculture should therefore be consistent with the economic freedom of the individual and the decentralisation of power, social, economic and political, which are necessary for the democratic way of life.

Large-scale production, as such, whether in agriculture or in industry, and whether under a capitalist or a socialist system, has, on these and allied grounds, been subjected to strong criticism, particularly in India, where Gandhiji's teachings about decentralised rural economy, village self-sufficiency and cottage industries and his deprecation of a materialistic view of life have impressed the public imagination and been accepted, within

varying degrees and subject to somewhat different interpretations, by diverse schools of thought including even the Socialist party.

A discussion of this question in any detail would take us too far afield and would hardly be within our scope. But we consider it worth-while to glance briefly at a few salient details as we think that it would, perhaps, bring out more sharply the fundamental differences as well as the meeting-points between those who advocate a system of co-operative joint-farming and those who prefer a system of peasant proprietors. The respective merits of these two systems have aroused considerable public interest, and opinion has been sharply divided among economists, political and *kisan* workers and the public in general, as well as among the members of the Committee. We shall also explain in the sequel how in spite of these persisting differences we have been able to arrive at a unanimous conclusion.

To begin with, it would be worthwhile to describe very briefly the well known difference between a village craftsman and a factory worker, as this description throws into vivid relief, the essential features both of large-scale and small-scale production and the difficulties of planning in a centralised or a decentralised economy. We shall subsequently note their application to agricultural organisation.

A small producer, such as a village artisan, is engaged in many-sided and varying activities. The production of even a comparatively simple commodity requires the performance of various operations and a degree of skill in each. He takes pride in the quality of the finished product, and strives to excel himself. In the variety of design, shape or colour he has an opportunity to exercise his artistic sense and thus finds a creative joy in his work. He is not, however, merely a producer but also a buyer and seller on the market, his manifold activities prevent monotony or unremitting drudgery. He bears a burden of responsibility and is continuously making decisions, however humble their scope, which develop his character and intelligence. Besides this, almost completely before the decay of our village communities by the inroads of commercial marketing and capitalism and the zamindari system, and even now, to some degree, the village craftsman is not exposed to the temptations or perils of

a competitive economy. His work is, in a sense, a private enterprise carried on with the motive of private profit, but it is also a service to the village, in the performance of which he is assured a modest competence and a definite social status. The quantity of goods required, i.e., the demand for his products and their price, is, to a certain extent, determined by tradition. The market is limited but it is certain, and not liable to the fluctuations of purely competitive enterprise. The craftsman is, therefore, on the whole safe and content; he has neither the opportunity nor the desire to acquire vast wealth, his purely acquisitive and selfish instincts are not over-developed, nor does he run the risks that go with the opportunity of acquiring wealth. He is not harassed either by the extravagant personal ambition or the fear and uncertainty that is the characteristic state of mind bred by the capitalist system. He does not stand by himself alone, at war with the persons with whom he deals, the economic forces that affect his livelihood are within his understanding, he knows and is at peace with the world in which he lives.

It is only when one considers all these aspects of our traditional way of life that one can realise the significance of the concept *"dharma"* as attached to a man's calling and the duties of his station.

Nor is this a stagnant or a closed system, the aspirations and conflicts out of which great art and philosophy take birth will continue to exist in almost any social organisation. A continuous economic struggle is not necessary for progress in culture or civilisation.

Most of these incidents applied also to the agricultural producer until our ancient village communities were rudely disturbed by the impact of British rule and the zamindar, and the change-over from subsistence to commercial farming. In the pursuit of agriculture, as of trade, the social bonds and the cohesive force of the community mitigated much of the rigours of competition, the spirit of individualism and personal greed. The village as a self-governing institution, the caste system and the joint family, were, all of them, institutions designed to bring individual purposes and economic motives into harmony with the well-being of the community as a whole, and to co-ordinate

the interests of the individual with the interests of a larger group; the degree of co-ordination being strongest in the smaller group, i.e., the joint family, and thinnest in the largest group, i.e., the village community. Incidentally, we would not like to be judged as acting from a spirit of revivalism; much of this ancient pattern has passed away beyond recall, much of it still lingers, but is no longer suited to present-day economic needs. The evils of the caste system, for instance, are manifest; instead of being a progressive force it is today one of the greatest impediments to individual development as well as co-operation. But these institutions do certainly indicate that the genius of India, more than that of, perhaps, any other country is for the willing co-operation of individuals for social well-being. The imposition of British ideas has distorted and to a certain extent injured our national heritage but it has not completely wiped it out. The organisation of our social life and our habits of mind are not individualistic, at any rate not to the same degree as those of an ordinary European. It is a realisation of this basic fact that constitutes the point of departure for the new scheme of land tenure that we propose.

We may now contrast this picture with the life of a factory worker. He performs only a small and insignificant part in production, he does not determine the shape or the quality of the goods which he helps to produce. The monotonous repetition of the same simple movement throughout his working hours is a mere drudgery that dulls his brain. He takes no decisions and is incapable of understanding the vast and complex organisation of which he is a mere tool. He has thus no opportunities for the development of his character, intelligence or artistic sense. Besides, as all the vital decisions are taken by a small group the worker loses his personal freedom and has merely the status of a slave to a machine, bound to carry out implicitly orders given by a higher authority, whether of the capitalist under the capitalist system, or of the business manager, technician or party boss in the Socialist State. Of course, socialism or communism solve the inherent contradictions, the wastefulness and inequitable distribution of wealth which are incidental to capitalist economy, and are infinitely superior to the latter. But we need not get into all that here. The point we are considering is that certain evils are associated with large-scale production

under any system of organisation, the most important of which are the loss of freedom and the lack of opportunities for self-development. Under the capitalist system the proletariat have no economic freedom, and therefore, some would say, no social or political freedom either. In the Socialist State, they acquire a measure of economic security but they have certainly precious little of social or political freedom, at any rate not in the only completely socialist State that exists today, i.e. the U. S. S. R. Of course, a number of arguments can be advanced to explain this denial of political freedom: the necessity of rigid control in the early stages of a transformation which is so basic and abrupt and requires a re-orientation not only of society but of the psychology of the individual; the difficulties of a socialistic State fare to face with a hostile world, and so on. In spite of these apologies, we are inclined to think that the defects of large-scale production suggested above are inherent in the method of production itself, and cannot be cured by State control. Actually, State control intensifies instead of diminishing them.

The complexity of large-scale production, the vast economic factors involved, and the use of huge machines calls for the service of experts who alone are capable of running it. These experts, i.e., the technicians and the managers are bound to acquire a dominating influence. The bigger the organisation, the greater their power. Now even under capitalism, the large-scale units have a tendency to expand by merger in the shape of cartels and combines. In a Socialist State, however, the ultimate unit would be the State itself. All organisation involves the surrender by individuals of their freedom and concentration of power in the hands of a few, the bigger the organisation the greater the surrender. When the ultimate unit of organisation is the State itself, which is thus possessed of supreme economic, as well as political power and is the repository of all force, the surrender, it can be easily imagined, would be pretty complete and the concentration of power could hardly be more intense.

This difficulty, it may be pointed out here is one of the fundamental problems in planning. When control of economic activity by the State goes beyond the stage of mere palliatives and minimum reforms, it seems to involve the use of force or coercion and the denial of individual freedom in an increasing

measure, corresponding to the scope and pervasiveness of the planning, which in its turn corresponds to the magnitude of the evils it is intended to remove.

Planning, as the very term indicates, involves the substitution of the anarchy and waste of a thousand wills for narrow personal interest by centralised action in which self-interest is subordinated to the interests and the well-being and prosperity of the community as a whole. The experience of the past few decades has shown conclusively that the self-interest of individuals does not add up to the self-interest of the community as a whole and that economic forces cannot contrive a balance by themselves. Within our own narrow compass, the technical problems of agriculture indicate the vital necessity of comprehensive planning.

The difficulty is that, on the one hand, there is no avoiding State direction and control of agriculture if we are to increase food production; on the other hand, it is undesirable to use coercion, or to concentrate power in the hands of a highly centralised State. Decentralised rural economy is an ideal that we have accepted without reservation.

The two conflicting requirements of the situation can be met, in our opinion, by co-operative institutions, ascending in an hierarchy of larger and larger groups up to a roof organisation of the whole province working in close collaboration with the government. There must be a central plan laid down in broad outline by the Government but administered through local institutions which are left free to choose their own methods as far as possible and to make full use of local knowledge, initiative and goodwill.

By a co-operative organisation of society we can thus avoid the evils both of capitalism and the regimentation of the individual under a Socialist State. The chief value of the co-operative movement lies in the fact that its growth is closely related to the training of the individuals in the art of self-government. The extent and scope of the organisation widens, as the people are trained to assume responsibility for administering and directing larger and larger enterprises and to overcome the initial conflicts that arise in any intimate human association from differences

in temperament and personal ambitions. The economic and social control is provided, not by the State, but by the group itself which creates administrative and technical experts from its own ranks. Social morality is developed in exact proportion to the size and functions of the group. By this method the change-over from a capitalist to a socialist economy can be brought about without the use of force by a compulsory and all-powerful State. "As the development of co-operative democracy proceeds on its orderly way, meeting new needs, performing larger and larger functions, the transference of the control of industry from the hands of the few to the hands of the many goes on without social disturbance. It is the orderly and systematic merging of one system into another. Although its end is the very end which economic revolutionists seek, its method is free from violence and cataclysm. It is the peaceful revolution in action."*

Before we go on to discuss the question of co-operative organisation of agriculture, and whether co-operative methods should be applied to the whole field of productive activity including farming, or only to agricultural credit and marketing, we may summarise the arguments against large-scale production from the sociological point of view:

(1) Large-scale production requires an assured supply of raw materials many of which cannot be obtained locally, it also leads to over-production of goods which cannot all be sold at a profit in the local market. For these reasons, as well as the profitable investment of capital which cannot be employed for productive purposes in the home country, highly industrialised countries are obliged to seek economic and political control over comparatively undeveloped areas. This leads to imperialism and war.

Agriculture is itself a primary industry and requires no raw materials. Besides, even if large-scale methods lead to greatly increased production there would be no need to look for foreign markets as we ourselves require all the food that can possibly be produced. It is only the countries which have a large surplus, such as U. S. A., Argentine or Australia,

*Co-operative Democracy Warbase, page 13.

or countries which are almost exclusively engaged in a special type of agriculture, breeding cattle or pigs for meat, or milk products, as for instance Denmark, that rely upon foreign markets.

Impressed by the high profits made on small farms in this type of agriculture, some economists hold that mixed farming is the only method by which a high standard of living can be assured to the peasant in an over-crowded country and have advocated its general adoption.

A considerable extension of mixed farming is obviously necessary in India where the people suffer from malnutrition and ill-health on account of an unbalanced diet. But market gardening and animal husbandry cater generally for an urban market and require high purchasing power, they cannot, therefore, to any large extent, replace the production of cereals which are our staple food.

(2) An abundance of material goods creates artificial wants, which grow the stronger the more they are gratified; the whole of society has, therefore, to be organised to meet these increasing wants by large-scale production of more and more goods. It is suggested that the materialistic view of life should be abjured and human wants simplified.

This argument again has no application to Indian agriculture, as our problem is how to satisfy even the minimum needs of the people.

(3) In large-scale production, whether under a capitalist or a socialist system, the worker loses his freedom and self-government in daily work. It has, therefore, been argued that the encouragement of cottage industries and peasant proprietorship with its sturdy and independent peasants are alone consistent with a democratic order of society.

The question depends partly upon the size of the group to which the worker belongs. In the family, for instance, no member is really free, work and the profits of work are shared in common. Consideration for the interest of others imposes limits upon the economic and personal freedom of each individual. In spite of this only a few persons have argued that the family is

an undemocratic institution and should be broken up in the interests of the liberty of the individual. It must be remembered that no single value can be regarded as absolute and all institutions designed exclusively with the single purpose of fostering it. Actually, if this argument were carried to its logical conclusion, no association or group or even the State itself would be possible, an element of coercion being a universal feature of all human association. In return for the sacrifice of absolute freedom each member of a family gains a thousand-fold in higher social values, love, unselfishness and the sense of security; personal material worries and anxiety are practically eliminated. An individual is encouraged in the cultivation of social responsibility, self-control and self-discipline. Social status is determined not by material possessions but by the excellence of work and a man's usefulness to his fellow beings. In fact, where there is true companionship the sacrifice of freedom is in itself a virtue. In the Hindu joint family, which is one of the distinctive features of our society, the same principle applies to an even larger group.

We are, however, of the opinion that the workers on a large mechanised farm extending over an area exceeding a thousand acres constitute a group that appears to be too large for the growth of true fellow-feeling, at any rate judging from the present decline of social instincts. Where fellow-feeling does not exist there can be no voluntary co-operation, and the organisation of the group involves bureaucratic control and the subservience of each member to purposes other than his own. Mechanised farming requires a unit of a thousand acres or more, it will, therefore, be necessary to consolidate several villages, the average area of a village being about 300 acres. It is difficult, in the present circumstances, to conceive of a bigger co-operative group than a village community, the organisation of which would not involve a compulsory and irksome surrender of individual freedom.

In fact, as the close subordination of collective farms to Machine and Tractor Stations and to the State in the U. S. S. R. shows, the logic of mechanised farming leads not to voluntary co-operation but to the totalitarian State.

Whether co-operative joint-farming with non-mechanised agriculture and with the village community as the highest unit

is desirable from the social and economic point of view is a question we shall discuss in the next section.

After this review of the merits of mechanised agriculture it does not seem necessary to examine in any detail the different bases upon which it can be organised. We may, however, note briefly the particular characteristics and difficulties of each type of organisation.

(1) *Capitalist farming of the American or British type*:

This does not seem practicable in India owing to the average cultivator's lack of capital resources. A suggestion has, however, been made that after property rights in land have been acquired the State may give land to private capitalists for scientific farming, subject to regulations regarding labourers' minimum wages and conditions of work. As American methods have been rather wasteful of land—causing soil exhaustion in large areas—some conditions to prevent this may also be imposed. It has been argued that capitalist farming can give good wages, better housing amenities and provide social services, it will also lead to the better utilisation of land, and the establishment of ancillary industries such as manufacture of vegetable oil, dairy products, etc.

Another suggestion is to limit capitalist farming to land reclamation and costly plantations requiring capital expenditure which the State is unable to provide.

We are strongly opposed to either of these proposals. The possibilities of attracting private capital for productive purposes in agriculture do not seem very high, considering the lack of interest which has so far been shown by landowners in reclamation of waste or development of their homelands which, in some cases, cover extensive areas. Some capitalist farms, notably sugarcane plantations in India, do certainly compare favourably with an average peasant farm, but as we have shown, this is not the only possible, and is certainly not a desirable, method for improved land utilisation. The same results can be achieved and even excelled by intensive peasant farming. Besides, a system that would deprive the agriculturists of all their rights in land, reduce them to the position of industrial labourers and subject them to capitalist exploitation, hardly deserves serious consideration. It would also increase the surplus unemployed labour and

displace an enormous number of cultivators who cannot be absorbed by any conceivable expansion of industry.

(2) *State farms*:

Under this system, the farm is managed by government officials, the agricultural workers being reduced to the status of wage-labourers.

The incentive for efficient production would be weak both in the managers and the agricultural workers. Russia is the only country to have taken up State farming on a large scale. Their average size in 1929 was about 140 thousand acres per farm; Gigant, the largest of these, being 50 miles long and 40 miles broad, employing about 17,000 workers. In 1939 the number of these farms was 477.

In spite of Russia's rigid control over economic activities and its short way of dealing with incompetent officials, the State farms appear to have been a failure, and later policy was to convert them into collective farms. Swidersky, the official historian, admitted in 1927 that 4 or 5 thousand State farms covering an area of 500 millions during the period of "War communism" did not produce enough food even for their own consumption and for feeding the livestock. Stalin himself addressing the Central Committee of the Party on January 7, 1933, admitted that only a few State farms paid their way. A year later in his report to the seventeenth Congress of the Party he said, "it must be admitted that they still fail to cope with their tasks. I do not in the least under-estimate the great revolutionising role of our State farms. But if we compare the enormous sums the State has invested in the State farms with the actual results they have achieved to date, we will find an enormous balance against the State farms."

In our own province it is doubtful whether Government farms could be run on a commercial basis by the Agriculture Department. The tendency so far had been towards reckless expenditure; if the pay of officials employed to supervise and run them and other miscellaneous expenses were included the cost of production would probably be too high. It must be admitted, however, that of late financial and administrative control over these farms has been greatly tightened up.

The social effects of a system in which the State becomes the chief employer have already been discussed above. As Shri Charan Singh observed—"in such a State all power is vested in the bureaucrats who run the administration and the managers who run the industry and state farms. . . . One has simply to realise the picture of hundreds of millions of Indians literally working under the cold-blooded control of an unimaginably vast and complex bureaucracy, and to dismiss the scheme outright. It is a devastating thought—that of one man or a few sitting at the top and undertaking to direct and control every operation of agriculture throughout this big country. It will amount to building a society in which nobody will count for anything except a politician, an official, the manager of the factory or a farm."*

While we do not recommend the adoption of this system on a large scale, we think the opening of a number of State farms would be desirable for purposes of experiment, growing good seeds, or as models for cultivators, or as stations for supplying costly implements on lease or hire.

Land reclaimed from waste or jungles or costly plantations by the State might also be run on this basis, at least in the early years.

It would, perhaps, be desirable that except for farms for purely technical experiments, of which the utility cannot obviously be judged in terms of money, all other farms must be run on a strictly commercial basis and on an accurate accounting system. If the pay of the officials engaged in the direct management of these farms were to depend upon farm-profits, it would be comparatively easy to attain high standards of efficiency.

(3) *Collective Farming*:

We have described the collective farms of U. S. S. R., Palestine and Mexico in Chapter XII and shall, therefore, give here only a brief account of their essential features in order to compare them with the others. Under a collective farm, ownership of all the land, stock and capital vests in the community as a whole. Private property in land and individual holdings are completely abolished. A partial exception is made in the collective farms in the U. S. S. R., where individual members are allowed to occupy and use small homesteads separately for keeping live-stock and growing vegetables for domestic use.

*Shri Charan Singh's "How to Abolish Zamindari" page 45.

Cultivation is carried on the whole farm as one unit of organisation, under a management elected from among the members, which lays down programmes of daily work, directs and supervises the performance of all agricultural operations, organises credit, marketing, supply, insurance, etc., and special social services such as education, medical aid and recreation centres.

The profits of the farm may be divided in a number of ways. In the U. S. S. R., payment is made on the basis of wages earned by each member according to the work done by him. All work is not treated as equal, remuneration being graded according to the degree of skill and technical knowledge required, with special rewards or bonus for efficiency. Thus, though the means of production are collectively owned and exploited, the motive of economic reward for work done by an individual is to a great extent retained. Supervision over an individual worker, to keep him up to a definite standard of diligence and efficiency, is also exercised; the difference being that in a capitalist farm the supervisor would be a person possessing external authority. In a socialist farm the supervisor is a person democratically elected by the workers from among themselves. In the U. S. S. R. and Mexico, the collective farm, therefore, represents an intermediate organisation between a private enterprise run with the sole incentive of private profit, and a family where the motive for work is not individual gain but the economic well-being of the group as a whole.

In the collective farms in Palestine, both production and consumption are communal, the member shares the food, clothing, housing and other amenities provided by the community by virtue of being a member and not in proportion to the work he has done, his productivity or usefulness. He works not with the motive of profit but from a sense of duty. These farms are commercially successful; like most new settlements, whether co-operative or individual, they were started only with the aid of a central financing agency but after a few years most of them show a profit on the investment. They are run without the aid of the State and within the framework of a capitalist society, showing that at least in some circumstances, it is possible for men to do their work honestly and efficiently from a motive higher than one of private

profit or personal property. Of course, that does not prove that the same social experiment can be repeated elsewhere with the certainty of success. In U. S. S. R. itself, the communes which were analogous to the collective farms in Palestine and represented an ideal of which the State approved, have tended to fall into decay and have been generally superseded by the *kolhoz* or the collective farm which represents a less extreme type, in which concessions are made to the psychology of an unregenerate individual. The *kolhoz* themselves were not organised without a great deal of social disturbance. Indeed, their history is an object lesson in how a co-operative community should *not* be established. It must be recognised, however, that the actual steps taken, either in the Soviet or elswhere, are not essential features of a policy of collectivisation.

In Mexico, the change-over has been easy and smooth, because what the State was dealing with, were not small peasants clinging fondly to their paternal holdings in spite of poverty and distress but landless labourers. It is, obviously, much easier to collectivise landless labourers accustomed to work on wages under the control of plantation managers and who have, therefore, no habits of individual and economic freedom or attachment to land, to give up. It is not anything extraordinary or uncommon in the psychology of the peasant that makes socialisation of agriculture more difficult than the socialisation of industries, the explanation lies in the fact that an industrial worker is already used to work under an organisation. Indeed, he gains more than he loses by association, where he worked previously under the arbitrary direction and control of the boss, he is now associated with his fellow labourers in a democratic works council which exercises some degree of control over the factors of production. This control in a highly centralised State is bound to have a very limited scope, but at any rate it is better than the conditions to which the worker was accustomed. His economic position is, of course, greatly improved.

It is widely admitted that in cases where large-scale production is inescapable, as for instance, in heavy industries, a socialist organisation is superior to capitalist organisation. The difficulty is, however, that after an industry has been organised on a democratic basis and the inequitable distribution of wealth corrected,

the industry as a whole would still continue to be essentially a capitalist unit, in the sense that its collective production and marketing would still be governed by capitalist motives. It would continue to over-produce, sell at the maximum profit and compete with other units, in a manner inconsistent with the general welfare of the community as a whole. It would be necessary, then, to take a further step and rationalise the relations of all such productive centres by State control. This leads to a regime in which the State acquires supreme economic power the evils of which have already been described. This is the shape which collective agriculture has taken in the U. S. S. R.

But so far as we are concerned this is not an immediate problem. The question would arise only if the basis of Indian economy as a whole and in all its sectors were transformed into a completely socialist society. As this is not being contemplated, much of the criticism that collective agriculture leads to a totalitarian State loses its force. Each collective farm can become a more or less autonomous and democratic unit and left comparatively free from State interference. Co-operative organisation of agriculture does not necessarily involve control by an absolute State. To a large extent, this is the state of affairs in Palestine, where both collective and individual farming exist side by side, and where the autonomous collective farm as a whole deals with a capitalist society on its own terms. In Mexico, there is a much greater degree of supervision, both in finance and in administration. This is largely due to the general ignorance, lack of experience, agricultural skill and organisational ability among the members of the collective farms, who are mostly ignorant and illiterate " peons" or landless labourers. The control is, however, mainly of an administrative nature, designed to correct the shortcomings of the farms. Obviously a similar degree of State supervision, and technical and financial aid, would be required in this country if co-operative farming were introduced. But this may be regarded as a transitional stage, with an increase in general and technical education and co-operative experience, there seems to be no reason why State control cannot be gradually relaxed.

About the success of collective farms no one, at any rate for some time to come, will have the last word. The main difficulty,

to which we have referred earlier, is the lack of adequate data about the U. S. S. R.

About Palestine and Mexico the information available is still more scanty and one has to rely mostly upon opinions, which would naturally vary with the social bias of the observer.

On the whole, it seems safe to assume that these farms have achieved a fair measure of success, comparable with capitalist farms. They are not, however, as profitable as intensive peasant farming at its best.

