TEXT FLY WITHIN THE BOOK ONLY

UNIVERSAL
LIBRARY

OU_156166

UNIVERSAL
LIBRARY

THE INDUSTRIAL ORGANIZATION OF AN INDIAN PROVINCE

BY THEODORE MORISON

(LATE PRINCIPAL OF THE MOHAMMEDAN ANGLO-ORIENTAL COLLEGE, ALIGARH)

LONDON
JOHN MURRAY, ALBEMARLE STREET, W.
1911

PREFACE

This book is intended primarily for Indian students. My experience has convinced me that in India the study of economics has a tendency to become undesirably abstract, because the industrial facts which are mentioned in English books to illustrate economic theories are mostly taken from European industry, and are, therefore, as remote from the experience of Indian students as the theories they are designed to illustrate. My object in this book has been to review the principal economic facts in the society with which Indian students are familiar, and to show the relation of those facts to the abstract economics which they read in their text-books. I have not hesitated to make copious extracts from official publications, because these are not generally accessible to students. Wherever possible, I have quoted the passages which I adduce as evidence textually, because I believe that the actual words of an original authority are more stimulating than any summary. The advantage which a student derives from extracting for himself the economic moral of a record is lost when the original is digested for him by an officious instructor.

I do not pretend to have anything fresh to say to experts upon such technical subjects as settlement, irrigation, famine relief, etc. My wish has been to insist upon these matters only so far as is necessary to show their economic bearing; that which is new in this book is the attempt to consider the economic

phenomena of an Indian province as one whole. Many interesting studies of particular industrial problems may be found scattered about the official literature of the Government of India, but these are usually incidental to the consideration of a technical question, and cannot, in the form in which they were published, be placed in the hands of students. As far as I know, no attempt has yet been made to examine Indian industry from the point of view of the economist.

I have thought that this book might prove interesting to some European readers who desire to study the industrial organization of India for the purpose of comparative economics. In view of the possibility of having a few such readers, I have added some explanations which are superfluous to Indian students. European readers, on the other hand, will find some facts regarding European industry set forth with a detail which is unnecessary for them. Thus the book has, I fear, suffered from the attempt to address two different classes of readers at the same time.

It was my wish to have dated this book from the Aligarh College, in the prosperity of which I have been so deeply interested for the last seventeen years; but the duties of a member of the staff in a residential college left me little time for private work, and therefore, although I continued to collect material as long as I was in India, I was not able to put it together until I reached England.

THEODORE MORISON

ASHLEIGH,
WEYBRIDGE.

PREFACE TO THE SECOND EDITION

Upon the exhaustion of the first edition, this book is reissued in substantially the same form as that in which it first appeared. I have made additions to Chapters VII. and VIII., which have been rendered necessary by the development of co-operative credit institutions in India, and by the fresh light which has been thrown in recent years, particularly by Mr. Alfred Chatterton, upon the problems of hand weaving. The present Chapter XII. supersedes a chapter on prices which I very willingly let die; in its present form it is an attempt to state briefly and simply the history of the Indian currency since 1835. In the preparation of this chapter I have been under great obligations to Mr. L. Abrahams, the Financial Secretary of the India Office, who has generously found time out of his scanty leisure to help me with suggestions and advice; the tables and note in the second appendix to Chapter XII. are by him, but for the opinions expressed upon currency matters I must accept the entire responsibility.

T. M.

CONTENTS

CHAPTER		PAGE
	INTRODUCTION	1
I.	THE INDUSTRIAL UNIT: THE VILLAGE	10
II.	PUBLIC AND PRIVATE OWNERSHIP OF LAND: THE LANDLORD AND THE GOVERNMENT	17
III.	THE COMPETITION FOR LAND: THE LANDLORD AND THE TENANT	40
IV.	FIXITY OF TENURE: THE LANDLORD AND THE TENANT —(*continued*)	62
V.	AGRICULTURAL INDEBTEDNESS: THE PEASANT AND THE MONEY-LENDER	82
VI.	REMEDIES FOR AGRICULTURAL INDEBTEDNESS: THE PEASANT AND THE MONEY-LENDER—(*continued*)	112
	APPENDICES TO CHAPTER VI.	136
VII.	AGRICULTURAL CAPITAL	146
VIII.	THE DIVISION OF LABOUR, OR THE VILLAGE ARTISAN	171
	APPENDIX TO CHAPTER VIII.	201
IX.	THE DIRECTION OF INDUSTRY: THE CULTIVATOR	210
	APPENDIX TO CHAPTER IX.	237
X.	THE INTERRUPTION OF INDUSTRY: FAMINES	241
XI.	THE RELIEF OF THE UNEMPLOYED: FAMINES—(*continued*)	269
XII.	CURRENCY	293
	APPENDICES TO CHAPTER XII.	323
	INDEX	341

INDUSTRIAL ORGANIZATION OF AN INDIAN PROVINCE

INTRODUCTION

THAT part of economic science for which we may claim universal application is confined to a few fundamental conceptions, and a few general principles which appear to hold good in all forms of society. But the great bulk of economic doctrines are not universal laws; they are only statements of the manner in which general principles operate in special conditions. As the study of economics has hitherto been confined to the inhabitants of Western Europe and North America, it is the operation of general principles in the special conditions of those countries which has principally engaged the attention of economists. It therefore happens that the economic theories which are best known and which have most influenced public opinion represent conclusions which have been reached regarding that particular type of industrial organization which exists in the United States and Western Europe. Modern economists do not claim that these theories are of universal application; on the contrary, they recognise that different ages and different phases of human evolution present different types of industrial organization, and that economic theories which are correct statements of

the manner in which general principles operate in one economic type are not necessarily true of their operation in another.

When, therefore, we approach the study of the economic phenomena of India, we must bear in mind that we are about to deal with a type of industrial organization which is not the type tacitly assumed in most books upon abstract economics. From this it follows that we shall not be at liberty to assume the truth of any economic theory until we have assured ourselves that the premises on which it rests are satisfied by the Indian conditions. Our ultimate goal ought to be the construction of an independent body of economic doctrines which could be logically deduced from the observed facts of Indian society. I do not think that the time has yet come when it is possible to attempt a complete statement of the economics of Indian industry; the material at our disposal is at present too scanty. Before constructive speculation can be profitably undertaken the economic facts of Indian life need to be collected, sifted, and, if I may use such an expression, cross-examined to find out exactly what interpretation they will bear. This book is intended to be a contribution towards such a collection of evidence. I shall attempt to sketch in very meagre outline the industrial organization of a particular province, and in so doing expose what I believe to be the principal economic facts in a society of this type. If this investigation could be made complete, it should reveal the premises from which the economics of Indian industry could be framed; it should make clear which of our current economic doctrines are applicable to Indian society and which are not. Strict logic would demand that this investigation should be a plain record of fact, and should be absolutely free from constructive speculation. But unfortunately it is not easy to collect economic facts without some bias of theory; the possibly relevant

facts are so numerous that it is only from a selection of them that any definite meaning can be extracted, and the very act of selection implies a theory. In the succeeding chapters, therefore, I propose to recognise the necessity of employing some theory about which the evidence can be grouped, and for the most part I shall make use of the familiar theories which have been framed for European conditions of industry; but it must be borne in mind that these theories are for India only tentative and provisional, and that they are to be accepted only if they are found upon examination to be adequate explanations of the Indian facts.

When the evidence has been collected and examined, it will be possible to point out the exact difference between the Indian and European type of industrial organization. I do not think that this can be done with profit now, but even in the present state of our knowledge it is possible to point to certain broad resemblances and contrasts between the two types. I do not think it can be maintained that there are economic forces at work in the one which are inoperative in the other. Thus, to take a specific example, I do not think that competition is a force of less importance in Indian than in European industry. I cannot find any support for the opinion that competition is in India neutralized by custom. Undoubtedly there is in India a great deal of what is known as 'economic friction,' impeding the operation of general laws; but in no country is economic friction absolutely negligible, and when we compare the agricultural classes of Europe with those of India, the difference between them in this respect is not very remarkable. At most, there is a difference in degree, and not in kind.

But if the economic forces are much the same in India and Europe, there is the greatest difference between the distribution of economic functions among the various classes in one society and the other. To

my mind the most important difference between the two types of industrial organization is this: in India the labourer usually works on his own account; in Europe he is usually a hired man, working for an employer. There are, of course, in each society some workmen of the type which is characteristic of the other. Thus, although in England the labourer usually works for an employer, and receives wages irrespective of the price at which his employer sells the product of his industry, yet there are a few examples of the labourer working on his own account, such, for instance, as the tinker and the cobbler, who are survivors from an earlier industrial organization. And in India there are some labourers who occupy the same position as wage-earners in Europe. In all Indian towns there is a considerable number of men engaged in manual labour who receive daily or monthly wages, but as the urban population is only a small fraction of the total population, they are relatively of small importance. In the villages also there are almost always a few persons serving for wages. But the great bulk of the labouring class of India are men who work on their own account, and not for an employer. In addition to supplying the labour necessary for the production of wealth, they direct industry and undertake the risks of production—that is to say, they discharge the functions of the entrepreneur or business manager in Europe.

Many important consequences follow from this distribution of economic functions, and they are those which most clearly differentiate the Indian from the European organization of industry. To the student this particular distribution of functions is important, because it invalidates the application to India of most of the current economic doctrines about the working classes. Thus the rate of wages, which appears to an American writer 'the paramount question to the vast majority of the people of civilized lands,' is a

matter of very slight concern to the working class of India.*

Dear bread, too, the apprehension of which causes so much anxiety to a working man in Europe, is to the small farmers who form the majority of the Indian population welcome evidence that their produce will fetch a good price. And to take a historical case: the inflation of the currency, which inflicted a great injury on the English working classes in the reign of Henry VIII., was in the last century a positive boon to the Indian working man, for it gave him a small but much-needed advantage over his creditor the village money-lender.

But it is not in its relation to economic theories, but in its bearing upon the production of wealth, that the distribution of functions most deserves attention. The part of the entrepreneur may be played by either the landlord, the capitalist, or the labourer, or, as is often the case in Europe, by a fourth person who is only an entrepreneur—one, that is, who leases his land, borrows his capital, and pays wages for labour, and whose only function is to initiate industrial operations. But the efficiency of industry will differ very much according to the class of man upon whom the responsibility of directing it happens to be thrown. The production of wealth is most likely to be large in countries in which, as in Europe, the direction of industry is in the hands of a man who by education and natural ability is specially fitted for the task. In Europe and America the ideal entrepreneur is a man fully conversant with all the processes of production, and always on the alert to discover more efficient or more economical industrial methods; he grades his workmen to their work according to their individual capacities, and he studies the demand of his market in

* 'The paramount question—the one which is of prime importance to the vast majority of the people of civilized lands—is, What makes the rate of wages?'—'The Distribution of Products,' by Ed. Atkinson.

order to dispose of the product to the best advantage. When industry is so directed, it is likely to terminate in the production of a greater volume of wealth than when it is controlled by an uneducated labourer who has to combine these delicate tasks with exhausting manual toil. In India the direction of industry is in the hands of men who have no chance of learning about new methods of production, new mechanical appliances, or of studying the condition of the market. The peasant who cultivates a small holding, for instance, is not in a position to learn of the existence of unfamiliar varieties of grain or cotton; he has no opportunity of finding out what devices for lifting water or crushing sugar-cane have been invented, or what degree of success they have achieved. His acquaintance with the market is confined to knowing of a demand which has clearly manifested itself; he has no means of ascertaining what the future movements of the market are likely to be. The hand-weaver is in the same position: he has no opportunities of learning of the mechanical improvements by which the efficiency of his loom could be enormously increased, and he continues to ply his craft in the fatiguing and ineffective fashion which his predecessors followed a thousand years ago. In these circumstances the total output of wealth cannot be as great as in a society in which industry is directed by men possessing technical skill, commercial knowledge, and administrative ability. Between one society and the other there is the same difference as there is between a mob and a highly-disciplined army led by competent officers.

The wealth produced in a country is the national dividend from which all the factors of production receive their reward. Where the national dividend is small, the share which falls to the labourer's lot is small also, and it is a natural result of his methods of production that the Indian labourer gets a scanty

reward for his toil. Theory and evidence alike confirm the paradox that where the labourer works on his own account, as in India, the reward of his toil is much smaller than where, as in England, he works for an employer.*

In some respects, however, the Indian industrial organization is more favourable to the labourer than the European. In Europe the labourer cannot begin to work without the permission of the employer; the land, the implements of production, and the raw material are all under lock and key, and the labourer can only get access to them if he complies with the terms which an employer offers him. The European workman who is thrown out of work not only sees his children ill fed and ill clothed through no fault of his own, but has to bear the added bitterness of the injustice of his misfortunes. Among the lower orders of labour there is the further danger that the workman will be degraded by the irregularity of employment. The man who has to get his living out of a little plot of land is at least free to work when and for as long as he likes, and has the strongest inducements to industry. To the Indian cultivator, ground down

* Those who amuse themselves by the manipulation of conjectural statistics may be interested in the result obtained by comparing Mr. F. J. Atkinson's estimate of the annual income of British India with Mr. Chiozza Money's estimate of the annual income of the United Kingdom. Such a comparison yields this result: Wages of 35s. a week in England represent the same proportion of the national dividend as Rs. 7 a month in India. I am inclined to think from personal observation that this is not very far from the truth: the man who earns Rs. 7 a month in India probably does occupy about the same position in the social scale as the artisan who earns 35s. a week in England. The figures for wages in 'Prices and Wages' are so untrustworthy that no statistical comparison can be made. The figures upon which the above calculation is based are:

	Population in Millions.	Income in Millions.
		£
United Kingdom	42	1,710
British India	231	584

between a rack-renting landlord and a usurious money-lender, it may be but small consolation to learn that the armchair philosopher thinks he is in a position which favours the growth of the economic virtues, but it remains true that he enjoys some advantages for which the English workman sighs in vain.

There is one other general observation to be made regarding the Indian organization of labour—namely, that it is one in which it is not possible that the division of labour should be carried very far. Owing to the necessities of agriculture, the people are scattered over the face of the country in small villages, and, owing probably to the defectiveness of communication in the past, these villages constitute self-sufficing industrial units; as the division of labour is limited by the possibilities of exchange, there is no opening in such villages for specialized skill. In agriculture, which is the main occupation of the rural population, this is not a great evil, because it has not in any country been found possible to carry the division of labour very far in agriculture; but the subsidiary industries would be made much more efficient if labour could be further divided. As however, the object of this book is to record the phenomena of Indian industry, and not to speculate upon the data we already possess, I will proceed at once to an examination of the facts. My survey will be confined to that portion of India which has been known at different times as the Ceded and Conquered Territories, the North-Western Provinces and Oudh, and the United Provinces of Agra and Oudh. My reason for confining attention to one particular province is to bring out distinctly the essential features of a particular type of industrial organization. Were I to attempt to embrace all India in a single survey, I should be compelled to subject every general statement to some qualification, and thus the distinctive features of the Indian organization of industry would

be blurred and confused; but in a particular province the economic conditions are sufficiently uniform to permit of general statements which present clear-cut and intelligible outlines. If the industrial organization which prevails in the United Provinces is found upon examination to be typical of the whole of India, then the examination of the type in one province is sufficient for the understanding of the whole country; if, on the other hand, it is found that in Madras and Bombay other economic conditions prevail, then there would be loss instead of gain in attempting to make general statements about two dissimilar economic types.

CHAPTER I

THE INDUSTRIAL UNIT: THE VILLAGE

In 1901 the population of the United Provinces was 47,691,782. This population was distributed among the following occupations, each occupation being understood to support not only the workers but also their dependents—*i.e.*, women and children, etc.

1. Administration	573,027
2. Defence	53,394
3. Service of native and foreign States ...	7,160
4. Provision and care of animals	522,683
5. Agriculture	31,180,660
6. Personal, household, and sanitary services	2,676,334
7. Food, drink, and stimulants	2,650,282
8. Light, fire, and forage	96,284
9. Buildings	123,499
10. Vehicles and vessels	6,170
11. Supplementary requirements	233,239
12. Textile fabrics and dress	1,890,129
13. Metals and precious stones	660,856
14. Glass, earthen, and stone ware	433,235
15. Wood, cane, leaves, etc....	560,523
16. Drugs, gums, dyes, etc.	130,671
17. Leather, etc.	349 395
18. Commerce	366,475
19. Transport and storage	545,807
20. Learned and artistic professions	622,184
21. Sport	20,164
22. Earthwork and general labour	3,134,231
23. Indefinite and disreputable occupations ...	132,055
24. Independent	721,385

It is not possible to institute an exact comparison between the distribution of the population in India and

England according to occupation, because the Census of the United Kingdom is prepared upon another principle. But the next table, which has been compiled from the Census of 1901 for England and Wales, is sufficient to give an idea of the profound difference between the industrial conditions of the two countries.

	Males.	Females.	Total of Males and Females.
Engaged in national or local government	171,687	26,500	198,187
Defence of the country ...	168,238	—	168,238
Professions and their subordinate occupations ...	311,618	294,642	606,260
Domestic services	304,195	1,690,722	1,994,917
Commercial	530,685	59,944	590,629
Conveyance of men, goods, and messages	1,249,000	18,825	1,267,825
Agriculture	1,071,040	57,564	1,128,604
Fishing	23,725	166	23,891
Mines and quarries	800,179	5,006	805,185
Metals, machines, implements, and conveyances	1,174,180	63,016	1,237,196
Precious metals, jewels, watches, etc.	130,731	18,707	149,438
Building and works of construction	1,042,864	702	1,043,566
Wood, furnishing, fittings, and decorations	233,000	24,592	257,592
Brick, cement, pottery, and glass	142,365	33,148	175,513
Chemicals, oil, soap, etc. ...	101,938	26,702	128,640
Skins, leather, hair, and feathers	80,071	25,270	105,341
Paper, prints, books, and stationery	188,057	90,900	278,957
Textile fabrics	492,175	663,222	1,155,397
Dress	414,637	710,961	1,125,598
Food, tobacco, drink, and lodging	774,291	299,518	1,073,809
Gas, water, and electricity supply and sanitary service ...	71,284	141	71,425
Other, general, and undefined workers and dealers ...	681,016	61,503	742,519
Total engaged in occupations...	10,156,976	4,171,751	14,328,727
Without specified occupation or unoccupied	1,977,283	9,017,834	10,995,117
Population over ten years ...	12,134,259	13,189,585	25,323,844

On comparing these two tables one fact immediately arrests attention, and that is the difference in the importance of agriculture in England and India. Of all the males occupied in England only 10·5 per cent. are engaged in agriculture, and there are no less than four other industrial groups in which the number of workers is greater than in agriculture. In India, on the other hand, agriculture is of such overwhelming importance that all other industries are reduced to insignificance in comparison. Out of a total population of 47,691,782 over 66 per cent., or 31,703,343, were returned in the Census as workers at, or dependents on, pasture and agriculture of all kinds. In addition to these, out of 7,852,553 other workers who declared their principal occupations to be unconnected with land directly, 666,692 recorded agriculture as a subsidiary occupation. The industry next in importance to agriculture, Order 22, 'Earthwork and general labour,' supports 3,134,231, and in the words of the Census Report (Part I., p. 262), 'It is almost certain that a very large number of them work principally on land.'

As two-thirds of the population of these provinces are supported by agriculture—and there is no single occupation which supports one-tenth of this number of people—all other callings may be classed as subsidiary industries, which subsist principally by assisting agriculture indirectly, or by supplying the wants of the agricultural population. The survey of the industrial organization of these provinces is therefore reduced to a description of the economic conditions governing agriculture.

The agricultural population is distributed as follows:

1. Zamindars	3,441,879
2. Tenants with some rights of occupancy ...	10,613,639
3. Tenants with no rights of occupancy ...	10,245,927
4. Sub-tenants	2,137,994
5. Agricultural labourers	4,362,774
6. Growers of special products	124,474
7. Agents, rent-collectors, forest rangers, etc. ...	253,973

Among the agricultural population ought also to be classed the majority of the 522,683 persons occupied in the care of animals.

The term zamindar covers all persons who have proprietary rights in the soil, and includes both landlords in the English sense and peasant proprietors. The Census of 1901 makes no distinction between these two, but in the Census of 1891 the zamindars were classified as follows:

Landed proprietors, not cultivating	545,728
Landed proprietors, cultivating	3,251,084
Total zamindars	3,796,812

As there is no reason to suppose that the proportion between these two classes has been materially disturbed, we may assume that the number of peasant proprietors is about 3,000,000; if to these we add the tenants and sub-tenants, we get a total of approximately 26,000,000 persons supported by the cultivation of small holdings. Thus, more than half the population of the provinces are petty farmers (including in this term the farmer's family) who raise food primarily for their own consumption, and who obtain the money which they need for rent, interest on debt, or the purchase of minor luxuries by the sale of their surplus produce.

This agricultural population is scattered over the level plains of the United Provinces in small villages, each village constituting an industrial unit which contains in itself all the labour, capital, and skill which are in India considered necessary for the cultivation of the soil. In almost every village there will be found representatives of three distinct industrial classes. The first of these are the landlords. The land upon which the industry of the village is expended belongs either to an individual landlord or landlords, or to a group of relations who constitute a body of joint proprietors; these landlords usually

belong to a socially higher rank than the majority of the rural population, and are thus in a position to command the respect of their fellow-villagers independently of the power which is conferred upon them by the monopoly of the land. Next to them are the petty farmers or cultivators, who constitute the largest of the three classes; these men rent from the landlord small parcels of land which they usually hold on a yearly tenure, and, were it not for the associations now inseparable from the term, they might be described simply as cottiers. The last class is made up of such artisans as the carpenter, the blacksmith, and the potter, who assist agriculture by making or repairing agricultural tools, or supplying the domestic wants of the agricultural population. To this class also belong the village servants, who perform the menial offices of the village, and who are the common drudges of the little community. Although the persons in this last category follow a variety of occupations, the whole class is relatively small, because there are few villages so large as to demand the services of more than one carpenter or potter.

These different classes are bound together by the solidarity of their interests. All the persons who are maintained, in whatever capacity, by one industry, have a common interest in its prosperity. When the raw material is imported from a great distance, or the methods of manufacture are complex, or the sale of the finished product is effected far from the factory, this solidarity of interest is apt to be obscured. But in a small community depending entirely upon agriculture, the sense of solidarity is strong; it is patent that all classes in an Indian village must suffer from a drought which suspends husbandry altogether, or from a frost, which kills the ripening grain in the ear. When the cultivator cannot sow his seed, the landlord has no difficulty in realizing that he can get no rent nor the artisans in anticipating similar misfortunes for

themselves. To this consciousness of interdependence must be added a sense of unity which springs from the comparative isolation of the village. Taken together, the two form powerful bonds which knit the inhabitants of the village into a very compact industrial unit. But solidarity of interest is not incompatible with competition, nor does familiarity necessarily beget friendliness;* and in a Indian village there are the same motives which prompt men to pursue their economic interest as in all industrial communities.†

The landlord desires, as a rule, to let his land to the best advantage; the tenant is anxious to pay as low a rent as possible, and to sell his produce for the highest price it will fetch. When he finds that he can make a larger profit by raising wheat than by growing sugarcane or cotton, he does not hesitate to pursue the course which he thinks most advantageous. The artisans realize when there is a demand for their services and transfer themselves to places (outside the village) where they are most highly rewarded. Even the lowly menials whose part in the social system has for generations been degrading drudgery, struggle to improve their lot, and when an opportunity presents itself engage in the cultivation of land like their betters. The readiness with which they have in modern times turned their freedom from caste restrictions to account is in itself a proof that they have a quick eye to their economic advantage. Inside the narrow circle of the Indian village competition is the rule, as it is in the wide sphere of international commerce. But it is competition among persons who are for the most part

* As a matter of fact, the country-folk, both in India and in England, seem more pertinacious in their quarrels than the inhabitants of the towns.

† Since the publication of Mr. B. H. Baden-Powell's book on 'The Origin and Growth of Village Communities in India,' it is hardly necessary to show that there is no community of property in an Indian village in the sense understood by Sir H. Maine.

illiterate, who know nothing of the world beyond the village, and who are for practical purposes imprisoned in the narrow circle of familiar fields. Such men have not the facilities to improve their position which are accessible to every boy in London and in New York. In respect of the most important factors governing their material life they are helpless, and competition is more often a name for the action of inimical forces against which they are powerless to contend than of their own endeavours to ameliorate their lot.

Competition working in these conditions will inevitably bring about results dissimilar to those which follow from its operation in the conditions of English or American industry; but this dissimilarity is no ground for arguing that competition does not exist. In dealing with rent, prices, and the indebtedness of the peasantry, I shall have the opportunity of examining in detail the effects of competition in the rural community. What I wish to emphasize here is that economic forces operate in a circumscribed area, that the industrial unit upon which attention must be concentrated is the village, and that each village is self-sufficient and economically independent to a degree which surprises those who are familiar with the plexus of interests by which the different provinces of European countries are united together.

CHAPTER II

PUBLIC AND PRIVATE OWNERSHIP OF LAND: THE LANDLORD AND THE GOVERNMENT

To the economist the ultimate justification of private property rests upon the conviction that the surest way to bring about the abundant production of wealth is to secure to the producer the free disposal of what his exertions have produced. This general argument in favour of private property does not, however, afford any vindication of private property in land. Land is the free gift of Nature, and its extent and productive capacities are not (except in rare cases) due to the exertions of the landlord, and therefore no privileges or disabilities imposed upon the landlord could affect the productiveness of the land. Indeed, there is no reason to suppose that the production of wealth would be impeded in a society which did not recognise private property in land at all, as long as the use of the land was guaranteed to the cultivator for a season.

But though the landlord cannot nowadays rest his claims to the exclusive ownership of land upon the same fundamental principle which justifies other forms of private property, it is probable that in earlier ages he rendered services to industry which fairly entitled him to a share in the product. Those services consisted in the protection of industry. In the lawless condition of early society the chief who could assure the agriculturist of security and enable him to reap the crop which he had sown, performed a most

valuable service to industry, for which, according to the strictest economic reasoning, he was justified in claiming a share in the product. But with the growth of settled government, the necessity for the services of the local landlord has declined; his primitive functions are now discharged by the State, and therefore his claim to the exclusive ownership of a certain portion of the earth's surface has not the economic justification which attaches to other forms of private property.

With this economic theory may be contrasted the English and American practice of regarding land as the absolute property of the landlord. According to the English doctrine the land is the landlord's to do as he pleases with, and he has as good a right to drive the best bargain he can in letting it, as he has to sell his cattle or his grain to the highest bidder; he is responsible to no one for the use to which he puts the land.

The Indian conception of landed property may be regarded as a compromise between these two extreme views. In India the landlord's title to the land is acknowledged, but it is a title subject to very considerable limitations. On the one hand, his ownership is limited by the claim of the State to a joint interest in the land, and, on the other, by the claims of the tenant to a semi-proprietary right (to fixity of tenure) in his holding.

Theories respecting land tenure have always been to the Indian Government questions of great practical importance, because from time immemorial the revenue derived from land has been the mainstay of State finance. The land revenue is that proportion of the private landlord's income* which is claimed by the

* The landlord's income is known in official literature as his 'assets,' a term which covers rent and other advantages accruing from the ownership of land.

'These "assets" mainly consist of the total rents actually received,

State, and in determining the principles upon which this land revenue should be assessed the Government has been compelled to consider the theories governing the ownership of land. Upon no other question of public policy in India is the literature so voluminous or controversial as that relating to the assessment of land revenue. Official opinion has been swayed first by one theory and afterwards by another the most opposite, and even if we may assume that a settled policy has at last been reached, the controversy is still so fresh that abstract speculations regarding the ownership of land have a very practical interest for Indian students. For convenience of reference, the three opinions which have principally influenced the discussion upon the ownership of Indian land will be referred to as (1) the Economic doctrine, (2) the English doctrine, and (3) the Indian doctrine. These names have not much claim to accuracy, but they are distinctive and convenient.