PEASANT PROPRIETORSHIP

Peasant proprietorship and co-operative farming

The simplest form of peasant proprietorship is the *ryotwari* system prevalent in a number of provinces, notably, the Punjab, Sind, Bombay and part of Madras. Under this system the occupant of land, i.e., the *ryot* possesses a permanent, heritable and transferable interest in land and is liable to pay the land revenue fixed on his holding. The unit of revenue assessment is usually the *ryot's* holding, except in the Punjab where the assessment is made on the village like temporarily settled zamindari provinces and then distributed on the individual *ryo's'* holdings.

The *ryot* is regarded as the full proprietor of the land with an unrestricted right of transfer and subletting. In a large number of cases, he does not attend to the efficient cultivation of land himself and sublets it to a tenant-at-will, the term of the sublease is usually short, and rent is often paid in kind as a share of the produce. Only in a few areas have attempts been made to give some statutory protection to the tenant or the share-cropper under the *ryot*. In this respect, therefore, the position of these cultivators is much worse than the position of the tenants in the zamindari system, where rights in land have been progressively modified, giving to the actual cultivator some security of tenure, and fixity of rent. In the permanently settled areas, the tenants usually possess a permanent, heritable and transferable interest. In the temporarily settled areas, they generally hold on a permanent and heritable tenure but with no right of transfer.

Cultivation by non-occupancy tenants is more common in the *ryotwari* than in the zamindari areas. In the Punjab out of 31·17 million acres, 15·25 million acres, i.e., nearly half the land is held by tenants-at-will paying rent in kind (*batai*), amounting generally to half the produce.. On land irrigated from wells it is one-third of the produce and sometimes less; the usual practice,

however, is to pay half. Ordinarily the tenant-at-will bears the expenses of cultivation and provides his own plough and cattle, but in some cases the *ryot* provides half the seeds.

In Sind, in about four-fifth of the cultivated area the predominant method is the share-cropping system, by which the cultivator provides his own plough and cattle and gives normally a half share of the crops as rent. These tenants, both in the Punjab and Sind, pay an excessive share of the crop to the landlord. They are rack-rented and poor and lack both the incentive and resources for increased production.

In the *ryotwari* areas as elsewhere, sub-division and fragmentation of holdings has continued unchecked; the economic causes being the same, i.e., decay of cottage industries and excessive pressure upon the land. No attempt to prevent sub-division of holdings by transfer or succession appears to have been made so far, except for an interesting experiment to create impartible holdings made in Bombay in the later half of the nineteenth century which has been described in Chapter X. The plan to create impartible holdings was not well-received and led to administrative and judicial difficulties and had to be given up. No attempt to check sub-division of holdings has subsequently been made, because it cannot succeed unless it is integrated with over-all planning, particularly the growth of subsidiary occupations.

Attempts to check fragmentation of holdings have been made from time to time, in the *ryotwari* areas as well as in other provinces, without any conspicuous success, except in the Punjab. Consolidation of holdings is naturally easier in the *ryotwari* areas because it does not come up against the difficulty of a multiplicity of tenures in addition to the other formidable obstacles which are common to all the systems, namely, the peasant's conservatism and distrust of change, and the difficulty of satisfying everyone that the exchange of land is not to his disadvantage. Even in the Punjab, the total area consolidated is about 2 million acres out of a total cultivated area of over 31 million acres.

Reliable information about the average size of holdings and the number of cultivators holding various sizes of holdings is not readily available. According to an enquiry made by the Board

of Economic Enquiry, Punjab, in 1939, 63·7 per cent. of the owners possessed less than 5 acres each. Most of the farms in the *ryotwari* areas, as elsewhere, have become so small that they hardly provide enough for bare subsistence.

Land is generally held in very small and scattered parcels. On these tiny holdings the standard of living of the cultivator is very low, the surplus is too small in normal years to take the strain of bad years. The capital available is too small for efficient cultivation; this leads to low productivity, the deterioration of the soil and growing indebtedness.

The tendency for ownership of land to pass into the hands of absentee landlords exists in the *ryotwari* no less than in the zamindari areas. In the Punjab, for instance, 2·4 per cent. of the owners hold 38 per cent. of the land.

These features of the *ryotwari* land system are inconsistent with efficiency in agricultural production.

On a careful study of the characteristic defects of the *ryotwari* system and the manner in which similar problems have been tackled in other countries, Shri Charan Singh has drawn up a scheme of peasant proprietorship in his memorandum on "How to Abolish Zamindari" from which the following account has been condensed in his own words :

> "The main principles are : firstly that land should be regarded not as a source of rent providing an unearned income for its owner, but as a definite and limited means for employing the labour of a class of citizens whose regular occupation is the tilling of the soil. Consequently, it should be held or acquired only by him who cultivates or is prepared to cultivate it himself, to the total exclusion of rent or income without labour. Secondly, the land being a national asset, the right to hold it should necessarily attach the obligation to use it in the national interest and no body, therefore, has a right to abuse or misuse it, or while holding it not to use it. And if the owner or holder does not fulfil the social and economic duties incumbent upon property, he must be treated as a speculator or defaulter and be diverted.

"The first principle that none should be allowed to derive an unearned income from land suggests two measures:

(i) the raising of the existing tenants to the ownership of their holdings;

(ii) the preventing of the passing of land into the hands of speculators or non-agriculturists in the future.

The second principle that land, being a national asset, should be used to the best possible advantage of the community leads to two others, viz:

(iii) reclamation of wasteland, its distribution among holders of uneconomic farms and, if excess is available, settling of landless agricultural labourers thereon; and

(iv) regulation of the size of holdings and their internal organisation.

Maintenance of peasant proprietary or no land to non-agriculturists

"We have to take steps to see that land is prevented from passing into the hands of absentee or non-agriculturist owners who will not or cannot cultivate the land themselves, but will let it out, be it on cash or produce rents; otherwise if the right of private ownership is retained, that is, if land can be freely sold richer people would gradually buy up big parcels of land and a large section of the peasantry would again be deprived of land, which would, to all intents and purposes, be a return to the old situation.

"The measure suggested is to forbid letting. The detailed proposals are :

(i) That the State should take over at a fair price—at a fixed co-efficient of revenue—the holding of a person who cannot or does not wish to cultivate any longer and cannot negotiate a satisfactory private sale himself.

(ii) That all leases should be declared void *ab initio* except when the lessor is a widow, a minor whose father is dead, a person of unsound mind, a recognised credit association or institution, or a person incapable of cultivating

by reasons of blindness or physical infirmity or because he is confined in jail or is in the military, naval or air service of the country.

(iii) That if the holder does not sell his land to the State, nor does he come within the exceptions enumerated above, but lets out the land to a third person, the land shall be forfeited to the State without compensation.

(iv) That land shall be allowed to be attached, mortgaged or auctioned only for debts advanced by the State or credit associations and institutions recognised by the State and not for private debts.

(v) That henceforward no exproprietary rights of occupancy shall vest in a proprietor on transfer of his land.

"Letting is prohibited to prevent the professional moneylender, who does not cultivate the land himself and uses it merely as a commercial investment, from acquiring the land with the object of letting it. The possibility of middlemen exploiting the labour of the peasantry is thus eliminated. The extreme penalty of expropriation without payment in cases of letting has been devised in order to eliminate attempts at subterfuge and evasion of the prohibition against letting. It might be argued that the provision is very harsh; a right to his share of the land in the village ensures a person a retreat and a livelihood if he becomes incapable of earning his living in the outside world; by taking away this right we are, in a way, taking away his old-age pension and insurance. The reply is that unmitigated letting is a source of many evils. In a country where land is scarce and claimants too many, it cannot be that one man can engage in a non-agricultural avocation and retain his land too, while the other goes without any occupation at all.

Regulation of the size and internal organisation of holdings

"State policy in this connexion may aim at the prevention or abolition of unduly small farms, the prevention and abolition of unduly large farms and the re-arrangement of farms which

are uneconomically laid out through being scattered or divided into too many plots.

"*Consolidation*—Consolidation has been regarded as the very first step towards improvement of agriculture by agrarian economists all the world over. We, in the United Provinces, have not achieved any appreciable success in this direction, perhaps, a combination of compulsory and co-operative methods coupled with the taking over by the State of the cost of consolidation, or, a very large part of it, would accelerate the process of consolidation at the desired pace. A national or governmental drive from the top and a staff of honest and competent consolidation officers and surveyors, amins, etc., possessing imagination, interest in their work and sympathy for the cultivators, are, of course, the two *sine qua non* of the success of the scheme on any national or provincial scale.

"*Abolition and prevention of large property*—The governing principle of distribution of land would be that no man should have more land than he could himself farm or less than is essential for the maintenance of himself and his family, and, if possible, a reasonable surplus. Large farms whether under the occupation of a proprietor or a tenant should be broken up into small holdings, not exceeding 50 acres in area. Lands thus acquired by the State should be redistributed, firstly among uneconomic holdings so as to make them economic, and secondly among landless agricultural workers. To prevent the emergence of large farms in future, we propose that land should not be allowed to pass to an individual, except through inheritance or survivorship, so as to make his holding larger than 12½ acres altogether. In no case, however, as said before, shall the agricultural property of a person exceed 50 acres.

"*Abolition and prevention of uneconomic holdings*—It is, however, the question of uneconomic holdings that is most baffling. The splitting-up of agricultural holdings into uneconomic units is admitted on all hands as one of the main causes of the peasant's poverty; it is the curse of Indian agriculture in particular.

"The excessive sub-division is due to the laws of inheritance, prevalent both amongst Hindus and Muslims, according to

which land, however little, is liable to be divided amongst all the heirs of the deceased, to the fanatical attachment of the peasant to the land of his forefathers and to the absence of an industrial outlet for the population and the consequent concentration of overwhelming numbers upon agricultural land for their means of livelihood. In industrialisation lies the solution of the problem of agricultural over-population in a large degree. Industrialisation, however, is a long term or distant remedy. Despite industrialisation, there will still be uneconomic holdings, leading to poverty of occupants and waste of national energy. The appeal that the land has for the son of a cultivator, his inborn attachment for the village, his conservatism, the comparative independence of a farmer's life—these and other things will still bind many a peasant's son to his land, however uneconomic it may be and however large and various the openings that industrialisation may offer. It is necessary in these circumstances to change the law of inheritance.

"On an estimate of an economic holding at $6\frac{1}{4}$ acres the proposals are:

Firstly—A person shall sell or let only either the whole of his land if it is less than $6\frac{1}{4}$ acres in extent, if it is more, in lots thereof each not less than $6\frac{1}{4}$ acres in extent or to persons whose holdings would amount to $6\frac{1}{4}$ acres or more in extent but not larger than $12\frac{1}{2}$ acres when the land sold or let is included.

Secondly—That no holding shall be partitioned, gifted or devised or shall devolve on heirs in such a manner as to render any single share or portion thereof allotted, gifted or devised to any co-sharer, donee or legatee or devolving on any other land that he may be already possessing.

Thirdly—If co-heirs cannot each get $6\frac{1}{4}$ acres or more, then male co-heirs, and as between male co-heirs, sons, and, as between those so entitled, the eldest ones in the descending order, shall be entitled to get the property and shall be liable to maintain till majority a minor heir, if any, that has been so excluded.

Fourthly—That a holding whose area is $6\frac{1}{4}$ acres or less shall for ever remain impartible and shall be held absolutely and in severalty by the one person entitled for the time being.

"The question of questions, however, is:

What shall happen to the excluded heir and his rights in the patrimony? We propose that there should be no compensation whatever, except that the successor should be laid under a statutory obligation to maintain the excluded heirs, if any, till they attain majority. It may be said that the proposal is manifestly unjust to the excluded heirs; the reply is that it is based on three very good reasons, viz., firstly, that if the successor is required to pay compensation he shall have to incur debt, which, as has been found by the Provincial Banking Enquiry Committee in the case of Burma, he will, in all probability, be not able to pay off during his lifetime unless he sells his holding to raise the amount. Secondly, that the reform is being advocated in national interest before which individual interest must yield, and there is no question of justice or injustice where the good of society as a whole is concerned. Thirdly, that, rather than an economic holding divided between, say, two heirs and each of them starving or see an owner of an economic holding start his life with an encumbrance round his neck which he will not be able to shake off, it is far better to start one of the two as an owner of an economic holding free from handicaps and to put the other on his mettle. The father, lest his disinherited son fall into a lower economic class than that into which he has been born, will direct his efforts to equipping him as well as he can by training and education for his future career. The excluded heir, too, if he has any guts, will strenuously resist economic degradation and will do his best, aided or unaided, to qualify himself for the battle of life that lies ahead.

"*Extent of co-operation*—Introduction of co-operative methods in all aspects of the economic life of the cultivator other than actual farming will answer the needs of our country; it is the 'best hope of rural India', as the Royal Commission of Agriculture put it. It offers the surest guarantee against the exploitation of the peasant's ignorance and isolation, as also the best method of bringing the results of scientific research to the door of every peasant. We will not have to 'tear up by the roots any small man's refuge that is left in a world so ridden by hugeness,' as to ask him to sacrifice his sense of pride in his land,

and yet secure for him many of the benefits of large-scale operations, capital and organisation which critics may think of.

"*Non-arable land to vest in panchayat*—We advocate individual possession and also ownership of a sort, only so far as arable land is concerned; there can be no objection to the vesting of ownership and control of *abadi*, waste and pasture lands, thoroughfares, ponds, etc.: in the nation or the village community, i.e., the panchayat, preferably the latter."

Difficulties of peasant proprietorship

As we have pointed out in the first chapter, the most dominant as well as the most intractable feature of our agrarian economy is the small size of the holding occupied by the vast majority of the cultivators. No effective solution of the problem of improved production and the crushing burden of poverty can be found until we devise a system in which the unit of agricultural organisation will not ordinarily be below the minimum unit.

The solutions suggested above are:

(i) *An immediate curtailment of large farms whether* sir *and* khudkasht *or tenants holdings exceeding* 50 *acres in area, and redistribution of the land among small holdings or landless agricultural labourers*—We have already examined this question in Chapter XIV and arrived at the conclusion that an immediate redistribution of land is not desirable. Even if it were a practicable suggestion the area available by imposing this maximum limit both upon tenant's and zamindar's proprietary cultivation is not likely to exceed about 25 lakh acres out of a total holdings area of 113 lakh acres, i.e., about 6 per cent.

(ii) *Reclamation of wasteland and its distribution among uneconomic holdings*—Just at present it is difficult to form any idea of the area of wasteland that can be recovered, but most of it is likely to be required for afforestation, grass land and growing fodder crops to restore the agronomic balance. In any case, only a small area will be available for cultivation.

(iii) *Change in the law of inheritance*—Among countries where a law of preferred heirs prevails, Belgium, Denmark, Germany and England are highly prosperous countries whose economic conditions are not comparable to those of our province. This leaves two countries, namely, Burma and Rumania. We have no information about Burma, but the following table shows the distribution of holdings in Rumania:

*Percentage of area and number of holdings of various sizes**

	2·5 hectares	2·5 to 12·5 hectares	12·5 to 25 hectares	25 to 125 hectares	Over 125 hectares	Total
Area ..	2	54	24	21	19	100
Number of holdings.	19	56	17	7	1	100

The lowest group consists of holdings not exceeding 2·5 hectraes or about 6 acres. The minimum holding in Rumania which cannot be divided by sale or succession is about 5 acres. In other words, the law affects an area of land less than 2 per cent. of the total, and a number of holdings less than 19 per cent. In comparison with this, the fixing of a minimum impartible holding of 6¼ acres as suggested would affect over 45 per cent. of the total area and over 85 per cent. of the holdings of the province. In the conditions prevailing here, a measure that would displace all the younger sons of the lowest class of peasants, who comprise no less than 85 per cent. of the total, would have social and economic consequences that cannot be contemplated with equanimity. The bonds of family affection are, perhaps, stronger in our country than in most others and a law that threatened to break up the family and deprive the younger sons of their inheritance, however small and pitiful, might arouse a spirit of resistance before which even the disturbances preceding the collectivisation of agriculture in the U. S. S. R. would pale into insignificance. It is hardly necessary to point out that the measure, apart from its social consequences, would be economically unsound. The possession of land is "the small man's only refuge", and gives

* "Agrarian Reforms in Western Countries," Nanavati and Anjaria, p. 81.

him social security and a means of living. Small holdings, as we have already said, constitute perhaps the greatest handicap to efficiency in production, but if no other choice were possible, most people would prefer an increase in the number of uneconomic holdings to an increase in landless labourers. It is true that we have a surplus of labour on land and there is consequently unemployment, but a solution of this problem that would give full employment to some and no employment to the many would hardly be an improvement.

This scheme of land tenure, as any other, has necessarily to be integrated with the development of cottage industries; but there is already such a large class of landless labourers—approximately 400 labourers to 1,000 cultivators—that there is no likelihood in the immediate future of them all, not to speak of the displaced heirs, being absorbed in some gainful occupation. Shri Charan Singh argued that some of these "excluded heirs will form the intelligentia of the province or the country; they will fill the learned professions, man the higher services, provide the managerial and technical staff of large-scale industry and start small-scale industry all over the countryside". It is not easy to see how the small peasant, with a holding of less than 6 acres, will be able to afford giving his sons expensive general or technical education, when today he is sometimes reluctant to send him to a free primary school because even a small boy can make himself useful on the farm.

(iv) *Restrictions on transfer of land to prevent multiplication of holdings below* $6\frac{1}{4}$ *or above* $12\frac{1}{2}$ *acres*—Inposition of minimum and maximum limits is, in our opinion, necessary, but this law by itself cannot bring about a radical change in the number of uneconomic holdings within a measurable period.

It must be noticed that the economic holding has been estimated by us at about 10 acres. Even this appears to be, if anything, greatly under-estimated as the opinion of economists, to which reference has been made in an earlier part of this chapter, would show. Even accepting Shri Charan Singh's estimate, we find that if the total area were distributed at 6 acres per cultivator, as many as 53 lakhs out of 122 lakhs, i.e., over 43 per cent. of the total number

of cultivators would be displaced. On the basis of 10-acre-holding, 81 lakhs, i.e., over 66 per cent. would be displaced.

An untrammelled right of transfer is a dangerous gift in countries where agriculture is over-crowded. What each cultivator longs most for is a little larger patch of land. It is, therefore, only natural that when he has by great self-sacrifice managed to scrape together or borrow a little money, his first desire is to purchase more land. As most of the cultivators suffer equally from land hunger, there is intense competition and the market-price of land is forced up to fantastic heights out of all proportion to its economic value. The cultivators are obliged to take over the land at a monopoly price, making up the difference between this monopoly price of land and its economic value by their infinite capacity for starvation. The pressure of these economic forces has given the landowners an opportunity to fleece the rural population of its surplus wealth periodically. The constant round of ejectments and new leases of land are used to deprive the thrifty part of the population of their accumulated capital. This explains why it has been found impossible in actual practice to prevent the extortion of *nazrana* in spite of well-meaning legislation, and the result has been that a great part of the agricultural wealth produced by the cultivators has been appropriated by zamindars. The surplus wealth has all been used up to acquire or maintain possession of land, and very little is left with the cultivator for buying good stock, implements or seeds or for improvement of land. The impoverishment of the cultivator means the impoverishment of the land.

An untrammelled right of transfer under a system of peasant proprietorship would create a somewhat similar situation. There would be, it is true, fewer transfers as there would be no zamindars with the right of ejecting tenants to force the pace. But when a transfer did take place, the price of land in the open market would be even higher, the right in question being not merely the right of occupancy but full ownership of land. If a cultivator who obtained a holding on transfer were made to pay the market price he would be left with too little capital for efficient farming. It is necessary to ensure that savings are invested primarily in the improvement of land and not in its acquisition. This cannot be done so long as land remains a commodity for sale and purchase in the open market.

CO-OPERATIVE FARMING

The essential features of co-operative farming are:

(1) A co-operative farm would be organised on the basis of voluntary association, without the exercise of any coercion by the State.

(2) The members would pool their stock, land and capital. The farm would be exploited as one unit under an elected management.

(3) The agricultural technique will not be mechanised.

(4) The private property of the individual in his land would be recognised in so far as he would be entitled to a share of a part of the profits in proportion to the land contributed by him.

(5) The rest of the profits would be distributed on the basis of wages for work done.

(6) The members would be free to live and eat separately. In other words, consumption will not be organised collectively.

Co-operative association becomes necessary when the small scale of any enterprise places it at an economic disadvantage. This form of organisation provides for the small producer the economies of large-scale enterprise in obtaining credit, purchase of stock, equipment or raw material, marketing of produce, largely increased capital resources and staying power, technical knowledge, optimum use of labour, land or other factors of production, efficiency of work on account of division of labour and efficiency of organisation and management.

It must be admitted that some of these economies can be effected by a co-operative organisation which stops short of the main productive activity, i.e., agricultural production. The peasants could join in buying essential commodities and marketing of

produce and still cultivate their separate holdings on an individualist basis. This has been done successfully in Denmark and some other European countries.

The difficulty about this is that in conditions of extreme poverty and indebtedness partial co-operation cannot succeed. The slow growth and comparative failure of co-operative credit, in this and other provinces, was due not only to administrative defects and a backward rural society, but also in a large measure to the poverty of the members, their chronic indebtedness and inability to pay back loans. In these circumstances, co-operative credit was like throwing many down into a bottomless pit in a vain effort to fill it up. Besides, if co-operation does not extend to agriculture, it will not be possible to reduce the inordinately high cost of cultivation and the inefficient management. It is, therefore, necessary to organise larger farms which would possess more capital resources, effect economies in the cost of cultivation and realise the technical possibilities of increased production.

It would be useful to consider this question in the light of the technological problems mentioned in Chapter 1, and to see how they are related to each other and to the question of sufficient capital and organisation. The very first thing that strikes one is that all these technical problems are intimately bound up with one another, and the futility of efforts made hitherto to tackle them may be ascribed partly to the fact that they were viewed in isolation and their dependence upon the system of agricultural organisation was not adequately realised.

Consider the question of the scarcity of manure and its use as fuel. Attempts merely to educate the cultivator are futile. Government reports sometimes lay much stress upon the organisation of propaganda and publicity with an unconscious desire to lay the blame upon the long-suffering cultivator. The primary reason, however, is economic and not the ignorance or conservatism of the peasant. With the growing pressure on land it is obvious that such tree-lands as could be reclaimed with the small capital and primitive implements of the cultivator would be cleared and tilled. The increasing deforestation would throw a greater burden upon such forests as remained and would lead to their denudation. Owing

to difficulties of transport and the high cost, such fuel as was available elsewhere would not be within the means of the rural population and no alternative would be left except to burn cow-dung.

The small cultivator has neither the capital nor the organisation to undertake large afforestation schemes in wastelands which are not available for cultivation.

The remedy, therefore, lies in the supply of organisation and capital, either by the State or co-operative effort.

Take the question of green manure and the restoration of the fertility of the soil by proper rotation of crops. It has been generally acknowledged that the Indian cultivator knows the value of both, but he cannot manage proper rotation of crops because he is obliged to grow crops that would feed him from season to season and also to raise cash crops to pay off his rent, the illegal exactions of the zamindar, the demands of the village usurer and to buy a few necessities. He would grow green manure crops if he could. But the choice is one between a food crop that will yield an immediate return and the prospect of a future gain by the increase of the productivity of the soil. With a small patch of land barely enough to yield a meagre subsistence for himself and his dependants, and which yields him no surplus of security for the periodic calamities and fluctuations of the market prices of agricultural produce, it is obvious that he will be compelled by the necessity of the present to surrender the prospects of future gain. A small patch of land which yields insufficient surplus is, therefore, prohibitive of a scientific rotation of crops or mixed farming. Besides, it prevents him from growing only those crops that are suitable under the climatic conditions, and the nature of the soil. Chemical fertilizers are not available because his cost of production is so high that it yields him no surplus for their purchase, even though they may be paid for in the increased yield.

Problems connected with soil deterioration cannot, therefore, be met by the cultivator with a small farm on an individualist basis.

Soil erosion cannot obviously be dealt with by an agency without large capital and organisation. The cultivator can

neither reclaim the land that has been eroded nor prevent the process of further soil erosion.

Similarly, the question of improvement of live-stock cannot be solved upon the present basis or upon any land tenure system that bears a fundamental resemblance to it. The individual cultivator simply cannot set apart any considerable part of his land for growing fodder crops. When the choice is between starvation for himself or for his cattle, it needs very little imagination to perceive which would suffer. Nor does he always have land which it would be economic to set apart for the growth of fodder crops. Another person with such land would not consider the produce of fodder crops advantageous for there would be no market for them. Similarly, the development of pasture lands on such cultivable waste as lies in the vicinity is not within the capital resources or organisational ability of the small farmer. The small unit of organisation, i.e., the small holding, is obviously inadequate for restoring the agronomical balance between cropped land, forests and pasturage, or for the proper distribution of the cropped area between fodder and other crops. What is thus lacking is, again, organisation and capital. The extension of canal irrigation was hindered by the question of the cost of the works and the recurring expenditure as against the likely profit. While this consideration only shows how profoundly the British Government cared about the well-being of its unfortunate subjects, the fact remains that financially unsound works cannot be undertaken on any very large scale. Now, water and manure are admittedly the two most important means of increasing production. But the cost of production of an average farmer is so high that he cannot afford to pay the high scale of rates that are needed to make the construction and running of canal works economically sound to the Government. Roughly, about 35 per cent. of the irrigated area is irrigated with wells. There is a great scope for improvement. But it is not worthwhile to construct a well for the small scattered holding.

Improved seeds cannot be used in adequate quantities, for one thing, they are not available, secondly, they require more manure and water than can be supplied. To say nothing of improved seeds the cultivator cannot even keep good seeds of

his own produce. He has to part with a large part of his produce immediately after the harvest and later on buy such grain as he can get for his own consumption and for planting. Improved implements cannot be employed partly because there has not been enough research work. The use of such implements as are available is sometimes precluded by the low draught power of his bullocks. They require manure and water in much larger quantities than is available and are intrinsically too dear.

These are some illustrations which show that with the present size of holdings intensive farming is simply not possible.

The necessary capital and organisation are not present today and cannot be supplied, if the size of holdings and methods of production remain after the abolition of zamindari substantially as they are now.

Of the two alternatives, State control or co-operative control, the former is not socially desirable. Besides, it is doubtful whether the State itself would have the necessary resources and administrative personnel to effect all these reforms within a reasonable time. To achieve maximum results State aid should be supplemented by the initiative and effort of local organisations.

We have seen that an optimum peasant farm can hold its own against large-scale farms, but that argument would merely show that peasant farming on economic units is an efficient type of agricultural organisation, not peasant farming on tiny holdings.

The choice lies, therefore, in either converting the average holdings into economic units each of the size of about 10 acres, or else to pool them together in co-operative farms of which the economic unit would naturally be larger. We have seen that there is no practicable method of increasing the size of holdings on an individualist basis. The only alternative, therefore, is to try out co-operative farming.

Two questions remain to be considered:

(1) Whether there will be an effective incentive for work on a co-operative farm? It has been said that the "magic of private property turns sand into gold", i.e., that a proprietor works hard and to the best of his capacity only because he feels that his

profit depends upon his own effort. In a co-operative enterprise, where his economic reward depends not upon his effort alone but upon that of a large number of workers, each individual might feel that if he slackened or shirked his work, it would not matter, or that if he put in hard and conscientious work, he could not be always sure of a corresponding reward. This certainly does point to a deficiency in the social psychology of today, when the desire for individual profit has been exalted above practically all other human motives. We must remember, however, that even today private profit is not the only incentive for work, the sense of duty plays a significant part which is not adequately recognised on account of the abstract concept of "economic motive" formed by the science of economics for its own purposes. In early societies, as we have seen, co-operative effort and social control extended over much wider spheres of life and activity than it does now. It is necessary, therefore, to re-educate the individual. This re-education involves not the creation of new motives and impulses, a task that would be obviously impossible, but only a shift of emphasis from acquisitiveness to higher social values. The development of co-operative institutions must, therefore, be accompanied by a planned and comprehensive scheme of social education.

It cannot be denied that there will be considerable initial difficulties. We must remember, however, that the motive of economic reward can be retained to a large extent even in a co-operative enterprise, for instance, the bonus system in the collective farms in the U. S. S. R. Effective supervision and the knowledge that at least the individual's share in the produce depends largerly on his own activity or usefulness should, on the whole, be enough to ensure a high standard of economic efficiency.

(2) The degree of an individual's loss of freedom—this as we have indicated above depends upon the size of the group. Where the group is small enough for the growth of a sense of corporate life and management is run on democratic lines, the loss of freedom is compensated for by the sense of solidarity and personal security. As the individual gains social education, the group might be enlarged.

Some suggestions can be offered tentatively on the broad principles of organisation of these farms. They will need to be tested in the light of experience when co-operative farms have been actually formed.

(*a*) The members should voluntarily agree to join the farm. Cultivators, wishing to join subsequently, would be accepted only with the consent of the majority of the existing members.

(*b*) It may be necessary to prescribe the minimum value of the stock or share capital to be contributed by each member on joining the farm. The exact amount would have to be fixed after a careful evaluation of the minimum capital and stock required by each farm with reference to local conditions. Those who are not in a position to make the minimum contribution may be given credit, to be paid off gradually out of their earnings on the co-operative farm. In most cases, the total investment which the members can conveniently make will probably not be enough to cover the minimum needs of the farm. The balance should be provided by the State, either as a subsidy or a loan, at a low rate of interest or free of interest.

(*c*) The land, stock and implements would belong to the co-operative farm and a member expelled from or voluntarily leaving the farm would not be entitled as of right to get his holding back, but he should, as far as possible, be given an equal area of land elsewhere. As co-operation involves willing association, a member who is dissatisfied or cannot get on with the group should be free to resign. The only grounds for expulsion would be persistent failure to do minimum work or disorderly behaviour. If members who leave the farm are allowed to take back their land, a few disaffected members would be in a position to break up the farm, making it impossible for those who remain to carry on. It would be, therefore, desirable as a general rule to give an equivalent area of vacant land, but the stock, implements, and capital contributed by him may be returned.

(*d*) The management of the farm would be autonomous, subject to general supervision by the State, which would be

progressively relaxed. But provision should be made entitling the State to give such directions as may be necessary. Model rules for co-operative farms would also be framed by the State. A trained worker, appointed by the State, would be himself a member of the co-operative and would carry out the tasks allotted to him and share the life and the surplus produce like other members.

(*e*) Where membership of the co-operative farm is small, all the adult members should plan together the next day's work and assign specific tasks. If the membership is large enough to make this inconvenient, a small committee elected every year would assign the day's task for each member and communicate it to him. The broad principles of work would, however, be laid down by meetings of all the members. If convenient, work may be assigned to members or groups of members on the basis of specific plots of land.

(*f*) A record would be maintained of the work done from day to day by all the members. This record may well be kept by the trained workers deputed to each co-operative farm. Such a trained worker may also be appointed as chairman of the general assembly for a period of one year to begin with. Subsequently the office would be elective, but it may be hoped that if the trained worker has done his work with tact, he may be re-elected subsequently. In the beginning it would probably not be expedient to divide work into different categories according to its nature. Work may be evaluated only in terms of working hours put in by the members or by his family. Work by a child may be treated as a fraction of an adult's work, depending upon his age and physical strength. Later on, when division of labour becomes more definite, agricultural operations of various kinds may be graded.

Distribution of the produce

(*g*) The produce would be first used for—

(i) the payment of land revenue and canal rates,

(ii) the payment of interest and, if possible, part of the capital of loans taken by the farm,

(iii) working capital necessary for the next year including purchase of seeds, implements, etc.,

(iv) permanent improvements,

(v) starting subsidiary industries,

(vi) increasing common amenities,

(vii) reserve fund.

The savings for all items except (i) would depend upon the amount of surplus. In some cases it may not be possible to save anything towards these items.

A working member would be entitled to the following remuneration out of the surplus:

(i) interest at the current rate and depreciation on the cattle, stock or share capital contributed by him,

(ii) remuneration for land contributed by him, equal to the revenue payable on the land,

(iii) wages on the basis of work-day unit. Until there is further division of labour and growth of technical skill, all labour should be deemed equal and wages calculated at a flat rate on the basis of hours of work. The wage should not be less than the average wage of agricultural labour in the locality.

We would not recommend any priority in payment on any of the above items. The total remuneration for all the members should first be calculated on the above basis, if the surplus available for distribution is less, the remuneration of each member should be reduced rateably. If the surplus is large, the balance should be divided rateably on the basis of work-day units put in by each member.

The share of the surplus produce awarded to each member would be his private property. Living quarters, clothing and food would be separate for each family. There would be, of course, nothing to prevent two or more members joining in a common mess if they wish.

Difficulties of co-operative farming

There are insuperable obstacles to the immediate establishment of co-operative farming on a large scale. It can be achieved only by a slow process of experiment and evolution. The conditions in which collective farms were established in the Soviet and in Palestine, their economic and political background, the psychological attitude of the people were so different that though they are instructive examples they cannot serve as models. Besides, many of the features in the internal organisation, the agricultural technique and the method of the distribution of surplus produce in collective farms would be inapplicable to conditions in India and arouse widespread opposition. The broad principles as well as the line of development of co-operative joint farms in the province would, therefore, have to be worked out by a process of trial and error.

The main obstacles to the adoption of co-operative farming are:

(1) The peasant's attachment to his land, a strongly developed sense of property, love of independence and his ingrained conservatism are impediments to the establishment of co-operative farms on a voluntary basis. There are, besides, the existing social discord and factions in the village.

There can be no question of applying coercive methods as in the U. S. S. R. A democratic government representing the people cannot think in terms of coercing the vast mass of peasantry. Besides, how can one force a people to do a thing voluntarily and of their own free will ? A co-operative village community cannot be established by violence. Due importance must be given to the human factor and the minds of the people reconditioned before a new social experiment can hope to succeed.

It has been suggested that all cultivators of uneconomic holdings should be compelled immediately to pool their land and join co-operative farms so that cultivation of uneconomic holdings which is wasteful and inefficient may be prevented. Only cultivators who possess holdings of economic size or above may be allowed to carry on cultivation on an individualist basis. Those who make this suggestion seem to disregard the fact that the

great majority of holdings are uneconomic and that if this proposal were accepted it would be tantamount to an immediate establishment of co-operative farming by force over practically the whole land. Even on the low estimate of 6½ acres as an economic holding, the number of cultivators of uneconomic holdings is over 85 per cent. of the total, with 10 acres as the minimum it is about 94 per cent. of the total.

In view of these figures it is hardly necessary to comment upon the impractical nature of this suggestion.

(2) Even if co-operative farms were established their maintenance and successful working would require a degree of managerial skill and technical knowledge which is at present not to be found in the ordinary villagers. It has also been noticed that where the general level of education is low, as in the co-operative farms in Mexico, there is more likelihood of friction and lack of good will among the members and a great deal of State supervision is required. It would, therefore, be necessary to undertake schemes for the general and technical education of farmers and to provide efficient and trained personnel for giving advice and for the supervision and management of co-operative farms. The State will also have to maintain strict supervision over the finances and accounts of the co-operative farm. It will have to set up an agency for providing finance, both long-term loans for permanent improvement of land or for starting subsidiary industries, and short-term loans to provide working capital. This agency will also give financial advice, see that investments are made prudently and, in general, exercise control and supervision over the commercial side of co-operative farming. The State cannot, at present, provide the necessary technical and administrative personnel. Merely to start co-operative farming even in a single village would require much careful planning, technical knowledge and administrative skill.

These difficulties can be met with in the following manner:

(i) *The lack of technical and administrative personnel*—By recruitment and training of persons who would be called upon to organise and in the early stages to supervise the management of co-operative farms. The detailed rules for

recruitment and training would have to be worked out in consultation with the Agricultural and Co-operative departments and such organisations as the All-India Spinners' Association and the All-India Village Industries Association. It would be necessary as far as possible to require the staff for this purpose, (i) to have some previous experience of social work, (ii) to be prepared to look upon their work not as a job, with a fixed pay, but as an opportunity for social service. The experience of the managers of collective farms in Palestine is, in this instance, extremely instructive. These managers tended to look upon their work as a job and treated the members of the co-operative farms as mere wage-earners or employees under their control. This led to friction and ultimately to the end of the experiment. Collective farms established subsequently were self-managed. It would be, therefore, necessary to recruit the staff from people usually residing in rural areas, with some previous experience of social work and deep sympathy with and knowledge of village life. In the first instance they may be appointed, provided the members are willing, as managers and accountants, etc. Later on all positions of authority in the co-operative farm should be purely elective. In any case, their wages should be calculated in the same manner as those of other members of the co-operative farm.

(ii) *Establishment of demonstration co-operative farms*—All new settlements on reclaimed land in the province should, as far as possible, be organised on co-operative joint farming principles. It would be easier to persuade new settlers to join such farms. They would be getting land, more or less as a gift, and on account of the great hunger for land would probably be willing to accept it on any terms which the Government chose to offer. These would also serve as experimental stations for trying out different ways of organisation and management.

(iii) *Propaganda*—The State should organise intensive propaganda for making co-operative farms attractive and explaining their advantages to the people.

(iv) *Small co-operative farms*—The village is the ultimate unit of co-operative farming. The establishment, however,

of a farm comprising the whole village with its heterogeneous elements and large population would, at the present time, be very difficult and would require more technical knowledge and organisational ability than would at present be available. To start with, a smaller unit may be accepted. Some of the group settlements in Palestine started with as few as 10 adult male members and their families and a minimum area of 50 acres. This may, to begin with, be accepted as the smallest unit for a co-operative farm.

Incentives for voluntary co-operation:

As we have suggested, once demonstration farms have been established intensive propaganda and education must be carried on in the countryside. This alone, may, however not furnish enough incentive for voluntary co-operation. Some special inducements or advantages should be offered.

These would be:

(i) A low rate of rent for co-operative farms.

(ii) Provision of credit for productive purposes and for working capital, as a state subsidy, or a loan free of interest, or at a specially low rate of interest.

(iii) Sale of improved seeds, implements, etc. at a low price.

(iv) State aid if the crops fail on account of agricultural calamities.

(v) Special aid by the State for medical, sanitary and educational facilities, construction of roads, wells, etc.

(vi) Where a co-operative farm exists it should be given the right (1) of acquiring wasteland in a suitable area, proportionate to the cultivated area of the farm, for growing fodder crops, pasturage and for planting fruit or timber trees; and (2) a suitable area of cultivated land that falls vacant.

As soon as a small co-operative farm is established, immediate steps should be taken to consolidate its land free of cost.

The consolidation may be carried out in consultation with the members of the co-operative farm and the village *panchayat*.

Difficulties in both schemes

The proposals outlined above can be regarded as no more than a plan for trying out an experiment that may have tremendous significance for the future development of our economy. Some members are doubtful about the likely result and the success of a rural society organised on the basis of co-operative joint farming. But we are all agreed that the experiment must be vigorously pursued and in conditions most favourable to its success. Much of the social value and economic significance of our proposed scheme of land tenure depends upon the measure of success achieved in the organisation of co-operative farms.

The fact remains, however, that neither peasant proprietorship nor co-operative farming offers a practicable scheme for immediate adoption. The basic difficulties of both appear to be insurmountable.

NEW SCHEME OF LAND TENURE

The Chairman of the Committee has drawn up a scheme of land tenure with the basic ideas of which we are all in entire agreement. Generally economic progress is hampered by the slow development of social ideas and a backward social structure; a scheme perfect in itself from the economic point of view is useless if it is too far in advance of current social ideas, or if it is likely to arouse strong opposition among the people. But the proposed scheme of land tenure is, in our opinion, so designed that it is certain to arouse keen enthusiasm in the countryside and will at the same time facilitate the rehabilitation of agriculture.

The broad principles of this scheme are:

The development of intermediaries was an exotic growth not suited to the genius of the people. The recognition of the permanent, heritable and transferable rights of the cultivator in the land in his possession along with the development of corporate, social and economic life in the village represents a system that reconciles the two opposed views of peasant proprietorship and co-operative farming and combines the advantages of both, avoiding at the same time their attendant evils. To achieve this two-fold purpose, it is proposed to invest the village community with certain vital functions in a decentralised agrarian economy, the exercise of which is necessary for the revival of our ancient village republics and for the joint management of factors of production in which the village has a common interest. At the same time the cultivator must be given rights in land which will give him a feeling of pride and confidence, a sense of social security and incentive for efficient farming.

A vital defect of the alternative schemes examined in the earlier sections of this chapter is their rigidity. We consider it essential that the new land system should be flexible and permit us to try out different methods of agricultural production to discover by a practical trial their advantages and shortcomings under the conditions prevailing in our own province. The

future pattern of our rural economy must not be static and unalterable, but be evolved progressively and without social disturbance out of the experience gained by our experiments and under the pressure of new economic and social forces that will be released by the abolition of the zamindari system.

Under this scheme the village community will have the following functions:

Functions of the village community

(i) Joint ownership of all the land in the village including arable land, waste, *abadi*, etc., shall vest permanently in the village community and shall not be transferable.

(ii) The settlement of revenue shall be made on the village as a whole, and all the cultivators, i.e., *panch hissadars,* will be jointly and severally responsible for its payment. The revenue assessed on the village will be revised periodically, say, every 20 years.

(iii) The village community may with the sanction of the Government adjust the revenue on individual holdings on the basis of valuation.

(iv) Collection of land revenue from the *panch hissadars* shall be made by the village community on a commission of 5 per cent. Where the village *panchayats* are not effectively organised, a person nominated by the village will be appointed as the headman or lambardar for collection of revenue at 5 per cent. commission. We have examined the question of collection of revenue in greater detail in a later chapter.

(v) Wastelands, forests, tanks, common wells, pastures and markets will be under the ownership and common management of the village community subject to existing rights of user. The income from these sources will go to the village community.

(vi) Consolidation of holdings through the agency of the village community by the consent of two-thirds majority of the cultivators.

(vii) The village community will as far as possible act as the agency for schemes of agricultural development and co-operative finance and marketing.

Rights of cultivators or panch hissadars

Except for certain areas of land specified in section 30, U. P. Tenancy Act, where it is not expedient to grant permanent rights there shall be one universal form of land tenure. For the present the existing differences in rent will be allowed to remain, but they shall be progressively equalised as settlement and revision of revenue operations are undertaken from district to district.

All the cultivators will have the status of *"panch hissadars"*, i.e., they will possess permanent, heritable and transferable rights in land. Their rights will be recorded in the *khewat* or the register of proprietary rights, and their payment to the State will be treated as revenue and not rent.

It has been considered necessary to give a right of transfer to the cultivators:

(*a*) To give them psychological satisfaction and the incentive for efficient cultivation by making them proprietors of their land.

(*b*) To provide credit for agricultural finance. At present the cultivators cannot get a loan on reasonable terms as they cannot offer their land as security.

(*c*) To give mobility to our land system. If a right of transfer is not given, even inefficient and unwilling cultivators will be tied to the land.

The right of transfer will be subject to the following restrictions:

(1) The price will be regulated. If the price is not regulated, land being scarce and having a monopoly value, the market value would be too high, with the result that the incoming cultivator would be deprived of most of his capital and left with too little working capital for efficient cultivation. The statutory price of land should be determined with reference mainly to the following considerations:

(i) The price should ordinarily be high enough to cover the credit required by the cultivator for buying cattle, building wells and permanent improvement or acquisition

of land. In other words it should be enough security for medium and long-term loans.

(ii) This requirement of credit can be assessed accurately only when we have adequate statistics on the question. But it should not be put at such a high figure as to be beyond the paying capacity of the cultivator. The cultivator certainly requires credit for good cultivation, but if the credit made available to him is so big that it cannot be paid out of the surplus produce within a reasonable number of years, the only result would be that the cultivator would eventually be obliged to part from his land.

For the present the price of land will be 12 times the circle rate *plus* any compensation for improvements that may be settled between the village community and the cultivator, or in the event of a dispute between these two, fixed by the Collector.

(2) All transfers will be made through the agency of the village community, which shall have the right to settle this land with a suitable person of its own choice. The village community will pay the regulated price to the outgoing and recover it from the incoming cultivator. In the settlement of vacant land the village community will give first preference to holders of uneconomic holdings and landless agricultural workers.

(3) The right of transfer shall be so exercised that the *panch hissadar* who transfes a part of his holding is not left with a small uneconomic holding of less than 10 acres. If the *panch hissadar* possesses a holding of less than 10 acres he shall be allowed to transfer only the whole of it.

(4) The accumulation of large holdings will be prevented by fixing a maximum limit of 30 acres for the acquisition of land by transfer other than succession.

(5) Further sub-division of small uneconomic holdings by transfer or succession will not be allowed. A drive for consolidation of holdings will be made through the agency of the village community.

(6) To prevent the re-emergence of the landlord-tenant relation the cultivator shall have no right to sublet except in the case of disabled persons, such as minors, widows, people suffering from physical infirmity, or in the military service of the State or in

jail, etc. Sub-leases shall be made through the agency of the village community on a rent which will not exceed by more than 50 per cent. the rent paid by the cultivator himself. A sub-lease made in contravention of these provisions shall be void, and the land so sublet shall lapse to the village community.

The restrictions on subletting will come into force immediately on the commencement of the new Act. In cases where land is already sublet the tenant-in-chief should recover possession or take necessary steps to that end within six months of the expiry of the period under section 295A, Tenancy Act, or the terms of the sub-lease whichever is later. On his failure to do so the rights of both the tenant-in-chief and the sub-tenant will be extinguished, and the land shall lapse to the village community.

Sir will be demarcated before compensation is determined. The officers concerned may do so *suo moto* even if no application is presented by either party.

(7) The cultivator must cultivate the land himself. If a purchaser of land does not cultivate the land for two *"fasals"* and does not arrange for its efficient cultivation through the village community, the land may be forfeited by the village community.

(8) The right of succession shall be governed not by personal law but by the provisions of the present Tenancy Act to prevent fragmentation and sub-division of holdings.

Composition of the Village community

While there was general agreement about the functions to be exercised by the village community, there was some difference of opinion about its composition. Among the functions described above there are some that can be exercised properly by the *sanyukt hissadari* or the coparcenary body of revenue payers, i.e., all the cultivators of land; others that should as obviously be exercised by the whole village community composed of all the permanent residents of the village including cultivators and non-cultivators. But the opinion of members diverged regarding a few of the functions, some suggesting that they should be vested in the coparcenary body, others that they should be vested in the village community as a whole.

There was general agreement that the management of waste-lands, trees, forests, sources of *sayar* income, *abadi,* and pathways, common wells, tanks and water-channels shall vest in the village community, composed of all the permanent residents of the village including cultivators and non-cultivators. The use of these is a matter of common interest for the whole village and they should, therefore, be managed by the whole village.