The rigid application of the Economic doctrine would seem to require that private property in land should be abolished, and that all land should become the property of the State; in other words, that the land should be nationalized. In old countries, however, this is hardly ever a practical policy, because the State has usually recognised the rights of certain persons to a beneficial interest in the land, and these rights cannot be withdrawn without injustice. But although the State is pledged to maintain the existing privileges of the landlord, it might legitimately appropriate to itself all future increments in the value of

---

together with the calculated rental value of lands held by the proprietors themselves, or allowed by them to be rent free; to these may be added any other sources of profit, such as valuable waste lands, income from grazing, fruits, and wild produce, etc. The rental assets are, of course, the principal thing.'—'A Short Account of the Land Revenue and its Administration in British India; with a Sketch of the Land Tenures.' by B. H. Baden-Powell.

land, and thus place existing landlords in the position of annuitants drawing a fixed income from the land, but having no power to control the use of it.

This was the view taken of land in India by those who maintained that the land revenue was not a tax, but was rent. It was asserted that the State in India had never divested itself of its supreme proprietary right in the land; the most that could be asserted was that Indian rulers in the past had recognised the tenant's claim to fixity of tenure; but while recognising his right not to be dispossessed from his holding as long as he paid his rent to the paramount landlord, they had actually exercised their privilege of appropriating to the State the whole of the increased value of land. This view was fortified by the reflection that it is the State which now renders to agriculture, and to all industry, the services which the zamindar used in lawless days to perform; it is the State which now confers upon the agriculturist security in which to pursue his industry, and it is the State which executes most of the permanent improvements upon the land—such as irrigation-canals, drainage-cuts, roads, and railways. According to this view of the relation of the State to land, the Indian zamindar was but an agent for the collection of the State revenue, and he was entitled to nothing more than a percentage of his collections as a recompense for his trouble. This view gained support from the fact that a considerable number of persons who are now recognised by the British Government as the owners of estates were originally nothing more than farmers of the revenue—*i.e.*, persons who accepted the contract of collecting the Government Revenue on condition of keeping to themselves a certain percentage of their collections. The practical application of this view would, of course, have been to raise the land-tax so as to take from the zamindar all profits in excess of those surrendered to him at the last settlement. The theory of State land-

lordism was opposed by all who wished to see a limit placed upon future assessments, and who looked upon the land revenue simply as a tax upon agriculture, to be kept within the same limits as taxes upon other industries. In the course of this controversy, which was long maintained and very ably debated, the Under Secretary of State for India, Sir L. Mallet, put forth a novel vindication of private property in land. 'The function of rent,' he argued, 'is to restrain the undue pressure of population on the soil. The presence of rent is the result of the demand for land pressing on the supply. The private landlord performs for society functions analogous to those of the "forestaller" or "regrater," in adapting demand to supply, population to means of subsistence. His demand for rent is a warning to pass on to unoccupied lands and pastures new, or to cease to increase and multiply without replenishing the earth, and it is a warning which cannot be disregarded with impunity or by the juggler's trick of taking the rent from the agricultural class in the name of the State and handing it back to the whole population as proprietors of the soil.'*

Interesting as is the question of the nationalization of the land, it is useless to discuss it any further here, because the Government of India has definitely repudiated such a conception of its rights in the land. 'The British Government has everywhere conferred or recognised a private right in land, and in large areas of country—Bengal, Oudh, and the whole of Northern India, for example—it has expressly declared the proprietary rights of the landlord and the village owners. It is, then, impossible any longer to say broadly that the State takes a rent from the landholders regarded as tenants. There are no doubt cases where Government is the immediate owner of particular lands, as it is of all waste and unoccupied

* 'Sir Louis Mallet: a Record of Public Service and Political Ideals,' by B. Mallet, p. 117. London: John Nisbet and Co.

land in general; but we are speaking of cultivated land in villages and estates. The Government is certainly not owner of this; the utmost it does is to regard the land as hypothecated to itself as security (in the last resort) for the Land Revenue assessed upon it.'*

The Economic doctrine has therefore never been applied to the ownership of land in India; and since the State has formally recognised private property in land the landlords have as good a title to their estates as any owners of property. I hold most strongly that when once the State has recognised the legality of private property in any commodity, be it in land or slaves, or any other form of wealth, the owner cannot be dispossessed of it without fair compensation. Whatever arguments may be found in abstract reason against private property in land, they do not release the State from the pledge which it has given by recognising the legality of this form of property.

But if the Economic doctrine may be considered to have now only an academic interest the same cannot be said of the English doctrine. English conceptions of landed property have in the past greatly influenced the Land Revenue policy of the Government. The English officials who took over this province at the beginning of the nineteenth century were anxious to create in India a body analogous to the landlord class in England. This end they believed would be realized by fixing the land-tax in perpetuity. By this means the landlord would know exactly what sum he had to pay to the Government every year, and he would have the strongest inducement to improve his estate in the knowledge that anything which he could make from it over and above the land-tax would be his private property and not subject to any imposition from the State. Soon after the acquisition of this province at

* 'A Short Account of the Land Revenue and its Administration in British India,' B. H. Baden-Powell, p. 49.

the beginning of the nineteenth century, the Government therefore formally declared its intention of making a permanent settlement with the landholders —that is to say, of fixing in perpetuity the tax upon rent. This intention was stated unequivocally in a circular, issued by the Commissioners who then discharged the functions of the Board of Revenue (Messrs. R. W. Cox and H. G. Tucker), to all collectors, dated September 7, 1807.

'It is almost unnecessary to observe that principles which scarcely admit of a question, and which recent experience in the Lower Provinces* may now be considered to have established in the most satisfactory manner, point to the expediency of limiting the demand of Government upon land; and the Governor-General in Council, in enacting Regulation 10 of 1807, has evidently had in view to extend to the Ceded and Conquered Territory* the benefits which have already been realized in Bengal from the practical operation of those principles. The permanent settlement concluded in the Bengal Provinces has notoriously been attended with the happiest success, and the flourishing state of those provinces must, we think, be ascribed in an eminent degree to that wise and salutary measure. . . . We consider it to be a point established that it is desirable to extend to the Ceded and Conquered Territory the benefit of a permanent settlement whenever circumstances may admit of it, and the chief object of our present reference to you is to ascertain how far the present state of your district encourages an opinion that the ensuing settlement can be declared permanent, consistently with a proper regard to the rights of the landholders and tenantry, and to the interests and just expectations of Government.'†

* Lower Provinces = Bengal; Ceded and Conquered Territory = Province of Agra.

† Selections from the 'Revenue Records of the North-Western Provinces, Allahabad,' 1873.

Even as late as 1820 this was still supposed to be the official view. In a minute dated May 24, 1820, Mr. J. Adam wrote: 'It is agreed on all hands, in this country at least, and will not, I apprehend, be denied by the Honourable Court, that the Government is pledged, sooner or later, to impose a limitation on the public demand from the land in the Ceded and Conquered Provinces.'*

For the Indian tenants it was a fortunate accident that the local officers, to whom the Commissioners addressed themselves in 1807, did not believe that the time had then come for making the settlement permanent. Their grounds for this opinion were that the country was at that time still very impoverished and depopulated. There is abundant evidence that this was the case. Almost all the early collectors deplore the depopulation of their districts, and refer to 'extensive tracts of waste land.' Nothing has brought so vividly before my own imagination the thinness of the population in those days as an account given by an English traveller in 1794 of his journey through a country which I know well. This is how he describes his ride from Koïl (*i.e.*, Aligarh) to Jalali, a townlet some fifteen miles from Aligarh:

'The country resumed its desolate appearance. It was a flat waste abandoned entirely to Nature, no sign of human industry being visible. All that broke the uniform surface was a waving line traced faintly in the sand by preceding travellers, who seemed to have followed the footsteps of each other as I did theirs. . . . At five in the afternoon a village built upon a sandy protuberance, which rose above the general level, appeared before us towards the horizon.'†

In the course of the last century the aspect of the country has been entirely changed. At the present

* 'Revenue Records of the North-Western Provinces, Allahabad,' 1818-1820, p. 202.

† 'Travels in India One Hundred Years Ago,' Thomas Twining. London: J. Osgood McIlwaine and Co., 1893.

day the road from Koïl runs through an almost unbroken series of crops and gardens to where Jalali lies bosom'd high in tufted trees.'

The local officers, in reply to the Commissioners, deprecated a permanent settlement as long as the country was so thinly populated. They foresaw that under a settled Government large tracts of land, then waste, would be brought under the plough, and that by a settlement made before this land was brought under cultivation, the Government would be debarred from all share in the profits of agriculture in these tracts. The Commissioners themselves, after an extensive tour, decided that a permanent settlement would be unwise 'while the population was so limited compared to the extent of its area.'

The permanent settlement was, therefore, not rejected, but merely postponed. It is interesting to note that those who deprecated the immediate introduction of a permanent settlement did not foresee what was to Mill the greatest objection to fixing an immutable tax upon rentals—namely, that in a progressive society the value of land is always rising without any effort on the part of the landowners. 'The ordinary progress of society which increases in wealth,' Mill truly observes, 'is at all times tending to augment the incomes of landlords; to give them both a greater amount and a greater porportion of the wealth of the community, independently of any trouble or outlay incurred by themselves. They grow rich, as it were, in their sleep without working, risking, or economizing. What claim have they, on the general principles of social justice, to this accession of riches? In what would they have been wronged if society had from the beginning reserved the right of taxing the spontaneous increase of rent, to the highest amount required by financial exigencies?' In the course of the nineteenth century the landlords of the United Provinces did indeed grow richer, as it were, in their

sleep, because the price of agricultural produce rose enormously with the growth of population, the development of means of transport, and the inflation of the currency, to none of which can the landlords of India claim to have contributed.

But these arguments against a permanent settlement were not present to the minds of the English officers of the first quarter of the nineteenth century. They were in sympathy with the proposal to fix the land revenue in perpetuity, but they advised that that decisive step should be postponed until the country was more fully populated. The result of this postponement was that they became better acquainted with the Indian conception of land tenure, and as this acquaintance deepened they modified their preconceived notions of the absolute proprietary rights of the landlord. From the first the Government had shown a laudable desire to make settlements of the land revenue with the actual landholders and not with contractors who offered to farm the revenue for them. They were conscious of their ignorance of essential facts; they did not know who the actual landholders were, and they directed their officers to make inquiries upon this point. The answers which they received are evidence of the perplexity into which new names and unfamiliar proprietary rights had plunged the English officers. In reply to the Board's circular regarding tenures (1808) Mr. T. Balfour wrote from Gorakhpur: 'The ancient landlords, whether under the denomination zemindar, talookdar, rajah, or baboo, are admitted to have a proprietary right.' His neighbour, Mr. W. J. Sands, the collector of Bareilly, on the other hand, describes the 'talookdar' as a person who held estates in farm from the Government, and declares that the 'talookdar' usually asserted no claim to proprietary rights; 'there are, however, some,' he says, 'who from long possession assert a right, and deny the proprietary right of the village

zemindars, who, on the other hand, assert claims on written documents, and as the acknowledged heirs of reputed proprietors of the soil.' Mr. Sands, however, fails to arrive at any very definite conclusions. 'The proprietary right in the soil of the acknowledged proprietors is extremely doubtful. From the great facility with which in this part of the country deeds are produced, it is difficult to decide the right, if any should really exist.'

The result of their study of land tenures was to convince the English officers that there were in India sub-proprietors, who had undeniable rights, and that these rights had been overlooked in the permanent settlement which was made with the landholders in Bengal. Sir J. E. Colebrooke, in a minute dated July 12, 1820, speaks of the 'melancholy results of the errors of the Permanent Settlement in the Lower Provinces.' He goes on to say: 'The errors were twofold; they consisted, firstly, 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.' Colebrooke was a warm advocate of the principle of permanent settlement, for he closes his minute with these words: 'On the eve of finally quitting the country in which I have resided forty-two years, and a service in which, through the early partiality of the late Warren Hastings in selecting me for Persian Secretary to the Government as long ago as the beginning of 1780, I have borne an efficient and responsible part from the age of eighteen, I should feel a true satisfaction if, by the last act of my official existence, I could flatter myself in having contributed to secure the blessings of a limited assessment to that

portion of the British territories in which the last twelve years of an active life have been employed.' Colebrooke wished to obviate the 'melancholy errors' of the Permanent Settlement in Bengal by the legal recognition of the rights of the tenants, occupants, and sub-proprietors; he urged that 'a short enactment, declaring the resident tenants to be not removable as long as they continue to pay the same rent which they have paid during the last five years or in the last year preceding the year in which the Settlement with the zemindar will begin to be permanent, would secure, even in these estates, the benefit of such permanency to every class of the agricultural community.' Colebrooke's conception of a permanent settlement was, therefore, of something very different to the measure which has enriched the landowners in Bengal. If his suggestion had been accepted, the landlords of this province would at this day be receiving a bare 10 per cent. on the rental of the land under cultivation in 1820. Other officers besides Colebrooke realized that the tenants and sub-proprietors had rights which the English servants of the Company had at first ignored. Mr. H. Newnham (in giving evidence before the Select Committee on the affairs of the East India Company in 1832) said: 'We (*i.e.*, the English) recognise no rights in the ryot. I do not believe we have upheld the rights of the ryot in any part.' And he proceeded, in words which show the change which was coming over official opinion: 'In a few cases there is hereditary affection between the ryot and the zemindar, so that he sets his rent to the Government demand; but in most cases only the zemindar would profit by a permanent settlement.'

With the realization of the tenant's rights, it became clear that no settlement could be made in perpetuity which did not give legal recognition to these sub-proprietary rights. As it was impossible to attempt

legislation until the Government was in possession of detailed information respecting the various forms of tenure actually recognised in the country, it was decided to prepare 'a record of rights' in every village or estate before settling the land revenue which it was to pay. This decision was embodied in Regulation VII. of 1822, which marks the first departure from the English doctrine of landownership.

The Regulation of 1822 was excellent in principle, and indicates the tendency to recognise what I have called the Indian conception of landed property; but the Regulation could not be efficiently worked partly by reason of some assessment difficulties and partly because of the deficiency of local establishments and the burden thrown on the settlement officers who had to inquire into and decide rights at the same time that they were assessing the revenue. The progress made under this Regulation was so slow that in the Aligarh district, for example, only 127 villages were resettled in seven years, the average being nineteen per annum. It was evident that at this rate of progress the settlement of the province would be indefinitely postponed, and after a special committee had sat to look into the whole matter, an amending law was passed, which is known to history as Regulation IX. of 1833. The principles then laid down have never since been departed from, and ever since that date it has 'remained a distinct feature of the system that the settlement involved two branches of work—(1) quasi-judicial, (2) fiscal. The first was concerned with the ascertainment and record of rights, and the second with the valuation of land and the assessment of the revenue demand, and the adjustment of rents of tenants.'*

Under Regulation IX. of 1833 settlements were made for a period of thirty years. The principle of permanent settlement was not officially discarded, but

* 'Land Revenue and Tenure in British India,' B. H. Baden-Powell.

with the modification of the English doctrine of landownership the desire to see it introduced declined, and the decision upon this point was therefore postponed. In the course of the ensuing thirty or forty years the rise in the value of agricultural produce, followed by a rise in rents, brought home to the officers of the Government the fact that there might be a rise in the value of land due to the progress of society to which the owner of the land had not contributed; it is probable, also, that they were influenced by the growth of economic opinion in England, and the writings of J. S. Mill, which predisposed them to sympathize with proposals for keeping all increase in the value of land in the hands of the State. Whatever the cause may have been, official opinion had swayed by the time the first settlements made under Regulation IX. of 1833 came up for revision from the English doctrine of landownership and approximated to the opposite theory of land nationalization. Opinion eventually came to rest on a compromise between the two extreme views, and the theory now generally held is that to which I have given the name of the Indian doctrine of landownership. The right to private property in land is recognised, but it is subject to two limitations, the first of which consists in sharing with the Government all increments in the income derived from land, and the second consists in the recognition of the semi-proprietary right of the tenant to fixity of tenure.

The Indian landlord may well have thought that the distinction between rent and tax was a mere matter of words. What was of practical importance was the amount which the State collected from him in the shape of land revenue. The two questions of importance to him were (1) what was the proportion of his gross income from the land which he would have to surrender to the State, and (2) upon what principle the officers of Government would estimate his income.

The last is of as much practical consequence as the first, for if his income is moderately estimated, the landlord can afford to pay a large proportion of it; whereas an assessment which professes to be only a small proportion of his income may be very burdensome in fact, if that income has been overestimated.

With regard to the first, the answer is easily given. In the last hundred years the Government has surrendered to the landlords a constantly increasing proportion of the income from land. The following table* shows the gradual increase in the share of the 'assets' which the proprietors have been allowed to retain:

Year.	Share of Assets surrendered to the Proprietors.
1812	10 per cent. of prospective assets.
1822	20 „ „ „
1832	27½ „ „ „
1849	33⅓ „ „ „
1855	50 „ „ „
1885	50 per cent. of actual assets.

It is rather startling to find that the officers who were desirous of creating a body of English landlords in India were at the time levying a tax upon land equal to 90 per cent. of the assets. Nor were their estimates of the assets lenient. In many cases we know that their assessments represented an increase upon the demands of the Government to which they succeeded.†

These estimates, too, were constantly being revised, and usually enhanced. The fiscal history of the province, until the passing of Regulation VII. of 1822,

* From the 'Statistical Atlas of India,' p. 57.

† In Mainpuri, for instance, 'we find that these assessments were fixed at a considerable increase on the Jama formerly realized by the Nawab Wazir's Government, partly, as the Collector admitted, through higher offers being made, and partly on the summary inquiries which had been instituted into the capabilities of estates' ('Mainpuri Settlement Report, 1875,' M. A. McConaghey and D. M. Smeaton).

was one of constant change. The following settlements were put in force in different districts at slightly different dates, but in order to give an idea of their chronological place in fiscal history I give the dates upon which they took place in Mainpuri:

The First Triennial Settlement	...	1802-3 to 1804-5
The Second Triennial Settlement	...	1805-6 to 1807-8
The Quadrennial Settlement	...	1808-9 to 1811-12
The Quinquennial Settlement	...	1812-13 to 1816-17*

In the eyes of later officers better acquainted with the people and with scientific principles of land settlement, these early assessments appeared excessive and very hastily framed. 'The main end' (of the first triennial settlement), wrote Mr. McConaghey in 1875, 'apparently seemed to have been to obtain as much of the gross produce of an estate as possible, compatible with reservation to proprietors of such a quota as would not drive them to refuse engagements.' One mitigation of the severity of the assessments was found in the ignorance of the officers of the time. Of the third, or quadrennial settlement, we have a few details. Mr. Batson, who settled part of Mainpuri, first gives an account of the precautions against fraud which he had taken in framing his estimates, and concludes thus: 'Nothing further occurring to me at present as necessary to observe on the mode by which I formed my gross estimate, I have only to remark that the assessment is by no means equal to what the *pargannah* could bear, as I have since the conclusion of the assessment been informed by a respectable native, that it is only in the small estates where I have come near the true assets. He states that in the larger ones I am sometimes 20 per cent., but in general not within 30 or 35 and 40 per cent. of the true resources.'

* This settlement was in most districts continued for several terms of five years—first by Regulation 16 of 1816, then by Government order in 1822; again from 1827 to the end of 1832.

But in spite of miscalculations such as this the burden laid upon Mainpuri was, in the opinion of succeeding officers, unduly heavy.

The same story is told of other districts. The early fiscal history of Aligarh was very carefully investigated by Mr. W. H. Smith in his Settlement Report (1874). He asserts that there was an enormous increase in the revenue up to 1833; it rose from Rs. 1,929,978 in 1804-05, to Rs. 3,314,022 in 1815-16, or 71 per cent. in twelve years. No figures are recorded for subsequent years, but 'we may infer that the total enhancement of revenue in the territory now forming Aligarh from 1804 to 1833 was little less than 100 per cent., and it is certain that the greater part of this increase is due to the twelve years before 1816.' This enormous increase of revenue seems to suggest an increasing severity of taxation, but the facts do not altogether bear out this interpretation. The extension of cultivation was even more rapid than the enhancement of revenue. Before the establishment of British rule the district was very thinly populated, as was shown above from the evidence of an eye-witness in 1794, and in 1807 the collector wrote to the Board of Commissioners that 'the district was in a very uncultivated condition in consequence of former misrule, that frequent revolutions in the Government, the rapacity of the public officers, and the extortion of the farmers (of the revenue) had checked the growth of population, that the ravages of the famines of 1783 and 1793 were not yet overcome, and that the district was altogether in an impoverished state.' Population returned to the district and waste land was brought under cultivation as soon as peace and security were established. Mr. W. H. Smith's calculations are as follows: 'I am rather under the mark in concluding that in 1840 cultivation in Aligarh, even since 1815, had doubled, and that since 1803 it must have more than doubled. In 1815, too, the revenue rate on culti-

vation was Rs. 3/6/5 per acre; in 1840, though the revenue was increased, it only fell at Rs., 2/3/1 per cultivated acre. It would therefore appear that while the most wretched accounts of the district were being written, and there can be no doubt that the collectors faithfully gave their impressions at the time, land was being brought under the plough at a rate increasing at least 100 per cent. in thirty years.'

There are two infallible tests by which we can judge whether an old assessment was in practice excessively severe or not. The assessment was certainly excessive (1) if the Government was unable to realize the demand, and (2) if estates were constantly changing hands. Judged by the first of these tests, the early settlements were excessively severe. Inability to realize the full revenue was a common characteristic of all the Governments in India in those days, English as well as Muhammadan. Attempts are sometimes made to give them credit for it by describing their system as one in which there was great elasticity of collection. 'Elasticity of collection' must always be characteristic of a revenue demand which it is physically impossible for the people to pay. If the people cannot pay, the demand must be remitted. The British Government of the early years of the nineteenth century are entitled to whatever credit may be thought to attach to such 'elasticity of collection.' The revenue demands of the first Triennial Settlements were rarely collected in full. In Aligarh Rs. 2,457,253 were demanded for the last year of settlement, 1807-08, of which Rs. 1,934,385 were collected; and in most districts 'balances,' as arrears were then called, accumulated. The proof that the Collectors were right in anticipating that the country would recover under a settled government is to be found in the fact that it was possible to collect the revenue under the Second Triennial Settlements at all, although they were not more lenient than the first.

As Mr. McConaghey says of Mainpuri: 'Although heavy balances did accrue, still the collection of the revenue seems not to have been attended with that insuperable difficulty which characterized the first four years of our rule.' As years advanced balances became less common, and though, to the humane and scientific Settlement officers who succeeded, these early assessments appeared excessive, it is clear that the people must for some reason have been in a better position to pay them than at the commencement of the century.

The second test of the severity of the revenue demand is whether landed property was constantly changing hands. This question was examined by Mr. W. H. Smith with considerable care with regard to Aligarh, and the case of this district may be accepted as typical of the province. In 1811 Mr. Newnham gave a very unfavourable account of the condition of the people in this district, and as late as 1831 Mr. Stirling described it in even darker colours.' 'Almost all the villages in this district,' he wrote, 'have been mortgaged, farmed, or given over to creditors. A few intriguing, dishonest, and avaricious men have by indirect means possessed themselves of the greater portion of the most flourishing estates in this district. These changes of property have upset all kinds of village rights and the individual claims of cultivators, among whom tenfold more distress has been occasioned than has been experienced in any district of which I have had charge.' This is the 'wretched account of the district' to which Mr. W. H. Smith refers, and his examination of this charge is worth quoting. After showing how cultivation had extended, he goes on to deny 'that almost all the villages were alienated up to 1831,' and he gives details and names to show that the old proprietors had in general maintained their lands, and he concludes by saying: 'Nowhere can I trace any signs of a

general movement of property. . . .' The fact that from 1810-11 to 1813-14, a space of four years, 228 villages were put up to sale and sold for an average of one year's revenue looks bad in itself; . . . but land had no marketable value, and no purchasers could be found; Government had to buy up at nominal prices. . . . In fact, the zamindars seem to have considered the sale regulations as a kind of Insolvency Act, which released them from their embarrassments and gave them a fresh lease of their villages on more favourable terms.

'From all the authorities and facts which I have considered my deductions are as follows: That at the time of the conquest the entire district was in a terrible state of disorganization, that population was defective and much land out of cultivation, that the zamindars generally were in a depressed and unsettled state, and that they were called upon to pay a very heavy revenue* before they had recovered from the injurious result of former misrule, but that the good effect of our rule very soon became manifest. With the aid of remissions and reductions which were largely resorted to—in other words, by lenient treatment—they tided over times of difficulty. Meanwhile, population and cultivation alike increased, and within thirty years there was double as much land under the plough as before, while the assessment having been, with few exceptions, left untouched after 1819, the incidence of the revenue rate on the cultivated area fell lower and lower, and at the end the people were paying half the rate for double the amount of land. No doubt the revenue was even then heavy, and from time to time may have caused much individual and partial distress; but on the whole the landowners of the district maintained their original position, and the general result of

* The rate of Rs. 3/6/5 per acre on cultivated land is proof of this. It could only have been paid while there was a large amount of land to bring under cultivation.

the thirty years was a constantly improved revenue administration, and in the mass an enormous amelioration in general progress and prosperity.'

Considering how deeply imbued Mr. W. H. Smith was with the humane principles which guided the second settlements made under Regulation IX. of 1833, and how intimately he was himself conversant with the actual condition of the people, his review of the fiscal history of the first part of the century may be accepted as substantially just. Since his day the rules of assessment have been elaborated in detail, but the general principles have remained unaltered.

The land revenue in these provinces is now '50 per cent. of the actual assets' of the landlord; the practice of fixing the revenue at 50 per cent. of what it was anticipated the assets would rise to in the currency of the settlement has been definitely abandoned, and the proportion claimed by Government is one-half of the income actually enjoyed by the landlord at the time of making the settlement. When first Regulation IX. of 1833 was put into force, the assets of the landlord were ascertained by an elaborate system of land valuation: the settlement officer made classifications of the soil, estimates of the average yield per acre, analyzed the different crops according to the rent paid on their cultivation, and instituted elaborate researches into the prices of agricultural produce. But that method was soon abandoned, because attention was more and more drawn to the rents paid by tenants, and these were accepted as a natural standard of the value of different lands. In fixing the assessment, the business of the settlement officer is, therefore, now circumscribed to the limited, but by no means easy, task of ascertaining what are the rents actually paid in the district. When the total rental assets of a village have been ascertained, there may be some addition to be made on account of manorial profits (as it is often the custom to call them), and possibly to

allow for some valuable waste which is not assessable acre by acre at full rates, but still should not be allowed to be wholly disregarded. Of the total assets, from 45 to 55 per cent. is declared to be the proportion payable to Government as land revenue; 50 per cent. is supposed to be the rule, but it has been officially stated by the Government of India that 'it is not often, indeed it is rarely, taken.'*

Whether the tax even so reduced is excessive is a political and not an economic question. There is only one point of view from which we can consider it here, and that is whether any further reduction in the land tax would stimulate agriculture. In the United Provinces the land is mostly held by landowners who are not themselves cultivators, but whose income is derived from the rents which they draw from cultivating tenants; the land tax which they pay is, therefore, a tax upon rents. It is hardly necessary to demonstrate that a tax upon rents does not affect the agricultural industry itself. To the man actually engaged in agriculture—that is, to the cultivator—it must be a matter of absolute indifference whether the landlord keeps for his own use, or divides with the Government, the rent which he levies from his tenants. The amount of rent is determined by competition among the tenants, having in view the advantages which the land offers them, and as long as private property in land is recognised, it is difficult to see how the landlord can be prevented from making a profit out of the ownership of natural advantages which are restricted in quantity. Rents would be levied even if there was no Government land revenue, and would be of the same amount as at present, because the remission of the land tax would not either diminish the demand for land or increase the supply of it. The effect of the land tax is only to reduce the

* Resolution issued by the Governor-General in Council on January 16, 1902.

profits which the landlords draw from the ownership of a natural monopoly. That those profits are not at present inconsiderable is shown by the fact that in the United Provinces the average selling value of revenue-paying land represents twenty-eight years' purchase of the land revenue. This is the official calculation for the year 1899-1900, based upon the records of private sales, and from these records it appears that the price of land is rising, as in 1891-1892 the prices paid represented twenty-two years purchase.