There was also no dispute regarding functions which can properly be exercised only by the coparcenary body of revenue payers, i.e., the *sanyukt hissadari.* Joint and several responsibility for the payment of land revenue, collection of land revenue, redistribution of land revenue among *panch hissadars,* consolidation of holdings, distribution of seeds, implements, *takavi* loans and other activities connected with improvement of arable land shall vest in the *sanyukt hissadari* or coparcenary body to the exclusion of non-cultivators.

The difference of opinion centred round the composition of the village community to whom the functions of—

(i) leasing vacant cultivable land,

(ii) subletting,

should be assigned. Shri Charan Singh proposed that these functions should be assigned to the coparcenary body on the ground that it was only this body which was concerned with the efficient utilisation and management of land. Shri Radha Mohan Singh agreed with him. The majority of the Committee, however, felt that if this proposal was accepted the coparcenary body would have an opportunity to monopolise land and the interests of the landless classes would suffer. These functions, which involve great economic power, should not be vested in a class, but should be assigned to the whole village community so that they may be exercised in the common interest of the community as a whole. If a single class were given this economic power it would create a sharp economic conflict between cultivators and non-cultivators making the harmonious development of community spirit difficult. We, therefore, recommend by a majority that these functions should be exercised by the whole village community composed of both cultivators and non-cultivators.

Co-operative farming

For the development of co-operative farming, the Committee accepted the scheme described earlier. As soon as a minimum of ten adult cultivators or agricultural labourers, holding a minimum area of 50 acres, agree to cultivate the land jointly a co-operative farm may be established. Efforts should be made to encourage the establishment for these farms by setting up demonstration co-operative farms on newly reclaimed land and by propaganda. The State should give the co-operative farms technical and financial aid and exercise the necessary general supervision. The advantages offered to a co-operative farm will include a preferential right of acquiring wastelands in a suitable area proportionate to the farm for growing fodder crops, pasturage, fruit and fuel and dairy farming. It will also have a preferential right to a suitable area of additional cultivated land that falls vacant. The co-operative farms will be assessed to revenue at rates lower than those applicable to individual cultivators.

We further recommend that the Government should set apart Rs.10 lakhs from its general revenues for establishing co-operative farms.

Conclusion

It will be observed that this scheme of land tenure answers the criticism of those who argued, largely from interested motives, that the abolition of zamindari would create a gap in rural economy which it would be difficult to fill. The question of an agency for the collection of revenue is examined in the sequel. We may, however, anticipate the argument to point out that the only thing that could be said in favour of zamindars was that many of them knew the conditions of their tenants and sometimes showed generosity and allowed the rents of some cultivators to fall in arrears if they felt that its collection would cause great hardship. There was, therefore, but only in very rare cases, what may be called a human touch in their dealings with their tenants. Collection of rent, directly by the State, it was said, would be a wooden, mechanical process, incapable by its very nature of discrimination in individual cases. A tenant who, for some reason or the other, was unable to pay rent by the appointed date, either by borrowing money or from his own surplus, would

be driven out of his holding and thus deprived of his means of livelihood. The agency of the Goan Panchayat for the collection of revenue is, however, not open to this objection. The collection of revenue will be in the hands of the cultivating class itself through its elected representatives who will be able to adjust their work to the convenience of their fellow-villagers.

One other function of the zamindars was the leasing of vacant lands. This again, we have left to the villagers themselves. The management of lands of common utility, such as wastelands, forests, *abadi,* pathways, common wells and tanks will be in the hands not of an individual, who too often subordinated the interests of the community to private gain, but in the hands of those people who stand most to profit by its good management. It seems reasonable to hope, therefore, that with adequate State aid and guidance which it will be possible to give after the elimination of intermediary rights, these lands which are so essential a part of village economy will be utilised to their maximum capacity.

Reasoning from the well-known defects of the *ryotwari* system some critics have argued that though zamindari could be abolished by a State decree, it would not be so easy to replace it by a system which would ensure better agriculture and larger profits to the peasants. These arguments derived their strength merely from the ignorance of the critics who thought that the only alternative to zamindari was the *ryotwari* system. We need not repeat the reasons already given to show that under the agricultural organisation proposed by us, the peasant will have greater incentive and larger resources for efficient cultivation and will be able to profit by technological improvements which it should be the duty of the State to make available to him. By reducing the rents of cultivators of holdings below 10 acres in size and by the substitution of a graduated rate of revenue in place of a flat rate (*vide* Chapter XX), we have tried to remove the principal defects of the present system of land taxation and to adjust the land revenue to the cultivator's ability to pay. In so far as peasant farming continues, we have, by giving a restricted right of transfer, provided the peasant with a reasonable security for the credit he needs, guarding at the same time against the passing of land into the hands of non-agriculturists. The restrictions on the maximum

size of the holding will prevent the development of large-scale capitalist farming and the accumulation of large estates in the hands of an individual at the expense of other cultivators who would in that case be either crowded into ever decreasing parcels of land or forced to become agricultural labourers. The restrictions on sub-letting will prevent any one from owning land merely for the sake of exploiting the labour of others.

By adopting a limited table of inheritance, making holdings below the economic size impartible and by regulating transfers we have also done what we could to check the multiplication of dwarf holdings.

We hope further that the creation of a simple and uniform tenure will remove at least one of the impediments to the consolidation of holdings. The enthusiasm created by agrarian reform should be utilised by the State to make a determined drive for the consolidation of holdings on a large scale. The task should be facilitated by the growth of social responsibility and the co-operative spirit which will follow the establishment of village republics.

In this new society the growth of co-operative institutions for the supply of rural credit and for marketing should also be comparatively easy, provided the necessary State aid and supervision are forthcoming.

Aware as we are, however, of the fact that an adequate solution of the poverty of the peasant and of inefficient agriculture cannot be found merely in a scheme of land reform however carefully conceived, we have stressed the necessity of developing cottage industries for removing some of the surplus population from land.

We also recognise that, in the existing conditions, individual peasant farming must continue although it is hoped that this will be only a temporary phase, for the ultimate solution of our problem lies in the development of co-operative joint farming. But unless we are prepared to face social upheaval and economic chaos, co-operative farming cannot be immediately introduced on a large scale. We have, accordingly, suggested a modest beginning in the shape of small co-operative farms spread over different parts of the province so that their advantages may be demonstrated to the cultivators.

Chapter XX

REVISION OF LAND REVENUE

Land revenue and rent are the modern equivalents of the king's share of the produce, which has been levied in India from times immemorial as a special tax on all land. In the Hindu period the ruler took a share varying in normal times between one-twelfth and one-sixth, rising to one-fourth in times of war or a grave emergency. The revenue was collected in kind, not from the individual cultivator, but from the village community through its representative, i.e., the headman. The king's share was increased in the Muslim period and finally fixed at one-third of the produce under Todar Mal's settlement. The land was carefully surveyed and divided into four classes according to the fertility of the soil. The share of the State was commuted into money, calculated on the basis of a ten years' average produce and 19 years' average of prices. This settlement continued for nearly a century. The land tax was unalterable except by the command of the king. But as the authority of the central government grew weaker, special imposts called "*abwabs*" were added to the revenue by local rulers, amounting in some cases to as much as a third of the "*tumar*" or standard assessment. The laxity of control exercised by these local rulers also led to various abuses, in many cases the tax-gatherers collected much more as revenue and *abwabs* than they accounted for to the State.

In spite of these administrative shortcomings land was subject to only one impost payable equally by all the cultivators, i.e., the king's share which in theory was fixed and unalterable by local officials or revenue collectors. The British land policy, by creating full proprietors with a body of subordinate cultivators has resulted in creating two distinct payments for the property or occupation of land, namely, the rent paid by the cultivator to the intermediary and the revenue paid by the latter to the State. We need not pause to consider the anomalies and injustice involved in this dual system, as with the abolition of the zamindari system land will be subject to a uniform system of taxation applicable to all the cultivators or *panch hissadars*.

The great majority of the cultivators today are liable to pay a rent which is determined initially by contract and regulated on a number of considerations during settlement or roster operations. The rent varies largely from place to place, even for the same class of cultivators, the range of variation being in many cases so wide that it is difficult to find any apparent justification for it. It also varies with the class of cultivator, the rent in the case of the privileged or superior classes being much lower than in the case of inferior tenants. The following table shows the wide disparity in the average incidence of rent in 1353 Fasli:

	Incidence of rent in rupees per acre	
	In Agra	In Avad
Permanent tenure-holders	1·9	..
Fixed-rate tenants	3·97	..
Exproprietary tenants	4·76	5·12
Occupancy tenants (all kinds)	4·78	3·67
Hereditary tenants (all kinds, including tenants on special terms in Avadh).	6·09	6·38
Non-occupancy tenants	5·84	7·01

As compared with these rents, the proprietor whose ability to pay is the highest is assessed to merely nominal revenue on and in his proprietary cultivation. The land is first assessed at occupancy rates, then a deduction of 15 to 30 per cent. is allowed, finally only the land revenue, i.e., about 38 per cent. of the figure thus arrived at, is what the zamindar pays to the State for the exceptionally good class of land which he cultivates as his *sir* and *khudkasht*. It is difficult to estimate the average revenue for an acre of *sir or khudkasht* as their revenue-rates are not separately computed but on a rough calculation it is likely to be about Re.1 per acre only. There is apparently no economic justification for these different rates payable on land cultivated by zamindars or different classes of tenants. The only valid reasons for different rates are the productivity of the land, the cost of cultivation, economic facilities, the ability of the individual cultivator to pay, etc. The complexity and

anomalies that have arisen on account of the tortuous historical development of the land system, and for which there are no sound fiscal reasons, should be progressively eliminated.

In a consideration of the future policy of land taxation the following main problems have to be examined:

(i) the measures for the introduction of a uniform rate of land revenue applicable to all cultivators or *panch hissadars,* irrespective of the historical origins of the various classes of proprietors and tenants into which they are at present divided,

(ii) whether the future land revenue payable by the cultivators should be equivalent roughly to the present occupancy or hereditary rates, or whether it should be reduced, if so, the extent of this reduction. Should the future land tax payable by the cultivators be equivalent to the land revenue payable for the land by the intermediaries,

(iii) whether it is desirable and practicable to introduce the principles of income-tax assessment in the assessment of land revenue, in particular, whether the following features of income-tax can be adopted:

(*a*) a minimum below which the net income of the cultivator shall be exempted from payment of revenue,

(*b*) a yearly estimate of net assets for every revenue-payer,

(*c*) a graduated scale of assessment, the rate increasing with the net assets,

(*d*) a special rate of assessment or super-tax on incomes exceeding a certain amount,

(*e*) liability of the rates to vary not merely after the full term of settlement has expired but from time to time,

(iv) whether direct land taxation should be substituted wholly or partly by an indirect tax on produce, taken at railway stations or principal markets.

We shall first take up the last two questions as they raise basic and fundamental issues.

The most outstanding feature of land taxation in India is that it is a tax *in rem* and not *in personam,* i.e., a tax on things and not on persons. In the *ryotwari* areas land revenue is a charge primarily upon land and not upon the *ryots;* it is levied at a uniform rate on land of similar description, irrespective of the total net assets or income of the occupant. In the United Provinces some allowance is made in the assessment of land revenue for the net income and the economic conditions of the proprietor, but the allowance has a limited range. The graduation of land revenue' is not scientific or equitable, as it is so slight that full allowance cannot be made for wide disparities in the incomes of intermediaries. Though the percentage of revenue to net assets is lower in the case of small proprietors it is not low enough, so that the burden borne by them is relatively much heavier than the burden borne by the large proprietors. In the case of rents with which we are mainly concerned there is practically no element of progression. The rent is assessed upon the productive capacity of the soil, irrespective of the size of holding and the net income of the cultivator. Since it is levied at a flat rate, the rent is regressive and falls with an extremely unequal burden upon different classes of rent-payers. A flat rate of say Rs.6 an acre may represent a very small fraction of the total net income of a large or medium holder, while it may, in normal times, eat up practically the whole surplus of a small producer and impose an intolerable burden. It has been widely recognised that this inequitable system has been one of the major obstacles to rural progress, and accounts partly for the inefficient cultivation and for the chronic indebtedness of the vast mass of peasantry. The tendency in modern times has been to substitute taxes *in personam* for taxes *in rem,* so as to adjust the burden borne by the individual revenue-payer to his ability to pay. The canon of equity was defined by Adam Smith in the following terms:

> "The subjects of every State ought to contribute to the support of Government as nearly as possible, in proportion to their respective abilities, i.e., in proportion to the revenue which they respectively enjoy under the protection of the State. In the observation or neglect of this maxim consists what is called the equality of taxation."

This canon of equity has been progressively recognized as one of the fundamental elements of a sound system of national finance. Taxation is not merely a question of taking a little more or a little less money from a citizen for the use of the State, it raises much wider issues and determines to a considerable extent the economic organisation of the community.

As Professor Ely remarked:

> "Taxation may create monopolies, or it may prevent them; it may diffuse wealth, or it may concentrate, it may promote liberty and equality of rights, or it may tend to the establishment of tryanny and despotism; it may be used to bring about reform, or it may be so laid as to aggravate existing differences. . . ."*

A preliminary question for decision is whether the land revenue payable by *panch hissadars* in future should be regarded as rent or as a tax, i.e., whether the land revenue should be based upon factors which determine valuation or price-making or those of taxation. If the revenue is regarded as rent, the State may well be held entitled to the full differential value of land, i.e., the entire surplus of the value of the produce above the cost of production. If, on the other hand, the land revenue is to be regarded as a tax, its incidence must correspond to the burden of tax borne by other revenue payers belonging to the industries and the professions. A simple test is whether the coparcenary body of *panch hissadars,* i.e., the *sanyukt hissadari* is to be treated as the effective owner. If so, the State is entitled not to charge rent but only revenue which must be judged by the canons of taxation and which must not impose a burden upon cultivators much heavier than the burden borne by non-agriculturist classes. The question of ownership is crucial so far as the juridical aspect is concerned. Curiously enough, the Taxation Enquiry Committee, though it held that the State was not the owner of land, was yet rather doubtful about the nature of land revenue and advanced a number of arguments to show that it partakes of the nature of rent. As Gyan Chand has shown in "Fiscal Reconstruction in India" none of these arguments have much weight or cogency. We need not, however, get drawn into

*Taxation in American States and Cities, page 55.

a lengthy discussion of this question which has been rightly called a "profitless war of words". What is important is not so much the correct classification or designation of land revenue, as its effect upon the well-being of the cultivators and the community as a whole. A demand which affects the interests of the overwhelming majority of our population must not be so heavy as to take their entire surplus and deprive them of incentive. It must leave to the poorest section of our society, i.e., small holders, something more than a margin of bare subsistence.

We consider it necessary to introduce an element of progression in the taxation of land with the two-fold purpose of relieving the small holder of an intolerable burden and giving him an opportunity for efficient cultivation on one side and of reducing disparity in the distribution of national wealth on the other. This question was examined in 1936 in detail by the Punjab Land Revenue Committee which came to the conclusion that any scheme similar to the assessment of incomes for the purposes of income-tax would be administratively impossible, and that exemption of agricultural incomes even at a lower level than the minimum industrial or professional incomes would involve the loss of almost all of the provincial revenue from land.

We think, however, that income-tax principles can be progressively introduced without changing the basic structure of revenue assessment or imposing a heavy financial or administrative strain upon the Government.

In the first place we do not suggest a yearly estimate of net assets for every revenue payer on the lines of income-tax assessment. This would obviously be impossible. The assessment of revenue would, therefore, have to be based upon the net assets of the cultivator determined during settlement operations. The income of the cultivator from non-agricultural pursuits would be beyond the scope of this inquiry.

As the recorded rents, which form the principal starting point of present-day settlement operations in the United Provinces, will vanish with the abolition of rent-receivers, the basis of assessment will have to be altered from rents to net produce. The revenue demand will thus depend on the calculation of the gross outturn and the costs of cultivation. The gross outturn varies

mainly with the class of soil, the system of cropping and whether the land is irrigated or dry. After estimates of gross outturn have been made, it will be converted into money-value, based generally upon normal prices in the local markets, where most of the surplus produce is sold. From the gross money-value, the cost of cultivation will have to be deducted to give the net produce. In Madras the cost of cultivation is first worked out on the best soil. The cost of cultivation on inferior soils is then estimated by making deductions proportional to the lower gross outturn on inferior soils. The underlying assumption is that the cost of cultivation varies directly with the gross produce. This assumption is obviously wrong, for the cost of cultivation bears no fixed proportion to the gross outturn. It is larger on inferior soils than on superior soils. Besides, within certain limits, it varies with the size of the holding, being larger on larger holdings. But beyond certain limits it remains fixed whatever the changes in the size of the holding. It will be necessary, therefore, to estimate the cost of cultivation not on the best soil as in Madras, but on different kinds of soils, and different sizes of holdings separately. We will thus get a number of different standard rates of net produce.

All this is a work of great difficulty and introduces so many factors regarding which it will be impossible to obtain accurate statistical data that it seems an almost hopeless task to make the assessment of revenue scientific and eliminate speculative and conjectural elements from it. We must bear in mind, however, that the assessment of the land tax in most countries is open to criticism and the best that can be done is a near approximation to accuracy. Scientific precision will, from the nature of things, remain for long only a distant ideal. Within these limits an element of progression can be introduced in the assessment of revenue. One-fifth of the net produce on a farm of economic size may be regarded as the standard rate which should be gradually reduced for the smaller farms and enhanced for large farms. The progression either way must be a percentage of the total revenue payable by the cultivator. To take a simple example, suppose that at the standard rate of Rs.5 per acre the revenue of a farm of 10 acres amounts to Rs.50. Now, if the revenue of a smaller farm at this rate amounts to Rs.40 it may be further

reduced by 10 per cent. to Rs.36, if the revenue is Rs.30 it may be reduced by 20 per cent. to Rs.24, if the revenue is Rs.20 it may be reduced by 50 per cent. and so on. In the same way the standard rate would be progressively enhanced for holdings above the economic unit.

We do not think it possible at this stage to specify the exact rate of progression. This can be worked out only when adequate statistics of the value of the gross produce, costs of cultivation, the net produce and farmer's family budgets and standards of living in various regions of the province and under various systems of cropping are available. We recommend that a thorough survey by the random sampling method should be immediately undertaken. When these figures have been obtained, the standard rates, and the rate of progression, may be worked out with due regard to both the fiscal implications to the State and the taxable capacity of the individual. We wish, however, to emphasize that though equality of burden is an ultimate ideal, it may not be possible in the immediate future to readjust the burden of land revenue completely on a line with the burden of taxation borne by non-agriculturist classes. In the interim period, therefore, the present system of land taxation may be retained, even in spite of its various defects, with an introduction of the principles of graduation only to the extent to which it is not financially embarassing.

The next question is the imposition of a minimum limit below which agricultural incomes should be exempted from the payment of land revenue.

An objection often advanced against exemption or graduation of revenue is that it would encourage subdivision. This argument has in our opinion no weight as sub-division can be easily stopped, as we have proposed, by making holdings below the economic size impartible.

There are, however, other and, in our opinion, more valid objections to the total exemption of small holdings. Land revenue has for long been the mainstay of provincial finance and if the principles of income tax are carried to their logical conclusion, it would practically disappear. Besides, land revenue has

since times immemorial been a charge upon all cultivated land, whatever the size of the holding. The liability of all land to pay some tax is thus imbedded in our traditions. Another reason is that most of the small holders occupying holdings of an acre or less, carry on agriculture as a subsidiary occupation. As we have already pointed out it will not be administratively possible to take non-agriculturist income into account in the assessment of land tax. If, therefore, these small holders are totally exempted from payment of land revenue, the burden of taxation upon them will be less than that upon agriculturists who have no subsidiary occupations and who carry on cultivation on a farm of a little larger size as their principal or only source of income. For these reasons, we do not propose the imposition of an exemption limit.

It has been suggested that the land revenue may be substituted by a tax on produce at railway stations or principal markets. The underlying reason for the suggestion is that such a tax would apply only to the surplus, as each farmer keeps what he needs for his subsistence and sells only the surplus. The tax would be thus adjusted to the capacity of the revenue-payer. The Taxation Enquiry Committee rejected this proposal on the following grounds:

(1) All farmers do not grow enough for their needs. Farmers who grow industrial crops would have to purchase their necessities out of the surplus which paid the tax.

(2) The effect of the tax would be to substitute road traffic for railway traffic.

(3) The possibility of double taxation as the produce does not travel to its ultimate destination, but may be collected at one depot and again transported by rail. The produce that was put on the rail more than once might pay the tax several times over.

(4) Ultimately the effect of the tax would be to reduce the quantities of goods paying the tax and thus necessitate increasing the rate in order to make up for the revenue lost.

In addition to these defects there are the administrative difficulties of assessing and collecting such tax. Besides, according to the adage "an old tax is a good tax", inasmuch as the

revenue payers have got accustomed to an old tax and do not feel its burden so sharply as that of a new tax. The land revenue is, therefore, from this point of view, superior to this scheme of an indirect tax.

Another, and perhaps the strongest, objection to this scheme is that indirect taxes are usually shifted to the consumer. This shifting is easiest in the circumstances of a scarcity inflation prevailing at present. An indirect tax on essential commodities is less equitable than a direct tax as it falls heavily upon the poorest section of the society. All systems of taxation include some indirect taxes only because it is fiscally necessary to tax even the lowest strata, but they are necessary evils and cannot be regarded as superior to a direct tax. So far as the canon of eqiuty is concerned, we have already shown that this can be progressively realised by a steep graduation of revenue rates.

We may now take up the first two questions, namely, the measures for equalising rent-rates and their reduction.

In the first place, we see no particular merit in the substitution of the present land revenue rates for the present rent rates except the psychological appeal to the cultivators. The present land revenue is designed to leave a part of the unearned income to the intermediaries, it has no necessary relation to the surplus of the individual cultivator. The land revenue is assessed on a partly graduated basis according to the economic conditions of the proprietors. If the incidence of land revenue is applied to cultivated land the result would be that the tenants of small proprietors would gain at the expense of the tenants of large proprietors and tenants in permanently settled areas most of all. A reduction of rents, particularly in the case of small holders, is, in our opinion, necessary but this reduction need not bear any relation to the revenue rates, the economic basis of which cannot be justified.

The extent by which rents can be reduced immediately depends primarily upon the financial resources of the State. As we have shown earlier, the net additional gain of the State on the abolition of zamindari after charges on compensation, payment

to public *waqfs* and trusts and the likely fall in revenue have been met is about rupees 2·8 crores.

Out of this something between Rs.100 lakhs and Rs.150 lakhs must be reserved for unforeseen contingencies. We would like to make it quite clear that this is a very narrow margin of safety and an attempt to go beyond this may create grave difficulties. The balance of Rs.150 lakhs may be used to give relief to small cultivators on a graduated basis.

We recommend that the hereditary rates should be reduced according to the following scale:

Size of holding	Reduction in annas per rupee in the hereditary rates of rent
Up to one acre	.. 6 annas
Exceeding 1 acre but not exceeding 4 acres ..	.. 4 ,,
Exceeding 4 acres but not exceeding 6 acres..	.. 2 ,,
Exceeding 6 acres but not exceeding 10 acres	.. 1 anna.

The rents of occupancy tenants with the same sizes of holdings should be reduced in such a manner that their rent does not exceed the incidence of rent of hereditary tenants after this reduction. In the case of non-occupancy tenants, the rents should be reduced so that they do not exceed the rents of hereditary tenants for land of similar description, and in the same sizes of holdings.

The appendix to this chapter shows the total estimated reduction on this basis in the rents of hereditary and occupancy tenants. This amounts to about Rs.129 lakhs. No estimate can be made regarding the reduction in the rent of the non-occupancy tenants, as the valuation of their land at hereditary rates is not known. At a rough guess, the reduction is likely to be about Rs.3 lakhs or so. The rents of other tenants need not be considered in forming an estimate as they are in most cases lower. But the same principle would apply in their case also.

The total reduction amounts roughly to about Rs.132 lakhs, and gives relief to over 80 lakh persons or roughly 70 per cent. of the cultivators. We must bear in mind that the estmate is not accurate, it is, in fact, no more than a conjecture, as the necessary statistics are not available. In making this estimate we have assumed that hereditary and occupancy tenants are grouped in

the same way according to the size of holdings. Actually the hereditary tenants may be grouped more heavily in the lower categories than the over-all provincial average. Besides, we have assumed that the average provincial incidence of hereditary and occupancy rents applies also to the smaller holdings. The likelihood is that the smaller tenants of both these classes pay rents above the average. When the rates of reduction are actually enforced, the total reduction will probably amount to Rs.150 lakhs. If, however, the total reduction falls below this figure the balance should be kept in reserve fund for the encouragement of co-operative farming and consolidation of holdings.

To prevent sub-division of holdings in an attempt to take undue advantage of these provisions we recommend that the basis of relief should be the size of holdings on 1st July, 1947. Subdivisions of holdings made subsequent to that date may be ignored

This scheme has, in our opinion, the merits of both introducing a graduated system that can be worked out by patwaris without much difficulty or error and also to a certain extent of equalising rents in the lower categories. The complete elimination of the present invidious distinctions between one class of tenant and another, uniformity in revenue rates and their adjustment to the taxable capacity of each individual will be achieved after fresh settlement operations have been completed from district to district. In so far as the present rent structure is not modified by the scheme proposed above, the existing inequalities may be allowed to remain for the present. This interval will give the present privileged tenants, and specially the expropriated zamindars, time to adjust their standard of living to the new conditions.

Statement showing the number of persons cultivating or otherwise occupying land, within parganas, whose names are recorded in Part I of the khatauni, arranged according to the total area held by each person during the Fasli year ending June 30, 1945 (1352 Fasli), the total area of land comprised in the holdings of different sizes in the United Provinces (Almora and Garhwal Districts and the Hill Pattis of Naini Tal District excepted), and the proposed amount of reduction in rents of certain classes of tenants

Size of holdings in acres	Total no. of persons	Percentage of the total no. of persons to the grand total of column 2	Total area in acres	Percentage of total area to the grand total of column 4	Area of hereditary tenants in lakhs of acres calculated on the basis of column 5	Rent of hereditary tenants in lakhs of Rs. (based on column 5)	Area of occupancy tenants in lakhs of acres (based on column 5)	Rent of occupancy tenants in lakhs of Rs. (based on column 5)	Rate of reduction in rents in annas	Amount of reduction in lakhs of Rs. in the case of hereditary tenants	Amount of reduction in lakhs of Rs. in the case of occupancy tenants	Incidence of rent per acre of hereditary tenants after reduction of the existing rent
1	2	3	4	5	6	7	8	9	10	11	12	13
Not exceeding ·5 ..	26,43,431	21·5	9,25,457	2·2	3·59	21·27	2·71	12·76	6 annas	7·98	2·73	3·7
Exceeding ·5 but not 1 ..	19,95,900	16·3	15,55,708	3·8	6·19	36·75	4·67	22·04	,,	13·78	4·76	3·7
Exceeding 1 but not 2 ..	22,05,597	18·0	33,61,180	8·2	13·37	79·29	10·09	47·56	4 ,,	19·82	3·16	4·4
Exceeding 2 but not 3 ..	14,29,860	11·6	35,73,178	8·6	14·02	83·16	10·58	49·88	,,	20·79	3·33	4·4
Exceeding 3 but not 4 ..	9,92,496	8·1	34,57,670	8·4	13·69	81·23	10·33	48·72	,,	20·31	3·27	4·4
Exceeding 4 but not 5 ..	7,03,472	5·7	31,50,323	7·6	12·39	73·49	9·35	44·08	2 ,,	9·19	..	5·2
Exceeding 5 but not 6 ..	5,14,655	4·2	28,16,963	6·8	11·08	65·76	8·36	39·44	,,	8·22	..	5·2
Exceeding 6 but not 7 ..	3,78,480	3·1	24,46,436	5·9	9·62	57·05	7·26	34·22	1 ,,	3·57	..	5·6
Exceeding 7 but not 8 ..	2,83,200	2·3	21,12,053	5·1	8·31	49·32	6·27	29·58	,,	3·08	..	5·6
Exceeding 8 but not 9 ..	2,15,980	1·8	18,30,090	4·4	7·17	42·55	5·41	25·52	,,	2·66	..	5·6
Exceeding 9 but not 10	1,70,729	1·4	16,17,358	3·9	6·36	37·71	4·80	22·62	,,	2·36	..	5·6
Exceeding 10 but not 12	2,66,345	1·7	22,64,957	5·5	8·97	53·18	6·77	31·90	..			
Exceeding 12 but not 14	1,38,002	1·1	17,76,344	4·3	7·01	41·58	5·29	24·94		111·76	17·25	
Exceeding 14 but not 16	95,620	0·8	14,23,674	3·4	5·54	32·88	4·18	19·72				
Exceeding 16 but not 18	68,040	0·6	11,51,958	2·8	4·56	27·08	3·44	16·24				
Exceeding 18 but not 20	51,415	0·4	9,72,086	2·4	3·91	23·21	2·95	13·92				
Exceeding 20 but not 25	70,412	0·6	15,70,473	3·8	6·19	36·75	4·67	22·04				
Over 25	1,14,655	0·9	53,10,572	12·9	21·03	124·74	15·87	74·82				
Grand Total ..	1,22,78,289	100	4,13,16,480	100	163·00	967·00	123·00	580·00				

Incidence of rent of hereditary tenants Rs.5·9 per acre on total holdings area.
Incidence of rent of occupancy tenants Rs.4·7 per acre on the total holdings area.

CHAPTER XXI

COLLECTION OF LAND REVENUE

On the abolition of intermediaries the State will come into direct contact with the cultivators, and it will be necessary to create an organisation for the collection of land revenue from them. The magnitude of the task can be judged from the fact that the State will have to deal with roughly about a crore of cultivators paying a total demand of over 20 crores. Today it realises the land revenue demand of about 7 crores from about 20 lakh zamindars, with the help of their representatives, i.e., *lambardars*. We do not know the number of *lambardars* with whom it has to deal, but obviously the total number must be a small fraction of 20 lakhs. The facts that most of these cultivators possess few tangible assets except their cattle and a few agricultural implements, the produce of their land and their right of occupancy; that they are generally illiterate, easy to deceive and unable to resist illegal demands, and that the vast majority of them will be required to pay very small amounts of money, add greatly to the complexity of the problem.

We have recommended the settlement of revenue with the coparcenary body of the village, all the *panch hissadars* being jointly and severally liable for the payment of the land revenue settled on the village. This would help in the re-integration of the village community and strengthen the feeling of corporate life and duties. But until the scope of co-operative activities is widened, the principle of joint responsibility will in practice have little meaning. The liability for the payment of revenue will, for the present, rest primarily upon the individual cultivator, and it will not be possible to enforce joint responsibility to any great extent.

The following alternative methods for the collection of revenue deserve consideration:

(i) realization through *lambardars*, i.e., lessees or farmers of revenue,

(ii) realization by government agency, either (*a*) by paid staff visiting the villages in their circles and collecting

revenue from the *panch hissadars,* or (*b*) payments to be made by the *panch hissadars* themselves directly at sub-treasuries,

(iii) realization through *gaon panchayats.*

We may now examine the relative merits of the different methods.

1. Realisation through lessees or farmers of revenue on commission:

This appears to be the most common agency in *raiyatwari* provinces.

In the Punjab all the landowners are jointly and severally responsible for the payment of the whole revenue on the estate. Each share-holder is, therefore, liable not only for the demand in respect of his own holding but also for any arrears that may arise in respect of another holding. Where there are recognised sub-divisions of an estate such as a *patti* or *taraf,* the joint and several responsibility for arrears is, in the first instance, enforced against the share-holders in the sub-division and not against the whole community.

The revenue is collected from the landowners and paid into the tahsil treasury by the village headman or *lambardar.* The share-holders are not allowed to pay in revenue directly by cash or by money order. It is the duty of the patwari after each harvest inspection is over to give the headman a list, showing the demand due under different heads (land revenue, local rate, etc.) from the owner of each holding. He also helps the headman by explaining accounts and by writing the receipts to be given to the share-holders. But he is forbidden to collect or handle the revenue. The patwari is also required to give each headman, for presentation at the tahsil, a memorandum (*arz irsal*) showing under the proper heads the amount to be paid in. The procedure for payment at the tahsil treasuries is similar to the procedure in the United Provinces.

The Punjab Land Administration Manual points out that the headmen are often compelled to give small gratuities to members of the tahsil establishment, specially to the revenue accountant.

This practice is common in the United Provinces also. The Deputy Commissioners in the Punjab have, therefore, been authorised, if they wish, to introduce the system of payment of land revenue into the treasury, without pre-audit by the *wasil-baqi-navis*. According to this system it is essential that a correct *kistbandi* should be supplied to every patwari so that he may be able to give a correct *arz irsal* to each headman paying in an instalment of revenue. The headman pays the money direct to the treasurer who signs a receipt on the back of the *arz-irsal* which is then taken to the *siyaha-navis* and *wasil-baqi-navis* by whom entries are made in the usual way.

If a default occurs the arrears may be recovered either from the *lambardar* or from the share-holders. If the *lambardar* shows that he had exercised proper diligence and that delay in realisation was not due to his own neglect, the arrears are recovered from the share-holders. When a *lambardar* finds difficulty in inducing his co-sharers to pay their quota on account of private enmity the tahsildar or the naib-tahsildar often goes to the village and helps him in realising the arrears. Misappropriation by a needy *lambardar* is not uncommon. Whenever this occurs the *lambardar* is dismissed.

The legal processes for the recovery of arrears are:

(*a*) By service of a writ of demand on the defaulter.

(*b*) By arrest and detention of the defaulter. This form of coercion is extremely objectionable. "When the defaulter is living in circumstances which make him fear imprisonment and when he has resources which enable him at once to pay the demand, this process may be effective but on the poor and embarrassed it is not likely to have any effect, whilst to the unfortunate but honest and industrious man it is a cruel hardship."*

(*c*) By distraint and sale of his movable property and uncut crops. The Deputy Commissioner or any other officer of the first grade can distraint and sell the crops and the movable property of the defaulter. But the exemptions prescribed as regards sales and execution of decrees apply, and in addition so much of the produce must be left unattached as the Deputy Commissioner thinks necessary

*Punjab Land Administration Manual.

for seed, and for the subsistence of the defaulter, his family and exempted cattle until the next harvest. The objections to this process are that the usual defaulter being a small *ryot* whose personal property is of little value, the amount realised by attachment and sale is generally very little, while the harassment and injury caused is out of all proportion to the amount realised.

(*d*) By transfer of the holding in respect of which the arrear is due. The holding of the defaulter may be transferred by order of the Deputy Commissioner to any solvent landowner or landowners in the estate who may be willing to pay the balance due and to accept any conditions which the Deputy Commissioner may prescribe. He may, for example, stipulate that the defaulter shall be given part of the land to cultivate at a fixed rent. The term of transfer is now limited to a period not exceeding 15 years or when the defaulter pays the amount due.

(*e*) By attachment of the estate or holding in respect of which the arrear is due. This process is known as *kurk tahsil* and is obviously unsuited to the case of an ordinary peasant holding.

(*f*) By annulment of the assessment of that estate or holding. Direct management accompanied by annulment of assessment is known as *kham tahsil*. This and the subsequent processes cannot be resorted to except with the assent of the Financial Commissioner. *Kham tahsil* is only suitable in the case of a whole estate and is very seldom resorted to except in case of contumacy or gross mis-management by a village community.

(*g*) By sale of that estate or holding. This is also very rare.

(*h*) By proceeding against other immovable property of the defaulter.

In the Central Provinces also the land revenue in *ryotwari* villages is collected by a *patel* appointed by the revenue officer, usually tahsildar, with due regard to his ability to perform his duties, the wishes of the *raiyats* and hereditary claims. The *patel* is entitled to a commission on the revenue collected by him.

Collection of revenue through a lessee or farmer on payment of a commission appears to be the most easy and convenient method. If this is adopted, the village *lambardars* appointed with due regard to their ability and status and the wishes of the village community would fill the gap created by the abolition of zamindari. The *lambardars* would take the place of the zamindars and so far as the Government is concerned the existing system of collection would need little alteration. As against the practical convenience of this method there are certain vital objections. The village *lambardar* would possess much power and authority which he might be tempted to abuse. The office cannot be made fully elective as every cultivator will obviously not be fit to hold it. It will be necessary to insist that the *lambardar* should be a person of sound financial status so that, if necessary, the arrears of revenue may be collected from him without great difficulty. The office would, therefore, be open only to a few persons in a village, and the revenue authorities will have to be given a voice in his appointment. In effect, therefore, the office will not be elective. It seems undesirable to re-introduce the system of revenue farmers after the abolition of zamindari if an effective substitute can be found.

2. Direct collection by Government agency—

(a) Collection by paid staff.

This can be organised on the same lines as the collection of canal dues at present. This is entrusted to *kurk amins* specially appointed for the purpose if the *lambardars* are unwilling to do the work. The standard of collection per *kurk amin* is Rs.3,000 a month. The *kurk amin* is assisted by two peons. A naib-tahsildar is required to supervise the work of about eight *kurk amins*. A canal *muharrir* is required to deal with the work of ten *kurk amins*.

Each *kurk amin* maintains the following registers:

(1) Canal jamabandi—This register shows the amount due from each tenant. Collections are also entered in it as soon as they are made.

(2) Receipt book—with counterfoil (A), receipt (B) and coupon (C). As soon as payment is made by a tenant the

kurk amin gives to the payer the receipt and coupon from the receipt book and enters the running total on the counterfoil.

(3) Cash-book—As soon as any money is paid towards the satisfaction of the canal demand the *kurk amin* makes necessary entries in the cash-book. At the end of each day he checks the amount of money in his possession with the running total in the counterfoil and with his cash-book.

The naib-tahsildar in charge of each circle arranges to meet the canal *kurk amin* of his circle on fixed dates at the tahsil headquarters, checks the accounts and gets the money deposited in the treasury. The canal *muharrir* enters the amounts deposited in his *khatauni*. In the case of outlying circles the naib-tahsildar orders the *kurk amin* to come to a convenient police station, checks the accounts and arranges to have an escort of two constables to have the money taken to the tahsil.

The tahsildar is generally responsible for supervising and checking the work of naib-tahsildars. He has particularly to see that all amounts collected have been deposited without undue delay and have been credited to the *mahals* and *fasls* to which they relate; that items are not unnecessarily left outstanding and that processes have been promptly executed. Canal accounts are checked in the same way as land revenue accounts. To watch the progress of collections, periodical statements of collections are submitted to the Collector.

Expenditure on direct collection of canal dues so far amounted to about 2 pice per rupee, but with increased scales of pay and the larger organisation required for collection of the whole revenue it has been estimated that the cost will come to about an anna per rupee, i.e., $6\frac{1}{4}$ per cent.

(b) Direct payment at sub-treasuries.

Another possible organisation for the collection of revenue is the establishment of sub-treasuries for direct payment by the cultivators, as in Kotah State. Obviously a large number of sub-treasuries will be required so that the outlying villages within a sub-treasury may not be too far distant and the

journey may not be inconvenient or too expensive. If a sub-treasury circle is about as large as the circle of a police station, the proposal will mean an increase in the number of sub-treasuries from 203 to 745. The amount that may be realised by a sub-treasury officer on the average will be 20 crores divided by 745 or Rs.2·7 lakhs approximately. The number of persons to be dealt with will be about 16,000. The following staff will be required at each sub-treasury:

	Rs.
One sub-treasury officer-*cum*-tahsildar at Rs.250 per mensem for 12 months	3,000
One treasurer at Rs.60 per mensem for 12 months ..	720
One money tester at Rs.40 per mensem for 4 months ..	160
One accountant One *wasil-baqi-nawis* } at Rs.90 per mensem each for 12 months ..	2,160
One assistant accountant One assistant *wasil-baqi-nawis* } at Rs.75 per mensem each for 12 months ..	1,800
Six *ziledars* at Rs.90 per mensem each for 12 months ..	6,480
Eight peons at Rs.35 per mensem each for 12 months ..	3,360
Five Sub-treasury guards at Rs.40 each for 12 months ..	2,400
Contingencies—one waterman for 12 months at Rs.25 per mensem	300
Three fan pullers for 6 months at Rs.20 per mensem each ..	360
Other contingencies	340
Grand total ..	21,080

The total cost will be 21,000×745=Rs.1,56,45,000, i.e. about 7·7 per cent. of the total demand.

There are serious objections to any scheme of direct collection of land revenue by Government. Many of the witnesses, including some officials, have strongly criticised the existing system for the collection of land revenue and characterised it as corrupt, mechanical and wooden. In the first place, a government agency, lacking intimate knowledge of the conditions and needs of each cultivator, would be unable to distinguish between cases where delay or default was due to contumacy and cases of genuine hardship or inability to pay. The ordinary coercive processes would have to take their course and a cultivator unable to pay the revenue by the last date, either by borrowing or from his own resources, would ultimately be ejected from his holding and deprived of his means of living. If on the other hand, the collecting staff is given discretion to suspend collection of revenue in a few chosen cases, it would, in

the first instance, be unable to exercise its discretion rightly on account of lack of personal contact and direct knowledge of the conditions of each cultivator; secondly, it would, in some cases, be tempted to sell the privilege and take a bribe in consideration of the suspension of revenue. A zamindar, it has been said, is bound in his own self-interest to make some allowances for his tenants. He has usually close personal relations with many of his tenants, and this sometimes mitigates his harshness and greed. But the vast hordes of petty officials swarming over the countryside, inevitable in any system of direct collection, will be no less greedy and probably much more harsh.

3. Gaon panchayats

The most suitable agency for the collection of revenue is, of course, the *gaon panchayat* to be set up under the Panchayat Raj Act. The Act provides for a contract by the *panchayat* for the collection of government dues on payment of a fixed percentage as collection charges. The large sphere of work assigned under the Act to the *gaon sabhas* and their executive and judicial bodies will necessarily involve the appointment of some paid staff. It is perhaps difficult to say yet when exactly *gaon panchayats* will start functioning effectively in the whole province. But there is no reason why they should lag behind the abolition of zamindari.

It is difficult to estimate how many *gaon panchayats* are likely to be formed, the total amount of rent within their circles and the number of cultivators each *gaon panchayat* will have to deal with. The number of *gaon panchayats* to be established has been estimated departmentally at 50,000. The rent to be collected by each will, therefore, be roughly about Rs.4,000. A commission of 5 per cent. on this works out at about Rs.200. This does not seem a very large sum but at any rate it should be enough for the payment of honorarium to the staff that the *gaon panchayat* will have to employ for its other activities. Besides, even if the *gaon panchayat* cannot employ paid staff, there is no reason why it should be unable to collect rent from the cultivators. The patwari could act as the village accountant. It will be his duty to prepare *jamabandi* for each instalment, and give a ledger book showing the amount of each instalment to all the tenants and a consolidated *jamabandi* to the *gaon sarpanch*. The

patwari could also help the *sarpanch* by writing out receipts and maintaining the account but would not himself either collect the rent or handle the money. The village *sarpanch*, or some other member of the executive, could collect the rents and pay them at the tahsil sub-treasury.

Conclusion

We consider the collection of revenue through *gaon panchayats*, on a commission of 5 per cent., the most suitable method. This will help in reviving the old traditions of a closely-knit village community and will develop a sense of social responsibility and co-operation in the people.

The *gaon panchayat* will also be able to deal more considerately with the individual revenue payer than any purely official agency, and make the necessary adjustment in cases where the punctual payment of revenue may be beyond the capacity or involve great hardship to the cultivator. For this purpose we suggest the desirability, even in normal seasons, of allowing the *gaon panchayat*, if necessary, to deposit only 95 per cent. of the total demand, 5 per cent. to be regarded as short collections. The *panchayat* would have the right to choose which of the cultivators in the village should be allowed a period of grace for the payment of their revenue. The arrears should ordinarily be recoverable the next year with a low interest of, say 5 per cent. If the arrears are not recovered the next year, or if in any particular year the *gaon panchayat* does not deposit at least 95 per cent. of the total demand, the Government could take action against the defaulters. The arrears could be recovered by some of the processes described above.

This margin of 5 per cent. is intended to cover only individual cases of hardship; when there is a widespread calamity the usual measures for suspension or remission of revenue should be applied.

As the *gaon panchayats* may not in the first stage cover the whole province we would suggest a combination of the two methods, i.e., collection through village *panchayats*, wherever possible, and through *lambardars* where necessary. The *lambardars* would also be entitled to a commission of 5 per cent. on the revenue collected.

Chapter XXII

SOME ALLIED PROBLEMS

Agricultural Labour

One of the most baffling and urgent problems of rural rehabilitation concerns the landless labourer. The rapid growth of this class is an alarming symptom of the economic deterioration of the country. The Census of 1882 returned 7·5 millions as landless day labourers, by 1921 their number had increased to 21·5 millions and in 1931 to 33 millions. During the twenty years between 1911 and 1931 the number of labourers per one thousand cultivators had increased from 254 to 417.

Tables showing classification of occupations were not prepared in the Census of 1941; up-to-date figures are not, therefore, available. In an article in the *U. P. Information* published in August, 1947, Dr. Radha Kamal Mukerji estimated the present number of agricultural labourers to be as high as 60 to 70 millions, including in this class, small allotment holders who engage in other occupations to supplement their income. Dr. Gyan Chand's estimate also supports this view.

The growth of this surplus population has been due to the decay of cottage industries and the increasing pressure upon land, the growing indebtedness of the agricultural classes, and transfer of land from cultivators to non-cultivators and the increase in the number of absentee landlords. As Dr. Radha Kamal Mukerji observed in the "Land Problems of India", every circumstance which has weakened the position of the small holder has increased the supply of agricultural labourers. In normal years the number of agricultural labourers tends to increase at a faster rate than the agricultural class owning or holding land for cultivation.

The landless labourers lead a life of semi-starvation, are unemployed for a large part of the year; their wages even during the period of employment are very low. They possess no reserves for bad seasons or years, and their vitality is low, so that as a class they suffer most in times of agricultural scarcity or famines, or

fluctuations in the market prices of agricultural produce, and are most susceptible to pestilence and disease.