The general conclusion to be drawn from the facts set forth in this chapter is that the Indian system of land tenure is something intermediate between complete nationalization of land and absolute private property in land. To the extent of one-half, the State is able to appropriate that unearned increment in rental incomes which is due to the development of the country, and to this extent to lighten the burden of the general taxpayer. But except for this contribution to the public exchequer, the economic position of the landlord is not affected by the land revenue laws. He receives rent for the use of the natural and indestructible properties of the soil, and he raises that rent when the growth of population and the development of the country makes it profitable to bring poorer lands under cultivation. The object of the following chapter is to show how the growth of population has placed the landlord in a position of economic advantage when making a bargain with his tenants, and how the landlord has in the main followed his own interest with results not very dissimilar to those prevailing in Ireland. It will afterwards be shown what restraints have been placed upon him in dealing with his tenants, so as to give legal effect to the second limitation upon the power of the landlord, which I described as characteristic of the Indian conception of landed property.

CHAPTER III

THE COMPETITION FOR LAND: THE LANDLORD AND THE TENANT

THE object of this chapter is to illustrate the action of competition in determining Indian rents. The legislation by which tenants have been in some measure protected from the operation of free competition will be dealt with in the succeeding chapter.

It has sometimes been maintained that in the first half of the nineteenth century, rents in these provinces were not determined by competition at all but by custom. It is difficult to imagine a society in which economic causes were totally inoperative, and I do not think that there is sufficient evidence to justify us in maintaining that such a state of things ever existed in India. What I believe is true is that the economic and other conditions of those days were favourable to low rents and permanence of tenure, and that these conditions lasted long enough to cause English observers to believe that they were prescribed by custom. In the beginning of the nineteenth century the landlord was not in a position to drive a hard bargain with his tenant. In the first place, land was abundant and tenants scarce; if a tenant was driven away by harsh treatment, it was almost impossible to replace him. In the second place, the landlord's tenants were also his retainers, and their support was not less important to him in war than in cultivation. The occasions on which the landlord had need to

muster every available fighting man were not rare in those days. In the States under independent Indian rulers, there was the annual skirmish with the tax-gatherer, whose approach was usually resisted by force of arms. Even under British rule such behaviour was not unknown. From 1805 to 1815 in the Trans-Gangetic Pargannahs of Farukhabad, 'the Collector, as a matter of course, took two companies of native infantry with him, and crossed the Ganges to get in the arrears of the land-tax. In 1819 the Board had to send their own Secretary (*venerabile nomen*) to collect the revenue which the Collector had failed to do.'* There were, besides, raiding parties of Pindaris to be encountered, as well as the less formidable visitation of 'Habhuras' (gipsies), or 'of Banjárahs conveying corn on pack-animals who devastated the crops along the line of their march, and hammered the villagers who protested.'†

Under these conditions there was every reason for the landlord to conciliate his tenants by lenient treatment, and as these conditions had lasted from as far back as the memory of man could run through the troubled days of the eighteenth century, and had endured under British rule for perhaps another generation, the friendly relations between landlord and tenant seemed to have the authority of custom. But it was not a custom sufficiently strong to protect the weak when the conditions of the land market were altered to their detriment. In the nineteenth century, under the pressure of economic forces, custom, as the arbiter of rents, if it ever existed, melted away and was replaced by competition. As early as 1869 this tendency was noticed by observant officers. 'The tendency of our rule has been greatly to increase the insecurity of the cultivator's tenure:

* *Revenue Reporter*, vol. iv., No. 2.

† 'Aligarh Statistics from 1803 to Present Time,' J. R. Hutchinson, 1856, p. 30.

(1) The agricultural population has increased so that competition for land becomes heavier; (2) the zamindar, having no longer occasion to call his cultivators to take up arms for him, enters the market more untrammelled, and accepts the best cultivator, without *arrière pensée*, as to whether he is as good at quarter-staff or broadsword play as he is at ploughing.'*

As population continued to increase, the economic advantage of the landlord became greater, and when he made use of it to the uttermost he was able to rack-rent his tenants, so that they hardly retained for themselves a bare subsistence. There are, of course, in India many kindly landlords who deliberately allow their tenants to retain their holdings upon lower rents than could be screwed out of them under the stress of competition. There are cases in which lands are let to poor relations or to members of the same clan at rents much below the market rate; in almost every country the severity of competition is mitigated in particular instances by this sort of charity or benevolence; but, upon the whole, the landlords of this province have taken full advantage of the competition for land among the cultivating class; and custom, unless strengthened by law, individual benevolence, or tribal sentiment has proved quite unequal to protect the tenant.

There are two ways of paying for the use of land: either (*a*) by surrendering to the landlord a share of the crop, or (*b*) by a cash payment which does not vary with the success of the harvest. The first of these methods is probably much the older of the two, and in one form or other it appears to have existed all over the province. Owing, however, to the difficulty of actually dividing the harvest on the threshing-floor, modifications of this simple system have been introduced, which go by different names in different districts. The following represent the systems most

* *Revenue Reporter*, vol. iii., No. 1, 1869.

prevalent in these provinces, but it should be remembered that the names have not in all districts exactly the same connotation:

1. *Batai:* A division of the crop upon the threshing-floor. The landlord's share varies from one-third and two-fifths to one-half.

2. *Kankut:* An estimation of the standing crop upon which the share to be paid by the tenant in grain is appraised. The custom is that the agents of the landlord visit the fields when the corn is ripe, and decide that the produce will equal, say, 50 maunds of grain; the landlord's rent being one-half or two-fifths of the gross produce, his share of the produce upon the field will be 25 or 20 maunds.

3. *Amaldari:* A term which I have not met with out of Rohilkhand in this technical sense, but which is a convenient method of distinguishing this particular development of *kankut*. *Amaldari* proceeds upon a similar estimation of the standing crop, and a further estimation of the cash value of the landlord's share. Thus the landlord's share = two-fifths of a crop of 50 maunds, or 20 maunds. The current price of grain is supposed to be, let us say, 20 seers per rupee—*i.e.*, Rs. 2 per maund—and therefore the landlord's rent in cash = Rs. 40.

These are all varieties of Metayer tenure, and the working of this system in India is worth studying at some length, partly because of its historical importance, and partly because it affords a fair opportunity of testing Mill's saying, that 'when the partition is a matter of fixed usage, not of varying convention, political economy has no laws of distribution to investigate.' So far from this being the experience in India, English observers have shown how unscrupulous landlords can, under any of the forms of the metayer system, raise the rent to the utmost that the tenant can pay, and can elude the restraint of custom while pretending to observe it. Mr. E. Alexander, in

the Final Settlement Report of the Moradabad District (1881), has made a most valuable study of the subject:

'I have sometimes come across the idea that one great advantage gained by the tenant under *batai* was the impossibility, at all events, the great difficulty, of their rent being enhanced, except in so far as was gradually and inappreciably effected by the increasing value of the produce. But as a matter of fact this advantage is purely mythical. Even granting that the zemindar has not the power of directly enhancing the *rate*, the history of the additional impost called *kharch* (to say nothing of cesses like *dhala* and *nazar*) will serve to show on what an unsound basis the theory rests. The origin of *kharch* (lit. = expense or charge) was almost beyond doubt the payment made out of the *produce before division* to the different village servants, such as the blacksmith and the *patwari*. To this the non-resident landlords soon added a charge to defray the expense of the servants they employed to watch and divide the crops after they were cut. Theoretically these men protected the tenant's share against thieves as well as the zemindar's, and they also saved the tenant from the expense, which the landlord argued he ought to bear, of carrying the latter's share to his store-house for him. Rightly or wrongly the burthen was soon too tightly fixed to be shaken off, and in most villages it has been steadily added to on one pretext or another. The landlord soon found that it was an excellent contrivance for bringing up the rents of the men paying light rates to something near the same standard as those of the other tenants, and accordingly we now find that, except in a few exceptional cases where the tenant is purposely privileged by the landlord's own free will, most of the light *batai* rates are burdened with a heavy *kharch*. In most of the *pargannahs* the *kharch* has, under the Board's rule, been amalgamated with the

rent, and the total only is stated in the Jamabandi (Revenue Statement), that is, supposing the rent to be one-third, or 13 1/3 seers per maund, and the *kharch* to be 4 seers, the rent would be entered at 17 1/3 seers without detail; but in Thakurdwara, where the rough *khatauni* was made out before the order was issued, the full details were recorded, and are still to be found on many of the inspection slips which Mr. Crosthwaite had prepared.

'From these it is clear that the allowance to the *patwari* (*rasum*), and to the village servants (*kamina*), and to the poor (*sauri*), are all different from *kharch*, and do not as a rule vary according to the rate of *batai*, being generally deducted from the *whole* crop, whereas the *kharch* is usually paid from the tenant's share only, and is almost always heavier on those who pay the lighter rates.

'The more grasping zemindars have further enhanced their claims by demanding additional petty payments, such as the following:

'1. *Khakiuna:* About half or three-quarter seer per maund to make up for the dust which the zemindar assumes has got mixed up with his share of the produce and has thus added to its weight.

'2. *Nazar:* Theoretically a present to the zemindar's *karinda* (agent) for his trouble in supervising the division of the crops, converted by some zemindars into a regular payment of a rupee, or rather less, from all the well-to-do tenants in addition to their regular rent.

'3. *Biaha:* A benevolence on the occasion of weddings in the zemindar's family.

'4. *Wazan kashi:* A fee on the weighments of the grain; evidently a preposterous demand in addition to *kharch*, but still taken in some cases.

'5. A percentage of about an anna in the rupee over and above the fair current bazar price in cases where the zemindar takes the value of the grain instead of the grain itself from the tenant. This is still more

unjust, as it is literally making the tenant pay extra for having the trouble and expense of disposing of the produce put on him. Nevertheless, some zemindars are not above taking it.

'6. *Dhala:* This is both the most iniquitous as it is the most important of these legal exactions, and to explain it I must first briefly describe the custom of *amaldari.* I have already mentioned that *amaldari* is usually employed like *kankut*, to signify the appraisement of the standing crop before it is cut, in contradistinction to the term *batai*, signifying actual division of the produce. How the practice first arose is not clear, but very likely it was suggested by the *zabti* (cash rents paid on certain crops) rates. Regarding these, in many villages it became customary for each tenant to be bound to give a certain area of *zabti** crops on each plough he held. The area corresponding with the term plough was not very accurately laid down, but the number of ploughs each tenant was supposed to hold was known, and on this the calculation proceeded. This custom soon developed into the tenants paying the zemindar at *zabti* rates on a certain area, whether he grew *zabti* crops or not, the tenant being allowed, if he had not the full area of them, to select a sufficient area out of the land occupied by his other crops to make up the total. Of course he naturally picked the best fields he had of these other crops (as paying the *zabti* rates they escaped *batai*), and very likely the idea may have occurred to some tenant, when he had an unusually fine crop, to offer to pay in cash on a certain further area for that particular year. To this the zemindar probably demurred unless he paid in cash on some field with a poor crop on it, and finally the matter would very likely be settled by the tenant's paying in cash on his whole holding after a valuation of the different fields.

* Particularly expensive crops like sugar-cane and cotton, for which cash rents are usually paid.

'To a non-resident zemindar, not desirous of keeping up the custom of division for any ulterior object, the system would naturally possess great attractions, and it is quite easy to conceive of his overcoming the objections of other tenants by allowing them to pay the amount of the estimate in grain instead of in money.

'And once introduced, the convenience of the system would soon cause it to extend and take a firm hold on the people. The tenants would find themselves free to cut the crops as soon as they were ripe, and free to store and sell them when they liked; the zemindar, on the other hand, would find himself relieved from the vexatious task of watching the crops and dividing them, besides in most cases escaping the cost of carrying off his share in kind. Thus, as first introduced, the system was probably of mutual advantage almost everywhere. Unfortunately the opportunities it gives for oppression were too great to be long resisted, and in the hands of the less respectable zemindars, and especially in those of the *karindas*, it has now become so misused that the tenants almost universally entreat to be allowed to keep to actual *batai* in spite of all its inconveniences. The appraisement has to be made just when the crop has ripened, almost immediately—that is, before it should be cut, and when any considerable delay must cause it to deteriorate. To the tenant the loss of even one crop often means ruin, and the landlord or his *karinda* have thus a hold on each of them individually, which they well know how to use. The appraisement made is therefore usually as high as they think it possible to go, but as it is common to all humanity to make mistakes, so occasionally the crop turns out better than they thought it would be. It was on some occasion of this sort that the idea of *dhala* struck one of them. The crop, he argued, had turned out about 20 per cent. better than had been expected; therefore, the least the tenants could do in justice was to pay up at least 10 per cent. more over

and above the value of the zemindar's share as first calculated. The same argument was applied with less reason in cases where the selling price of the crop turned out more than usual, though here the zemindars got the benefit just as much as the tenant, and in process of time the dishonest and grasping landlords, without any just ground whatever, extended the system till they made *dhala* into a demand always claimable against the tenant, unless the crops turned out much worse than had been estimated, and further levied it on a sliding scale, which invariably brought up their demand to just about as much as they could possibly squeeze out of the tenant.

'It is very clear evidence, I think, of how much the zemindars have got the better of the tenants in this part of the country—that demands which are clearly illogical and unjust have become almost universal. Such, for instance, is the demand for *kharch* on *amaldari* at the same rates as on actual *batai*, though the zemindar is put to little or no expense in it where (as is usual here) the tenant pays him the value of his share in money. So is the demand for *kharch* on *zabti* crops, which is nearly universal; so, though less apparent, is the enhanced rate of *kharch* taken from tenants paying favourable rates in *batai;* and so most emphatically is the custom of taking *dhala*, which is very common.'

But the evil of the Metayer system in India is not confined to the exactions by which the landlord eludes the restraint of custom. The very argument which the Ricardian economist urged against the system—viz., that it weakened the incentive to industry—is constantly found in the mouths of practical settlement officers, who had little interest in vindicating abstract theories of economics.

Mr. Smeaton in his report on the Hasanpur *pargannah* writes :*

* 'Moradabad Settlement Report, 1881.'

The conditions on which the peasantry now live and till the soil are adverse to any solid progress. As long as the landlord can come into the field, on the threshing-floor, and take away half the tenant's harvest, so long will the tenant grudge any labour beyond that which is necessary to raise his food. The great incentive to industry is wanting. He knows that the more he toils the more he will have to yield to his landlord. In the Bilari *pargannah* rents are in money, and the rates paid are (now) undoubtedly high ; but a Bilari Ját* would laugh anyone to scorn who would suggest a change to even the most lenient *batai*.'

Similarly, Mr. W. H. Smith in the Aligarh Settlement Report (1874) says: 'Mr. Thornton . . . very rightly called *batai* equally "a sign and a cause of inferiority of produce"; it is a sign because it only obtains on bad land, and it is a cause because no cultivator cares to devote much time or labour when he is conscious that so comparatively small a share of the resulting produce will fall to his share. The invariable tendency of *batai* is to produce careless and thriftless cultivation.'

There is another very practical difficulty in carrying out the actual division of the grain harvest, which must always have favoured the introduction of *kankut*, and eventually led the way to cash rents, and that is the difficulty which a landlord, with many tenants, must have experienced in superintending the division of the crop on many distant threshing-floors within a reasonable time after the harvest. Mr. Moens, who undertook the defence of *batai*, states this objection to it very fairly :†

'It directly tends to promote fraud and cheating of every description. The cultivators endeavour and

* The Játs are notoriously sturdy and hard-working cultivators.

† 'Report on the Settlement of the Bareilly District, 1874,' S. M. Moens.

generally succeed in abstracting considerable quantities of grain before it comes to division. To check this the landlords are compelled to protect their own interests by employing men to watch the crops from the time they ripen. The tenant cannot cut his crop when it is ready; he must wait till the landlord is ready and able to supervise the operation through his *shahnas*, or watchmen, and so with every subsequent process till the actual division. The tenants are thus taught to depend not so much on the exercise of their own industry, as on the success of their plans to defraud the landlord, who is compelled to exact more than his proper share by way of reprisal. The *batai* system gives a tyrannical and grasping landlord such a power over his tenants that their condition often becomes one of almost pure serfage.'

'One of the greatest evils of *batai*,' wrote Mr. Boulderson in 1830, 'is the necessity of watching the crops till the division takes place. This not only compels a heavy expense, but it creates incessant, wearying, harassing interference between landlord and tenant — makes a constant sore and irritation where a good feeling is particularly requisite. Very considerable portions of the produce of the land are yearly lost under this system. If a landlord wishes to ruin a tenant, he has only to hold off from dividing the crop till the rain comes down and rots it, or the same effect will follow from his not being able to attend or depute an agent. This often occurs with regard to the *rabi** crop. In this year very large quantities of grain have been totally destroyed or greatly damaged by an unexpected heavy rain without the fault of either party. Only, however, the *batai* estates suffered, where the division delayed the cultivator in storing or selling his produce.' (Mr.

* Wheat, barley, gram, etc., which are reaped in March and April; the monsoon rains break at about the end of June, but thunderstorms and local showers frequently occur in May.

Moens notes that the same loss happened from the same cause in April and May, 1871). 'If the tenant thinks the landlord too hard upon him, he absents himself from the division of the crop, and goes and petitions the collector, being certain thereby of harassing the landlord, and being for the time, at least, reckless whether he involves himself also in loss by the destruction of the produce.

'I fully acknowledge the truth of every word of the above extract; I have myself found rice cut in October and still undivided and not even threshed or winnowed in February. It lay rotting while the wretched cultivators were almost starving on grain borrowed at ruinous interest.' Mr. Alexander declared that such cases were by no means exceptional. 'My own experience over a large part of Hasanpur and Amroha was that in every village which I rode through the cultivators came running up and begged for permission to cut their fields, or for an order directing the landlord to estimate the crop before it deteriorated. I am quite willing to allow that in most cases the cause was indolence, and in some niggardliness, rather than actual malevolence. The landlords are mostly non-residents, and often grudge the money necessary to maintain a sufficient establishment to complete the estimates in several different villages within the proper time, and before the day the landlord has bestirred himself, or the agent worked round to the village, damage occurs to the crop. But be the cause what it may, the fact of damage and loss to the tenant still remains, nor have I ever known a single case in which the landlord has, without compulsion, made any restitution for loss.'

Mr. Moens's close observation and his care in recording economic facts has created in me a strong respect for his memory, and I am unwilling altogether to disregard what he has to say in favour of the *batai* system. In spite of the damaging admissions

which I have just quoted, he proceeds to maintain that the *batai* system 'has very great counter-balancing advantages.' The eight reasons which he gives for his opinion may be thus summarized:

1. *Batai* is the custom of the country.
2. The rate of division is determined by custom over large tracts of country, so that there is little probability of rents being decided by competition.
3. The landlord gets a fair profit on improvements.
4. It is a form of rent self-adjusting to a rise or fall in prices.
5. Under *batai* the tenant is not liable to be turned out of his holding with debts to the village money-lender.
6. Under *batai* the landlord helps to replace lost cattle.
7. The tenant under *batai* usually borrows from the landlord and not from the professional money-lender (*bania*), and thus is able to get money at a lower rate of interest.
8. The system of *batai* creates a tie of self interest between landlord and tenant.

Mr. E. Alexander, who had seen in the Moradabad district the evil results of *batai* when worked harshly examines these arguments seriatim. Nos. 1 and 4 he admits to be true; of No. 2 he says that it is equivalent to saying that it is an advantage to be paying so high a rent that no one could possibly pay more and make a living out of the land. In answer to No. 3 Mr. Alexander curtly remarks that he has never seen any improvements made by a landlord, and that No. 5 is true of *batai*, but not of *amaldari*, which is a very common development of the former. With regard to No. 6, all depends upon the state of feeling between the landlord and tenant, and so it does in a village paying cash rents. As to No. 7, Mr. Alexander denies that the landlord is a better creditor than the village money-lender; he is just as pressing as the *bania*, and

has a firmer grip. As for the supposed advantage contained in Mr. Moens's eighth argument, Mr. Alexander denies it emphatically, and states it as his experience that '*batai*' villages are much worse off than 'cash' villages.

Although I have devoted considerable space to the consideration of the Indian Metayer tenure, the reader should understand that the system is falling into desuetude. In 1830 Mr. Boulderson wrote that rents over four-fifths of the district of Moradabad, or 80 per cent. of the cultivated area, were taken in kind. At the revision of the settlement by Mr. Alexander in 1881, he found 64·3 per cent. of the land cultivated by tenants paying money-rents, instead of only 20 per cent., and this does not take into account commutations affected by him. In 1863 the Government had enacted by law that either tenant or landlord could claim a forced commutation of rents from kind to money; and this provision was so largely made use of that nowadays it may be said generally that *batai* only survives upon tracts of land where the crop is exceptionally precarious.

Among the many causes which helped to bring about this change there is one which is worth calling attention to, because we are likely to overlook it nowadays. Cash-rents were rare at the beginning of the nineteenth century, because money and specie were rare; it was the enormous importation of silver and the diffusion of coined money over the country during the second half of the nineteenth century which made money-rents possible. The Board of Revenue very acutely remarked in 1834: 'Where *batai* rents prevail, the cause is usually to be found in the actual state of wealth and commerce of a district, and the Board believe that any attempt to effect a conversion to money-rates, before the state of things in a district admits of the payment of rent, generally through the wholesale grain merchants, bankers, or that class of

people who have constant money dealings with the cultivators of the soil, must fail.'

The inconvenience of the system of *batai* both to landlord and to tenant was probably the reason of its speedy disappearance as soon as the alternative of money-rents had become practicable. Indian landlords have explained to me that their objection to the system is that it is impossible to prevent theft on the part of the tenant; as soon as the crop is ripe the tenant and his family convey part of it away at night. What reasons the tenant has for disliking the system we have already seen. The following extract from Mr. Alexander's report suggests another reason for the transition from grain shares in the produce to cash-rents:

'The first change probably took place when some more enterprising tenant undertook the cultivation of crops like cotton or sugar-cane, which required a good deal of trouble and expense. It is easy to imagine how the zemindar grudged finding the capital, or how the tenant grudged giving the labour under the system of actual division, and also the further complication which arose from the zemindar in some cases not having any immediate use for his share of the division. At first, at all events, this payment, which is locally known as *zabti*, does not seem to have been fixed, but to have varied according to the result of the experiment. Not improbably it represented the actual value of the zemindar's share, after deducting expenses, and therefore necessarily varied according to the produce. Even where its maximum became fixed, it was probably for long customary to allow a reduction if the crop turned out badly, and this principle is still recognised by liberal landlords, unless the *zabti* (cash) rates are very low. It was most likely some time before the tenant was understood to take the whole risk and pay a fixed amount *for certain*, whether the crops turned out well or ill.'

But whether the cultivator's tenure be based upon a division of the crop or upon a cash bargain, Indian experience shows that under a system of unrestricted competition he is quite unable to hold his own against the superior advantages of the landlord. One example must suffice to show what misery a body of landlords may produce who manage their landed property with a sole view to their immediate material interest.

'In other *pargannahs*,' wrote Mr. Alexander in 1881, 'I generally found that forces favourable to progress had been greatly predominant. The case is different in Amroha. Stimulating and retarding causes have been equally matched. Hindrances to improvement, unknown, or only here and there felt in other *pargannahs*, have been chronic here. It would be necessary to examine these in detail in order to determine in what direction Amroha has been moving during the last thirty years, and at what stage of progress or retrogression it has arrived.

'Two characteristics of this *pargannah* which have to be borne in mind are, first, that is a tract of country most of which is held free of revenue; and second, that the Syeds were in former times and still are the leading proprietary body. At the last settlement, as far as I can ascertain, nearly three-quarters of the *pargannah* were owned by the Syeds. Since then they have lost nearly half of their property through extravagance. Their places have been taken by Mahajans and Vishois chiefly. But even still the Syeds are, as a body, the most influential proprietors in the *pargannah*. Some of their customs, both good and bad, are still retained by their successors, many, of course, have disappeared. The custom of taking rent in kind, which prevailed all over the Syed properties, is still current. Money rents are not common. The proprietor's shares are generally one-half, two-fifths, and one-third of the crop.

'When grain collections are made with a decent

amount of honesty and liberality, and where thorough supervision is maintained over the underlings or middlemen through whom they are made, or better still, where the principal in a spirit of fair dealing makes them himself, the system of grain rentals may be unexceptionable; indeed, in certain tracts and among certain classes of tenantry it may be the best. But nothing can be more demoralizing to a people, industrious and thrifty by nature, than such a system badly managed; or worse still, worked with the sole object of extorting as much as can be squeezed from the tenants.

'Now, my experience leaves me no doubt that the custom of grain rents has been much abused in Amroha. In the ancestral Syed estates I found unmistakable evidence of long-standing abuses. As remarked in a former part of this report, the Syeds look upon the land as their absolute property, and seem to consider themselves entitled to its whole produce, barring only a share sufficient to feed the tillers of the soil. I do not think I exaggerate in saying that they ignore any rights in land save their own, and that, consequently, they refuse to recognise any claim by a tenant to profit. Everything above and beyond the bare food of the cultivator is, in their opinion, theirs by right. Their practice has been all along and still is in strict accord with this theory. They pay but little regard to the convenience of the tenantry at harvest-time. The grain is not unfrequently allowed to lie for days and weeks on the threshing-floor, notwithstanding the earnest entreaties of the cultivators to have the division made. When, after much dunning, the landlord consents, the village is beset with a horde of underlings. These men, with their servants and bullocks, live in the village till the last grain of the harvest is duly accounted for, and are not in a hurry to depart. When the division has been completed, the tenant generally finds a much larger hole

made in his grain-heaps than he had anticipated; and if you ask him whither it has all gone he is just as bewildered as you are, and just as unable to tell. Havildars' wages, weighing expenses, village expenses, that fiction so dear to landlords, transit expenses, *nazr bhent*,* and food of attendants make away with most of what would have been the tenant's little profit. Where *kankut* is the custom, the burden on the cultivator is still greater. He has to bear the cost of a couple of landlord's agents, sometimes also the landlord himself, a couple of *kanias* or appraisers, a couple of chainmen, and the *patwari* with their servants and bullocks. This is, of course, during the process of estimating the crop. Then if the landlord takes the grain and not a money equivalent, there is the division to be gone through on the threshing-floor. Not infrequently, however, the landlord takes the money value of his share of the grain; when he does, he prices the grain at 2 seers or less in the rupee higher than the current market rate. Add to this that the estimates made of the crop are in nine cases out of ten in excess of the actual out-turn, and it will be seen that the Amroha tenant's lot is indeed a very hard one.

'Money rents are not common; where current, the procedure is analogous. Working on both fears and hopes, the Syed proprietors — *muafidars* (*i.e.*, landlords exempted from the payment of land revenue) chiefly—force up the rates by a variety of devices. At one time they wheedle the tenants into paying a lump sum on the plough (*halsari*); at another, under pretence of relaxing the plough rate, of which the tenants are weary, they revert to a fixed rate (always enhanced) on the *bigha*.† Not infrequently, with a degree of cunning which almost does them credit,

* Complimentary offerings, similar to the 'forced benevolences' exacted by the Tudor kings.