Agricultural wages are generally lower than industrial wages for a number of reasons. Firstly, agricultural labour is scattered and unorganised, and agricultural employment is seasonal in character, these facts prevent any collective bargaining. The wages are fixed by the law of supply and demand, and as we have noted, the supply tends to exceed the demand; there are more workers than jobs. There is, thus, no controlling factor in the private negotiation between the employer and the worker except the customary wages of the region. The force of this customary wage to a certain extent prevents the worker from being beaten down into the acceptance of a lower wage in normal times, but it tends to act as a retarding influence when the price level rises; on the whole it offers no effective security or protection to the labourer, who is compelled to accept much less than a living wage, in fact, any wage whatever that is offered. Secondly, the zamindari system has given rise to the creation of a "labour reserve". The *halwaha* bound to the zamindar has a status no higher than that of a serf. The agricultural labourers are driven by their poverty into debts which they have no means of repaying except by lifelong work as serfs on the fields of their creditors. An official report describes this in the following terms: "The average agricultural labourer is not infrequently compelled in times of stress to mortgage his personal liberty. In return for a small sum of money, which he may happen to need at the moment, he agrees to serve the man from whom he has borrowed. The money is not repaid, nor is it intended to be repaid; but the borrower remains a lifelong bond-slave of his creditor. For his work, he merely receives an inadequate dole of food and to all intents and purposes is in the position of a medieval serf."* This debt-bondage has, to a certain extent, checked the upward trend of agricultural wages.

Again, the fact that most of the labourers belong to the depressed classes and have a low social status prevents them from demanding or receiving reasonable wages for their work. The supply of labour is augmented by small-holders who are willing to take up work at low wages as a subsidiary occupation. Lastly, the supply of labour is not limited by any law preventing the

*Quoted by Wadia and Merchant in 'Our Economic Problem', page 260; from Dinker Desai, 'Agrarian Serfdom in India,' in Indian Sociologist, July, 1942.

employment of children. All these factors depress the wages of agricultural labour.

In the United Provinces wages are paid in kind as well as in cash. This is based on old traditions and is helpful to the worker as he gets both grain for his food and the cash which he requires to purchase non-agricultural commodities, such as cloth. There is, however, a marked tendency for cash payments to replace grain payments. The quinquennial wages survey of the United Provinces in 1934, recorded an average cash wage of 3 annas a day; in some regions it was as low as $1\frac{1}{2}$ annas a day. According to the U. P. Wage Census of 1944, the cash wages for unskilled labour varied from 4 annas to 10 annas, of ploughmen engaged on monthly pay from Rs.3 to 6 up to Rs.25 to 30 per month. Among skilled labourers the wage of a carpenter, to take an instance, varied from 8 annas to 32 annas a day. The average wages are now considerably higher, but we are not in possession of exact figures as no survey has been made recently. But along with the rise in wages the cost of living has also risen.

Except the Famine Code, which provides for employment in times of famine, it has not been possible, so far, to take any measures for giving economic relief or security to the landless labourers. The reform of the land system and the development of agriculture, in so far as they will raise the standard of living of the agricultural producers and create a demand for more goods and services, will, to a limited extent, indirectly improve the economic condition of the agricultural proletariat. It must be clearly recognized, however, that the relief will be comparatively small and agriculture, by itself, being already over-crowded, offers no solution of the vast problem created by this needy, drifting and unemployed surplus population. The development of large-scale industries cannot absorb more than a very small fraction of this class. The answer to this problem must be sought in the creation of new sources of employment by the development of cottage industries and in the regulation of wages.

It may perhaps appear on a superficial observation that the problem of the landless has no relation to our work which is concerned exclusively with the problem of land reforms. This is effectively answered by the fact that no agricultural system can hope to be stable while it is subject to the enormous

pressure exerted by the swarming mass of unemployed rural labour. Nanavati in "Indian Rural Problem", has pointed out that the average efficiency of the Indian farmer has greatly deteriorated on account of the fact that a large number of people who do not possess adequate equipment, knowledge or training for agriculture have been forced to take to cultivation on the loss of their traditional occupations. While these conditions last, it will be difficult to prevent the re-emergence of a landlord-tenant system in some form or other, and the restrictions on subletting proposed by us may be difficult to enforce. The pressure of this surplus population and the lack of alternative employment leads to the continuous diminution of the size of holdings, which is one of the biggest obstacles to the rationalisation of agriculture.

In these circumstances, the urgent necessity for the creation of new sources of employment and for a minimum reform in the shape of wage regulation cannot be over-emphasised.

There are two principal methods for the regulation of the wages of agricultural labour, namely, collective bargaining and State intervention. The two methods are not entirely distinct and quite often both are applied simultaneously and supplement each other. State intervention alone, i.e. fixing a minimum wage by statute is sometimes unsuccessful unless it is assisted by an organisation of agricultural labour to ensure the proper functioning and prevent the evasion of the State regulations. Collective bargaining by itself is weak and difficult to organise, particularly in a country like India, where labour is so plentiful. Workers organisations alone would naturally find it difficult to make themselves effective and secure by their own effort, the necessary regulations of the wages and conditions of agricultural labourers. Besides, a trade union is necessarily unable to protect the interests of workers who do not belong to the organisation. Such gaps can be avoided only by State intervention fixing the minimum wages for each individual worker. It would, thus, appear that a combination of both the methods is necessary.

The duty of the State to secure a minimum standard of living to the agricultural as well as industrial workers has been widely recognised. In the years after the first World War, regulation of agricultural wages has been effected in a large number of countries. Minimum wages are fixed by statute or by State

machinery in England, France, Poland, Hungary, the United States, etc., through collective bargaining between agricultural workers and employers' organisations, in some cases with State assistance, in Denmark, Sweden, Norway, Netherlands, and Italy. In Egypt also a wage regulating system has been recently introduced.

In India the Minimum Wages Bill introduced by the Central Government is a first step in this direction, and the Provincial Government can follow it up by fixing suitable minimum wages, which may, if necessary, vary in different regions of the province.

The minimum wage will apply only to those jobs which are paid in cash. We hold that wages in kind, wherever and for whatever job they are paid, should not be abandoned, as this would upset the wage-structure at a time when the prices of foodstuffs are very high. On the whole, payment in kind, accompanied by payment in cash for some jobs, will maintain an equilibrium between the food and other requirements of the labourer. The relation between cash and kind wages should, however, be determined.

This form of State intervention by fixing a minimum wage and making the payment of a lower wage illegal has, however, the difficulty of being rigid and unalterable except by amending legislation. A more elastic procedure, which we consider preferable, would be to set up a special machinery somewhat on the lines of the Agricultural Wages (Regulation) Act, 1924, of England, or similar Acts in a number of other countries. The machinery consists of wage boards for various regions, consisting of representatives in equal numbers of workers and employers, in some cases, also of members appointed by the Ministry of Agriculture. The boards form a hierarchy with the National Board at the top. The fixation of wages may be either left entirely to the wage boards, or standards may be fixed by the Government, within which the maximum and minimum rates are to be fixed.

It would also be necessary to provide for the recognition of trade unions of agricultural workers, if and when they are formed.

Stabilisation of Agricultural prices

We have pointed out elsewhere in our report that the level of income in India is the lowest in the world. This naturally means that the consumer has little buying power, and consequently

prices of goods have normally to fall to a relatively low level before the produce can be taken off the market. To the various ills, therefore, from which the cultivator suffers, is added the low level of prices, which in turn means a low level of agriculture; "the cultivator has no inducement to take to agricultural improvements". As the report of the Prices Sub-Committee of the Policy Committee on Agriculture, Forestry and Fisheries, so aptly puts it—"Agriculture perhaps is the only business in which the producer continues to produce irrespective of profits, because to him it is not the pursuit of an occupation but a way of living".

After pointing out how the low level of prices discourages investment and prevents the adoption of new techniques which, despite extra labour and expenditure, will lead to a reduction in cost, the Committee concludes as follows:

> "The position which emerges from the above survey is that an insufficient over-all supply, subject to wide variations from year to year, coupled with lack of adequate purchasing power, has resulted in a chronic state of under-consumption and a low standard of living for the bulk of the population. This highly unsatisfactory state of affairs cannot be remedied without active and large-scale assistance by the State. While the potential resources of the country are sufficiently large to permit the necessary expansion in production, it can only eventuate if adequate measures of agricultural improvement are undertaken. Agriculture, however, involves a high degree of risk, on account of climatic and biological factors, and it is carried on by a large number of unorganised producers. Measures of improvement will, therefore, not be undertaken in practice unless a certain degree of stability and a reasonable level of income are assured to the producer through a programme of State assistance. Measures of general economic development, such as the organisation of large-scale and small-scale industries, and the construction of public works, will assist by creating fresh avenues of employment of the population now surplus on land and increasing the demand for agricultural products through a rise in the national income. It is, however, essential to take more direct measures to secure the adoption of more intensive agriculture on a scientific basis, and the State

should launch an intensive programme of agricultural investment and development, directed towards improving efficiency, increasing production and raising the standard of living of the agriculturist and the agricultural labourer".

Generally speaking, any all-India economic policy would be difficult to formulate and enforce at the present time because the internal price-structure in the country will depend upon many factors such as the settlement of the sterling balances, the management of currency and exchange, and the relative development of industries and agriculture. Super-imposed on these factors will be the nature and extent of international relations. Notwithstanding all this, however, the question of guaranteeing a fair price to the cultivator and thereby preventing a collapse, such as the one that occurred in 1930, is one which should claim the first attention of Government.

It would be impossible, even if it were necessary, for us to give a summary of the conclusions and recommendations of the Prices Sub-Committee that would do justice to the erudition coupled with sound commonsense displayed by the writers of the report. We agree with almost all these recommendations but would like to make certain observations which appear to be relevant in the context of conditions as they obtain in the United Provinces.

Principles of Price Fixation

As regards the principles of price fixation, we agree with the Prices Sub-Committee that, in respect of the commodities selected for price fixation, the fair price (which is after all what concerns the producer most) should be calculated, where practicable, on the basis of the costs of production of a producer who represents the bulk of the producers of the commodity concerned. We also agree that till the costs of production can be reliably ascertained, by the Bureau of Economics and Statistics contemplated by the Prices Sub-Committee, the fair price should be based on the parity between agricultural prices and agricultural costs prevailing during the quinquennium 1924—29, during which period, it is generally accepted, the cultivator got a fair margin of profit for his labour. In other words, the fair price should bear the same ratio to agricultural costs as the price of 1924-29 bore to the agricultural costs

of that period. We are well aware of the difficulties that will have to be faced in ascertaining the costs of production as they were in 1924-29. But whatever data are available in the shape of price and cost-of-living indices should be utilised. Identical data for the present period should also be collected and utilised. Another important factor which should be taken into consideration in working out fair prices is the price at which the commodity in question is imported into the country, because the import price would directly affect the prevailing price to a considerable extent. When a particular price has been obtained as the fair price for a particular commodity on the basis of the above data, it should not be accepted straightaway, but should be adjusted to the present-day conceptions of what is fair.

We agree that the figures of agricultural costs should be worked out on the basis of a suitably weighted index number of the prices of cloth, kerosene, salt, *gur*, sweet-oil, iron and steel, bullocks, manures, oil-cake and fodder. We would like to add to this list, the two items of labour and implements as well, unless it is intended that the latter is already covered by iron and steel. The weights which should be assigned to these commodities is a matter for detailed inquiry. The only thing, however, that can be said with certainty is that weights which would have been given to these commodities in 1924-29 would not hold good for the present time, if not for all, at least for some of them.

We are also of opinion that the fair prices should be calculated for the most important producing area only. This is because the average for the country as a whole would be a mathematical product liable to error and not understood by the common man. Once the fair price for the most important producing areas has been fixed, the fair price for other areas can be worked out by providing a suitable differential. This differential will in the main be the replacement cost. As the differential will be represented by the replacement cost, it will have to be expressed in the form of a fixed amount rather than as a percentage.

We also agree with the Sub-Committee's recommendation that the fair price should be the minimum price during the period of transition from war time levels to normal levels of prices. Prices will remain high during this period and it seems, therefore, to be quite just to accept the minimum price of this period as

the fair price. We are of opinion that the transition period should be the period during which conditions remain abnormal and that in the post-transition period, instead of having a fixed price equivalent to the fair price, it would be advantageous to maintain a range of prices between a minimum and a maximum. We are, further, of opinion that the minimum price should be below the fair price, but we are not prepared to accept the view that the difference between the fair price and the minimum price should be limited by any stated percentage and would prefer to leave the discretion to the price fixing authority. We suggest this only with a view to imparting greater flexibility to the system of price adjustment.

We are of opinion that where the minimum price is to be reduced for over-all economic reasons as a necessary preliminary to general price reduction, care should be taken to see that the reduction given at any one time is not large. We would not, however, like to fix a maximum by which the price can be so reduced. We consider that this should also be left to the discretion of the price fixing authority.

We feel that fixing a rock-bottom price below which the price should in no circumstances be allowed to fall is almost an impracticable proposition. This is because nobody can say with any degree of certainty as to what the value of the rupee will be a few years hence. So, if a particular rock-bottom price is fixed today and five years later the value of the rupee substantially depreciates or appreciates, the rock-bottom minimum will have no meaning, and if the rock-bottom minimum is fixed for short periods such as a year or two, it will for all practical purposes be nothing more or less than the minimum price. A rock-bottom price, fixed as it should be for a long period, is likely to have its repercussions on the fiscal position of the country, and we feel that it can never be safe to entail the future finance of the country by fixing a price now which may prove to be too high a few years hence, and thus unduly strain our resources.

Which food grains should be selected

The committee recommend that a minimum and maximum price should be determined for the principal foodgrains, viz.,

heat, rice, *jwar* and *bajra*. The United Provinces are not greatly nterested in the latter two foodgrains, because barring some export f *bajra* and *jwar* which used to take place in pre-war years, most f these products are almost entirely consumed by the cultivator imself, leaving only a small surplus for the market. In any case ve are of opinion that, if prices of wheat and rice which are nternational crops and which furnish by far the greater portion f the marketable surplus of the country, are controlled, they vill have the desired effect on the prices of other foodgrains ncluding barley, maize and gram, which are of sufficient import nce in the economy of this province. Wheat and rice are also he only two crops of which stocks can be built up with the help f imports from other countries. There are, besides, difficulties n the way of storing *jwar* and *bajra* which cannot be stored for ny sufficiently long period without considerable deterioration.

Commercial crops

The sub-committee also recommend the extension of principles f price fixation to the commercial crops, viz., cotton, jute and ugarcane. We think that the same arguments as in the case of *war* and *bajra* will apply to these commodities as well. The Jnited Provinces are, of course, not concerned to any great extent vth jute, although this year an attempt has been made to bring ,000 acres of land under this crop. As for sugarcane, the optimum rea, which can be cultivated in the province so as to ensure a fair eturn to the cultivator, is about 2·5 million acres. Beyond this ultivation of sugarcane will become unprofitable, and the area s not likely to go beyond it. Cotton too is not an important crop, t least at present, in this province.

We consider, therefore, that it would not be necessary to ontrol the price of these commercial crops, as we are of opinion iat, as in the case of cereals and millets, the prices of these com- iodities will also be influenced by the prices of rice and wheat.

Other Commodities

The Sub-Committee recommend also the fixation of minimum nd maximum prices of commodities like oil-seeds, fruits, veget- bles and animal husbandry products such as milk and fish. We re of opinion that oil-seeds will easily follow the prices of wheat,

while practical considerations would be in the way of regulating the prices of fruits, vegetables and animal husbandry products, because of their extreme perishability and the want of adequate cold storage for them. In any case, fruits, vegetables and animal husbandry products are at present of small importance in the national economy of the country.

(Sd.) GOVIND BALLABH PANT.

(Sd.) HUKUM SINGH VISEN.

(Sd.) CHARAN SINGH.

(Sd.) JAGAN PRASAD RAWAT.

(Sd.) AJIT PRASAD JAIN.*

(Sd.) VISHWAMBHAR DAYAL TRIPATHI

(Sd.) Z. H. LARI.†

(Sd.) RAM CHANDRA GUPTA.

(Sd.) BEGUM AIZAZ RASUL.†

(Sd.) KAMLAPATI TRIPATHI.

(Sd.) ABDUL GHANI ANSARI.

(Sd.) RADHA MOHAN SINGH.

(Sd.) B. N. JHA.

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*Signed subject to note appended.

†Signed subject to minutes of dissent appended.

MAIN CONCLUSIONS AND RECOMMENDATIONS

CHAPTER I—Our Main Economic Problems

Page

Our estimate of the size of an economic holding with due regard to agricultural conditions in the province is about 10 acres 23

CHAPTER VIII—Land Records and Agricultural Statistics

Planning to be effective must be based on sufficient information. The effects of the revolutionary changes in rural economy consequent on the abolition of zamindari should be carefully watched and the Government should be in a position to foresee and anticipate difficulties. It is necessary, therefore, to re-organise the statistical machinery and the land records system 193

The patwari should not have the power to record any changes in cultivatory possession except under orders of a competent authority 195

CHAPTER IX—Assessment of Market Value

The present land revenue and rents are uneven and inequitable, in some estates rents have developed to a higher pitch than in others. The elimination of differences in the net income of an intermediary on account of historical factors, the comparative leniency or harshness of the landowner, and the time that has expired since the last settlement, is possible only if settlement proceedings are undertaken. This would cause great delay and defeat the scheme for abolition. We recommend, therefore, that compensation should be based upon the present actual net income of the intermediaries 211-12

Page

One set of multiples for compensation should apply to the whole province, without distinction between different regions or estates 213

CHAPTER XIV—INTERMEDIARIES AND THEIR ELIMINATION

A cultivator or tiller of the soil means a person who (i) performs all or some of the manual tasks of cultivation, (ii) provides the finance, (iii) manages and supervises the holding and (iv) takes the risks involved. Of these functions only the last three are essential 364

The ideal is that the cultivator and his family should contribute most of the labour required. But the employment of hired labour on a permanent or casual basis is permissible, so long as the cultivator finances and supervises production and takes all the risks involved ... 365

A permanent agricultural labourer whose wages are paid wholly or partly as a share of the produce and who, therefore, shares the risk of the enterprise is to be deemed a sub-tenant 368

An intermediary is a rent-receiver who does not perform any of the essential functions of agricultural production 368

We recommend that the following classes should be regarded as cultivators in regard to the land comprised in their holdings, viz:

(*a*) fixed-rate tenant,

(*b*) tenant holding on special terms in Avadh,

(*c*) ex-proprietary tenant,

(*d*) occupancy tenant,

(*e*) hereditary tenant,

(*f*) non-occupancy tenant including (i) tenant of *sir*, (ii) sub-tenant, (iii) tenants of land mentioned in section 30 of the Tenancy Act,

Page

(*g*) grove-holder,

(*h*) rent-free grantee, and

(*i*) grantee at a favourable rate.

All classes intervening between the above-mentioned categories and the State are to be regarded as intermediaries 369

The intermediaries are:

(1) proprietor,

(2) under-proprietor,

(3) sub-proprietor,

(4) thekadar,

(5) mortgagee in possession,

(6) permanent lessee in Avadh, and

(7) permanent tenure-holder 369

The various categories of land belonging to the zamindars should be dealt with in the following manner:

Sir and *khudkasht* in the personal cultivation of the landlord will be retained by him with the same rights as are given to other cultivators 370

Sir and *khudkasht* let out to tenants will be governed by the provisions of the U. P. Tenancy Act 371

A zamindar's groves will remain with him ... 371

All intermediary rights in respect of the holdings of tenants and grove-holders should be abolished ... 371

Forests outside the village boundaries should be entrusted to the Forest Department to be treated and developed as government forests. Forests inside the village boundaries and waste lands should be entrusted to the village communities for management; in both cases subject to the customary rights hitherto enjoyed by the villagers 373

Abadi and pathways should belong to the village community. House sites held in severalty at present

Page

should, however, belong to the individuals who are in possession 374-75

The present owners of private wells should be allowed to remain in possession. All public wells, i.e., wells with a common right of user, as well as tanks, *tals* and water channels should belong to the village community for management and use in the public interest 375

Trees on waste land and boundaries of holdings should belong to the village community. Trees on holdings and in the *abadi* will continue to belong to their present owners 375

All the sources of *sayar* income should be acquired and put under the management of the village community. This includes *hat, penth, mela* grounds and fisheries. Rights in respect of ferries should vest in the State ... 376

Inferior proprietors—

Under-proprietors, sub-proprietors and permanent lessees in Avadh should be dealt with in the same way as zamindars 376

Land in the cultivation of *thekadars* should revert to the zamindar if it was his *sir* or *khudkasht* prior to the grant of the *theka. Sir* or *khudkasht* let by the *thekadar* should be deemed to have been let by the zamindar. There are, however, some persons recorded as *thekadars,* who are actually tenants and not collectors of rent. Persons belonging to this class should be regarded as permanent occupants of land. If a *theka* was granted in lieu of maintenance, the land in the personal cultivation of the *thekadar* should not revert to the zamindar so long as the right of maintenance subsists 376-77

A mortgagee in possession should be dealt with as a creditor of the landlord. On the abolition of zamindari the mortgagee-in-possession will cease to have any right in the land in his personal cultivation. Land which was previously the *sir* or *khudkasht* of the landlord shall be restored to him 377

Page

Tenants—

The following classes of tenants possess permanent or stable rights:

(1) fixed-rate tenants,

(2) tenants holding on special terms in Avadh,

(3) exproprietary tenants,

(4) occupancy tenants,

(5) hereditary tenants, and

(6) grove-holders.

All these tenants should be given permanent, heritable and transferable rights, with certain restrictions on the right of transfer and subletting recommended in Chapter XIX 378-7

The following classes have not got permanent or stable rights:

(1) rent-free grantees,

(2) grantees at a favourable rate of rent, and

(3) non-occupancy tenants including (i) tenants of *sir*, (ii) sub-tenants, (iii) tenants of land mentioned in section 30 of the U. P. Tenancy Act of 1939 379

Grantees, rent-free or at a favourable rate of rent, should be given the same rights as other cultivators ... 380

Sub-tenants should be treated as temporary occupants for the period of their tenure according to contract or until the expiry of the period under section 295A of the U. P. Tenancy Act.