† Land measure = ⅝ acre.

they affect to take the villagers into their confidence; they make over the whole of their lands to the cultivating community, represented by three or four headmen, at a lump sum in excess of any previous rental. This artifice I found to be not at all an uncommon one. The tenantry are informed that their landlord has been graciously pleased to elevate them to the dignity of independent lessees at a certain rental. The people, deeming their freedom from perpetual interference cheaply bought by the enhancement of their rental, and elated by the concession of a quasi-independence, gladly accede, leaving the distribution of the big rent for amicable adjustment over their *hukas* (pipes) in the *chupal.* The lease agreement is generally a stamped document, sometimes for a fixed period, sometimes with no period specified. As long as the tenants hold on and pay without breaking down and taking to their heels the watchful landlord keeps them to their agreement. When at last the burden becomes intolerable and the crash comes, and the villagers pray to get back their old holdings with their separate quotas of rent, they find their landlord has been too much for them. Restore them to their holdings he will, but on very different conditions to those under which they held before the fatal lease. The lease, their landlord rules,—and his ruling with its semblance of legality is law to them—has cancelled all old occupancy rights, and the cultivators are at his mercy. A redistribution of lands is made—another agreement patched up—the needful enhancement never being lost sight of, and things go on again for a while.

'Even rack-renting, if conducted in a regular and understood system, may be borne after a fashion. When to it is added a state of perpetual change, and when tenants are never certain what their landlord's next whim may be, the evil is aggravated. In whole tracts there really has never been any sort of fixity in

the mode of taking rent or in the cultivator's tenure. As I have just described, the *pyrbatai* of this year is transformed into *kankut* next year. After a short period money-rents are introduced. On these, again, a variety of changes is rung. The *bigha* rate of one year vanishes into the *halsari*, or plough-rent, next; and then a lump lease to the whole tenant body closes the round, ending generally with the destruction of all rights of occupancy previously acquired.

'But this is not all; lessees, generally strangers, are frequently let loose upon the people. My experience of these persons is not in their favour. They have not even the lingering spark of scruple which may sometimes have restrained the rapacity of their principals; they do not know, and they do not care to know, the people; and in their turn they work through a hired agent, with what results it is not difficult to guess.

'The effect of this sort of treatment is to impoverish and depress the people. It would be a miracle if the Amroha cultivators, patient and industrious as they are, enjoyed the prosperity of their Bilari and Sambhal brethren. In those tracts the tenant is stimulated by the prospect of a fair return for his labour. He has a tenure, too, which is respected by his landlord. He may be called a happy man. The goad which urges the Amroha tenant is far oftener despair. He sticks doggedly to his plough, and holds on at his well for sheer love of life and nothing more. The aspect of his field may differ but little from that of a Ját's field in Sambhal, just as the handiwork of a life-prisoner may differ but little from that of the "free independent mechanic."*'

I have quoted this detailed picture of the behaviour of the landlords of Amroha not because I believe it to be typical of the relations between landlord and

* 'Final Report on the Settlement of the Moradabad District, 1881, by E. Alexander.

tenant throughout the province, but because it shows that where Indian landlords seek only their immediate pecuniary interest there is no custom or indigenous institution strong enough to restrain them from using their position of economic advantage to the uttermost, and that the Indian peasant is no more capable of making an equal bargain with his landlord than the Irish cottier tenant. A system of land-tenure based upon unrestricted competition, might be beneficial to landlord and tenant where both parties were in a position to negotiate on terms of equality. Under a system of perfect competition no landlord would accept less than the highest rent he could get for his land, and no tenant would take a lease by which his profits would be smaller than he could obtain for a similar investment of labour and capital in another industry. Such perfect competition can only exist where the competitors for land are large farmers with capital, as in England, or where, as in large towns, merchants and business men are able to calculate exactly the pecuniary advantage of a certain site; but it is obvious that these are not the conditions under which rents are paid by an ignorant peasantry who know little of any other industrial conditions than those of their immediate neighbourhood, and who can follow no other calling than that of husbandry.

The evil results of this unequal competition are not confined to the immediate sufferers, but are necessarily cumulative, and tend permanently to depress and degrade those classes of tenants, so that it is well-nigh impossible for their children ever to remedy their situation. The low-caste Hindus, whose portion for centuries has been oppression and contempt, are in a particularly disadvantageous position in bargaining with their landlords. Under the Syed landlords described above, 'there is a marked difference in the position of the sturdier Muhammadan tenants (like the Túrks in a few villages in the north of Sambhal and

the south of Amroha), and the low-caste Hindus. The former have always stood up boldly for their rights, and the landlords were afraid of bullying them, knowing that they were capable of turning, if driven too far, whilst the latter, as Mr. Smeaton noted, though they might shriek and even threaten occasionally, ended by submitting, even though they died under the burden.'

CHAPTER IV

FIXITY OF TENURE: THE LANDLORD AND THE TENANT—*Continued*

THE last chapter was devoted to considering the results that follow from unrestricted competition for land. Extreme cases were cited to show how a landlord who pursued without hesitation his own pecuniary interests, could deprive his tenants of all the profits of agriculture beyond the barest sustenance. It is never wise to expect that a whole class of men will pursue a course of conduct which is opposed to their pecuniary interest; it is more prudent to assume with Mill that 'the majority of landlords will grasp at immediate money and immediate power; and so long as they find cottiers eager to offer them everything, it is useless to rely on them for tempering the vicious practice by a considerate self-denial.'

This is the assumption which has been at the bottom of the legislation by which the tenant has been given a legal right to fixity of tenure, and such legislation has been the more easily passed in India because it is but the formal recognition of a principle which has always been understood to govern the relation between landlords and tenants. As early as 1820 Colebrooke had protested against 'sacrificing the yeomanry' to English conceptions of landownership and against 'merging all village rights, whether of property or occupancy, in the all-devouring recognition of the zemindar's paramount property in the soil.' The

English officers who carried forward Colebrooke's views gradually put away their English prepossessions and accepted the Indian view of a dual ownership of land. They argued that the tenant in India had a beneficial interest in the land which, before the establishment of British rule had been generally respected, and that it was now the duty of Government to give statutory recognition to these vague but indubitable rights.

This was accomplished in the course of the nineteenth century, but it is only fair to recognise that these enactments were innovations in Indian law. Although sub-proprietary rights were generally recognised, and were part of the tradition which governed the village, it cannot be maintained that the position of the tenants had ever been legally defined before the days of British rule. 'It is simply impossible to point to any time when there was any law that a tenant (whether under a person practically the landlord, or under the State regarded as landlord) could not be ejected or have his rent raised so that he could not afford to keep the land; there was, no doubt, a certain popular feeling on the subject, notably that the descendant of the first clearer of the land, or one who had helped to found a village, had a permanent hereditary right. On the other hand, there was always the principle that might was right;—in the case of every despotic ruler and every land officer under the pressure of stringent demands from the Treasury Department. Whatever might result from the conflict of these two sentiments, there was this important corrective that the landlords never wanted to turn out a cultivator as long as he would work diligently; they were only too eager to keep him. Consequently, the right to eject a tenant was not a matter that occurred to anyone to consider; while as to "enhancement," if an overzealous collector or greedy contractor made his demands so high that the cultivator was forced to

take flight, he would readily find land to cultivate, and protection for his person, on a neighbouring estate. This must naturally have secured the cultivating class, independently of the sentiment of hereditary right above mentioned. Fortunately, also, this hereditary sentiment made the old tenants strongly attached to their lands, and they would strain every nerve to pay a high rental rather than abandon the ancestral holding. Naturally, then (as without cultivation there is no revenue), all tolerably good rulers encouraged and protected, if they somewhat highly rented, their old resident tenants.'*

The manner in which this traditional sentiment was embodied in successive legislative enactments was summarized by the great Famine Commission of 1880. I cannot do better than reproduce here that part of their report:

'It has always been an accepted principle in India that the occupant of the soil is entitled to remain there from generation to generation, provided he pays the portion of the produce which may be demanded of him by Government, or by some superior holder or landlord, and this proportion has generally been fixed by local custom. But the tenant was often in a position to enlarge this right, and place it on a firmer basis. As a rule, the superior holders, unless they carried their tenants with them, and had their support in war as well as in cultivation, could not make head against the officers of the Native governments who practically exacted the maximum amount that could be paid, and hence the tenants had to be conciliated by privileges such as low rents and fixity of tenure. In the less populous tracts, again, the same result was produced by the fear of the tenant absconding, and by the impossibility of replacing him. Rights of this kind, when once acquired, were naturally con-

* 'Land Revenue and Tenure in British India,' B. H. Baden-Powell, p. 137.

served and strengthened by the general feeling that whatever is old ought to remain unaltered. The Native Governments also threw their weight into the same scale by reason of their knowledge that the payment and growth of the revenue depended on the contentment and prosperity of those who cultivated the soil, and hence it was commonly made a condition of the tenure of the superior holder that he should not only pay the Government revenue, but also should foster the spread of cultivation, and keep the ryots contented.

'When the early British rulers began to look into the question, they were universally impressed with the belief that the rights of the tenants were co-ordinate with those of the landlord, and equal to his in point of permanence. The authors of the Permanent Settlement in Bengal considered the position of the tenant no less entitled to protection and security than that of the landlord, and undoubtedly intended to place the one on as assured a footing as the other.

* * * * *

'The same regulation (Regulation I. of 1793, Article 7) which created the rights of the zemindars contained the proviso that—"It being the duty of the ruling power to protect all classes of people, more particularly those who from their situations are most helpless, the Governor-General in Council will, whenever he may deem it proper, enact such regulations as he may think necessary for the protection and welfare of the dependent talukdars, ryots, and other cultivators of the soil." 'It was added that no zemindar should be entitled to make any objection to his assessment on this account.*

* The opinion quoted above differs somewhat from the view which I took in the preceding chapter, and which is supported by the authority of Mr. H. B. Baden-Powell. All the members of the Famine Commission of 1880, with the exception of Mr. H. E Sullivan, held the opinion that the land revenue was to be regarded

'The rights thus asserted in the case of the Bengal ryot existed, there is reason to believe, in a more or less complete form in every part of India. "There is a very general consent," writes Sir W. Muir, "that in the native state of things the resident ryot, simply as such, is throughout the continent of India possessed, as a rule, of a right of hereditary occupancy at the customary rates of the vicinity." But such a right was liable to become obscure under a system in which the landholders were recognised as possessing virtual proprietorship in the lands for which they paid revenue, and the intentions of the Government to provide for its adequate maintenance, were for a long period not carried into execution. With the lapse of time it became more and more difficult to ascertain what were the precise rights of tenants, and what were the customary rates of rent. . . .

'While the theory was that all existing rights should receive equal attention, and while the benefit likely to accrue to the cultivators was avowedly one of the principal objects of the settlements made for long periods, there grew up a generally exaggerated estimate of the proprietary rights of the landlords, and a corresponding depreciation of the tenant's position. English ideas of proprietorship were allowed to obscure the important limitations to which in India

---

rather 'as a rent paid by a tenant, often a highly favoured tenant, to a paramount owner than a tax paid by the owner to the State'; they were therefore inclined to the view that the limitation of the landlord's right had always been recognised by the legislature. I am of opinion that even in Cornwallis's time there were English officers who understood the Indian theory of landed proprietorship, and that it was to these men that the insertion of the proviso contained in Article 7, of Regulation I., of 1793 was due, but that these men were in the minority, and that English conceptions were generally in the ascendant. For this reason action was not taken to enforce the proviso of which the minority had secured the insertion; its significance was not realized until the bulk of official opinion had become strongly antagonistic to the English doctrine.

proprietorship was subject, and a tendency arose for the landlord to become an absolute owner, and the cultivator a rack-rented tenant at a competition rent.

'The most important legislative attempt to stop this tendency and to declare what were the different classes of tenants, what rights they respectively possessed, and on what basis the claims to such rights should be adjudicated, was made by passing Act X. of 1859, which for many years was the sole embodiment of the law of landlord and tenant for all the provinces included in the Bengal Presidency.

* * * * *

'The main principle established by this law was that undisturbed occupancy during a period of twelve years should be the condition for acquiring immunity from arbitrary ejectment or enhancement of rent. Thus the cultivators became divided into two broad classes—the privileged and the unprivileged. The former, or the occupancy tenant, can only be ousted by decree of Court, in consequence of non-payment of rent; and his rent cannot be enhanced except by a decree of Court on certain specified grounds, of which the principal one is, that he is paying at a lower rate than is usual among other tenants of the same class as himself for land of equal value. The unprivileged class, or tenant-at-will, on the other hand, is liable to be ousted at the pleasure of the landlord at the close of any agricultural year, and his rent can be enhanced to any sum which the landlord chooses to demand. If, however, he or his ancestors have continued in uninterrupted occupation of the same land for the space of twelve years, he acquires by that lapse of time a right of occupancy in his holding, and ceases to be a tenant-at-will.

'In the North-Western Provinces in the earliest regular settlements (made under the provisions of Regulation VII., 1822, and Act IX. of 1833) rent rolls were drawn up, in which all tenants residing and cultivating

land in the village were recorded as in permanent occupation of their holdings, and their rents were fixed by the settlement officer on the understanding that they were not to be enhanced during the term of settlement. By the passing of Act X. of 1859, provision was made for the first time for the separation of the two classes of tenants, according as they had, or had not, cultivated their lands continuously for the space of twelve years, and for the enhancements of the rents of occupancy tenants on certain specified grounds by a decree of the rent court.

* * * * *

'In 1873 an amended Rent Act was passed, which prescribed stricter rules for the decision of enhancements suits, and created a new class of "privileged" tenants—viz., those who had been proprietary cultivators but had lost their proprietary rights by sale or otherwise, though still remaining on the land as cultivators. The number of tenants at fixed rates in the permanently settled districts has not yet been recorded. The occupancy-tenants hold 41 per cent. and the tenants-at-will 31 per cent. of the cultivated land, the balance being tilled by the proprietors themselves. It is estimated that the former class number about 1,500,000 and the latter about 1,200,000, the average area cultivated by each tenant being 4·8 and 4 acres respectively.

'In Oudh, where the great landowners (or talukdars) were more powerful and masterful in former times, it has been decided that occupancy rights were altogether unknown at the time of annexation, and the bulk of the cultivators hold as tenants-at-will. Occupancy rights have, however, been conceded as a compromise to those who were formerly proprietors, and had not been altogether deprived of their rights by the talukdars. There are in Oudh nearly two million tenants, holding 3·1 acres apiece on an average. . . .

'Although the intention of the legislation of recent

years has clearly been to define and protect the rights of the tenants, it is proved by the evidence before us that the effect produced has been very different from the object aimed at. From all quarters it is reported that the relations between the landlord and the tenants with occupancy rights are not in a satisfactory state, and are becoming yearly more and more hostile; so much so that a landlord will generally refuse any aid to his occupancy-tenants when they are in difficulties, and will do all he can to ruin them and drive them off the land. The reason for this hostility is that an opposition of interests has been created between the two classes; the occupancy-tenant possesses a beneficial interest in the land, and intercepts a portion of the profits which the landlord would obtain if he were able to exact from him the full rent which he can obtain from a tenant-at-will. The landlord is naturally but little anxious to help a tenant who is in a position, or on the road to it, in which his rights will make him comparatively independent of his landlord; and the fact that such rights are in constant course of accrual frequently results in an equally constant series of efforts on the landlord's part to prevent such accrual taking place. When it has been effected, the landlord's object is to harass the tenant and to diminish the value of his occupancy rights by bringing suit after suit for the enhancement of the rent. The probable result of such a struggle is in favour of the more powerful combatant, and there is reason to fear that in many parts of the country the occupancy rights have been irretrievably impaired, and the point to which the efforts of the Government should be directed is, therefore, to remove this conflict of interests. . . .

'We can, however, feel no doubt that in all the provinces of Northern India, and particularly in Bengal, it is the duty of the Government to make the provisions of the law more effectual for the pro-

tection of the cultivator's rights. This opinion is primarily based on the historical ground that they have a claim as a matter of strict justice to be replaced as far as possible in the position they have gradually lost; but it may also be supported on the economical ground that in the case of these large cultivating classes security of tenure must have its usual beneficial effect, and that, as a rule, the cultivators with occupancy rights are better off than the tenants-at-will. Wherever inquiry has been made, it has been found that in all matters relating to material prosperity, such as the possession of more cattle, better houses, and better clothes, this superiority lies on the side of the occupancy-tenants, and the figures in the preceding paragraphs also show that, as a rule, they hold larger areas of land. Where the subdivision of land among tenants-at-will is extreme, and in a country where agriculture is almost the only possible employment for large classes of the people, the competition is so keen that rents can be forced up to a ruinous height, and men will crowd each other till the space left to each is barely sufficient to support a family; any security of tenure which defends a part of the population from that competition must necessarily be to them a source of material comfort and of peace of mind, such as can hardly be conceived by a community where a diversity of occupations exists, and where those who cannot find a living on the land are able to betake themselves to other employments.'

In consequence of the recommendations of the Famine Commissioners a Rent Act, known as Act XII. of 1881, was passed, and for twenty years regulated the relations between landlord and tenant. The economic tendencies which had been detected by the Commissioners were, however, slow in asserting themselves; the opposition of interests which had been created between the landlords and tenants became apparent only gradually, and it is doubtful whether

there was at that time a pronounced antagonism between the two classes. It is true that as early as 1882 the Board of Revenue noted the existence of ill-feeling, and explained that 'the main, though by no means the only, reason of the antagonism between the two classes is what is known as the 'twelve years rule.' But the Local Government in reviewing the Revenue Administration report was not convinced that this ill-feeling was general. 'Some officers,' the Government remarked, '(especially in the western parts of the Province), unhesitatingly report that the antagonism between landlords and tenants, as classes, exists, and is becoming more embittered. But others find no such widespread and increasing unfriendliness as to give rise to any special and immediate anxiety for the welfare of the agricultural community at large; while in the great majority of districts the land held in occupancy right forms a large proportion of the cultivated area, and the positions of the tenants is one which they seem generally well able to preserve and maintain.' From time to time, however, disquieting evidence was brought to light; in Bulandshahr, for instance, the result of a special inquiry was to prove that 'since the last settlement the occupancy area had decreased by 29 per cent., and that the tenant-at-will area had correspondingly increased, and that the rise in rents over the tenant-at-will area had been no less than 40 per cent.' In 1886 the Lieutenant-Governor (Sir Alfred Lyall) completed a close inquiry into the working of the existing law, with a view to ascertain the importance which ought to be attached to such facts as those recorded from Bulandshahr. Sir A. Lyall summarized the results of his inquiry as follows:

'After making every allowance for error in the returns, and for the oppressive action of individual landlords in certain localities, these figures for the Meerut Division and for the Province as a whole, are

unquestionably remarkable and largely reassuring. They show good cause for believing that at the present time the landholders are not, as a body, actively adverse to the accrual of occupancy rights; that the relations between them and the tenants are usually not unfavourable to the tenancies of a lengthened and permanent character; and that occupancy right holds its own place on the whole steadily and extensively in the land system of the North-Western Provinces (Province of Agra). These returns demonstrate beyond question that a very large area, containing probably most of the best land in the province, is held by cultivators whose tenancies have exceeded twelve years in duration, and who possess either an acknowledged title permanently to occupy the soil as long as they pay the rent, or a strong claim, primâ facie, to do so. They likewise leave no doubt that the exertions made continuously by the administration of the provinces, during the last fifty years, to preserve and uphold this important element in its land system had not been unsuccessful, and they lead to the general conclusion that if the area held under a right of occupancy is not greater than it was, it is at least no less.'

Economic tendencies take time to make themselves manifest, but their action is not for that reason suspended. The conflict of interest between the landlord and tenant over the accrual of occupancy rights was certain in time to produce antagonism, and a contest between the two classes. The landlord's view of their proprietary rights had been moulded to a considerable extent by the law, and that law was, at least partially, inspired by English conceptions of landownership, and the landlords can hardly be blamed for acquiescing readily in a view of landed property which was so eminently in harmony with their interests. The growth of occupancy rights diminished the value of their property, and as this was increasingly realized the landlords set themselves steadily to oppose their

accrual. There were three processes to which they had recourse to gain this end. (1) They prevented the actual accrual of occupancy rights by granting short term leases, which under the law were then a bar to the acquisition of such rights; this method was, however, but sparingly employed, as the landlords of the Province have a marked aversion to granting leases. The usual tenure on which land is held by tenants-at-will is a year-to-year tenancy. (2) The second method employed was to alter the tenant's holding from year to year so as to preclude proof of continuous occupancy of the same plot for twelve years. (3) But by far the commonest practice was to eject the tenant before the twelve years had expired, and so to bring about a technical termination of his tenure. When legal evidence of this had been established, the landlord would generally readmit the man whom he had evicted as a new tenant, at the same or an enhanced rent. The extent to which this method was practised is shown by the remarks made by the Board of Revenue on the subject of ejectments in successive years.

Extract from the Revenue Administration Report for 1891-92, p. 33:

'Applications for ejectment of tenants-at-will under section 36, rose from 57,875 to 64,353, an increase of 6,478. . . . The main object of landholders in issuing these notices doubtless is to prevent the accrual of rights of occupancy before the twelve years period of occupation has been completed, more especially where, and at times when, enhancement of the rent is possible. It seems reasonable, therefore, to connect the increase in notices of ejectment in the western and central districts with the state of the harvests, and to conclude, as several officers have done, that these notices tend to become more numerous when the seasons are prosperous. Among others, the Commissioner of Agra, who has given careful attention to the working of the

ejectment sections of the Rent Act, thinks that the circumstances of the year in his division show conclusively that a rise in suits and applications follows from prosperity. He notes that in Muttra, Etah, and Etawah there has been a reduction in revenue, and that this, taken with the favourable harvests, has led to an increase in litigation. Mr. Neale's remarks on the subject may be quoted. He writes:

'"The leading idea in the zemindar's mind when the harvests are good is to increase his rent either by direct suit or by the terrors of ejectment. The tenant in the latter case generally submits; it is cheaper, at all events for the moment. In my opinion zemindars are not anxious as a rule to evict their tenantry. They are not governed by the 'commercial principles' of the West. It is rather the obstinate right of the occupancy defaulter whom they attack. The ne'er-do-weel tenant they let alone from compassion, partly from the feeling that he is always in their power, and partly because they hope to grind something out of him in future years. But they have, as a body, no intention to let the budding occupancy-tenant grow to maturity, nor to pass by a good harvest without securing some of the extra profit to their own share. This spirit is extending; it is essentially the modern spirit. And as our rent laws are conceived in that spirit we should not be surprised if it produces its natural result."'

The same story was told in the Revenue Administration Report for the succeeding year 1892-93:

'Applications under section 36 for ejectments' of tenants-at-will rose from 64,353 to 65,665, an increase of 1,312. . . . The increase (in the Agra division) is ascribed, like that of last year, to the excellence of the harvests, and the improvements in the condition of the deteriorated tracts in the division. Thus the Collector of Etah writes: "Up to date the cry has been for more tenants, and ejectments were sparingly

employed. Now, on the contrary, a reaction has set in. Land seems more valuable. Tenants who gave up occupancy land in times of distress reassert claims to it. Landlords, on the other hand, oppose such claims, and endeavour in all other cases to render impossible the acquisition of rights of occupancy. . . ." The increase in Rohilkhand was most marked in Moradabad, where 568 more notices were issued than in the previous year. The Collector again reports acute tension between landlords and tenants, and remarks on the constant resistance of the landlords to the growth of occupancy rights, which secure to the tenant a fixed cash rent.

'There is little to be added to the remarks on the subject of ejectment notices that were made in the last report; and the statistics of the year under review support, on the whole, the conclusions then stated, that these notices tend to become more numerous when the seasons are prosperous. Besides this, the approach of settlement in some districts is intensifying the struggle between landlords and tenants over rights of occupancy. This struggle is the inevitable result of the law in respect to occupancy right, which confers fixity of tenure on those tenants who succeeded in retaining their holdings for a period of twelve years; and it is by no means to the ultimate advantage of the majority of the tenants who engage in it. The undoubted benefits of the tenancy clauses of the Rent Act are attended by a serious drawback in the amount of litigation which they produce.'

In the following year the Board (Revenue Administration Report, 1893-94) recorded that 'applications under section 36 for ejectment of tenants-at-will rose from 65,665 to 72,105, an increase of 6,440.

There was reason to believe that some unscrupulous landlords had recourse to other means that were less legitimate than simple eviction for preventing the accrual of occupancy rights, and an uneasy con-

viction arose that the area held by occupancy tenants was being steadily reduced. In consequence of this conviction the Government instituted an inquiry, which resulted in showing that in 1882-83 the percentage of occupancy on the whole tenant area was 63·92, and in 1897-98 the area held by occupancy tenants had fallen to 58·38 of the whole tenant area. This investigation proved that the position of the tenant in what is now known as the Province of Agra had deteriorated, and that whereas Sir Alfred Lyall's figures warranted the inference that in less than half the normal period of a settlement the occupancy area had increased 7 per cent., the later figures showed that there had been a retrogression of approximately 5 per cent., and it was believed by some of the ablest officers of Government that this retrogression was due to the unsatisfactory state of the law.

The Government accordingly decided to introduce a Bill still further to improve the position of the tenant. This Bill met with spirited opposition from the landlords of the province, who contended that it was not just to infringe the rights of the whole proprietary body because a few landlords had abused their privileges. They further argued that the legislation proposed in the Bill was inexpedient, because experience proved that the attempt to give legal precision to the tenant's right to considerate treatment had embittered the relations between landlord and tenant. The result of past legislation had been to create a divergence of interest between the owner and the cultivator of the land; the right of occupancy was a diminution of the value of the landlord's property, and a coveted addition to the tenant's possessions. It was inevitable that there should be a constant struggle for the acquisition or retention of this valuable property. The answer to this defence of the unqualified ownership of land was in effect that it is never prudent to assume that the majority of men

will in the long-run act against their own pecuniary interest; that in the present day the competition for land is so keen that the landlord can secure rents which leave the tenants only a bare subsistence; that it was amply proved from specific instances that some landlords did use their privileges oppressively. It was clear that neither traditional custom nor natural benevolence could be depended on to protect the tenant, and that the only alternative was to secure the tenant in the possession of his privileges by legal enactment. The view of the Government prevailed, and in 1901 the North-Western Provinces (*i.e.*, Province of Agra) Tenancy Act became law. It is this Act which at the present day regulates the relations between landlord and tenant.

The following classes of tenants are now recognised by law:

(*a*) Permanent tenure-holders;
(*b*) Fixed-rate tenants;
(*c*) Ex-proprietary tenants;
(*d*) Occupancy tenants; and
(*e*) Non-occupancy tenants.

Tenants of the first two classes (*a* and *b*) are confined to the permanently settled districts in the Benares division, and enjoy the privileges which were defined by the Bengal Tenant Law of 1885. They really constitute a class of sub-proprietors; the rent cannot be enhanced, and the holder cannot be ejected except for some express breach of the conditions of tenancy.

(*c*) The ex-proprietary tenant holds a position of exceptional privilege; he is a tenant with a right of occupancy in his *sir* land (or home-farm), and in the land which he has cultivated continuously for twelve years at the date of the transfer, and he is entitled to hold the same at a rent which shall be 4 annas in the rupee (*i.e.*, 25 per cent.), less than the rate generally

payable by non-occupancy tenants for land of similar quality and with similar advantages of situation. 'It is important to remark on this,' says Mr. B. H. Baden-Powell, 'that everywhere in India the loss of a proprietary (or superior) position on land and the descent from a landlord, or a co-sharing right,* to a tenant does not always or frequently imply the actual loss of cultivating possession of at least a part of the land. To this day, if an unthrifty village co-sharer gets into the toils of the money-lender, and first mortgages his land and then submits to the foreclosure of the mortgage, he does not leave the land; he cultivates as before, only that now he is the tenant of the purchaser, and has to pay rent in cash or kind. And the same thing always happened when a purchaser or other person, obtaining the lordship by grant or aggression, was not of the agriculturist class. He could not till the fields himself, and unless (exceptionally) he wanted a better class of tenant, he would retain the *quondam* owner or holder of the fields. Very often a new overlord would be unable to get other tenants, or circumstances compelled him to conciliate the existing holders.'†

(*d*) Tenants who have held the same land continuously for twelve years have a right of occupancy in such land.

(*e*) Non-occupancy tenants are tenants of less standing than twelve years; they were known in former Acts as tenants-at-will.

It was in the definition of the tenants in these two last classes that the most important changes of the law were made. With regard to (*d*) occupancy tenants, 'the same land' is so defined as to mean 'any land owned by the same landlord.' In order to prevent landlords from resisting the accrual of occupancy

* A co-sharer = a member of a body of joint proprietors of an estate.

† 'A Short Account of the Land Revenue,' etc., p. 138.

rights, what the law of 1901 declared was in effect this: That the right of occupancy should in future be acquired by the existence of the relation of landlord and tenant between the parties for twelve continuous years, although the land held may have been different at different times. This provision was intended to neutralize the practice of shifting the tenant's holding from one part of a big estate to another.

As the general object of the Government was to induce the landlords to give their cultivators some fixity of tenure, another means for compassing that end was also attempted in the Act. If the landlords did not wish that their tenants should acquire any rights, they were, at least, to grant them long-term leases, and for this end it was enacted that 'no tenant shall acquire a right of occupancy in any land which he holds as a lessee, under a registered lease for a term of not less than seven years.' It was hoped that the landlord, who realized how easily occupancy rights could be acquired under this Act, and who still wished to prevent their accrual, would consent to give his tenants long-term leases, as no lease of less than seven years operates as a bar to the accrual of occupancy rights.* The law of 1881 had been that occupation under a written lease did not count towards the acquisition of these rights of prescription, and the landlords could thus bar the accrual of rights by short-term leases for a term of one year or upward.

The other change of capital importance introduced by the Act of 1901 related to the ejectment of non-occupancy tenants; in substance the Act provides as follows: The non-occupancy tenant on first admission

* So far the landlords have not availed themselves of this provision. In the last Moral and Material Progress Report, I find the following: 'At present the number of seven-year leases has been small, and amounted to 8,517 only in 1902-03, of which 5,093 were in the Meerut division, where the provisions of the Act appear to be best understood.'

to a holding may pay whatever rent may be agreed upon between himself and his landlord. Once admitted to the holding, he can only be ejected on certain grounds specified in the Act. The effect is that if the real motive of the landlord in suing to eject the tenant is to get rid of him and resume the land, the court will decree the tenant's ejectment; if, however, the court finds that the notice has been issued because the tenant has refused to pay a higher rent, the court will give the tenant the option of accepting a 'fair' rent or of vacating his holding. If the tenant agrees to the rent fixed by the court, he will then be entitled to retain his holding for seven years on the rent so determined, and will be deemed to be holding under a lease for such a term, and the period will not count towards the establishment of an occupancy right.

It is obvious that the intention of this Act is greatly to facilitate the growth of occupancy rights, and that it is framed in imitation of the Bengal Tenancy Law, the acknowledged success of which has been beyond expectation, and under which it is believed that 90 per cent. of the cultivators of Bengal have obtained occupancy rights. The result will be, unless the landlords acquire the habit of granting long-term leases (of which at present there is no indication), to establish in the province of Agra a dual proprietorship in the soil. It is an interesting question whether the process will stop here, whether what I have termed the Indian conception of land tenure is, at least in so far as it relates to the tenant, a stable basis of land tenure, or whether it is only a transitional conception leading to full peasant proprietorship, the proprietary rights of the landlord being satisfied by a quit-rent or some other compensation for the loss of his undoubted and legally recognised rights in the land. The example of Ireland seems to suggest that the present form of tenure is transitional. Sir Horace Plunkett's thoughtful book on 'Ireland in the New Century' contains many

passages which present such illuminating analogies between India and Ireland that I cannot refrain from quoting what he says about the Irish agrarian legislation of the last twenty-five years.

'Whatever may be said in disparagement of the great experiment in 1881, there can be no doubt that it enormously improved the legal position of the Irish tenantry, and I for one regard it as a necessary contribution to the events whose logic was finally to bring about the abolition of dual ownership. . . . Mr. Gladstone found the land system intolerable to one party; he made it intolerable to the other. For half a century *laissez faire* was pedantically applied to Irish agriculture, then suddenly the other extreme was adopted; nothing was left alone, and political economy was sent on its famous planetary excursion.

'When Mr. Gladstone was attempting to settle the land question on the basis of dual ownership, the seed of a new kind of single ownership—peasant proprietorship—was sown through the influence of John Bright. The operations of the land purchase clauses in the Church Disestablishment Act of 1869 and the Land Acts of 1870 and 1881 were enormously extended by the Land Purchase Acts introduced by the Conservative party in 1885 and 1891, and the success which attended these Acts accentuated the defects and sealed the fate of dual ownership, which all parties recently united to destroy. In other words, Parliament has been undoing a generation's legislative work upon the Irish land question.'*

* 'Ireland in the New Century,' by the Right Hon. Sir Horace Plunkett. Third impression, p. 25.

CHAPTER V

AGRICULTURAL INDEBTEDNESS: THE PEASANT AND THE MONEY-LENDER

By some writers the village money-lender is branded as a parasite upon industry, as a Shylock who grinds the faces of the poor, and the cause of more than half the troubles of the rural community. By others he is described as the village capitalist, whose function it is to finance the agricultural industry. It would be easier to apportion to him the praise or blame which is his due if we could say definitely whether he is a capitalist or a usurer; but this we cannot do, as he is generally both in varying degrees. A capitalist is one who lends wealth which is employed for the production of more wealth, and this function is certainly performed by the village money-lender and grain-dealer. It is he who advances seed for the sowings, who provides the cash to buy plough-oxen, and very often the money to procure agricultural implements. But in other dealings which are not less common he plays the part of a usurer. The word usurer has not, as far as I know, ever been given an exact connotation, but it is, I believe, capable of precise definition. By a usurer I understand a man who derives a profit out of the necessities of his neighbours, who uses their distress and their hunger as a means of extorting unreasonably high payment for the services he renders them. The usurer's opportunity consists in the urgency of his client's need. A man who is on the

point of starving can no more make a judicious bargain with the person who offers him the chance of a meal than a drowning man can debate the price he shall pay to a bystander for throwing him a rope from the bank. The moral reprobation which attaches in all countries to the usurer's trade is based upon the human instinct that a man has no right to exploit the miseries of his fellows for his own profit. As in the economic conditions of primitive society there was little scope for the use of capital (in the true sense), the loans of those days were usually made to persons in distress, and it was the usurer's harshness in turning that distress to his own advantage which was condemned in the old prohibitions against usury. To the modern economist usury differs from interest in this, that the principal lent is not devoted to the production of more wealth, but to the immediate satisfaction of human wants. The difference of the use to which the principal is put in the two cases is the cause of the difference in the rates which are paid for the loan. A man borrowing capital for productive purposes is able to calculate exactly the rate of interest which he can afford to pay, and interest is therefore never in excess of the profit which it is estimated that capital will yield. But the alleviation of misery is not capable of quantitative estimation, and the poor wretch in distress is ready to promise anything which will procure him the immediate satisfaction of his wants. It must, in fairness to the usurer, be confessed that all loans for which usury is taken are not contracted under the compulsion of want. An unthrifty villager, for instance, may borrow for the marriage of his son or the prosecution of a lawsuit larger sums than his resources justify. In this case the usurer does not exploit the necessities of his client, but his want of forethought, his weakness under social pressure, or his vindictiveness; the value of this loan to the borrower cannot be subjected to any arithmetical

test, and there is no reasonable calculation made, such as limits the rate of interest paid upon true capital. In this case, too, the principal is spent unproductively.

Whether this distinction between capital and usury be admitted or not, I wish to press for recognition of the fact that the money-lender's advances to the villager, for the support of himself and his family during the lean months before the harvest, are not capital. It is usual, I know, to include the food of the labourer in capital on the ground that it enables the labourer to play his part in the production of wealth. But I contend that men work in order to eat; they do not eat in order to work. Wealth which has satisfied a human want has discharged the ultimate aim for which it was produced, whether the want satisfied be the poor man's hunger or the rich man's love of ostentation. Capital, in my opinion, is wealth in such a form that it is incapable of satisfying human wants directly. A plough, a steam-engine, or an irrigation canal, cannot directly satisfy human wants; they are valuable only because they help to produce things which will directly satisfy human wants. Seed, which has always been recognised to be an ambiguous case, is made unfit for human use when it is placed in the ground—when, that is to say, the owner decides to employ it as capital. The older economists would have objected that wealth could not be produced unless the labourers were supported until the harvest was ripe or the work finished upon which they were engaged. I admit that a store of provisions is a necessary anterior condition to the production of all elaborate forms of wealth; if civilization is so little advanced that the community has not a sufficient store of food to carry it on from seed-time to harvest, the people must obviously betake themselves to fishing, hunting, and those means of obtaining food which give a quick return. But there are many other characteristics of

civilization which are equally indispensable to the production of elaborate forms of wealth, such as intelligence, education, power of realizing the future, and security of life and property, yet no one would dream of classing these among capital. I therefore contend that the food of the labourer cannot be called capital; his food, his house, and his clothing are the objects for which he labours; they constitute the material life of the man, and according as they are good and sufficient is he capable of attaining the full development of his nature. To look upon them as fuel to the human machine is to mistake accidental and secondary attributes for essentials. In the study of economics we should never forget that wealth was made for man, and not man for wealth.

It is obvious that the loans which the peasant contracts to celebrate his son's marriage or to conduct a lawsuit are not capital; and if to these two frequent sources of debt is added, as I contend should be, the advance which the money-lender makes to the peasant for food, it will be seen that there is a large class of loans which ought not to be considered under the head of capital. The Indian money-lender is therefore at the same time a capitalist and a usurer, and his services must be balanced against his dis-services, when we consider the part he plays in the rural community.

It appears to be thought, because the Indian money-lender takes a high rate of interest (or usury) and turns the miseries of his poor neighbours to his own advantage, that he must be an exceptionally rapacious person, and the chronic indebtedness of the cultivator is held to indicate an abnormally morbid condition of the rural economy of India. This is not the case; the rapacity of the money-lender and the indebtedness of the peasantry of India are neither exceptional nor abnormal. They are characteristics of agricultural life everywhere. They are characteristics which it

should be the object of all public men to remove, and they are amenable to remedial treatment; but we shall be better able to understand the case of the Indian cultivator if we recognise that his condition is not by any means abnormal—that, on the contrary, the small farmer all over the world is constantly in debt.

As Sir F. A. Nicholson says at the beginning of his invaluable Report upon Land and Agricultural Banks, 'the lesson of the universal history from Rome to Scotland is that an essential of agriculture is credit. Neither the condition of the country, nor the nature of the land tenures, nor the position of agriculture, affects the one great fact that agriculturists must borrow.'

The facts upon which Sir F. Nicholson bases this generalization are of so much interest to students of Indian economic conditions as to justify a somewhat lengthy extract.

'Probably nowhere in the world except among the richer farmers of England is sufficient capital owned by the farmer himself; even the English farmer, with the advantage of renting land largely developed by his landlord's capital, and finding, therefore, only the working capital, is accustomed to borrow freely from his banker, whether for advances at seed-time, for purchase of manure, for extra wages at harvest, etc.; this he usually does by a short bill, or, in Scotland, by a cash credit. But in Europe, where small and medium cultivation is the rule, and where the farmer so frequently owns the land he tills, the bulk of the farmers are in debt, and that heavily; the necessary complement, in fact, of the peasant proprietor is the money-lender. There is little or no waste land, so that all land has to be bought or inherited; the purchase price, owing to severe competition and love for the land, is extremely high, returning only a small percentage to the most diligent labour; succession duties*

* The State taxes on the transfer of property in Europe are very high. In France an ordinary sale pays 6¼ per cent. duty, or £65 on

are very severe, amounting often to 11 per cent. Under the law of equal partition among heirs, it is necessary, since many estates are too small to subdivide, for one of the heirs to take the property and pay the value of the shares to the coheirs; this money he raises by mortgage at heavy interest. Hence the land itself is a very costly article, and absorbs, in its mere acquisition, often far more than the peasant's available capital, which is supplemented, therefore, by heavy mortgages at high interest. Again, owing to the pressure of population, intensive cultivation, with its expensive implements, manures, and methods, is necessary; this demands a large working capital, while the incessantly increasing taxes, imperial, provincial, and commercial, whether on the land itself, on the houses, or on succession, registration, etc., continually involve greater expenditure. Losses, moreover, are very frequent; abnormally bad years are known in Europe as in India, while the diseases of the vine and silk worm, the ravages of drought, excessive rain and hail, have caused incredible loss,* only to be counted in hundreds of millions sterling, all of which, together with the loss of produce and heavy fall of prices for many years, has to be borne by the farmer-proprietor.

---

a sale price of £1,000; a gift at marriage is taxed at about 3½ per cent. of the value if to a son, at about 7 per cent. if to a nephew, and at 11¼ per cent. if to a more distant relative or stranger; an inheritance is charged with succession duty of 1¼ per cent. if to a son, and at rates up to 11¼ per cent. in other cases; the capital is arrived at in cases other than sale by multiplying the rent or real income of the estate by 25. The above are simply the transfer duties, and are exclusive of other fees, whether notarial or State.

* For instance, it is stated that in France alone, in the two years 1879 and 1880, no less than 2,147,500 acres of vineyards were entirely destroyed by the Phylloxera and frost. In Prussia, in the three years ending 1880, 37 per cent. of the villages were, on the average, damaged, in many cases seriously, by natural disasters not capable of prevention, such as frost, drought, floods and wet, plant diseases, vermin, etc.

Cattle, again, are very generally bought on credit, and one of the most devouring forms of usury is that of cattle-merchants and of those who lease out cattle to the farmer for breeding and fattening; the trade in cattle and the *bail à cheptel* are said to be more productive of usury than money-dealing itself.

'The heavy indebtedness of proprietors in Europe is not due, to any great extent, to improvements and developments; it is of long standing, and originated long before the modern development of farming, which, indeed, has hardly reached the peasant farmer—*e.g.*, in France the mortgage debt in 1840 was £480,000,000; in Germany and elsewhere it was similarly very heavy, Dr. Mascher's estimate for Prussia alone in 1869 being above £337,000,000 and below £375,000,000, while in 1894 it is calculated at £500,000,000.'

The indebtedness of the small farmer has been for a long while a subject of grave anxiety in all countries in Europe. In recent years, owing to the spread of mutual credit banks and co-operative associations among the peasants, the outlook in agricultural districts has brightened, and the tendency is no longer towards deeper indebtedness, but towards freedom from the oppression of the usurer and the land-bank. But this movement is of very recent growth indeed; in hardly any country in Europe had it achieved important results ten years ago, and it can hardly be said to have begun in England yet. In order properly to appreciate the value of the remedies now being employed for the reduction of agricultural indebtedness it is necessary to understand the condition in which the small farmers of Europe were placed ten years ago. The following extracts from Sir F. A. Nicholson's Report give a few details about the condition of different European countries before the agricultural revival had developed:

'In France the total mortgage debt, wholly irrespective of all debts based upon personal and chattel

credit, purchases upon credit of cattle, stock and farm necessaries, or for family maintenance, etc., is known to be about £660,000,000—viz., 14½ milliards, plus the mortgage loans (2 milliards) of the Crédit Foncier. The above estimate is made by most careful economists and financiers, after allowing no less than £180,000,000 (4½ milliards) for mortgages discharged but not struck off the registration records, from which the gross total of 21 milliards (£840,000,000) is derived. It includes, however, all urban mortgages, and not rural only. In the department of the Garonne, a vine-growing tract, for which particulars are given in an American Consular Report, the annual mortgages were stated at 4·68 per cent. of the total value of the land; as mortgages are only given to one-half the estimated value, it follows that each year about 9 per cent. of the land is mortgaged, while since the mortgages are usually for a considerable term, it follows that the bulk of the land is under mortgage. As a matter of fact, actually existing mortgages amount in that department to about one-third the estimated full value, and therefore to about two-thirds of the mortgage value of the land.

'For Austria no complete data are available, but in only a portion of Austria—a comparatively poor country with only 160 persons to the square mile—the mortgage debts in 1888 were £160,000,000 on *peasants'* holdings only, and the increase between 1867-88 was 42 per cent. Of these debts the "number of cases due to the issue of warrants of execution" was 15·76 per cent. in 1868 and 31 per cent. in 1888, while the value of such cases was 4·34 in 1868 and 7·23 in 1888, showing a large increase in the court-sales of small properties. About one-fifth of the cases and one-fourth of the amount of the debts were due to the purchase and inheritance of land, even in this sparsely-inhabited country.

'For Germany statistics are not available, but the

burden is considered to be heavier relatively to value than even in France. In Prussia the debt of all the large estates together is put down at twenty-eight times the land-tax, and that of medium estates at eighteen times; for small estates the figures are not given. These are merely the registered mortgage debts, which in Prussia only, on landed property alone, were in 1894 placed at about £500,000,000, and actually increased by £45,000,000 in the seven years ending 1893. The increase is put down to bad harvests and other losses, and the law of inheritance. In Prussia in 1886-87 the mortgages newly registered in that year alone were £31,200,000, while those paid off were £24,440,000. This gives at once an idea of the amount and of the rate of increase of mortgage debt (Mayet), it being remembered that in Europe most mortgages are of long term, those given by the Land Mortgage Banks being of thirty, forty, or more years.

'In Sweden the indebtedness of peasant proprietors "has increased considerably within the last twenty years," and also, but in a less degree, during the preceding twenty years. The increase is put down to the necessity for intensive cultivation and to the increase in facilities for borrowing, and to the law of equal inheritance, necessitating mortgages for paying off shares.

'In 1893 a discussion in the Storthing (House of Representatives) of Norway gave a most instructive account of Norwegian peasant indebtedness. The mover of the debate, representing the richest agricultural district in Norway, declared that the landowners were falling deeper and deeper into debt; that their mortgage debts had risen from £9,000,000 in 1865 to £27,800,000 in 1893, exclusive of similar debts to savings-banks and merchants, while the landed property was worth (according to a correction by the Home Minister) about £44,000,000; hence that

the proprietors only had an interest of about two-elevenths in the total value of the soil; that the bare interest on the debt, even at only 4 per cent., was equal to one-sixth of the value of the gross agricultural produce, so that the farmers, especially with falling prices and increasing taxes, were in a desperate position. The causes of debt appeared to be the fall in prices, the rise in taxation, the want of practical agricultural teaching, the right or the necessity of the eldest son to buy out all coheirs on succession, and the "exigencies of more civilized life," apparently a euphemism. Practically the whole of the above debt was held by the Bank of Norway, the Land Mortgage Bank, and the savings-banks—a striking commentary on the idea that banking credit will cure indebtedness. While the Minister of the Home Department considered the statistics "somewhat exaggerated," they were not seriously combated or denied, and there was "a unanimous agreement as to the present impoverished condition of the peasant proprietors of Norway"' (Foreign Office, No. 282 of 1893).

'In Switzerland "the indebtedness of the peasant proprietors has increased to a very large extent during the last twenty years," due partly to a great rise in land values, giving the opportunity of making fresh charges (mortgages) on the land, partly to the laws of inheritance. It is extremely important to note the former reason, since it shows that, even in countries of good education, the peasant cannot refrain from pledging any additional value which the land may acquire. In Berne "the indebtedness of the peasant proprietor has been steadily increasing for the last thirty years; the sales of their holdings have been becoming more frequent, and there has been a growing tendency among the agricultural population to migrate to towns or to emigrate beyond the seas." The increase of debt in this canton is enormous. The capital value of the land in 1889 was £40,735,084, and

the debts thereon £15,952,492, or 39 per cent. The value of the land increased from 1856 by 65 per cent., and the debts by 128 per cent. In one division of the canton the debts were 55 per cent. of the capital value —that is, practically the whole area was pledged to nearly its full mortgage value, since two-thirds of the estimated value is generally the mortgage value.

'For Italy the figures are very heavy. On January 1, 1888, the registered mortgage debt bearing interest was above £328,000,000, in addition to registered charges ("hypothèques légales") of above £71,000,000. These latter are claims upon property not susceptible of interest, such as dues for construction, supply of material, etc. The interest on mortgages proper is very heavy. "It has been contracted under peculiarly onerous conditions, and so heavily burdens the soil as to form one of the chief evils from which agriculture suffers" (M. Claudio Jannet). "Often the interest on a loan representing only half the value of the land absorbs the profit of the whole" ("Inchiesta Agraria" *s.v.* "Venetia"). The pages of Mr. Beauclerk ("Rural Italy") are full of the accounts of rural usury and indebtedness; so also M. E. de Laveleye in "Letters from Italy," and numerous others.

'In Denmark the indebtedness has steadily increased for the last forty years, the increase being chiefly due to the "cost of purchase and the laws of inheritance." Indebtedness to the amount of 40 per cent. of the capital value is called normal, but it is now about 50 per cent. This is the value relative to the capital value, but the absolute amount is said to have increased six- or seven-fold in the last forty years; hence, as in Switzerland, a greatly increased value of the land has been followed by a still greater burdening of that value. The similarity in the proportion—viz., 40 per cent.—is also noteworthy. Now, since money-lenders and banks in Europe seldom advance money to more than half of the estimated

value of the land, it follows that nearly the whole land is under mortgage when the mortgage amount is 40 or 50 per cent. of the value. This is a significant fact.

'In Belgium the peasants are said to have grown poorer, the exceptions being those who are temperate, active, and thrifty to an unusual degree. The figures are not, however, available.

'It is to be remembered, *per contra*, that in certain cases this increase of indebtedness is due to better cultivation and to a pledging of the land for improvements and for the mobilization of the capital sunk in the soil; it is not always an unproductive charge. Also, that whereas the loans in former years were at usurious, or at least heavy, interest, the loans, at least in Switzerland, are now often at lower interest, and are not therefore necessarily in all cases a heavier annual burden. Moreover, while all mortgages are registered, releases from mortgage are not necessarily registered, while partial repayments are necessarily not shown. This, although allowed for in the French statistics, somewhat reduces the total burden. Again, in Switzerland and in Prussia it is the rule that the State land-tax is reduced in proportion to the burdens (mortgages) that the land has to bear; hence it is not uncommon deliberately to keep an estate burdened in order to escape the tax, the proceeds of the mortgage being placed out at interest.

'But for Europe in general it is certain that mortgage indebtedness has immensely increased during the last twenty to forty years; that besides mortgage debts there is a great mass of charges in the form of "hypothèques légales et occultes"—*i.e.*, charges not bearing interest, and arising from claims of various sorts, and also unregistered debts; that there is a great amount of unknown and personal debt; that the debts are largely due to the fall in prices, to the law of inheritance, to heavy succession duties, to great losses

in the matter of crops, vineyards, cattle, etc., and to the peasant "obtaining possession of his holding at too great a cost, and exhausting the greater part of his credit in the process. He has thus to commence farming without a sufficient working capital, and with no reserve fund on which to fall back in bad years." It is only in exceptional cases that holdings purchased and worked on credit can clear off their indebtedness by what they produce. In exceptional places the peasant proprietor may hold his own without difficulty, but "when his resources are limited to the uncertain produce of a small holding, his position, at best a precarious one, must become untenable when exposed to the stress of bad times." He must then part with his land and emigrate either to the town or to other countries. These latter remarks are quoted from Switzerland, but equally apply to Europe generally, and go far to explain the enormous emigration from Germany, Italy, etc.

'The above is taken largely from Parliamentary Paper, Commercial, No. 5, of 1891, a paper drawn up from reports from the British Embassies in Europe, which, again, are based chiefly upon local official information, and are sometimes mere translations of official communications from the respective European Governments. Hence they have the stamp of authority.

'A body of reports on the trade and credit systems of Europe, drawn up by the American Consuls, state similarly that mortgages are general and very heavy upon landed property—*e.g.*, in the Silesian province of Prussia, where the first land-bank was started in 1769,

* In reading these extracts it must be remembered that Sir F. A. Nicholson's report (vol. i.) was completed in 1895, and that these reflections upon the indebtedness of the European peasantry were penned before the modern agricultural revival had made itself felt. In the next chapter will be found an account of the system by which the European peasant has been taught thrift, co-operation, and self-help, and by which he is gradually being liberated from bondage to the usurer and the land-bank.

it is said that "at least seven-eighths of all farms, large and small, are mortgaged to a greater or less extent." In Denmark "the greatest part of the landed property is mortgaged to an extent varying from one-third to two-thirds of its estimated value"; for Switzerland, particularly, it is stated that credit is abused by reason of the facility with which it is obtainable. Precisely the same evidence is afforded by the various authorities who have written on the subject of agricultural credit. In few of them, unfortunately, does agricultural improvement find any place as a cause of indebtedness, except in so far as the pressure of population and foreign competition are forcing intensive cultivation, and, by consequence, the purchase of manures, machinery, etc. The European peasant is, as admitted even by his admirers and advocates, the most bigoted of conservatives; "routine" and his father's customs guide him, as they do the Indian peasant, and it is a grave error to suppose that he, any more than his Indian confrère, is thirsting after credit with a view to "land improvements." The matter is of grave importance, for if credit institutions are started in India in its present condition merely to grant cheap credit, with the idea that the ryot is sighing for capital in order to sink it in wells, and permanent improvements, and higher cultivation, and decent cattle-sheds and homesteads, the error will lead simply to further unprofitable indebtedness. Even the European improvement in agriculture of late years is due much more to the teaching and example of the powerful agricultural departments of the State and to the admirable agricultural associations than to facilities for credit. By the example and instruction of the one and by the co-operative efforts of the other the peasant is learning to appreciate, and is now beginning to buy, new implements, better seed, manure, and so forth. What the European peasant, left to himself, requires in credit is the means of buying land at any price, of

paying off usurious debts, of finding cheap capital to pay off his coheirs, of combating, by cheaper capital, the terrible fall in the prices of produce and the continuous rise of expenses, rather than capital to be sunk in permanent improvements or invested in the higher agriculture.

'No statistics and little information are obtainable regarding the debts under personal and chattel credit. These must be enormous, since the "Jews" of Europe play to the full the part of the Indian money-lender in making advances on crops and on general status, in selling to the peasants cattle and goods at credit prices, while the poor, as everywhere, purchase all necessaries upon credit at very high rates. Further notice of this matter will be found below, in considering the action of the money-lender upon indebtedness.

'To resume, the landed proprietors and tenants of Europe are deeply mortgaged, especially the small folk, who, moreover, have large debts on personal credit which are not easily calculable.

'These debts have increased in a greater degree than the value of the property, which, on the other hand, is far above that of fifty years ago. The causes of these debts which have long existed, though not in the same proportion and to nothing like the same amount, are—(1) the purchase of land on credit; (2) the operation of the laws of inheritance, by which a property is either split up amongst the heirs, or, as is usual in the case of small proprietors, taken by one heir, who pays his coheirs the value of their shares, raising the sum by a mortgage on the estate; (3) great losses by season and disease; (4) a lowering of prices due to foreign competition in produce; (5) the weight of taxes, succession duties, previous debt, etc.; (6) the action of money-lenders; (7) facility of borrowing; (8) the necessity—due to the increasing pressure of population—for intensive agriculture, with its attendant need for a larger working capital; and (9) the social and

individual defects of the people—*e.g.*, in the matters of education, temperance, thrift, foresight.

'Of the causes of indebtedness mentioned above, only those of the actions of money-lenders and of the facility of borrowing need further discussion for the purpose of this study. The first it is useful to discuss to show that the small proprietor everywhere, in his universal need for capital, is the prey of the money-lender, and that, while human nature is as it is, the money-lender cannot, if he wishes it, avoid entangling the peasant. The danger and the difficulty of the ryot in India is not singular; it is common to the small holder all over the world, and it is necessary to recognise this in analyzing Indian conditions and miseries, and in planning out remedies. We have in India no abnormal and unheard-of misfortunes and conditions, but exactly the same difficulties, generally in a far less intense degree, as in Europe, and even in America. If, however, we have the example of the European peasant's difficulties, we have also the history of the efforts made to help him, and in these, whether in success or failure, lies the lessor for us in India. The succeeding remarks are drawn direct from standard or authoritative European works or reports on rural economy, credit, and statistics.

'In France the great mass of the agricultural mortgage debt is held by private lenders, and probably the whole of the personal credit rural debt. Now, the money-lenders are said to be frequently mere usurers. "Very often they avail themselves of the misfortune of the borrower; they trade upon his misery and ignorance. From the moral point of view their actions are criminal; they are frequently the ruin of the agriculturist."