Tenants who have sublet their land should be treated as cultivators both in regard to the land under their own cultivation and the land settled with sub-tenants ... 381

Persons occupying land in which hereditary rights do not accrue under section 30, U. P. Tenancy Act, should be regarded as temporary occupants. We do not recommend any change in their status 383

Page

Guzaradars who have been given allotments from *sir* or *khudkasht* in lieu of maintenance allowance in cash should be allowed to retain their land according to the terms of the grant or for so long as the right of maintenance subsists. After their right to hold land has expired, it will revert to the grantor 383

Tenants' mortgagees should be allowed to hold land as temporary occupants until the mortgage is liquidated ... 383

Where land with public rights of user (such as *khalyan,* pasturage, etc.), has been encroached upon within the last two years, the village community should have the right to remove the occupants and restore the land to the original user 384

Redistribution of land—

On a careful consideration of the difficulties (summarised on page 389) we do not think that the results achieved by the redistribution of land would be commensurate with the discontent and hardship resulting from it. We, therefore, recommend that no limit be placed on the maximum area held in cultivation either by a landlord or tenant. Everybody now in cultivatory possession of land should be allowed to retain his whole area 389

CHAPTER XV—COMPENSATION

In calculating compensation the assets from *sir, khudkasht* and proprietary groves, which a zamindar is allowed to retain, will not be included 394

The assessment of compensation should be based upon the recorded rents and circle rates of the *Fasli* year preceding the year in which the compensation rolls are prepared. In the case of *sayar,* 12 years' average income, and in the case of forests, average income during the period of renovation should be taken into account 405

Page

The gross income of an intermediary will be deemed to consist of:

(*a*) cash-rents paid by tenants and grove-holders,

(*b*) cash-rents paid by tenants of *sir* which the intermediary is not allowed to retain,

(*c*) the income from grain-rented land,

(*d*) rents paid by grantees at favourable rates of rent,

(*e*) assumed rent at hereditary rates on land included in holdings on which rent has not been determined and land held without title,

(*f*) twelve years' average of *sayar* income,

(*g*) average income from forests 405

The following deductions will be made from gross assets to give the net assets: 405-406

(*a*) land revenue,

(*b*) cesses, and

(*c*) estimated percentage of gross assets to be deducted as cost of management and irrecoverables, varying from 5 per cent. in the case of the small zamindars to 15 per cent. in the case of the biggest zamindars 406

The gross assets of all the zamindars amount to Rs.1,877 lakhs and their net assets to Rs.915 lakhs ... 406

On the abolition of zamindari the net land revenue of the State will amount to Rs.1,805 lakhs (after deducting 10 per cent. as cost of management and irrecoverables and the *sayar* income which will henceforth belong to the village community). As the present land revenue and local rates amount to Rs.777 lakhs, the gross additional gain of the State will come to Rs.1,028 lakhs ... 407

In considering the total effect of the scheme upon the financial position of the State we must also take into account the expenditure or the loss of revenue under the following heads:

(1) Loss in revenue from court fees, stamps and registration estimated at Rs.150 lakhs a year,

Page

(2) annuities to *waqfs* and trusts equivalent to their expenditure for religious or charitable purposes. This has been estimated at Rs.50 lakhs a year, and

(3) reductions in the rent of uneconomic holdings amounting to Rs.150 lakhs a year.

After allowing for these deductions the net additional revenue of the State on the abolition of zamindari will be about Rs.678 lakhs a year 407

We are of the opinion that the major part of this net additional revenue should be paid as compensation to the intermediaries reserving a small margin to cover unforeseen contingencies and for schemes of agricultural development 409

The multiples should be graded, the highest being applicable to the intermediaries with small incomes and the lowest to those with the largest. In the case of zamindars paying up to Rs.10,000 land revenue, the multiples suggested range from 25 times to 8 times. In the case of zamindars paying over Rs.10,000 land revenue, the compensation will be calculated on a slab system, multiple 8 being applied to the property paying Rs.10,000 land revenue and multiple 3 to the rest 411

The same multiples shall be applied to intermediaries other than proprietors on the basis of the net income of each intermediary 411

The total compensation at these rates will amount to approximately Rs.137 crores and the annual payments on bonds at 2½ per cent. interest for forty years will be about Rs.5·5 crores. This leaves an additional gain to the State of Rs.1·3 crores a year 411-12

We apprehend the possibility of partition of property, i.e., splitting up an estate falling in a high income group into a number of small estates with the object of getting a higher multiple. While there can be no objection to partition of property among collaterals, a partition effected among sons when the father is alive,

Page

may be easily made to defeat the proposals regarding compensation. We, therefore, recommend that any transfer of property from father to sons whether by partition or gift, where the father is alive, and made since the Assembly resolution on abolition of zamindari should be disregarded in assessment of compensation 412

In assessing compensation, a joint Hindu family will be treated as one unit in so far as it consists of a father and sons, but in the case of brothers and others living together, where the father is dead, each shall be treated as a separate owner 412-13

The proposal for discrimination in the case of estates originally granted for help in suppressing the 1857 uprising examined and rejected. It is impossible to correct a wrong committed nearly a hundred years ago. In assessing compensation no discrimination should be made on the basis of how and when an estate was acquired ... 416

The same rates of compensation will apply to banks that have acquired landed property 416

Public and charitable institutions should be assured their present income in the form of permanent annuities equivalent to their present expenditure for public and charitable purposes including the amount set aside by them as reserve fund. The annuity thus paid will be subject to such revision in future as may be necessary in view of the increase or decrease in the rent rates of the *waqf* property acquired. Mixed *waqfs* and trusts should be given an annuity equal to their expenditure for religious and charitable purposes, the rest of their property to be treated like ordinary zamindari.

Waqf-alal-aulad to be treated like ordinary zamindari on the same basis as a joint Hindu family, i.e., the beneficiaries shall be treated as one owner in so far as they consist of a father and sons, and as separate owners in case of others, the father being dead 417

In assessing compensation the State shall have the discretion to disregard *waqfs* and trusts created after the Assembly resolution on the abolition of zamindari ... 418

Page

Persons to whom proprietary rights have been transferred under sections 28(i) and 28(ii) of the U. P. Encumbered Estates Act to be treated like ordinary zamindars ... 418

CHAPTER XVI—METHOD OF PAYMENT OF COMPENSATION

Payment of compensation in cash, whether to all the zamindars or to the smaller zamindars alone, would lead to inflation 422

We recommend that compensation to zamindars paying up to Rs.2,000 land revenue should be given in the form of negotiable bonds. In the case of bonds given to zamindars paying land revenue exceeding Rs.2,000, half the amount should be negotiable, provided that the negotiable amount is not less than the compensation corresponding to Rs.2,000 land revenue. The balance is to be held as a fixed deposit in a co-operative bank. To protect the interest of the zamindars the State should guarantee the capital as well as the minimum rate of interest, i.e., 2½ per cent. The zamindars would be entitled to withdraw their money from the bank with the permission of the Collector, if they wish to invest it for a *bona fide* productive purpose 426

In the case of minors and widows the entire amount of the bond should be non-negotiable except under the orders of the Collector 426

The bonds issued by the Government, whether negotiable or non-negotiable should be redeemed in the course of 40 years and carry an interest of 2½ per cent. payable in six-monthly instalments 426

CHAPTER XVII—INTERMEDIARIES' DEBTS

The debts of intermediaries fall into the following categories:

(i) loans secured by a charge or mortgage of landed property,

Page

(ii) loans secured by a charge or mortgage of property other than land,

(iii) loans secured partially by a charge or mortgage of landed property and partially by property other than land, and

(iv) unsecured or simple loans 428

We recommend the following measures for the liquidation of intermediaries' debts:

(i) Loans secured by a charge or mortgage of landed property should be scaled down in the same proportion as the compensation bears to the market value of land 431

(ii) Loans secured by a charge or mortgage of property other than land need not be adjudicated or liquidated in connection with proceedings for the abolition of zamindari 431

(iii) Mixed loans should be apportioned. The part secured by property other than land need not be liquidated. The part of the loan secured by landed property should be scaled down in the proportion which the compensation bears to the market value of the landed property involved ... 431

(iv) Unsecured loans of non-agriculturists need not be adjudicated. The unsecured loans of agriculturists should be scaled down in the same way as loans secured by landed property 432

An agriculturist may be defined as a person who is assessed to a local rate not exceeding Rs.25 a year, and who has not been assessed to income-tax in any one of the three years preceding the enactment of the law abolishing zamindari rights 433

The market value of the land should be deemed to be the value immediately preceding the Assembly resolution on the abolition of zamindari. Before finally fixing the market-value the Government may, if it considers it desirable, consult an expert tribunal 434

Page

An exception will be made in cases where the creditor is:

(i) Government, Indian or Provincial;

(ii) a local body such as a District Board or a Municipal Board;

(iii) co-operative societies;

(iv) a public bank, registered according to the Indian Companies Act, 1913, and which is entered on the Schedule of the Reserve Bank.

In these cases the debt will not be scaled down and may be recovered up to the full amount of the compensation. The balance that cannot be recovered in this manner will, however, not be recovered from any other property belonging to the intermediary 435

Bonds issued under the Encumbered Estates Act should be paid in full. The amount due on them should be recovered from the debtor-landlord in the same manner as other public dues 435-36

Mortgages made under the Encumbered Estates Act or the Bundelkhand Alienation of Land Act will be treated like ordinary mortgages 436

Guzaradars whose maintenance is a charge upon the land will be regarded as creditors of intermediaries. Their maintenance charges should be scaled down in the same manner as loans on the security of land 436-37

Adjudication of debts will be compulsory. Debts that are not notified within the specified period will be deemed to have become barred 437

All cases pending in Civil Courts and unsatisfied decrees will be transferred to the Compensation Officers for re-adjudication. As soon as acquisition proceedings are taken up a moratorium on debts should be declared ... 437

Page

CHAPTER XVIII—ADMINISTRATIVE MACHINERY

All the work in connection with proceedings for the abolition of zamindari should be performed by the same set of officers, i.e., Compensation Officers, to avoid delay. They should be vested with powers to assess and apportion compensation, to decide questions of title, adjudicate debts and decide the nature of *waqfs* and trusts and their average expenditure on public or religious purposes ... 438-39

The rent-rolls will be prepared by the patwaris at tahsil headquarters under the supervision of the usual land records staff and a specially recruited staff with some settlement experience. Income from *sayar* and forests will be assessed by the Compensation Officers themselves ... 439

The landlord should be required to furnish details of all his intermediary rights and all creditors should be required to file written statements showing their claims within three months. If the landlord has intermediary rights in the jurisdiction of more than one Compensation Officer, all his cases will be transferred to the Compensation Officer in whose jurisdiction he ordinarily resides ... 439-40

The work of Compensation Officers will be supervised by a Compensation Commissioner assisted by two Assistant Commissioners under the control of the Board of Revenue 443

Appeals from the orders of Compensation Officers will lie with a special judge. Appeals from the decisions of these special judges will lie with a special tribunal on points of law only. The tribunals should be composed of three members, one of them possessing the qualifications necessary for appointment as a Judge of the High Court. There should be one tribunal for every division ... 443-44

The total expenditure on the administrative machinery has been estimated at about Rs.154 lakhs ... 444

CHAPTER XIX—THE FUTURE PATTERN OF RURAL ECONOMY

The abolition of zamindari and its replacement by a more efficient and progressive organisation is a necessary pre-requisite for the improvement of agriculture.

Page

While no progress is possible today until zamindari is abolished, we must remember that the zamindari system is only one among a number of factors contributing to agricultural inefficiency. The psychological change and the social enthusiasm aroused by this measure should be utilised for making an organised and co-ordinated effort for agricultural reconstruction 457-58

In considering alternative schemes of agricultural technique and organisation the first question is whether we should aim at the mechanisation of agriculture ... 461

There is no evidence to prove that mechanised farming leads to increased agricultural production. Peasant farming, at its best, particularly in regions where mixed farming and market gardening is practised makes for the maximum use of land 466-67

Experiments must be made to test the scheme drawn up by Shri Maya Das for increased production through mechanisation. If the experiments bear out his thesis the question of mechanisation may have to be reconsidered ... 471

Mechanisation of agriculture not recommended because—

(1) judging from available data it does not lead to the maximum use of land;

(2) it would displace a large proportion of the agriculturist class. Considering that we have got a surplus of labour, the use of labour-saving machines is not desirable;

(3) we lack capital resources and fuel ... 475-76

Though we do not advocate extensive mechanisation, there is considerable scope for it:

(1) on experimental farms to test their productivity under Indian conditions;

(2) for eradication of deep-rooted weeds, anti-erosion works and reclamation of waste lands ... 476

Page

The following methods for removing the principal disadvantages of small farms should be adopted:

(1) speedy methods to eliminate uneconomic holdings. Scattered holdings should be consolidated;

(2) organisation of co-operative institutions for credit, purchase of seeds and implements, and for marketing;

(3) social insurance against agricultural calamities;

(4) organisation of an extensive service of technical experts;

(5) general and technical education of cultivators; and

(6) stabilisation of agricultural prices ... 476

Planning in agriculture must be governed by a two-fold aim, economic efficiency and the creation of new social values suited to the genius and traditions of the country 477

Large-scale production in a socialist state leads to concentration of power, economic and political, in the hands of a managerial state, and the loss of individual freedom. Our ideal is decentralised rural economy ... 481

Co-operative organisation avoids the evils of capitalism and socialism. It combines the advantages of a large scale enterprise with the freedom of the individual and the development of the highest social values 483

Co-operative organisation must begin with small groups. In the present circumstances we cannot conceive of a co-operative group larger than the village community 485

Capitalist large-scale farming should not be permitted at all 486

State farming an undesirable system. A few State farms should, however, be maintained:

(1) as experimental and model farms; and

Page

(2) land reclaimed from waste and costly plantations by the State may in the beginning be run as State farms.

All State farms, other than those for purely technical purposes, should be run on a commercial basis. The pay of officials should depend upon farm-profits ... 488

Collective farms in other countries have achieved a fair measure of success. But collective farming on a mechanised basis is not advocated on account of the objections against mechanisation noted above 492

The *ryotwari* system is defective and should not be adopted 495

The main defects of a scheme of peasant proprietorship are:

(1) it offers no solution of the problem of uneconomic holdings;

(2) the law of primogeniture which is an essential part of this scheme is an impracticable measure;

(3) if land remains a commodity for sale and purchase in the open market, rural capital will be invested primarily in acquisition and not in improvement of land. The incoming cultivator will be deprived of his capital accumulation and have little capital left for efficient farming 501—504

The difficulties in the immediate adoption of co-operative farming are:

(1) The peasants' attachment to his land, and strongly developed sense of property. The use of force being ruled out, the minds of the people must be reconditioned before this new social experiment can succeed.

(2) Lack of the necessary managerial skill and technical knowledge among the people 514-15

The proper remedy for dealing with the evil of subdivision is to do so directly by suitable legislation and not indirectly by a manipulation of land revenue system."

17. The main objection to the exemption of certain category of holdings is that the scheme of compensation payable to the zamindars leaves only one crore as surplus. This is a queer argument. First thing to be done is to prune the rental demand of its illegal growth and thereafter determine the amount of compensation, and not first to determine the compensation and then turn round to the tenant and say, "You hold your soul in patience for 40 years before you get the relief you are entitled to". This amounts to hitting the tenant below the belt.

18. Besides, any scheme of taxation should not touch those who are not in a position to pay. If there be any deficit in the provincial budget on account of the relief proposed, the only proper course is to re-adjust incidence of taxation in accordance with the needs of the province. The revenue receipts have expanded enormously during the last 12 years. In the year 1937-38 the receipts amounted to 1,233 lakhs, while it rose to 2,940 lakhs in 1946-47 excluding Government of India's subvention for post-war schemes and now it stands at about 3,800 lakhs excluding subvention for post-war schemes from the Central Government. This expansion has resulted in much avoidable, if not wasteful, expenditure. At the time of presentation of the last budget, the Finance Minister gave out that he would be introducing two financial measures, one,

'To tax agricultural incomes above a suitable minimum'

and the other,

'To impose tax on sales.'

The first could affect only the rich while the second hits the poor and the rich alike. The Government forced through the second measure but did not even introduce the first, although as far back as 1936, the Congress Agrarian Committee Report recommended:

"To distribute more equitably the burden of taxation we recommend that agricultural incomes, which are free from income-tax at present be assessed to that tax like other incomes on a progressive scale."

However, any deficit of 2 to 3 crores can be easily met by avoiding expenditure on non-nation-building departments and enforcing fresh measures of taxation, such as Death Duty.

19. Now I will take up other points of difference serially.

20. A tenant-in-chief is no better than an intermediary in relation to his sub-tenant. He is a mere rent-receiver just like the zamindar and all considerations apply with equal force to the

necessity of doing away with this intermediary between the State and the tiller of the soil. The very fact that a tenant sublets his tenancy shows that he is either not interested in actual cultivation or has other pre-occupations. The reasons given for recommending that tenants-in-chief should retain their status as cultivators with regard to their land sublet to others are unconvincing. It is incorrect to say that sub-leases are always on a temporary basis. My experience shows that sub-tenants exist with a long period of cultivation to their credit. The other ground that sub-leases have never been recognized as conferring any sort of occupancy rights on the sub-lessee, is mere begging the question. The question of the status of a sub-tenant has arisen because a sub-tenant has no occupancy rights. To my mind there is no occasion for denying rights which belong to actual tiller to a sub-tenant. Exception can, however, be made in the case of those tenants-in-chief, who have uneconomic holdings, i.e. less than 10 acres in area and may be allowed to eject sub-tenants to the extent of making their holdings economic; but no more. It should be noted that sub-tenants occupy about 8 per cent. of the cultivated land and to provide for their ejectment is wholly unjustified and will adversely affect a large number of people. I would, therefore, suggest that sub-tenants be given the status of cultivators, with regard to the land sublet to them except in cases when the land in their possession is required to make up an economic holding for their tenant-in-chief.

21. I am strongly of opinion that a maximum limit be imposed on the area of *sir* and *khudkasht* that may be possessed by a landlord as well as a tenant's holding, which a cultivator may be allowed to retain. I put this maximum at 50 acres. My reasons are as follows:

(1) The first reason is to be found in the Report itself. The conclusion arrived at by the Committee is that the amount of gross produce per acre diminishes as the size of the farm increases. Below are quoted some tables from the Report to illustrate the conclusion:

(*a*) *Results of survey made in* 1917—23 *by Larson in Denmark*

Size of farm	Gross output per acre
	£ s.
Under 25 acres	20 1
25 to 50 „	15 4
50 to 75 „	15 3
75 to 100 „	13 18
100 to 250 „	12 8
Above 250 „	12 4

(*b*) *Results obtained in an economic investigation conducted in U. S. A. in* 1922

Size of farm	Gross output per acre
	£
40 acres	54
80 „	48

(*c*) *Results obtained in a survey of Swiss agriculture*

Size of farm	Gross output per acre
	£ *s.* *d.*
7½ to 12½ acres	22 11 7
12½ to 25 „	19 0 3
25 to 37½ „	17 17 2
37½ to 75 „	16 2 3
Above 75 „	13 17 7

(*d*) *Results obtained in a survey of English farm*

Size of farm	Gross output per acre
	£ *s.* *d.*
1 to 50 acres	11 19 9
50 to 100 „	9 19 2
100 to 150 „	7 19 1
150 to 250 „	7 15 8

The tables clearly show that produce per acre begins to diminish when a farm goes beyond 50 acres and continues to increase till it reaches 50 acres. No doubt in a large farm expense per acre diminishes and consequently net yield to the cultivator is greater; but in India we are primarily concerned with greater production. Already there is a deficit of foodgrains. The figures compiled by various authorities show that while total acreage has increased total production has declined. It is feared that with continuous increase in population there will be greater deficits. Necessarily it follows that we should eliminate every cause which may count for lesser production. It having been found above that gross production per acre diminishes when farm exceeds 50 acres, it is essential that we must put this maximum limit on area to be possessed by a tiller, whether landlord or tenant.

(2) The second reason can also be gleaned from the Report: it says,

> "A large farm efficiently organised and managed can on the other hand be run with the help of hired labour. If we permit the growth of such farms most of the tenants would be reduced to the status of wage-earners. As agricultural labour is necessarily weak and unorganised it would be a

task of considerable difficulty to provide effective statutory safeguards and ensure for them a living wage."

One of the main reasons for the abolition of zamindari is to create a sense of self-respect and independence in the mind of the tiller of the soil. Employment of labour on farms on large scale would undermine this objective, and lead to exploitation by agricultural capitalists. Such a contingency cannot be treated with equanimity.

(3) Abolition of zamindari would displace a large number of people employed in connection therewith. The figures collected by the Congress Agrarian Committee show that in 1921, 1,36,221 persons were employed as managers and agents by the zemindars. Many of them would be interested in cultivation and to throw them out of employment without providing alternative occupation for them is fraught with danger. There are many refugee families who would like to be settled on land. Then there are tenants having only uneconomic holdings and landless labourers. All these should be settled on land or be given further land to render their holdings economic. And land can only be had if a maximum limit is put on area one can possess. The main objection adduced by the Committee is that there is not enough land to be distributed among the "have-nots". That may be so; but even assuming that only 25 lakh acres would be released if we put the maximum at 50 acres, there is no reason why this amount of land should not be redistributed. If 10 acres of land is given to each cultivator, this amount of land will create 2,50,000 economic holdings and will provide maintenance for at least 10 lakhs of people. This is not meagre, knowing as we do, that overwhelming majority of rural population lives in abject poverty.

(4) Redistribution of land, even on limited scale, would give fillip for reclamation of land which is at present described as *not available for cultivation*. Faced with increasing shortage of foodgrains, it is necessary to do every bit to increase production. This redistribution, above all, would have a moral import and value. It would accelerate the process of socialisation.

22. I am against ejectment of tenants of *sir* and *khudkasht* for the reasons that are mentioned above in regard to sub-tenants, unless the landlord has got uneconomic holding in his possession and wants to eject his *shikmi* merely to have an economic holding. It may be borne in mind that the United Provinces Tenancy Act, 1939, forbade ejectment of tenants of *sir* and *khudkasht* lands

for five years. Even after the expiry of five years ejectment proceedings were stayed by the executive order of the Provincial Government. As a result, these *shikmis* have been in possession of these holdings for at least 12 years. There seems to be no valid reason to disturb the possession of these tenants and deprive them of their means of livelihood unless it be necessary in the interest of the State. The interest of the State no doubt demands that holdings, so far as possible, should be economic. Accordingly, the only exception should be made in favour of those landlords and to this extent only that they can eject their *shikmis* within a year in order to make their holdings economic. To recommend that provisions of the United Provinces Tenancy Act in regard to ejectment of tenants of *sir* and *khudkasht* be retained and then to further recommend that existing tenants of *sir* and *khudkasht* be not ejected immediately on the passing of the new Act is meaningless.

23. Recommendations of the Committee in respect of debts payable by zamindars are retrogade at least in one respect, namely, no part of the compensation is to be immune from liability to pay debts. The latest debt legislation, i.e. the United Provinces Encumbered Estates Act, 1937, and the United Provinces Debt Redemption Act, 1940, classify land under two categories:

one protected land, and the other non-protected land.

"Protected land" means land liable to pay land revenue up to Rs.250. Such land cannot be sold or permanently alienated in execution of decrees for payment of debts. Only self-liquidating mortgages could be given for 20 years. Even the existing debt legislation was not deemed adequate by the Legislature and in response to popular demand the Government appointed a committee in the beginning of 1947, presumably to suggest further legislation, with a view to wipe out debts to a considerable extent. Unfortunately, as I have mentioned above, nothing tangible has been done in this regard.

24. The Expert Committee on Rural Indebtedness appointed by the first Congress Government estimated debt owed by zamindars to be at Rs.135 crores. There is nothing to show whether the position has deteriorated or improved since then. In any event the principle of saving a portion for the future maintenance of the indebted should not be given a go-by. I, therefore, suggest that half of the compensation should be free from liability to pay any debt. This, of course, would be in addition to scaling down of debts as suggested by the Committee as it is merely incidental to devalution of landed property.

25. I would now like to make a few general observations.

26. I have grave doubts as to the feasibility and propriety of the scheme of compensation suggested by the Committee. It seems to be neither fair to the State nor to the landlord. The interest of State requires that compensation should be moderate, while the interest of the zamindar requires that it should be paid in cash. Bonds, to my mind, are not likely to fetch their face-value and the ultimate beneficiary would be the capitalists and not the landlords. I would have definitely disapproved of the scheme of compensation; but for the fact that there it seems to be no intention on the part of the Government to liquidate capitalism. The trends are to the contrary. Further, full compensation has been paid by the Government in case of some concerns which have been taken over by the Government. However, I should not be taken to approve of the scheme of compensation as embodied in the Report.