'The details of the transactions are well known. Beginning with a simple note or bond, all the tricks of the trade are habitually and purposely resorted to,

until the patrimony of the peasant is in the usurer's hands. In good seasons, when the debt might be paid off, the debt is not pressed for payment, but rather avoided; in bad seasons, or on inconvenient occasions, the money-lender suddenly requires his money, till the wretched peasant signs away his whole property."

'The pages of M. Durand in "Le Crédit Agricole," may usefully be studied in this matter, and in an admirable article on "Le Crédit Agricole en 1893" (*Le Correspondant*, June, 1893), he says: "L'usure dans les compagnes françaises est infiniment plus répandue qu'on ne le suppose" (Usury in the country districts of France is infinitely more common than is generally supposed). His own original impression was otherwise, but "en cherchant bien, en nous informant soigneusement, nous avons fini par apprendre que les meilleurs de nos fermiers, et les plus riches cultivateurs de notre commune, empruntaient chaque année des sommes plus ou moins importantes au taux de 10 pour 100" (After careful inquiry we have learnt that the best of our farmers and the richest cultivators of our neighbourhood borrow every year sums of more or less importance at the rate of 10 per cent.). If the richer classes of farmer are compelled every year to borrow at 10 per cent., what must be the rates ordinarily paid by the small folk, to say nothing of bad years and unfortunate folk?

'As for usury in cattle, it is equally common and wasteful to the ryot, and one great object of the new agricultural associations is to enable a peasant to buy good cattle on decent terms, instead of any sort of cattle at prices 50 per cent. above their value. It is common for a man to pay 700 francs for a pair of cattle which would cost only 500 for cash. "Too often," says one authority, "the peasant works not for himself, but solely for the profit of the usurer who has made him an advance; his cattle are bred and fattened,

not for himself, but for his creditor, so that the French peasant's motto might be Virgil's, 'Sic vos non vobis fertis aratra boves.'"

'In Germany the picture is even more detailed and pitiful. For want of credit institutions over the greater part of the country, usury is almost universal, and "from its pitiless exploitation of the smaller agriculturists, it is considered as a menacing social danger." The peasant is "unable to take count of his pecuniary situation"; he keeps no books, and cannot judge of the pecuniary result of a transaction, whether of a venture in cultivation or of a loan from a money-lender. The result is that the rural classes "fall into the clutches of men who, under colour of helping them, desire nothing save their ruin for the profit of the lender himself." These are represented as lying in wait for misfortune, and are as eager as vultures when there is a chance of prey. The story of their action, whether in loans of money, cattle, or goods, is everywhere the same, and similar to that of France: temptations, false accounts, the law-courts, miserable cattle and bad goods at maximum prices—all these are general. It was the terrible misery of the peasants as regards usury, and the "frightful and shameless" action of the usurers, that led Schulze Delitzsch and Raiffeisen to the idea of popular banks or credit unions, the latter, in fact, regarding the usury question as the most important of the then social problems. The latter, in his first burgomastership, found his charge (Flammersfeld) a scene of poverty and usury. The "cultivators" seldom had cattle of their own, but borrowed them from dealers whose terms they were forced to accept on penalty of losing their cattle, and the dealer was thus able to extort "the whole value of the worth of the cattle, while the misery of the peasant increased yet more and more." Elsewhere the money-lender was so powerful that the produce was often handed over bodily to him on his own terms; he then—again on his own

terms—supplied food and seed, often of bad quality. A year of excessive rain or drought is the money-lender's opportunity, and very pitiful tales reached the writer of this study of the action of the "Jews" in parts of Würtemberg in the drought of 1893. The societies of social economy and of agriculture, the State Assembly, the public journals and individual statesmen, lawyers and economists, have made special inquiries and studies of this subject, which is described and discussed in much detail in a recent Congress of the Society for Social Economy (1888—"Verin für social Politik"), and in a debate in the German Parliament of the same year. In fact, in 1880 Germany enacted a most severe law against usury, and Austria has followed that example in 1881—a fact which in these days is remarkable and significant, seeing that the law was passed upon careful inquiries and reports. This law provides that judges shall examine all cases where usurious interest or transactions are brought to their notice, and shall determine upon a consideration of the facts and circumstances in each case whether usury has been practised, their judgment carrying with it a fine and imprisonment. This law has been amended by a law of July, 1887.

'In Italy usury is still more rife, and the accounts given by Italians, English and French economists and observers, by the great report of the Agricultural Commission, and by numerous writers, are very harrowing. The pages of De Laveleye and Beauclerk are open to the English reader. In French and Italian writers most extraordinary usury is mentioned in detail. Five per cent. per month for usury is common. In one village where M. Wollemborg established a credit institution interest varied from 20 to 200 per cent.; in another the little bank started by the same philanthropist successfully lent money at 6 per cent. to pay off debts with the usurers on which 30 to 100 per cent. was being paid, the successful action of the

bank showing that the peasants were paying usury and not interest. Signor Levi mentions rural usury up to 730 per cent.—*i.e.*, 2 per cent. per diem. Maize for food to the cash value of twelve francs was in one village supplied to the wretched peasant by the usurer on consideration of his paying twenty-four francs in three months, or at the rate of 800 per cent., and the maize was often of bad quality, such as causes the Italian scourge known as the "pellagra." In this village the Mayor alleged that the peasants "often had to pay the fabulous interest of 1,200 per cent." Small wonder that, as it is said, a man who has 2,000 lire (£80) of ready-money and a hard heart can live on its proceeds. In fact, in Italy generally the peasant population and small farmers are the prey "of the most frightful and shameless usury," to the cash terms of which gratuitous labour (*corvée*) and a dinner on Sundays, presents of fruit and vegetables, and other services, are not infrequent, though unexpressed, additions.

'As it is not intended to describe the condition of Europe except in so far as to draw lessons for India, it is needless to go further in this description, which might, however, for the countries mentioned be indefinitely extended with the most precise details. Is it likely, however, that the Indian money-lender and peasant farmer are on very different terms?

'Now, on this point there are two opinions, one of which regards the money-lender as, on the whole, rather beneficent and kindly, a sort of partner with the ryot, supplying the needs of the latter, and maintaining him in times of misfortune. Others, again, regard him rather as a beast of prey, seeking everywhere whom he may devour. The truth as usual, probably lies near the middle. As society and credit are at present constituted, he fills an absolute gap, and is a rural necessity; on the other hand,

he is most undoubtedly an expensive and dangerous necessity. He has been found in India from time immemorial, and Munro and Mountstuart Elphinstone in Bombay give pictures of the rapacious and enslaving action of the usurer, the misery and bondage of the ryot at the beginning of the century, precisely similar to those of Europe and Southern India at the present day, except that land mortgage was then unusual, since land had little or no value.' So, too, Holt Mackenzie, in 1832, when giving evidence before the Select Committee on the affairs of the East India Company, declared 'that the borrowing of money by cultivators of the land was practised very extensively; he might almost say it was universal, and he thought that probably three-quarters or seven-eighths were cultivating with capital borrowed in that way.' Holt Mackenzie's experience of India had begun in 1808, and therefore he may be assumed to have been describing the conditions of things that prevailed when British rule began in this part of India. He went on to say 'that he supposed three-fourths (of the cultivators) were cultivating the soil with capital borrowed at the rate of 2 per cent. a month. The length of time during which the advance continued depended a good deal on the crop. In sugar-cane the advance probably ran on for a year; the grain crops, being produced more rapidly, the cultivators must generally possess the means of repayment in about half a year; but a great majority in Bengal seemed to live from hand to mouth, and to be always in debt. The cultivators did not use the money-lenders as commission merchants, but it was very generally a part of the bargain that the produce should be delivered to the money-lenders. The bargain generally was to deliver at a certain price, which was always below the market rate. He had known an instance in which, when the market rate of sugar was 15, the deliveries of the cultivator were at 20, and they generally

delivered all their produce at a price below the market figure.*

Much of the above remains true at the present day. That most competent observer Mr. William Crooke estimated in 1888 that in the Etah district 44 per cent. of the families in a selected area 'habitually provided their own seed-grain; the remaining 56 per cent. borrowed it. Nor is this result abnormal or indicative of any degree of poverty peculiar to this district. Inquiries made at Agra showed that 78 per cent. of the tenantry were in debt. Mr. Moens, in Bareli, found that '66 per cent. of the tenants about whom he made inquiries borrowed their seed-grain.' Similarly Mr. E. Rose wrote from Ghazipur, 'as a rule, a very large proportion of the agriculturists in a village are in debt. Sometimes the debt is one which has descended from father to son, sometimes it is one which has recently been contracted for a marriage ceremony or a lawsuit, but almost always, as far as the debtor is concerned, an indeterminate quantity; he has seldom an account of it, and only knows what he paid off at the last harvest, or when the last payment was made. Great numbers of the agriculturist community appear to have a kind of running account with the *mahajan* (banker); he advances them seed, giving one seer less than the market price, an investment of which, barring the accident of drought and a deficient outturn, when, in kindness and compassion, the village Shylock would let the debt run on to a more convenient time, it may fairly be said, 'This is the way to thrive, and he is blest, and thrift is blessing, if men steal it not.' In other instances the advance is made at seed-time on the Sawai principle, which means a return at harvest of one-fourth more than the quantity borrowed at seed-time. He lends money, moreover, as I have

* 'Minutes of Evidence taken before the Select Committee on the Affairs of the East India Company'—II., Finance and Accounts: Trade, p. 17, 1832.

already said, for the inevitable marriage and the equally inevitable lawsuit. When the tenant falls on evil days, he will advance him rent to save him from ejectment; he is, in fact, at all times the resource to which the needy agriculturist goes for relief, and the consequence is that a large proportion of the cultivating community is seldom free from the *mahajan's* influence. When the crops are reaped, the greater portion finds its way to his granary; the tenant retains a share for his immediate use, but seldom for the consumption of his household and for the following seed-time. Long before next harvest approaches he has, as a rule, to have recourse to the *mahajan*, upon whom, in no inconsiderable number of instances, he is at certain seasons of the year—more especially before the approach of each harvest—almost entirely dependent for his daily supply of food. But the system is not without its advantages in 'hard times'; it is to the interest of the creditor, as well as the debtor, that the latter should live; there is a community of interest which secures him from starvation.*

Although statistics do not exist for India which would enable us to compare the rural indebtedness of this country with that of Europe, it is clear that there is no very striking difference in this respect between the East and the West. Such rough estimates as we have for India are of the percentage of cultivators in debt, whereas the European figures have reference to the extent of land upon which debts have been raised; but the results obtained by either of these methods of calculation are sufficiently similar to justify us in concluding that there is no striking disparity between India and Europe. As far as the figures can be held to prove anything, they show that the advantage is at present slightly on the side of the Indian agriculturists.

* An Inquiry into the Economic Condition of the Agricultural and Labouring Classes in the North-West Provinces and Oudh,' 1888, p. 133.

According to the three estimates mentioned by Mr. Crooke, from 56 or 66 to 78 per cent. of the cultivators are in debt. We may, perhaps, assume that the average is about two-thirds of the whole body. In Europe the normal indebtedness is estimated to extend over 80 per cent. of the peasants' land, and before the recent agricultural revival it was asserted that the percentage was being increased. We should probably not be far wrong if we assumed that about three-quarters of the peasant proprietors in certain European countries are in debt.

That the indebtedness of the peasantry of Europe increased considerably in the latter half of the nineteenth century is admitted on all sides, but we are not in a position to say with certainty whether the indebtedness of the Indian cultivator is also increasing. The evidence of Holt Mackenzie seems to indicate that even at the beginning of the last century the Indian cultivator pledged what credit he had to the utmost. There is, however, a popular impression which must be allowed some weight as evidence that the peasantry of to-day are more deeply involved in debt than their forefathers. In cases where the peasantry are the owners of the land they till, as is commonly the case in the Punjab, and to a more limited extent in this province, it is intrinsically probable that indebtedness should have increased. The value of land and of all interests in land has risen enormously since the beginning of the nineteenth century, and the peasant of to-day has far better security to offer than his father, and can consequently raise more money upon it. Now, the experience of European countries proves that any increase in the cultivator's power of borrowing is certainly followed by an increase of his indebtedness; he borrows everywhere, not according to his need, but according to his capacity. Where the value of land is very low, or where, as in some of the Indian feudatory States, the cultivator may not alienate his

interest in his holding, the peasant's credit is small. He can raise money only against the expectation of the next harvest, upon his cattle, and upon his wife's jewellery or household utensils. His capacity for indebtedness is extremely limited, and he is not, therefore, very deeply involved. But the action of British law-courts has been to invest the proprietor of land with an asset, the value of which has been steadily increasing, and against which the peasant proprietor soon discovered that he could raise large sums of money. It is extremely probable, therefore, that his indebtedness has increased *pari passu* with the value of his property.

The evidence that the indebtedness of the cultivator is increasing may not be irrefutable, but it certainly has the colour of strong probability. Unfortunately there is not even as much evidence to show that the rate of interest charged by the money-lender is going down. A well-to-do man who is not already in the grasp of the money-lender can negotiate a loan upon good landed security at 8 per cent. to 12 per cent., but the tenant who has nothing to pledge but his cattle or the prospects of the next harvest has still to pay usurious interest, 37½ per annum not being at all uncommon. This high rate of interest is all the more pitiful because there are in India considerable savings waiting investment for which their owners hardly succeed in getting more interest than is commonly the case in Europe. As long ago as 1891 the late Mr. Justice Ranade said at Poona to the Industrial Conference: 'No fact in the economic condition of this country arrests attention more forcibly than the contrast presented by the hoards of unused capital, stored up in the vaults of the Presidency and other exchange banks, and the high premium Government securities command on one side, and on the other the utter paralysis of industry in rural India, due to the poverty of the resources of the classes engaged in the produc-

tion of wealth. It would appear as if some impenetrable barrier intercepted the overflow of wealth and barred the channels of communication between the reservoirs of capital and the parched fields of industry, dried up for the want of wealth-bearing and fertilizing moisture. . . . The Presidency Bank of Bombay alone has at this moment more than fifty millions of rupees of deposit receipts which it does not know how to use, and which drives it in despair to refuse municipal and other private deposits except as current accounts which bear no interest. Nearly twenty millions of rupees are locked up in the Post-Office Savings Banks in the Presidency alone, and as many as fifty millions of rupees are similarly locked up all over India, which Government cannot turn to account except by buying its own paper and maintaining from the interest proceeds its Paper Currency Department. . . . Meanwhile the cultivating and artisan classes can get no loans except at rates of interest ranging from 12 per cent. to 24 per cent.'

It seems natural to conclude that a reduction in the current rate of interest on rural loans would immensely benefit the Indian peasant, and this was avowedly the object which the late Mr. Justice Ranade had in view. Towards the end of his address he said: 'All that the Government has to do is to organize district or city committees of Indian capitalists, to empower them to receive deposits at fixed rates, and lend them at slightly higher rates to the borrowers on the security of lands or houses, etc., the excess rate providing for a gradual amortization of the debt in a definite period, as also insurance charges and working expenses.'

Unfortunately the experience of Europe demonstrates only too clearly that facile credit—*i.e.*, loans easily negotiated at a low rate of interest—are hardly less baneful to an ignorant peasantry than the dangerous advances of the usurer.

'Cheap and ready credit,' to quote again from Sir

F. A. Nicholson's report, 'without due safeguards in the prudence of the peasant, is expressly mentioned in the reports, etc., as a cause of indebtedness in Europe. Debt has increased more rapidly than the value of the land; easy credit has meant reckless borrowing; an "unearned increment" due to a general rise of prices, to a greater demand for land, etc., has usually been discounted by the owner, whether large or small proprietor.

'A few proofs will be given, those countries being selected where the action of banks is particularly well marked, amongst which will be specially noted Switzerland, a country often quoted as an example both in the organization of its credit, the industry, education, and produce of its people, its methods of local government, etc.

'Switzerland, for about 3,000,000 of people, has about 900 banks of all sorts; it may be said that there is a bank for every village; and the Federal Department for the Interior expressly states that private "capitalists are no longer of any importance as lending agents, the mortgage and savings banks being now (1891) almost the only sources from which the landed proprietor can borrow" (Commercial, 9, of 1891). The result is that "borrowing has now been rendered easy for him—too easy, indeed, perhaps, for the indebtedness of the land cannot go on increasing without seriously endangering his position; it is only in exceptional cases that holdings purchased and worked on credit can clear off their indebtedness by what they produce" (Commercial, 5, of 1891). "Credit is here (Berne) carried on to such an extent that general prosperity is already injured thereby, and will probably be still more injured in future"; the real estate "is so heavily mortgaged that, in consequence of several years of partial failure of the crops, the state of agriculture is in a precarious position, the proceeds thereof being scarcely sufficient to support the parties and enable

them to pay the interest on their debts." "Credit is too frequently demanded and too easily granted" (St. Gall), with the results of trade disturbances (Reports of U.S.A. Consuls on the Credit and Trade Systems of Europe, 1884).

'In Norway, where nearly the whole land mortgage debt is held by banks, it is estimated that only from one-sixteenth to one-fifth of the value of the lands remains to the proprietors.

'In Sweden, where peasants are notoriously thrifty, the second of the three chief causes to which the great increase of indebtedness is attributed is the increase in the number of the country banks and the greater facilities thereby afforded for borrowing.

'In Germany it has already been shown that the landed debt is increasing at enormous rates, to a great extent no doubt on urban property, but also largely on farms. In Silesia, the original home of land banks, the American Consul considers that at least seven-eighths of all farms, large or small, are mortgaged to a greater or less extent. The Consul at Dresden (Saxony), the headquarters of a very successful land bank, says that "it is rare to find a piece of property, house or landed, free of mortgage." At Aix the Consul says that a very large majority of the real estate is burdened with mortgages, and judgments are in no way conspicuous by their absence. In Bavaria, where money is chiefly advanced by banks, "rural estates are often much encumbered, and eventually sold by auction." In Bavaria, with 681,521 farms, no less than 6,686 were subject to forced sale by courts in 1880.

'Here, then, may be seen the results, not of usury, but of its equally dangerous opposite, facile credit. Usury provided a moderate amount of capital at burdensome rates; banking credit has substituted, in the same countries, capital at cheap rates, but has increased the mass of the burden. So far from banking, even on the most honourable and careful lines—*e.g.*, those

of State banks, as in Norway, and savings-banks—being found a panacea for rural indebtedness, it has merely increased the gross burden; the specific gravity of the mass may be less, but the volume is more than proportionately greater.

'What that burden is may be judged by the following remarks: In Prussia the mortgage debt is £500,000,000 on 30,000,000 people, or nearly £17 per head, in Norway it is £36,000,000 on 2,000,000 people, or £18 per head; in Switzerland, Canton Berne has a mortgage debt of £16,000,000 on 538,000 people, or £29 per head; this last country being, amongst countries of small proprietors, more completely provided with banks than any in the world, insomuch that the individual money-lender is of no account.

'If such are the dangers and difficulties in Europe, those of India can hardly be less. It is useless, however amiable, to believe that the ryot is only thirsting for capital in order to invest it at once in the improvement and development of his estate; that the influx of cheap capital is all that is wanted to enable him to wipe off his old debts in order to start forthwith on a self-denying career of productivity. It is dangerous to confer, whether upon the peasant proprietor or upon the Pariah labourer, a fancy character, born possibly of hope or of an enlightened personal conception of one's own probable or possible action under similar circumstances, and forthwith to start for his aid institutions suited to such character, with the certain result that he will do what more educated and enlightened men did and do, whether in Germany in the early days of land banks, or in Europe generally in these days of competition and facile credit. Credit is a remedy, but, like many remedies, it is also a dangerous poison (a double-edged tool, a consuming as well as a comforting fire, to use metaphors from European writers), and in applying the novelty wholesale to the Indian ryot it must be applied with the caution that

such remedies require, lest the ryots learn too easily to borrow with a light heart, the lighter that the terms are favourable and repayment so easy and so gradual. In what way does it benefit a peasant to owe £200 at 4 per cent. to a bank instead of £100 at 8 per cent. to a money-lender unless it is absolutely certain that the whole difference has been spent in the improvement of the estate, a hypothesis absolutely in contradiction with the European evidence, which shows that land improvement banks are the latest in development and the least in demand, and that the loans are for "family purposes," for the repayment of previous debt, for the purchase of land, the payment of taxes and the like. What does it matter to a peasant whether he is ruined by a bank or by a money-lender, by the too facile credit of the one, or the too usurious terms of the other?'

CHAPTER VI

REMEDIES FOR AGRICULTURAL INDEBTEDNESS: THE PEASANT AND THE MONEY-LENDER—*Continued.*

THE indebtedness of the peasantry has long engaged the serious attention of public men in Europe, and various suggestions have been put forth from time to time to solve this grave social problem. Two of these deserve consideration here because they have commended themselves to the Government of India, and are actually being tried in this province.

The first of these remedial measures consists in reducing the peasant's capacity to borrow. It has been observed in Europe, as well as in India, that the peasant's power to borrow depends chiefly upon his being able to pledge his land as security for debt; the amount which he could raise upon the security of his cattle or household utensils is trifling, for the security is not very attractive; but the value of land has been steadily rising, and it is a security which bank or money-lender will accept with gladness. A cause, then, of the peasant's indebtedness is the dangerous privilege which has been conferred upon him of mortgaging his land—a privilege, it must be remembered, which was suddenly conferred upon him a comparatively short time ago. This is as true of Europe as of India.

'Take Prussia, for example. Before the well-known legislation associated with the name of Von Stein the peasants had no mortgageable interest in the land:

they occupied but did not own it; and the object of that legislation was, in fact, the substitution of allodial for feudal tenure. That was eventually accomplished successfully, and the Prussian peasant became absolute owner of his lands, while the noble held his lands free of any peasant liens thereon. But the power of mortgage was granted from the beginning; in fact, the method adopted for freeing the peasant was that of commuting his dues into a rent-charge or annuity, which might be capitalized at eighteen or twenty years' purchase, this amount being advanced by a rent-charge bank which took a mortgage on the land as its security. Add to this that the land banks of Prussia established for nobles had, since 1770, set an example of the mortgage habit, so that the German peasant, hard pressed for working capital, for taxes, and for maintenance, readily adopted the same, with the result that Prussia, which at the beginning of the century had but an infinitesimal mortgage debt, had in 1893 a mortgage debt on "landed estates and peasant holdings of about £500,000,000, the debt having "increased by £45,000,000 since 1886" (Commercial, 3, of 1894); while the statement of objects and reasons to a Bill of 1894 for the establishment of Chambers of Agriculture states that one object of the new Chambers is to assist Government in initiating legislation intended to relieve the oppressive indebtedness of agricultural land in the kingdom and to organize rural credit. It is obvious, then, that while the abolition of serfage and feudal dependence resulted in a free peasantry, the ability to mortgage the land without let or hindrance has resulted in the reimposition of dependence in a much more objectionable form—viz., the dependence of the peasant on the Jew usurer—with the further result that the great agrarian problem now is not the liberation of the serf, but the freeing of the freed peasant from the bondage of usury, to which end statesmen, publicists, economists, and agricul-

turists are recommending protection, subsidies, land banks, and other infallible panaceas.

'In France the mortgage indebtedness is so great, and the rate of interest so high, that the French peasant can, in general, only live by a frugality and parsimony, and by certain family restrictions which do not usually commend themselves to general imitation.

'In the United States the statistics of the Census of 1890 show that in many, even of the largest States, about half of the farms are mortgaged to their full mortgage value—that is, one-half of their supposed market value—and that the rate of interest is nearly 8 per cent.

'It is, then, clear that free mortgage is not without its dangers, and the example of Prussia is peculiarly interesting for Indian students, for it is exactly paralleled in this country, where, on a sudden, an ignorant peasantry not only obtained absolute ownership of the soil, subject only to State dues, but, equally suddenly, found that land attained an enormous relative money value, owing to the fall in money, to foreign trade, to the development of communications, and the like. A great development of the mortgage habit at once resulted, to be followed, as in Europe, by the cry for State aid, for the establishment of land banks and the like.

'It is easy to be wise after the event, and it is herein that the study of European facts is so important to Indian reformers and administrators, that it helps to give that wisdom which may come from national object-lessons. It teaches at least that the agrarian problem is common to all countries, and that it is not to be treated by any single panacea. What seems to be the cause of the disease is often only a symptom, and no radical cure can be effected by its removal. It may disappear only to break out in unexpected form and place. Abolish feudalism, or even the landlord, and

the money-lender appears; establish equal rights, and as a consequence equal inheritance, and the mortgage becomes a necessity, or the estate a mere farmlet; reduce overwhelming State demands, and the resulting surplus is taken by the money-lender, or the small proprietor becomes the petty landlord with a pauper tenantry; establish banks and facile credit, and indebtedness may be far more than doubled, or the individual money-lender may be replaced by syndicates of land-grabbers and dividend-hunters. The agrarian problem, like the national, or, rather, the human problem, is full of unknown or undervalued factors; it passes the wisdom of man to foresee and to provide against the difficulties produced by ignorance, by want of forethought, by imperfect legislative and administrative measures—nay, even by what seemed, and still seem, measures of justice, civilization, and political progress, such as equal inheritance, the abolition of feudal services and inordinate State demands, the introduction of cheap communications, etc., through which the present agricultural crisis has arrived for Europe, and is beginning in India. Hence it does not necessarily follow that a limitation of the power to transfer or mortgage lands is necessarily an error in all conditions of society. Where a peasantry has learnt the full lessons of thought and prudence, the full use of credit and capital applied productively; where the conditions of society and the demands of the State are such as not to compel resort to the money-lender, the power to mortgage to the full can hardly be an error. In other conditions it is possible that such power may only lead to undue indebtedness and to a degradation of the agriculturist and his art.'*

Such reflections as these suggested one of the remedies which are now being tried in India for agricultural indebtedness. As the peasant proprietor's readiest way of raising money consists in mortgaging

* 'Report on Land and Agricultural Banks,' F. A. Nicholson.

his farm, it is expedient to declare his holding inalienable, and thus make him incapable of pledging it as security for a debt. This has actually been done in the Panjab and in Bundelkhand. In the first case the Government directly aimed at securing the manly peasantry of the Panjab in the possession of their ancestral fields. By the Land Alienation Act XIII. of 1900 a peasant in that Province cannot sell his land to any but members of certain agricultural classes who are recognised by statute as agriculturists. Even more recently the Government of the United Provinces passed similar legislation for the relief of the landed proprietors in the Bundelkhand district. The Government cleared the estates of debt and restored them to the owners, coupled with a new provision limiting the proprietor's right of alienation. The local governments were influenced by other than purely economic considerations in passing these two Acts, and the legislation will probably have fulfilled the object of its originators if it succeeds in maintaining the peasant proprietors of these tracts in the hereditary possession of their farms.

But these measures do not offer a complete and final solution of the problem of agricultural indebtedness. An essential factor of that problem is that the agriculturist, whether in India or Europe, must and will have credit; if he cannot have it cheap, he will have it dear. At the same time the village moneylender has hitherto made such a good thing out of rural usury that he is not likely to abandon his calling without reluctance. When borrower and lender are so anxious to come together, it will be strange if they do not manage to meet upon some terms or other, and there is no reason whatever for supposing that those terms will be more advantageous to the borrower than before the passage of the Land Alienation Acts. It is worth noticing that in France also special obstacles have been placed in the way of the peasant seeking

credit. 'The Code Napoleon attempted to safeguard him from embarrassing himself by making his debts recoverable only at common law in the ordinary civil courts. This is, as elsewhere, a very lengthy, costly, and somewhat uncertain proceeding, and the result has been that the peasant has been not only safeguarded, but fettered. Loans are so difficult to recover that they are only granted on much higher interest than similar loans to "commerçants"; hence, as he was bound to borrow, his debts are an unnecessarily heavy burden. One of the most persistent agitations in France is to obtain the modification of this law, so that agriculturists may be placed on a common level with commercial or artisan borrowers.'*

The complete solution of the problem of agricultural indebtedness appears to lie in some system which will provide the peasant with facilities for borrowing at a low rate of interest, and at the same time devise safeguards against his inveterate tendency to borrow imprudently. Both of these conditions are satisfied by the popular banks or co-operative credit associations which have worked such a beneficial revolution in Germany and some other countries of Europe, and which therefore deserve the closest study by those who would ameliorate the condition of the Indian peasantry. But it is well to bear in mind that a system of co-operative credit cannot be introduced by slapdash legislation, but only by the gradual elevation of the people to a higher plane of thrift, prudence, and self-restraint. The example of the popular banks of Germany is valuable because it points out how this education of the people can be practically taken in hand, and does not condemn us to the sterile alternative of waiting for the slow influences of civilization and progress to reach the masses.