27. The crying need of the hour is increased production but this is not possible unless uneconomic holdings go and fragmentation disappears. In consolidation of holdings alone lies the future of Indian agriculture. The Committee seems reluctant to take effective steps in this regard. The majority of the members naturally reflect the opinion of the Government and nothing can be done if the Government is not prepared to take bold steps. Let me hope that public opinion will assert and ensure speedy consolidation of holdings.

28. At times there are veiled reflections in the report on the Socialist Theory and the policy of the Socialist party in India. I am not here concerned with them and it is needless to go into the validity or otherwise of these reflections, nor it is imperative on my part to approve or disapprove of them.

29. I have to note with regret that there is greater emphasis on difficulties in the way of modernisation of agriculture than on determination to meet and overcome them.

30. In the end I must congratulate the Secretaries of the Committee on their immense labour and great ability displayed by them in preparing the Report. If the conclusions reached are, at times, illogical, unsatisfactory or even retrogade, it is not they who are to blame.

Z. H. LARI.

July 3, 1948.

Note of Dissent by Begum Aizaz Rasul, M.L.C.

I have signed the report of the Committee subject to my note of dissent which I herewith append. I should like to make it clear at the outset that I do not agree that the proposal to abolish zamindari is either just or advantageous to the State or to the mass of the people, since in this Province at least, a considerable portion of the "mass of the people" about one-fourth are zamindars and they are to be made paupers. This is, however, a matter of principle into which this Committee is not entitled to enter. I will, therefore, satisfy myself by reserving the right to oppose any measure on the proposed lines which might be introduced into the Legislature.

I do not propose to deal with the question whether the zamindars are a British creation or not. If it was proposed to decide the question on this basis, I would have urged that the present members of the Abolition Committee cannot be described as expert historians of the origin of the zamindari system and, therefore, before this question could be finally decided there must be a thorough investigation by men in regard to whose competence to pronounce on the social structure of society from the earliest times to the advent of British rule, there could be no question. There has been a good deal of dogmatic assertion in the Report that the zamindars are a British creation. So erudite a Sanskrit scholar as Dr. Bhagwan Das has stated publicly in his writings that the zamindari system has existed from the times of Manu right through the Maurayan and Gupta periods and the Mohammedan dynasty and can in no sense be regarded as a British creation.

As regards the origin of the talūqdars of Avadh I will content myself with a few quotations from the brilliant introduction to the *Gazetteer of Oudh* by the late Mr. W. C. Benett, I.C.S., a recognized authority on revenue matters. He has described how in the Hindu polity, the Chhattri was the ruler and how in a typically Hindu province like Avadh this tradition is illustrated by the predominance of the Chhattris as taluqdars and zamindars.

"Next in importance to them are the Chhattris, formerly the rulers of the whole, now the landowners of the greater part, of the province . . . . It is enough to say here that, as the professed soldiers, they supplied not only the whole body of chieftains, but

the greater number of the intermediate class between the chief and the cultivator, who held particular villages on the condition of rendering feudal service. They now, therefore, constitute the main element of what is known as the zamindar class and held more independent villages, more subordinate rights in the soil, than any other class in the province. The sword was the weapon of their trade and their principal means of subsistence."

"What made the Oudh barons so strong is that they were a necessary element in the religious system of the country. Their race had been set apart by immemorial tradition and the sanction of all sacred literature as the wielders and representatives of Hindu power. The Chhattri ruler was as indispenable as the Brahman priest, and his might and magnificence were, and are, still gloried in by the people as the visible manifestation of their national prosperity... He was the natural receiver of the share of the cultivators' produce which formed the principal source of revenue; he assessed and collected all the other taxes within his domain, the transit and ferry dues, the imposts on bazars, and the fees paid by the owners of stills and looms.... Besides being the receiver of the revenue, the Hindu chief called out the militia of his territory for war at his own sole will and with an authority which was never disputed. He apportioned out the wastelands to tenants for cultivation, decided the suits of his subjects in his cutcherry, and enjoyed, besides, a number of varying rights in wild produce resembling the rights attached to an English manor."

It can be easily proved by tracing the history of such families as the Rajas of Mainpuri, Bhadawar, Pratapgarh and many others that they existed long before the advent of British power. The supporters of the theory that zamindari is British creation, will have to explain the existence of *jagirdars* and *thikanedars* in the Indian States. It is, however, unnecessary to continue this controversy, for the reasons which I have already stated. It is also not necessary for me to discuss the part played by the zamindars in the development of the political, economic and social life of the country from the inception of British rule. The zamindars, big and small, have always been a patriotic and self-sacrificing class and it is mainly owing to their efforts that educational institutions, hospitals and other works of public welfare were commenced. Until the Congress suddenly turned against them in 1930 they were in the forefront of the political struggle and it was only in 1930 that the British authorities succeeded in creating a rift and in making the zamindars themselves an object of attack by the Congress. The zamindars form a considerable proportion of the electorate and before the

Government of India Act, 1935, they formed the majority of voters. It was on the strength of their votes that advanced political elements—the Congress and Swaraj Party—came into the Legislature. The zamindars have always been and are even now prepared to undergo great sacrifices in the interests of public welfare but they are not ready voluntarily to liquidate themselves not for the public good but in order to serve as political scapegoats. It will be remembered that the zamindars form a considerable body of the people of this province. They number more than 2 million and together with their dependants account for not less than one-fourth of the total population of the province as was admitted by the Hon'ble Minister of Revenue in a public speech recently. Any scheme that is devised must be one that does justice to this class and should not create in the minds of persons belonging to it a just sense of grievance against the State. The abolition of zamindari on the payment of a wholly inadequate compensation and without the provision of an alternative source of livelihood is bound to create anarchy and chaos and will probably lead to increase of crime.

I propose now to consider the professed aims of the abolition of the zamindari system which as stated in the Report are: "to raise the standard of living of the rural masses, and to increase food production." Before dealing with this question it is necessary to place a few facts which are taken from the Report. When a census of the number of zamindars was originally taken by the Abolition Committee, the number returned was over 29 lakhs. This number has since been revised and is now estimated to be a little over 20 lakhs. This is probably an under-estimate. Of these, nearly 20 lakhs are zamindars paying Rs.250 and less as land revenue. The number of zamindars paying a land revenue not exceeding Rs.25 is about 17 lakhs and according to the Committee their net average annual income is Rs.13. The number of zamindars who pay a land revenue exceeding Rs.25 but not exceedings Rs.50 is about 1,41,000 and their net average annual income is Rs.83. The Committee has further estimated that about 9 lakhs of zamindars paying a land revenue not exceeding Rs.50 are in debt. The distribution of *sir* and *khudkasht* is as follows.

Out of the total area of *sir* and *khudkasht* which is about 75 lakh acres, the bulk is with landholders paying a land revenue of Rs.250 and less. Of this area about 11,35,000 acres is let out to tenants. Now I wish to examine in what way the standard of living of these small zamindars is likely to be improved by the abolition of the zamindari system.

4. Let me first take up the question of *sir* and *khudkasht*. The following table compiled by the Committee shows the average incidence of rent in 1353 *Fasli* :

	Incidence of rent in rupees per acre	
	In Agra	In Avadh
Permanent tenure-holders	1·9	..
Fixed-rate tenants	3·97	..
Exproprietary tenants	4·76	5·12
Occupancy tenants (all kinds)	4·78	3·67
Hereditary tenants (all kinds, including tenants on special terms in Avadh).	6·09	6·38
Non-occupancy tenants	5·84	7·01

The following quotations from the Committee's Report show, more clearly than anything I can say, their ultimate designs on the *sir* and *khudkasht* in the possession of the zamindars:

"As compared with these rents, the proprietor whose ability to pay is the highest is assessed to merely nominal revenue on land in his proprietary cultivation. The land is first assessed at occupancy rates, then a deduction of 15 to 30 per cent. is allowed, finally only the land revenue, i.e., about 38 per cent. of the figure thus arrived at is what the zamindar pays to the State for the exceptionally good class of land which he cultivates as his *sir* or *khudkasht*. It is difficult to estimate the average revenue for an acre of *sir* or *khudkasht* as their revenue rates are not separately computed but on a rough calculation it is likely to be about rupee one per acre. There is apparently no economic justification for these different rates payable on land cultivated by zamindars or different classes of tenants . . . The complexity and anomalies that have arisen on account of the tortuous historical development of the land system and for which there are no sound fiscal reasons should be progressively eliminated."

It is clear that as soon as the next revision of rents takes place the amount payable for *sir* and *khudkasht* will be raised from about rupee one per acre to the rates paid by hereditary tenants as reduced by the Committee. Even assuming that these rates will be reduced from rupees six an acre to rupees four an acre, it is clear that the landholders will have to pay rupees four an acre instead of about rupee one per acre. In other words instead of paying about seventy-five lakhs of rupees a year as they do at present as land revenue they will have to pay rupees two

crores and eighty lakhs a year when their rates are raised to the same level as that of hereditary tenants. Further, as about 11 lakh acres of the *sir* and *khudkasht* is let out and the average rate for non-occupancy tenants is between six and seven rupees, the rate for this let-out *sir* and *khudkasht* which, according to the Committee, consists of the best land may well be taken as at least eight rupees per acre. As subletting will be completely prohibited the income from the eleven lakhs and odd acres now sublet and which may be estimated to be about 90 lakhs of rupees a year will be greatly reduced. It is, therefore, a conservative estimate that on the abolition of zamindari the loss on *sir* and *khudkasht* alone will be in the neighbourhood of rupees 3 crores a year and most of this loss will be borne by the zamindars paying Rs.250 and less as land revenue. This will be a step not towards raising their standard of living but towards lowering it. The next step will be the complete loss of their other proprietary rights for which it is alleged that adequate compensation will be paid. I will deal with this question when I come to analyse the proposals for compensation.

5. I now wish to examine how far the proposals of the Committee will benefit the tenantry. The Committee have recommended that except in the case of disabled persons, no subletting will be allowed The area held by sub-tenants, according to the Committee's own figures, is about 32 lakh acres out of a total holdings area of 412 lakh acres or about 7·9 per cent. This is probably an under-estimate as it is very likely that the names of many sub-tenants are not recorded in the village papers. But even taking for granted that this figure is correct and making an allowance for sub-tenants of disabled persons, at least 20 lakh acres of land will be such from which tenants will be ejected. What is likely to be the number of these displaced persons? According to the figures contained in the Committee's. Report, the number of sub-tenants is about 29 lakhs. Again making an allowance for those who will not be ejected because they are sub-tenants of disabled persons, it may be taken that about 20 lakhs of sub-tenants will be displaced and they, with their families, will amount to a crore. This will be the plight of the sub-tenants.

Let us now consider what will be the position of the tenants-in-chief. As already stated above, the rents of all tenants will be brought to the same level as those of hereditary tenants. The hereditary tenants form about 33 per cent. of the total number of tenants and occupy about 40 per cent. of the holdings area. It is, therefore, clear that the rents of the following classes of tenants will be considerably increased, viz., permanent tenure-holders,

fixed-rate tenants, exproprietary tenants and occupancy tenants. In other words in spite of the proposed reduction of about a crore and a half in the present rentals, in the near future the total rental will be very considerably increased as a uniform rate will be applied to all kinds of tenants. Thus the benefit of the proposed reduction in rents is illusory.

6. I will now deal with the question regarding the value to be attached to the conferment of a limited right of transfer on tenants. At present the following classes have full rights of transfer: (i) fixed-rate tenants in the permanently-settled districts of the Agra Province. their number is about 5 lakhs and they cultivate about seven lakh acres; (ii) sub-proprietors in Agra Province and under-proprietors in Avadh; their number is about $2\frac{1}{2}$ lakhs and they cultivate about 7 lakh acres. The Committee's proposals will restrict the rights of transfer of about $7\frac{1}{2}$ lakhs of tenants cultivating about 14 lakh acres. Now let me examine the case of the others who are to be given a restricted right of transfer. 94 per cent. of the total holdings in this province are of 10 acres and less. Those whose holdings are of 10 acres and less will not be allowed to transfer a part of their holdings, because any such transfer will reduce the area of such holdings below 10 acres. The Committee regard anything below 10 acres as an uneconomic holding and they, therefore, do not wish to create more uneconomic holdings by transfer or by subdivision. Therefore they have recommended that all transfers of holdings of 10 acres and less must be of the whole holding. We all know the passionate love of the cultivator for his holding. It is almost certain that this right of transfer will remain a dead letter. If a tenant can get over his difficulties by the sale of one, two or three acres the Committee insists that if his holding is 10 acres and less, he must transfer the whole of his holding and not a part. This right of limited transfer is, therefore, perfectly illusory. Further, the Committee have recommended that the value of the land to be transferred will not be the market value but an arbitrary figure to be fixed by the Government. This arbitrary figure will be twelve times the rate of rent paid by hereditary tenants. As the Government are going to reduce the rate of rent paid by hereditary tenants, they will thereby be reducing the value of the land which may be transferred after the abolition of zamindari. For example, the present rate of rent being a little over rupees six an acre. the sale price, according to the Committee's suggestion, will be a little over sixty rupees an acre. But if the rent of the hereditary tenant is reduced to five or four rupees an acre the price will be reduced to fifty or forty rupees an acre. As the total holdings area is four hundred lakh acres,

the total reduction in the value of the property will be from about 240 crores of rupees to either 200 crores or 160 crores accordingly as the rate of rent of the hereditary tenant is reduced from Rs.6 to Rs.5 or Rs.4 an acre. Further, the *panchayats* will be given the sole monopoly of purchase and sale. The tenant will only be able to sell to the *panchayats* and it will be for the *panchayats* to dispose off to a buyer of their choice. As the sale price will not be the market value of the land but an arbitrary figure determined by the Government, the chances of corruption during the process of sale are obvious. There will be a black-market in the sale of land purchased from the tenants at a pre-determined price and the *panches* will be the main culprits, because the amount of land available for sale will be limited while the number of purchasers will be very considerable, even with the restriction imposed by the Committee that no one should be able to increase his holding beyond 30 acres by purchase.

7. I will now deal with the question of compensation. The use of the word "compensation" indicates that the Legislature has decided to give the persons whom it proposes to abolish an equal return for their property. Yet the proposals of the Committee do not give *compensation:* they only provide token payments. Compensation would be that amount which will assure to the zamindars something like the income they at present derive from their property. It is true that this would impose a heavy burden on the provincial finances but that is a matter not for the Committee to decide but for the Legislature. The Committee have divided the zamindars into ten categories according to the land revenue which they pay. They have then calculated the net assets of each category, and determined its amount of compensation. The following table compiled by the Committee to which I have added columns 5 and 6, showing the amount of annuity and percentage of net assets, gives the Committee's recommendations in a compact form:

Categories of zamindars	Net assets	Multiples for calculating compensation	Amount of compensation	Annuity	Percentage of net assets
1	2	3	4	5	6
	Lakhs		Lakhs	Lakhs	
I—Paying land revenue up to Rs.25	150	25	3,750	149	99
II—Paying land revenue exceeding Rs.25 but not exceeding Rs.50.	74	22½	1,665	66	89

Categories of zamindars	Net assets	Multiples for calculating compensation	Amount of compensation	Annuity	Percentage of net assets
1	2	3	4	5	6
	Lakhs		Lakhs	Lakhs	
III—Paying land revenue exceeding Rs.50 but not exceeding Rs.100.	85	20	1,700	67	79
IV—Paying land revenue exceeding Rs.100 but not exceeding Rs.250.	118	17½	2,065	82	69
V—Paying land revenue exceeding Rs.250 but not exceeding Rs.500.	79	15	1,185	47	60
VI—Paying land revenue exceeding Rs.500 but not exceeding Rs.2,000.	127	12½	1,588	63	50
VII—Paying land revenue exceeding Rs.2,000 but not exceeding Rs.3,500.	39	10	390	15	40
VIII—Paying land revenue exceeding Rs.3,500 but not exceeding Rs.5,000.	24	9	216	9	36
IX—Paying land revenue exceeding Rs.5,000 but not exceeding Rs.10,000.	35	8	280	11	32
X—Paying over Rs. 10,000 ..	45	8	360	14	32 14%
	139	3	417	16	8
Total ..	915	..	13,616	540	58

Amount to be paid annually with interest at the rate of 2½ per cent. per annum by half-yearly instalments in 40 years—Rs.545 lakhs.

In calculating the amount of compensation a novel principle has been introduced which is not only at variance with the practice hitherto followed in India but is at variance with the practice followed in countries where property has not been acquired by force or fraud but only by peaceful and legal means. The principle that has been adopted by the Committee is that the multiple to be applied in estimating compensation is reduced as the net income of the proprietor increases. To take a concrete example if a zamindar *A* has a village paying a land revenue of one thousand rupees and a zamindar *B* has a village of similar quality and resources paying a land revenue of rupees one thousand, and four other villages of the same kind

and paying the same land revenue of rupees one thousand each, then the compensation which *A* will get for his village will be twelve and a half times the net assets while *B* for villages of the same kind and having the same net assets will get a compensation of nine times the net assets because his land revenue is Rs.5,000. On what principle can such a differentiation be justified. Compensation is being calculated on the personal circumstances of a proprietor and not on the circumstances applicable to his property, which is the true subject-matter of compensation. The obvious result of this method is that in the case of the zamindar with the largest net income, no attempt has been made to give them what could be regarded as fair value for the property acquired from them, but the proposals virtually amount to confiscation masquerading as equitable compensation. For example, the compensation ranges from 99 per cent. of the net assets for zamindars in the first category to 32 per cent. in the ninth category (that is those paying a land revenue exceeding rupees five thousand but not exceeding ten thousand) and to 14 per cent. of the net assets for those paying a land revenue over ten thousand rupees. Taking first the case of the zamindars paying a land revenue of Rs.250 and below, the total net assets are according to the Committee's calculations 427 lakhs a year. The amount of compensation proposed is 9,180 lakhs, the annual equated payments including interest and capital in $2\frac{1}{2}$ per cent. forty-year bonds will be 364 lakhs a year and will cease at the end of forty years. It is clear from this that these zamindars who form over 99 per cent. of the total number of zamindars will lose annually 427 lakhs minus 364 lakhs equal to 63 lakhs a year in their net income and at the end of forty years a complete cessation of the net income which they are at present enjoying, viz., 427 lakhs a year. So much for the compensation to be paid to the smaller zamindars.

Let me now consider the case of those who pay a land revenue between five thousand and ten thousand rupees and those who pay a land revenue of over ten thousand rupees. The number of landholders paying land revenue exceeding five thousand but not above ten thousand is estimated by the Committee to be 414 and their net assets 35 lakhs, and the amount of compensation 280 lakhs. The annual equated payments on a compensation of 280 lakhs will be an annuity of 11,20,000 rupees a year, i.e., 32 per cent. of the net assets. The reduction in net income comes to 68 per cent. for a period of forty years and to 100 per cent. at the end of that period. The net assets of those paying a land revenue of ten thousand and over are estimated by the Committee to be 184 lakhs and the compensation to be 777

lakhs. The annual payment will be about 30 lakhs a year, i.e., about 16½ per cent. of the net assests. Such persons whose number according to the Report is 390 will lose 83½ per cent. of their net assets for the next forty years and at the end of that period all their net assets will have disappeared. Any reasonable person, not carried away by blind class prejudice, will agree that this is not equitable compensation but inequitous confiscation. Further, the Committee have recommended that the bonds to be issued will only be negotiable to the extent of compensation which is payable on a land revenue of two thousand. Any compensation above this amount will not be negotiable but will be held by co-operative banks and only half of it can be withdrawn with the sanction of the Collector and for certain specific purposes only. In other words the compensation will take the form of a pension or a compensation allowance for those in the higher categories, and that too at a wholly inadequate rate.

There is much talk of nationalisation. How has compensation been recently awarded in England? Coal royalties were acquired by the State in England in 1938. Mines were nationalised in 1946. In these cases, compensation was determined as between a willing buyer and a willing seller. The net maintainable revenue of the undertaking in question is first ascertained and is then multiplied by an appropriate multiplier taking into account the commercial risks and probabilities, and the number of years' purchase which the willing buyer would give and the willing seller accept, on that footing. In the nationalisation of railways in England a different principle was applied. The stock exchange value on a particular day was taken. The underlying principle was that compensation would be awarded upon the true value of the property acquired without any consideration of the personal conditions of the particular holder of the property. The novel principle which the Congress Government have introduced is a differentiation upon a personal basis and means confiscation in the case of bigger landholders. It would be much more straightforward if the Government were to announce frankly that they propose to confiscate the properties of the landholders paying a land revenue of rupees five thousand and above. This would at least absolve them from the charge of calculated hypocrisy. No one familiar with the trend of political thinking in this country at the present moment could say with certainty that these bonds will not be repudiated or the annuities reduced during the course of the next forty years. The whole scheme is unjust and hedged in with such impediments that even the little that is proposed to be given may in the end never be given at all.

8. I will now deal briefly with the substitute for the zamindari system, viz., the elected *panchayats*. It is proposed to elect these *panchayats* on a manhood suffrage basis. The Committee have calculated that for every one thousand cultivators there are 417 landless labourers as an all-India average. 94 per cent. of the cultivators in this province have holdings of less than 10 acres. It is thus clear that a *panchayat* elected on manhood suffrage will lead to conflict between the landless labourers and the smaller tenants on the one side and the more substantial tenants on the other. Moreover, as most of the voters and *panches* will be illiterate and torn by factions and personal animosities, the *panchayat* administration will be both corrupt and oppressive. Can it be imagined that the *panchayats* so constituted will be able to deal fairly with such important questions as the letting out of land, the sale of property, the realisation of revenue on a joint responsibility of the village community? The record of district and municipal boards has so far been deplorable; the record of these elected *panchayats* will be infinitely worse, as no one familiar with prevailing village conditions and not jaundiced by abstract theory, will deny.

9. I cannot help regretting that the Report is disfigured by passages of hysterical rancour against the zamindars, as a class. They are denounced as parasites, as racketeers, as oppressors of the tenantry and as the source of all the ills of rural society. Side by side with these unmerited diatribes there is a ridiculous inconsistency in describing the smaller landholders who constitute over 99 per cent. as the object of the Committee's continuous solicitude. If such is the Committee's concern over the welfare of these small zamindars, what is the occasion for abolishing them and reducing them to the position of impoverished tenants of dwarf holdings? I regret to say that the majority report of the Committee will not raise the standard of living of the agricultural masses and will not increase production in any way. What it will lead to, will be the uprooting of millions of men and women who have for centuries lived on the land and the disappearance of a real middle class which has held together village society in spite of wars, political upheavals and economic blizzards. The few hundred landholders who are well-off, though their wealth is nothing as compared to that of the commercial, banking and industrial magnates, will be completely ruined. What is likely to be the ultimate result of all this bungling? Chaos and anarchy which will engulf not only the victims but very likely the authors as well of this disastrous policy. It is also not realised that expenditure on the

police which has already reached astronomical proportions will have to be increased still further with the departure of the stabilising influence of the zamindar, their firearms and *karindas* so far always available to the district authorities for the maintenance of law and order.

BEGUM AIZAZ RASUL.

July 9, 1948.

Note by Shri Ajit Prasad Jain

Affixation of my signature to the Report should not be taken to mean that I subscribe to all the exposition of principles and historical facts contained in the Report. In particular, I think that the problem of the field-labourer, who owns no land, and of the standardisation of agricultural prices need a much fuller investigation and treatment than what is contained in this Report. In fact these questions came up before the Committee, if at all, only casually. However, the recommendations of the Committee have my support.

AJIT PRASAD JAIN.

August 7, 1948.

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