The organization of co-operative credit in Germany is due to the practical example and unwearied exer-

* F. A. Nicholson's Report, vol. i., p. 46.

tions of two men—Schulze Delitzsch and Raiffeisen—who worked independently upon slightly different lines, but upon practically identical principles. The work of Schulze Delitzsch lay chiefly among the artisans and small tradesmen of towns, and that of Raiffeisen among the peasants of the rural districts. It is the latter which throws the most suggestive light upon Indian problems, and of which, therefore, a brief account will be given here; but the whole story of these two philanthropists and their followers should be read attentively in Sir F. Nicholson's luminous report.

Raiffeisen was a man of slight estate, of very poor health, with no particular property, but of unbounded energy. He was forced by ill-health to retire from public service in 1860. Though sick and nearly blind, he then devoted the remainder of his life to this work, dying in 1888 after his societies formed an established and successful system. 'He was the burgomaster of a village—afterwards of a group of villages—in one of the poorest parts of Germany—the Westerwald. It had but a barren soil, scanty means of communication, bleak surroundings, indifferent markets. Nature had proved a very stepmother to this inhospitable bit of territory, upon which the half-starved population—ill-clad, ill-fed, ill-housed, ill-brought up—by hard labour eked out barely enough to keep body and soul together, with the support of the scanty produce of their little patches of rye, buckwheat, or potatoes, and the milk and flesh of some half-famished cattle, for the most part ruinously pledged to the Jews.' That reference indicates a peculiarly sore point in the rural economy of Western and Southern Germany, which led Raiffeisen to become an economic reformer. In this country we have no idea of the pest of remorseless usury which has fastened like a vampire upon the rural population of those parts. Even the gombeen-man cannot compare with these hardened blood-

suckers. The poor peasantry have long lain helpless in their grasp, suffering in mute despair the process of gradual extinction. My inquiries into the system of small holdings in those regions have brought me into personal contact with many of the most representative inhabitants—heads of agricultural departments, judges, parsons, peasants—and from one and all, here, there and everywhere, have I heard the self-same, ever-repeated, bitter complaint that the villages are being sucked absolutely dry by the "Jews." Usury laws, police regulations, warnings and monitions have all been tried as a remedy, and tried in vain.' *

'It was this miserable district, where every little wretched cottage and tumble-down house was mortgaged, and most of the peasants' cattle belonged to the Jews, that was sorely visited by the famine of 1846-47, and it was the misery of the people that moved Raiffeisen to action. Such were the conditions of the country and of the people, and no more unpromising field could have been selected. And the conditions of the problem were no less difficult—viz., to supply *within*, confidence, courage, the spirit of thrift, of self-help and of mutual help through association to a peasantry so enfeebled, suspicious and dispirited, and to inspire *without* such confidence and credit that, upon the guarantee of such a peasantry, external capital should be attracted in sufficient quantities to free the peasants from debt, and to supply them with funds for maintenance and production. This is the problem. Such are the conditions which Raiffeisen had before him; and in his solution of it in its most unpromising form he has solved the problem so successfully that the system is now developing with immense rapidity, so that the end of the next decade may easily see at least 5,000 rural banks of this class in full operation. For India the solution of the problem presents an absorbing interest,

* 'People's Banks,' by H. W. Wolff.

for there are few, if any, parts more difficult to deal with than the scene of Raiffeisen's first success, while in this presidency (Madras) alone there are 10,000 villages far more suitable than Flammersfeld. But the conditions of the country and of the peasantry do not exhaust the factors of the problem; there must be imported into it, for its solution, the energy, skill, and devotion of promoters of the Raiffeisen stamp. So difficult is the problem that it has nowhere been solved, save by such imported elements, and it is as well to recognise this at the outset. Given a Schulze Delitzsch or a Raiffeisen, and they will bring bread out of stones, credit out of poverty, isolation and ignorance; without them or some similar influence the problem remains insoluble.'*

In the associations which Raiffeisen founded 'the principles of action are those of self-help, association, solidarity, prudence, thrift, and public spirit. All profits, less fixed interest on the very small shares—introduced only in obedience to the law—go to a common fund to be used for purposes of general utility, and not for private gain.' Raiffeisen, like Schulze Delitzsch, demanded no privileges for his societies, but was content to base their success on honest, energetic, and prudent action. In the words of S. Wollemborg, who, in Italy, has founded similar institutions, he believed that 'when a whole class, the peasantry, is in danger, when the need is general and abiding, no kind of mere assistance, whether from the State or from individuals, is of any avail; rather it is mischievous, for it merely leads men to count habitually on such succour—a succour which must fail at last, and render more acute the consequent distress, but it gradually stifles the feelings of self-reliance and personal responsibility.'

The general feature of the Raiffeisen banks 'are:

* 'Report on Land and Agricultural Banks,' vol. i., p. 145, Sir F. A. Nicholson.

(1) That the society is absolutely local, the limits of a commune (village) being strictly maintained as the limits of membership and operation; (2) that the administration is equally local, members alone being eligible for appointment, and is absolutely gratuitous; (3) that there is but small share capital, all funds being borrowed on the guarantee of solidarity and eventually of the reserve; (4) that there are therefore no dividends to pay, and all profits go to the reserve; (5) that only members, who must be residents of the commune, can get loans; (6) that loans may be of long terms, extending to ten or even twenty years; (7) that, as far as possible, all funds are the result of local thrift. A Raiffeisen bank is simply a village society of agriculturists, labourers and shopkeepers, united for common interests. At first a few of the better class unite; these by example and precept draw in others. The first steps are hard, but once fairly started there is little difficulty, as the advantages are manifest to all. It is considered that the village should not have less than 400, nor more than 2,000 inhabitants; several small villages may unite if too small for a separate society. This principle of restricted area is deemed essential; the bank is thus at the borrower's doors. It can be administered gratuitously and by the most trusted men of the community; it has a perfect knowledge of the candidates, and can reject all unworthy of the honour, who would be likely to discredit the society; it tends, therefore, directly by reason of the advantages of membership, to encourage or to incite men to industry, thrift and sobriety: as a priest of the Rhenish provinces once said, "The bank has done more for morality than all my sermons"; it has a perfect cognizance of the status and solvency of would-be borrowers, and it can and does examine the purpose of every loan and enforce its due employment, for in a village all is open to the eyes and ears of all; it establishes among the members the bonds of con-

fraternity, and tends to substitute association for suspicion, healthy and active communal yet personally free action for individual isolation and inertia; it forms a centre of local progress and reform. All are admissible, even the poorest, who satisfy the administration that they are worthy of membership, and, as will be seen in Italy, the mere possibility of joining a society has reclaimed men from drunkenness and extravagance, and has given them an impetus to sobriety, industry, and even to education in its ordinary sense.'

One feature of the Raiffeisen bank which deserves special attention is that the liability of the members is unlimited; every member may thus become personally liable for the repayment of any loan imprudently contracted or injudiciously employed. The first advantage of unlimited liability is that it gives the maximum of credit possible in the absence of material pledge, and the second is that it directly instils caution and prudence in the management of the affairs of the bank on the part of all members.

The objects of a Raiffeisen Society are thus described in Section 2 of the Model Articles:

'The object of the society is to improve the situation of its members both materially and morally, to take the necessary steps for the same, to obtain through the common guarantee the necessary capital for granting loans to members for the development of their business and their household, and to bring idle capital into productive use, for which purpose a savings bank will be attached to the society.

'The society will have in view the following objects:

'1. The supply of raw materials (*e.g.*, manures, wool, coal, etc.).

'2. The sale in common of the products of agriculture and industry.

'3. Co-operative production and sale.

'4. The purchase wholesale of food-stuffs and agricultural necessities and their retail sale to the members.

'5. The acquisition of implements or machines for agriculture and industry, and their use in common.

'These objects cover a wide field, and if carried out, would develop agriculture beyond belief. It is claimed that these societies are actually developing in the direction here indicated. It should be noticed that in fulfilling the object of improving production, a prime necessity was that of "freeing the members from the grasp of the usurer," and one principal result has been precisely this: the usurer has been ousted, and the people set free to develop their farms or industries. No previous liquidation was asked for or needed. The member was a neighbour; his character was known; the use to which he intended to put the loan and his power of repaying it was examined; the money was advanced, and the thing was done.

'All adults of either sex in full possession of their civil rights may become members. A member may withdraw or be dismissed. It may be noted that dismissal is necessitated by the removal of the member to a village outside the society's sphere of operations, or if he joins another society of unlimited liability, in which case, of course, the original society might lose its lien over the member's property.

'Members have the right of voting at the general meetings if present in person; females have no right to take part in such meetings, but may vote by proxy. Every member is entitled to ask for a loan. They are bound to answer in all their property for the debts of the society, to pay up their shares, to obey the rules, and to watch over the interests of the society in every way.'

Since 1868, when the societies first began to develop, they have multiplied with extreme rapidity. Statistics, unfortunately, are incomplete, but they are said

to be increasing at the rate of at least one or two per diem.

'There have been no actual bankruptcies during the whole course of operations; in the early days some societies were wound up, but no case of bankruptcy has occurred. There are, of course, small losses in some of the societies, but in all cases they are covered by the reserve, and in no case has any general contribution been required from the members under the principle of solidarity. This, at least, is the repeated assertion of Raiffeisen and his followers.'

It would be easy to multiply glowing accounts of the results achieved by the Raiffeisen societies. Two extracts must suffice from Mr. H. W. Wolff's work (1893), describing what he himself has seen.

'You should go into the valley of the Rhine, where Raiffeisen banks have been longest at work, and observe to what extent homes have been made habitable and comfortable; how culture has been improved; how machinery has been purchased, and the best manures and feeding-stuffs; how the vintner has been enabled to sell his produce for cash at double the old rate of return; how the small peasant can now buy his implements and manures of the best quality at the cheapest wholesale prices, and yet—thanks to a large reserve accumulated in his bank, raised up seemingly out of nothing, as if by fairy hands—at six months' credit. You should see how small industry and trade have been developed; how the usurer, once all-powerful, has been driven out of the field, and those once poor men have become small capitalists. One is afraid of falling into a strain of rhapsody in describing all these results.'

The other example is not less instructive:

'One very striking and characteristic instance comes to me from the Grand Duchy of Saxe-Weimar. There, in what not long ago was a forlorn district, something like a rural Seven Dials, stands the forsaken village of

Frankenheim. Poor, neglected it was, with tumble-down houses, all of them heavily mortgaged, badly-tilled fields, and an uncouth, barbarous-looking race of inhabitants, rightly or wrongly reputed capable of any misdeeds, and possessing some few famished cattle, nine-tenths of which really belonged to the "Jews." In pity the Grand Duchess had some model dwellings set up, erected at comparatively considerable cost, but to let at a nominal rent of 30s. a year. The success was not particularly encouraging. Some time after the Lutheran vicar of the parish resolved on trying the effects of a loan bank of the Raiffeisen type. With the help of the money so secured—on these poor people's own collective credit—he built houses, each of which, with the ground upon which it stands and the garden surrounding it, cost a little under £60. For these houses the occupiers are required to pay 4½ per cent. interest, *plus* one-fifteenth or one-twentieth of the principal each year by way of sinking fund; therefore in all, according to circumstances, either £5 12s. or £6 12s., in consideration of which the houses become their own after a certain period. All these houses have been readily taken up; the tenants pay their rents regularly, and, thanks to the money brought into the village, the whole face of things has become changed. The dwellings have become decent, the gardens well kept, the fields well tilled, the "Jews" have been paid off, the cattle are well fed, and the human inhabitants are known throughout the country as orderly, well-conducted, industrious, saving, and thriving folk.'

Encouraged by the success of co-operative credit banks in Europe, the Government of India passed an Act in 1904 'to provide for the constitution and control of co-operative credit societies' (Act X. of 1904). At the time no large hopes were entertained of legislative action; it was commonly believed that Government is practically powerless in this matter; the whole

virtue of co-operation consists in its being the joint effort of the people themselves. Schulze Delitzsch and Raiffeisen both rejected all forms of State aid from the conviction that such assistance, far from being helpful, was positively injurious. Act X. of 1904 did not attempt to create co-operative credit banks by legislative enactment: it allowed them to come into existence, and permitted the development of a great variety of types; it was principally concerned with defining the conditions under which a society may be constituted and registered, and with making provision for drawing up rules of management. But the Act provides also for the appointment of a Registrar of Co-operative Credit Societies by the Local Governments, and this provision has had an unexpectedly far-reaching effect, for it is from it that the impulse to co-operation in India has sprung. Registrars were duly appointed in all the great provinces, and they have each within their own sphere become missionaries to carry the message of co-operation to the people. The enthusiasm of the Registrars has proved contagious, and every province of India can now show some centres in which the germ of co-operative banking has taken root, and from which it is beginning to multiply and spread to adjoining areas. One sign of healthy growth can already be detected; each province has developed a special type of co-operative credit society, adapted to its special social structure. In Bengal the societies are all organized on the strictest principles of unlimited liability; there is no share capital and no dividends. The members of the society pledge their joint credit, and on the strength of it obtain capital from depositors, which they lend among themselves. Membership is strictly confined to the inhabitants of one village, often only one hamlet of a village, and it is claimed that the Bengal societies are the 'humblest and smallest collections of humanity that have formed themselves into co-operative associations in any part of the world.' In the Punjab a system

of acquiring shares by instalments has proved very successful, both in providing the bank with capital and in enlisting the active co-operation of members in the management. In addition to this, the Punjab societies have attracted considerable sums in deposits from genuine agriculturists, which is at once evidence of the confidence they inspire, and the best security for their future success. The feature that distinguishes the co-operative credit movement in the United Provinces is the formation of central banks, which obtain loans on comparatively easy terms from private capitalists and large banking corporations; from the capital thus acquired they make loans to affiliated societies in the rural areas of the district. Other provinces have likewise special features of their own. The co-operative movement is as yet so young in India that it is, of course, possible to argue that provincial differences represent no more than the different idiosyncrasies of the first Registrars, and do not really connote adaptations to local conditions. Time alone can show whether this criticism is well-founded; at least, we can be confident that diversity is a more promising sign than uniformity would have been. Every country in Europe which has borrowed the archetypal idea of Raiffeisen has had to alter and adapt it to its own social structure, and if the village banks of India are to be genuinely co-operative, they must reflect the social and economic peculiarities of the several provinces.

In the United Provinces attempts had been made before 1904 to start co-operative credit societies. When Act X. of 1904 became law there were 223 of these societies in existence; they were all village banks of the Raiffeisen type, except that they owed their existence to official inspiration. In all cases the capital required to finance the members had been lent by landlords and other persons of substance from philanthropic motives. No sacrifice except a 4-anna fee was required from the members. The movement

languished because it was not a genuine effort made by the people themselves; indeed, in many places it was met with suspicion, and persons could with difficulty be persuaded to become members and take out loans. Little attempt was made to instruct the members of the societies, or even their organizers, in the methods and aims of co-operative banking. When loans were taken out, the borrowers regarded the society as the property of some benevolent outsider. If the organizer was an influential and energetic person he realized the loans, otherwise they were left to run on. The borrowers had not realized the fundamental conception of co-operative banking from which all its vitalizing power is derived—viz., that the money in the bank was *their* money. When the Act was passed, the Registrar soon noticed the lack of interest taken by members in the affairs of their society, and he introduced a system by which all members agreed to deposit a small sum at each harvest, according to their means or the amount of their loans. This had to some extent the desired effect: the members can afford to deposit, for the amount is always less than what they save in interest; while their willingness to do so shows that they appreciate the benefits they receive from the bank. Two defects were revealed in the practical working of this system: (1) The record of a large number of petty deposits, and the calculation of interest thereon, and payment of the same on crediting the member with additional capital to that amount, adds much to the account work. This is a serious consideration, for the keeping of even the simplest accounts presents grave difficulties to a rustic community. (2) The second defect is even more serious. As the system of deposits was first worked, a man could withdraw his total deposits while still remaining a member, and thus there was no guarantee of his retaining an interest in the prosperity of the society. As long as this is possible the cardinal object of

co-operation has not been attained. No bank is truly co-operative in which the members do not feel that the money in the bank is their money; it is only when they realize that it is their own property which is at stake that they become careful that it should not be lent to untrustworthy persons, and that they exert themselves to see that it is punctually recovered. In some centres this has been realized. Rai Bahadur Lala Ishwar Sahai Saheb, the founder of the Central Bank of Fatehpur, gives, in his annual report for the year 1907-08, an apt illustration of the proper working of the co-operative principle: 'This year a Ghosi who owed money to the bank was going to leave the district with all his property; he thought of slipping away at night, but the *panches* (committee-men) were on their guard, and the man could not go until he had paid the debts to the last pie. This zeal and wakefulness would probably not have been exercised by the servants of a *mahajan* or *zemindar*.'* The last remark goes to the root of the matter. Humanity being what it is, people will show greater wakefulness in looking after their own property than in looking after somebody else's; and co-operative banking is based upon that fundamental fact. The words quoted also show why the co-operative bank must work in a small area, such as a single village. In a village everybody knows everything about everybody else. When the committee are asked for a loan, they know, without further inquiry, all the circumstances of the applicant: they know the size of the man's holding, his character, and his debts to the *bania;* they could also make a shrewd guess at his wife's talent for housekeeping and her influence over her husband—matters which are not wholly irrelevant in these petty transactions. They also know, as everybody else in the village knows, how the loan is employed; they

* *Vide* 'Annual Report on the working of the Central Bank, Fatehpur, for the Year 1907-08,' in Appendix to this chapter.

watch their client's crop from the sowing to the harvest, and they know at once when their loan is in danger. But all this intimate knowledge is of no use to the society if the members look upon the bank as the property of a benevolent outsider; it is only when they feel that it is their own that this knowledge will be mobilized in the interest of the society. In order to bring home to members their identity with the bank, a system has been adopted in the Punjab of requiring every member to become a shareholder in the bank. These shares are payable in instalments extending over ten years; no interest is payable upon the instalments towards shares, but after ten years, when the shares are fully paid up, a dividend may be distributed, if profits permit; shares are not repayable until fully paid up. This system 'has the merit of having been devised, not by a Government official, but by the zemindars of the Gurdaspur district,' as the Registrar for the Punjab said in his report for the year 1907. It has succeeded so well that efforts have been made to introduce it into the United Provinces. The advantages anticipated are:

Firstly.—Each member becomes a shareholder, or *hissadar*, in the society, and so comes to understand that he is really interested in the success of the concern.

Secondly.—Accounts are simplified, there being no fraction of a rupee to record except 8 annas, and no interest to calculate.

Thirdly.—The capital will rise quickly, because compound interest will be mounting up on the instalments paid towards shares. Thus, supposing fifty shares of Rs. 20, payable by half-yearly instalments of Rs. 1, and supposing average rate of interest gained to be 10 per cent., in ten years the society will have a capital of over Rs. 1,600.

Fourthly.—Profits being payable, and not interest, the scruples entertained by Mussulmans against interest are removed.

Even if we assume that the true principle of co-operative banking is grasped by the village committees, there will yet remain the difficulty with which such rural banks are everywhere confronted—viz., how to obtain the capital they are to lend to members of the society. The method which has been adopted in the United Provinces has been the foundation of central banks at the headquarters of districts, whose functions are both to finance rural societies and to supervise them. The latest type of central bank is that which has been recently founded in Budaun; it is thus described by the Registrar:

'The Badaun District Bank is constituted as follows: It is a joint-stock bank, registered, however, under the Co-operative Credit Societies Act, of which the ordinary shares are held by the small societies scattered about the district. The capital required is raised by the issue of preference shares, carrying 8 per cent., and of debentures. Deposits are also accepted. The bank is situated at the headquarters of the district, and is administered by a paid manager under the control of a Board of Directors, of which the collector is chairman. It makes loans to the rural societies at the rate of 12 per cent., generally for the purpose of financing a specific crop, in which case the money is repayable at harvest-time. If the loan be for cattle or for agricultural improvements, the effect of which is spread over several harvests, recovery will be made accordingly, and loans for repayment of old money-lenders' debts come under the same conditions. The societies can afford to pay the bank this 12 per cent. rate of interest, as they receive from 15 per cent. to 18 per cent. from their members, and it is essential that the bank should make a considerable profit on its loans in order both to build up its reserve, so improving its credit, and to be able to provide for efficient control of the rural societies by its own officers. The bank also takes all the risk of money lying idle in the

slack season. It only remains for such a bank to get into touch with the money market to insure it a highly prosperous career. A beginning has already been made with a temporary loan kindly offered by the Alliance Bank of Simla, and the Unao Town Bank, which finances the rural societies of the Unao district, though constituted on somewhat different lines, last year succeeded in negotiating a loan of 1½ lakhs with the Allahabad Bank.'*

An account of the working of the Unao Town Bank in the year 1907–08 will be found in the appendix to this chapter. The success which it has achieved in attracting capital from a large banking corporation is full of encouragement; it proves that 'the impenetrable barrier which,' in the words of Mr. Ranade, 'intercepts the overflow of wealth from the reservoirs of capital to the parched field of industry' may be broken down by a co-operative bank if it is well managed. It is, perhaps, less gratifying to observe that the Unao Town Bank appears to owe a large measure of its success to the enthusiasm of Mr. Swann, the Deputy Commissioner; it was he who drafted the original scheme, and it is on record that, in persuading the public to take shares, 'the Tahsildars had to be asked for considerable assistance.' In other districts, also, the town or central banks appear to have owed their origin in large measure to official inspiration; for this reason the Registrar of a neighbouring province denounced them. 'The semi-official district banks formed in the United Provinces are,' he said, 'an unnatural growth; their tainted birth and childhood can hardly fail to affect their future lives.'†

There would no doubt be stronger assurance of the

* *Vide Journal of the East India Association*, October, 1909, 'The Progress of Co-operative Credit Societies in Northern India,' by S. H. Fremantle.

† Proceedings of the Third Conference of Registrars of Co-operative Credit Societies, Simla, October, 1908.

future stability of these societies if they had been absolutely spontaneous efforts of the public concerned. But it is well to bear in mind that none of the great pioneers of co-operation—neither Raiffeisen, nor Signor Luzzati, nor Sir H. Plunkett—were sprung from the classes to which they rendered such invaluable assistance; they were men of education, who devoted years of toil to teaching peasants in Germany, or Italy, or Ireland, how they might escape from the grip of the usurer by their united efforts; and any man who succeeds in teaching that lesson to the Indian peasants confers upon them a like benefit, whether he happens to be in the service of Government or not. The real danger to guard against is that State aid may be given so liberally as to destroy the spirit of self-reliance and self-help, upon which co-operative credit societies ought to be based. Of that danger the Government appears to be fully aware, for assistance from public revenues is given very sparingly. The town banks, which are the distinguishing feature of the movement in the United Provinces, have, to my mind, one very strong recommendation: they are so situated as to enlist the assistance of the educated class. It is from the educated middle classes that we may confidently expect enthusiasts who will carry the message of co-operation to the villages and hamlets of the rural areas; they will have, of course, to live laborious days, and they will meet with many disappointments. Sir Horace Plunkett delivered forty-nine speeches in Ireland before he succeeded in founding a single co-operative bank, and no less courage and tenacity than his is needed in India to persuade the peasant to leave the rut of long-established custom. But as there are already many men who follow politics or advocate social reform at the cost of leisure, money, and popularity, so there should be in the future many who will not grudge time or trouble in order to rescue the peasant from the burden of debt

which at present makes his life so bitter. The success already achieved is full of encouragement. In five years after the passing of the Act there were, in the whole of India, 1,201 rural banks, with 93,200 members and a working capital of Rs. 21,66,000; the grand total of the working capital of all co-operative institutions in India was then 44 lakhs of rupees. More helpers are wanted who will give either money or work. There ought to be little difficulty in getting money, for the banks pay interest on loans at the rate of 6, 7, and 8 per cent. Many of the middle classes do not now get more than 4 per cent. on their invested savings. If they will take the trouble to find out what banks are well managed, they may secure a higher rate of profit, and help forward a work of great public benefit. But, more than money, work is wanted. In almost any town, *kasbah*, or village, in which his lot happens to be thrown, a well-educated man can organize a co-operative institution. Let him but write to the Registrar, and he will receive the Annual Report (from which he may learn much), and pamphlets which describe in detail the steps that should be taken and principles to be borne in mind. His success will then be in his own hands, for it will be in proportion to his self-sacrifice and tenacity of purpose.

In this chapter village banks upon Raiffeisen's model have been examined, because they suggest the most hopeful method of dealing with the canker of rural life in India—the chronic indebtedness of the peasantry. But the organization of co-operative credit results in very much more than the alleviation of a particular form of distress: it is also the means of bringing into the agricultural industry that capital of which it stands so much in need. Left to himself, the peasant is more apt to spend a loan in unproductive uses than in improving his farm; under the guidance of the bank, he is more likely to use it as capital than in gratifying

his personal wants and desires. But, important as is the application of capital to agriculture, this is not the greatest service which the Raiffeisen bank renders to rural society. Its greatest value lies in its educative action. The co-operative credit bank is the germ from which co-operation in all its varied forms most easily and most often grows. Foresight and energy in the people are the only solid foundations of all industrial prosperity, and these virtues are not only stimulated, but seem even to be created by banks of the Raiffeisen type. From the modest beginnings of a bank which frees them from the clutches of the usurer, the peasants learn to associate to buy agricultural machinery, manure, and seed at wholesale prices; from co-operative buying they proceed to the conduct of co-operative industries, and, having once started upon the path of progress, they are ambitious of making still further advance, and begin to educate themselves. When a people have learned to trust in their own exertions, and to be on the look-out for better methods of production, their industrial future is assured. It is the quickening and educating influence of co-operation which has brought about the agricultural revival in Europe in the last twenty years; and it is not surprising to learn that since Belgium has been covered with a network of co-operative agricultural associations, the average return from a farm of 10 hectares (24¾ acres) has increased by £100 a year. As we find in Europe usury as rapacious and indebtedness as hopeless as are to be found in India, may we not hope that co-operation, too, will have in India the same quickening influence that it has had in Europe?

APPENDIX A

ANNUAL REPORT ON THE DEVELOPMENT OF CO-OPERATIVE CREDIT SOCIETIES IN THE UNAO DISTRICT.

From F. S. P. SWANN, ESQ., *Deputy Commissioner, Unao,*
To the REGISTRAR, *Co-operative Credit Societies, United Provinces, Lucknow.*

Dated Unao, the 18th August, 1908.

SIR,

I have the honour to submit a report on the working of the co-operative movement in this district during the year which had recently closed.

2. The operations of the Unao Town Bank have continued to expand in a remarkable manner, and that it is beginning to command the confidence of investors is shown by the facts that during the year the deposit account rose from under $\frac{3}{4}$ of a lakh to over $1\frac{1}{3}$ lakhs, and that a further sum of over $\frac{1}{3}$ lakh was secured by way of debentures. Though the increase of working capital thus secured was by no means inconsiderable, it was altogether insufficient to meet the needs of the rural societies in view of the grave disaster with which the agricultural interest was confronted. Here came in the advantage of the arrangements which had been negotiated with the Allahabad Bank just about the close of the previous year; $\frac{1}{3}$ of a lakh was obtained on the discount of the rural societies' pro-notes, and a further sum by way of overdraft on the current account, bringing the total from this source up to close on $\frac{1}{2}$ a lakh.

As the demands of the rural societies still exceeded the capital available, and as it would clearly have been destructive to the financial stability of the societies had their members been forced to take advantage individually of the Government *takavi* distributions, there was nothing for it but for the societies themselves to take *takavi* loans. It would, of course, have been

possible for those loans to have been made direct to the rural societies themselves; it was probable that this course would have led to these societies looking too much to Government assistance, and discouraged any effort on their part to get into touch with the local capitalist. The Directors of the Town Bank accordingly decided to take *takavi* loans to such extent as was necessary, and readvance to the Rural Societies on their usual terms; about 1 lakh *takavi* was accordingly taken in October, November, and further amounts in subsequent months to about ½ a lakh—the former for rabi sowings and the latter for irrigation and sugar-cane sowing.

3. The capital so secured was fairly sufficient to finance the members of the rural societies, though still further funds could have been usefully employed had they been available.

4. On the other side, the Town Bank was able without difficulty to meet all its obligations as they fell due; the whole of the loans from the Allahabad Bank, and the ½-lakh *takavi* which was due for payment this year, were repaid shortly before due date. All deposit items repayment of which was called for were met at once.

5. The Directorate have done everything in their power to encourage confidence on the part of investors, and their efforts are, I think, likely to meet their reward. I heard the other day in a roundabout way of certain holders of Debenture Bonds who appeared to receive their interest; they appeared to expect to meet with difficulties and delay, as they subsequently expressed to a friend their astonishment at the way the payment was made immediately on demand.

6. To further strengthen the confidence of depositors, and to provide an element of elasticity in their finances, the Board have accumulated a considerable floating reserve, which now amounts to about ⅓ of a lakh, invested in Government paper and other first-class securities; these have appreciated in value since purchase, their price in to-day's quotations being some Rs. 200 higher than the price at which they were bought. To make certain, however, that no chance of loss shall occur from accidental market fluctuations, the society has devoted a considerable sum from its profits to writing down the cost of these securities, and they now stand in the books at a valuation which is over 3 per cent. below their current market value.

7. The arrangement with the Allahabad Bank has worked so smoothly that the Directors of that institution have agreed to advance on the discount of the rural societies pro-notes up to 1½ lakhs during the current year. The difficult initial steps of getting into touch with the great banking corporations of the country have now been surmounted, and there should in

future be no great difficulty in obtaining from this source practically all the short-term money required for financing the crop; for the long-term money required it will be necessary to rely on an increase of the investment account through deposits and debentures, and I have hopes that in the current year it will be possible to attract very considerable sums in this way as soon as the result of the past year's working becomes generally known.

8. Apart from finance the main points of interest in the working of the Town Bank are the introduction of the new Life Insurance scheme and the revision of the by-laws. The prospectus of the former has only just been published, and it is too early yet to see to what extent the facilities provided will be taken advantage of. The original by-laws were found to work with some difficulty in several directions, and the opportunity of a general revision was taken advantage of to make the society more truly co-operative by abolishing the distinction between 'shareholders' and 'members.' The general meeting which framed the new draft proved that the members of the society took a real interest in its working, and many of the draft provisions were keenly discussed, and the final form was only adopted after minute examination.

9. The working of the rural societies during the year has been most remarkably successful.

The membership has been practically doubled within the year, and now amounts to over ¼ of a lakh; had funds been available, the increase would have been many times larger. When, early in the year, it became obvious that the district would have to face famine, and that the capital available would barely suffice to supply the absolutely necessary want of the existing societies, the formation of new societies was discouraged. Six new societies were, as a matter of fact, registered, but these only came into actual work towards or after the close of the past year. The bulk of the increase in membership took place in the already existing societies, and as the *panchhayats* of these had been warned to be chary as to new admissions owing to the difficulties of finance, it may be taken that the major part of this increase represents a growth that was unavoidable. There are, although nothing in the way of propaganda has been attempted for over a year, five fresh applications for registration now pending, which will probably shortly be forwarded to you; these are all applications stimulated by nothing else than the success of societies in neighbouring villages. Throughout the whole of the Safipur and Unao *tahsils*, and the major portion of the Hasanganj *tahsil*, the co-operative movement is now firmly established,

and as additional funds become available, fresh societies will spring up in large numbers without any further encouragement. The extreme north of the Hasanganj *tahsil* is at present without societies, but I imagine that very little encouragement would be required to start them there. The Purwa *tahsil* is also backward; this is a region of large estates, and it will probably take the villager longer to learn the habit of co-operation. A number of small societies have, however, been feeling their feet in this part also, and as they have begun to acquire experience, will probably now extend their operations. As soon as their work becomes known over any wide area, their example is bound to be imitated.

10. In practically every society the management has been excellent, and only two societies show a net loss in their annual accounts. In one of these, Nawabganj, the loss is more than covered by the reserve fund. I am, however, convinced that in reality this society has not made a loss: it was fully solvent when I audited its accounts while on tour. The fact is, I opine, that in calculating the assets the proportionate interest due on the *ughai* loans, of which there are a large number, has not been taken into consideration. In the other society, that at Bhauli, the loss, which is large, seems to have been due to slack management, as the society has throughout the year had a considerable proportion of its borrowed capital unemployed. During the current year precautions will be taken to see that the managing body does not repeat this mistake; so much of the loss as cannot be met from the reserve should easily be paid from the profits of the current year if the working capital is only utilized with method.

11. In a year of such severe agricultural distress it would not have been extraordinary had default in payment been common, and it is all the more noteworthy that as a general rule the societies experienced practically no difficulty in recovering their loans. Even when the pinch was severest, in November and December, the instalments due on the cattle loans were paid with remarkable punctuality. No analysis of the annual accounts can properly bring out this fact, and since the camping season I have not had an opportunity of checking the accounts of any society; but when auditing during the cold weather, this was one of the points to which I paid special attention. The number of loans which had remained unpaid for anything more than a short period after due date, or in which repayment was made by immediately taking a fresh loan, was very small indeed. Statistics for more than a few societies are not available, but several of the larger societies reported to me about the close of the year the number of cases

of persistent default: these amounted to about ½ per 400 or 500 members, a proportion which speaks for itself.

12. In no case did any of the rural societies default in its payment to the Town Bank, and in only two cases was payment delayed more than a few days after due date; and in both these cases there were special reasons for the delay. In almost all cases these loans were repaid before actually due.

13. Another extremely satisfactory feature is that the members' deposit account continues to grow, and now stands at Rs. 29,485, having risen by Rs. 17,383 within the year.

14. The reserve fund of these societies are now in a very satisfactory state, amounting in all to Rs. 13,820, exclusive of the Town Bank reserve of Rs. 3,250.

15. The only point on which I feel some disappointment is that these societies have not yet been able to appeal to the small local capitalist as a medium for investment. Until they can manage to draw a considerable body of capital from this source it will always be a matter of extreme difficulty to fully finance the societies. Remembering, however, that the past year was scarcely one in which the village *mahajan* could have with any confidence adventured his money, however remotely, in financing agriculture, I still have hopes that, now better times have come, it will be possible for these societies to attract a considerable proportion of the capital hitherto employed in the villages, which their operations have set free.

16. The scheme for local audit and inspection which was first discussed with you on your cold weather tour is, as you know, now in operation, and has proved of the very greatest benefit. The rate of contribution originally proposed has proved suitable, and is in no way burdensome to either the Town Bank or the rural societies, while it is at the same time sufficient to produce an income considerably in excess of the current requirements of the scheme, thereby enabling the fund to build up a solid reserve against future pensionary liabilities and the further calls upon it which will be necessary should it later on become requisite to increase the inspecting staff. The Inspector, M. Beni Pershad, who was appointed from April 15 last, has been on tour almost continuously since then; he has now become personally acquainted with the members of the managing *panchhayats*, and has familiarized himself with the system of accounts and the methods of working. I am now laying down a scheme to direct his work during the next few months, during which time, in addition to a thorough audit of the accounts, he should be able to introduce several amendments in organization and method which the past year's working has shown to be necessary.

17. The system of organization in the district, with the Town Bank and separate independent rural societies each with its separate office, and a well paid-officer for inspection and audit, is undoubtedly an expensive one. The costs for salaries and office amounted in the past year for the Town Bank to Rs. 903, for the rural societies to Rs. 5,124, and for the Inspection Fund to Rs. 1,931, or a total of Rs. 7,958. This amounts to a percentage of 1·77 on the total working capital of Rs. 448,000, which is a distinctly heavy charge as compared with the costs in a certain district where the 'affiliated society' system is at work, which amounted to Rs. 1,684 on a working capital of Rs. 227,000, a percentage of 0·75.

18. The additional cost, however, I believe more than brings its own reward. The rural societies here are living organisms, and not merely a distributing agency for the Town Bank. Some of them would doubtless be unwieldy, were it not for the *patti* organization; but I have had numerous indications that the *pattis* are not a mere paper subdivision of the society, but are groups with a strong sense of co-operation and a lively feeling of their joint responsibility. The societies are making all kinds of interesting experiments which they do not publish on the house-tops, and of which one hears nothing until inspecting on the spot. Mianganj made an excellent profit on its grain-dealing in the penultimate year; it continued its dealings last year, and could have sold all its grain at a profit in June. The coarse grain has been sold off, but the wheat was of such high quality that the society has decided to hold its stock for seed purpose. The majority of weavers in the neighbourhood now deal with that society for thread, in which it does both a cash and a credit business. It took some time to find the rates at which the business would leave a profit, and during the year a slight loss was incurred on this portion of the business—a loss which was easily met from the large profits on the banking business. It has continued to deal in cloth, but owing to the famine the market has been so inactive that heavy stocks have remained on hand: these should be disposed of without difficulty as soon as the trade opens again after the rains, though most of the profits which should have accrued on the deal will be eaten up by interest charges. These small trading losses are more than balanced by the inestimable benefit the society has been to the large local weaving community during the famine. In the famine of 1897 special relief measures had to be adopted for this community at considerable cost. In the past year, although trade was equally slack, the society by its loans, and by taking large quantities of cloth off the market, so relieved the strain that no

special relief of any kind was required. Padri is about to experiment with a paid manager, the *panchhayat* having, I believed, received assurances that local capital will be forthcoming in large amounts under such a system. Pisari trades largely in ghi, Gauria is buying improved agricultural instruments for demonstration purposes, and bulls to improve the local breed of oxen and buffaloes. The same society has of its own initiative evolved an improvement in organization by the appointment of 'inspectors' to supervise the use made of borrowed money by the members—an institution on which, I believe, great stress is laid in Europe, but which, so far as my experience has gone, has hitherto been unknown in this country. Where, as in parts of the Safipur *tahsil* several societies are established in the immediate neighbourhood of each other, there is the keenest of rivalry between them to show the best results. The ordinary member would not be *a priori* expected to take much interest in the working of the society so long as he got his loans when he wanted them, and it is accordingly surprising to find that he *is* interested, and that to the point of attending a general meeting. The annual meetings were in almost all cases excellently attended, here 1,000 and there 809 members appearing.

19. During the current year, apart from the registering of new societies, the main point which requires attention is the liquidation of the debts to *mahajans* with which a good many of the members were burdened on joining the societies. This matter, to which I attach special importance, would have been taken up in the past year had it not been that the famine necessitated every available pice of capital being utilized for current requirements. So far as preliminary inquiries have gone they tend to show that the actual amount of this debt is not very large, but detailed statistics will shortly be available, and as soon as these are prepared the question can be tackled in earnest. I think a way can be found not only to liquidate these debts, but at the same time to make a beginning in inducing the local capitalist to look on loans to these societies as a business transaction.

I have the honour to be, sir,

Your most obedient servant,

F. S. P. SWANN,

Deputy Commissioner, Unao.

APPENDIX B

ANNUAL REPORT ON THE WORKING OF THE CENTRAL BANK, FATEHPUR, FOR THE YEAR 1907-08.

From RAI ISHWAR SAHAI BAHADUR, *Resident, Fatehpur,*
To the REGISTRAR, *Co-operative Credit Societies, United Provinces.*

Dated Fatehpur, the 14th August, 1908.

SIR,

I have the honour to submit the annual report on the working of the Central Bank, Fatehpur, for the year 1907-08, together with the prescribed forms Nos. 1 and 2.

2. This Central Bank is, in fact, an organization to finance the co-operative credit societies and *panchhayats* affiliated to it.

Two members from each society and *panchhayat*, together with the undersigned, form the executive of the Bank.

3. Forms Nos. 1 and 2 will show the income and expenditure of the year under report. Deducting the total expenditure from the income of the year, it will be seen that the profits of the Central Bank amounted to Rs. 463.9.1, and those of the other affiliated societies to Rs. 768.10.6. Thus the total profits that accrued to the whole organization as such were Rs. 1,232.8.7.

4. The general annual meeting was presided over by S. H. Fremantle, Esq., Registrar, Co-operative Credit Societies, United Provinces, and very kindly attended by E. A. Phelps, Esq., Magistrate and Collector of the district, on July 27, 1908; it was then decided that the profits of the Central Bank and its affiliated societies should be added to the working capital of each.

Since the Central Bank has to depend on deposits to a great extent, it has framed and passed a set of rules, and it is confidently hoped that more depositors will now be coming forward to invest their savings in a safe and profitable business.

5. The Central Bank could easily pay its debts a little before the due dates to the Government and the other depositors. Excepting Ajgawan and Sarai Mina, all the other societies could pay up their debts; and the deficit in the above two

societies was due to the prolonged drought which prevailed in both villages, causing the almost complete failure of the rice, which is their staple crop.

6. The account work of five *panchhayats* is carried on by its own members, but unfortunately four *panchhayats* have not got a literate man among them, and two persons have been employed to help them in this part of their work on a small remuneration.

7. The business of the Phulwa Mao Bank is expanding every day, and the Central Bank had to advance Rs. 900 more to it during the year under report, and did not insist on its repayment, with a view to keeping its increasing work going on smoothly.

This success of the Bank is chiefly due to the intelligent and careful work of Thakur Kunjal Singh.

8. The members of the *panchhayats* now fully realize their responsibilities, and take an interest in their own work, as they can now understand the benefits of co-operation, and it is hoped that after a few years' careful supervision they will be able to carry on their work quite independently.

9. I am endeavouring to increase the number of societies in the districts, but this step has to be taken with extreme caution, and unless it is fully ascertained that persons who want to have a bank will take a real interest in it, no new society is organized.

One society has recently been organized at Haswa, and since many respectable and literate persons have joined the same, it is hoped that the society will be able to carry on its work excellently, with comparatively little supervision.

10. Haswa is a big village, and it is quite possible that, with the expansion of the work, this society may one day become the biggest in the district as regards its capital.

11. It is a matter of great satisfaction to me to note that, owing to the smooth working of the societies and their pronounced success, persons who were at first opposed to the scheme now no longer condemn it, while those who favoured the idea are now its active promoters.

12. Two of the above societies are caste societies; one is composed of Murais, and the other of Ghosis. The *panches* of the above societies have decided among themselves that if any member does any act of bad faith towards the society, he is to be outcasted till he repairs his mistake and pays up his debts. There were two cases in the year under report: one Murai and one Ghosi were outcasted till they paid up their debts to the society.

13. The Asti Society, though not a caste society, yet, being

composed of low caste Muhammadans who were really converts from Hinduism, also observes the rule of outcasting a defaulter till he pays up his debts. I noticed one thing with great pleasure in this society—viz., that the *panches* enjoined on one Fakhr-ud-din, who was kept under police surveillance owing to his previous convictions, to be of good behaviour for one year, after which he will be enrolled as one of its members. Fakhr-ud-din did so, and he has now become a member on condition of his committing no more offences in future, and I find that he is now quietly carrying on his agricultural pursuits like a good tenant.

14. I have, lastly, to submit that the system of lending money on the security of the *panches* is working very successfully. This year a Ghosi who owed money to the Bank was going to leave the district with all his property, he had thought of slipping away at night, but the *panches* were on their guard, and the man could not go until he had paid the debts to the last pie. This zeal and wakefulness would probably not have been exercised by the servants of a *mahajan* or *zemindar*.

The above is a good illustration of co-operation and joint responsibility.

As the *panchhayat* considers itself responsible for the realization of all debts, so, when money has to be lent, nearly all the members collect, and no money is lent unless all the members make themselves sure of its realization.

I have full hopes of a great future of the Central Bank if only some more *zemindars* join hands with me to exercise their influence and bestow their energy on forming new societies in their villages, and thus do their real duty towards their tenants in doing substantial and permanent good to them by creating the *idea* of the co-operative credit system among them.

I have the honour to be, sir,

Your most obedient servant,

ISHWAR SAHAI.

FATEHPUR.

CHAPTER VII

AGRICULTURAL CAPITAL

BROADLY speaking, the productiveness of any industry is in proportion to the amount of capital invested in it. Where large amounts of capital are employed, the product of industry is large; and where the capital invested is small, the gross output is small also. This is as true of agriculture as of other industries. The produce per acre is largest in those countries in which capital is most freely invested in agriculture. In England, where the yield per acre is heavier than in any other country (with the possible exception of the Netherlands), both landlord and tenant are in the habit of investing capital in the farm. But in countries in which the industry is in the hands of small farmers, whether proprietors or tenants, agriculture has hitherto always suffered from want of capital. In France and Germany, no less than in Ireland, the peasant secures a smaller return than his farm is capable of yielding, owing to the want of capital.

The same form of land tenure produces in India the same result. Indian agriculture is poorly supplied with capital. Three persons in India have an interest in agriculture—the landlord, the tenant, and the Government. With regard to the first, it is not the custom of the country for the landlord to invest capital in the improvement of his estate to any important extent, and his contribution to agricultural capital usually takes the form of remittances of rent or other

accommodations to enable the tenant to carry out improvements. It is therefore by the tenant and the Government that the bulk of the agricultural capital is supplied.

The capital which the tenant, financed by the village money-lender, contributes to the development of his industry consists, in the first place, of a pair of plough-oxen, worth from Rs. 30 to Rs. 80; a plough and other rude agricultural implements, worth perhaps another Rs. 5. His circulating capital is represented by seed, a little manure, and the food of his plough-oxen. But, in addition to this small and indispensable expenditure, there is another and very important form of capital, with regard to which the tenant's contribution has been, in the aggregate, considerable. The most important means of securing and increasing the product of agriculture in India is irrigation, and almost all the private capital sunk in permanent improvements comes under this head. Out of a total of 11,000,000 acres under irrigation in an ordinary year in the United Provinces, 8,500,000 acres are irrigated by works constructed by private individuals. Of this amount, 5,750,000 acres are irrigated from wells, 2,000,000 acres from tanks, and the balance of 750,000 acres from other miscellaneous works.

The area irrigated from wells varies very greatly with the nature of the season. In a wet year like 1894-95 it may fall to 3,000,000 acres; in a year of drought it rises to over 7,000,000 acres. The leading facts regarding well irrigation in these provinces are given in the following table:

Number of Wells used for Irrigation.			Gross Area irrigated in a Normal Year.	
Permanent.	Temporary.	Total.	Total.	Average per Well.
500,000	830,000	1,330,000	Acres. 5,731,000	Acres. 4·3

Fourteen per cent. of the gross cropped area is under well irrigation.

In popular language, wells are classed as permanent or temporary (*pakka* and *kachcha*), and this rough-and-ready distinction corresponds to a well-known economic observation with regard to capital—namely, that the more elaborate forms of capital are repaid only after repeated use, and that the simpler forms of capital are replaced by use in a single season.

There are, broadly speaking, two descriptions of permanent wells—spring wells and percolation wells. In the great alluvial tract north of the Jamna a permanent well usually consists of a brickwork cylinder sunk through the upper strata of alternate clay or loam and sand, down to an impervious stratum of stiff clay, known as the *mota*, through which a hole is made into the sandy stratum below. Through this hole a plentiful supply of water rises into the cylinder, sometimes to a height above that of the general level of the subsoil water-table outside the wells. These wells are therefore designated spring wells. When the hole is first made through the stiff clay stratum or *mota*, a certain quantity of sand is forced up into the well with the water. After a short time the emission of sand ceases, and if the *mota* is a good one (3 to 5 feet of hard clay) no further sinking of the well takes place. The emission of sand ceases only when the hollow inverted cone, which forms below the *mota*, presents a large enough surface to admit of the required volume of water being discharged through it at a velocity which will not disturb the grains of sand. The cost of a well of this description depends chiefly on the depth of the *mota*, which may be great even though the subsoil water is high. The average cost to the cultivator of a well of two buckets may be put at Rs. 200 or Rs. 300, and the average area which each well will irrigate during the *rabi* season at 8 or 9 acres.

When the *mota* is at a great depth, or does not exist, water can only enter the well slowly by percolation through its sides or through the sand on which the well rests. The well has then to be of much larger diameter than is necessary in the case of a spring well; otherwise the sand would be drawn with the water into the well, and the masonry cylinder would gradually sink. Although wells of this description are of larger diameter, they are usually of less depth than the spring wells. They are cheaper to construct, but irrigate a smaller area.

During the last decade the number of masonry wells in use for irrigation in the United Provinces has increased by 51,000, or by about 12 per cent. This increase, though substantial, is proportionally much less than those shown in the provinces of Madras, Bombay, and the Panjab. The fact, however, of a very large increase during the past thirty years in the districts which have recently come under revision of settlement is unhesitatingly affirmed by all settlement officers, and may be accepted. In the eleven districts of Oudh the number recorded at settlement has risen from 50,835 to 119,942, an increase of 132 per cent. In some parts of these districts the number of wells is now so great that there scarcely seems room for any further large increase without affecting the supply of water in existing wells in dry years. For instance, in the Haidargarh *parganna* of Barabanki, covering an area of over 100 square miles, there are twenty-seven wells to the square mile of total area, or one well for every 14 acres of cultivation, and more than two-thirds of the wells are permanent. But the principal cause of the small increase during the past decade in the number of masonry wells in these as compared with other provinces is no doubt to be found in the reliance which is placed on temporary wells.

In no province in India are the general facilities for the construction of small temporary wells at all com-

parable with those of these provinces. There are, it is true, large numbers of such wells in the Panjab, but even in that province there are four masonry wells to one temporary well, and the total number of temporary wells does not exceed 75,000; whereas in the United Provinces in a dry year nearly 1,000,000 temporary wells are in use in irrigation—that is, for each permanent well there are two temporary wells. They differ from the permanent wells in being lined with a cylinder of wood, wickerwork, or brushwood, instead of masonry. The lining is generally carried up to only a few feet above the water surface. The temporary well may, like the permanent well, receive its supply either from a spring or from percolation. Where the supply is wholly by percolation, the temporary well is a mere hole in the ground, from which water is drawn by manual labour with the aid of a wheel or a weighted lever. Such a well seldom irrigates more than 2 acres, and often only a fraction of an acre. A good spring well of the temporary kind, such as are found extensively in the Ganges-Jamna Doab, will irrigate 4 or more acres in a season. They are worked by bullock-power, and occasionally carry more than one water-bag. The cost of a temporary well may be anything from Rs. 2 to Rs. 50, according to its depth and the nature of the lining.

The irrigation works other than wells constructed by private enterprise are comparatively unimportant. There are practically no embanked private tanks of any considerable size in the United Provinces. Close to almost every village there is a pond, the excavation of which afforded materials for the construction of the dwelling-houses; and occasionally in some parts of the country, especially in Mirzapur and the Bundelkhand districts, water is held up by small embankments across depressions or drainage lines. But, except in Mirzapur and the adjoining Trans-Jamna districts,

where the tanks are often fed by diverting natural streams, these two classes of tanks are used chiefly for watering cattle and for bathing purposes; and the *jhils*, or natural depressions, which are found in large numbers, more especially in the eastern districts of the submontane and central tracts, account for nearly the whole of the irrigation classed under tanks. In a favourable year over 2,250,000 acres are irrigated from this source; but in a year of drought the supply of the tanks fails, and the area falls to under 1,000,000. In many districts, in a year of severe drought, it may even be reduced to one-fourth of the area of a normal year. But though the tanks fail when they are most required, their protective value is very considerable. They insure a good crop to a large area in all ordinary years, and, occupying as they do a considerable portion of the ground surface, their effect in maintaining the level of the subsoil water must be very great.*

From the facts and figures which I have just recited it will be seen how numerous and important are the works of irrigation provided by private individuals. The Irrigation Commissioners of 1903 were, however, of opinion that, notwithstanding the large extent to which well irrigation was already practised in the United Provinces, there was wide room for its extension. There are two obstacles to the construction of wells by the tenant—(1) the absence of capital, and (2) the fear that he may be rented on his improvements. With regard to the latter, it is true that tenants with a permanent right of occupancy are protected from enhancement of rent for a period of ten years, and the law also provides that their rents shall not be enhanced on the ground that the productive capacity of the land held by the tenant has been increased by an improvement effected by his agency or at his expense. By another provision, however, the

* Abridged from the 'Report of the Indian Irrigation Commission, 1901-03,' chap. xix.

landlord is allowed to claim enhancement of rent on the ground that the rate paid by the tenant is below the prevailing rate paid by occupancy tenants for land of similar quality and enjoying similar advantages. The consequence is that the tenant who for the first time introduces well irrigation into a tract previously unirrigated is not exempt from enhancement of his rent up to the rate prevailing on land in the same neighbourhood in which similar facilities for irrigation exist. The Irrigation Commissioners of 1903 recommended that the law should be altered for the benefit of the tenant. 'The existing provisions,' they said, 'are defended on the ground that the difference between the dry and the wet rate is the equivalent of a royalty on the subsoil water to which the landlord is fairly entitled. Admitting this, however, it must be remembered that Government is entitled to take a similar royalty from landowners when they make irrigational improvements, and that Government foregoes this share of its royalty for at least a whole thirty years' period of settlement. Tenants who make similar improvements would seem to be entitled to receive from their landowners not less liberal treatment than improving landowners receive from the State. We submit, therefore, for consideration the suggestion that when a tenant constructs a permanent well, the land commanded by which was previously unirrigated and assessed only at dry rates at the time of the construction of the well, should be exempt from wet rates until the expiry of ten years after the period for which the tenant is entitled to hold the land at the existing rental. Thus, if a tenant constructs the well at the commencement of the ten years' period for which his rent cannot be enhanced, he will secure exemption from wet rates for a period of twenty years. Such a measure as we propose would, we believe, prove an effective inducement to tenants to make permanent masonry wells. It may be opposed by the landowners,

but if it results in the extended improvement of their land it will tend to their permanent benefit. It cannot be considered unjust to them, since the additional period of exemption suggested for the tenant's improvement is only one-third of that which the landowner receives from Government for his own improvement.'*

The most serious obstacle to the construction of wells is, however, the one first alluded to—namely, the tenant's want of capital. The remedy for this evil proposed by the Irrigation Commissioners was that the Government should loan the necessary capital to the tenant, and recover it from him by annual instalments. This is the system of State advances known in India as *takavi.* These advances are nowadays regulated by specific Acts—namely, the Land Improvements Loan Act (XIX. of 1883) and the Agriculturists' Loans Act (XII. of 1884). Under the former Act money is advanced for specific purposes of land improvement, and under the latter for seed, cattle, and other miscellaneous agricultural purposes. But the object of the two Acts is closely connected, for it will often be the case that in order to make efficient use of his improvement the cultivator will find it necessary to provide himself with cattle and manure, well gearing, and the like, if not with seed.

Under these two Acts the Government has made considerable contributions to the agricultural capital of the provinces. During the ten years ending 1900-01 Rs. 54,72,000 were advanced under the Agriculturists' Loans Act and Rs. 26,49,000 under the Land Improvement Loans Act.† But the Irrigation Commissioners were of opinion that the system was capable of very much greater development. The spirit in which these Commissioners approach the subject of State advances shows how far opinion has travelled from the ancient

* 'Indian Irrigation Commission Report,' part ii., p. 203.

† *Ibid.*, p. 59.

orthodoxy of *laissez faire*. So far from entertaining any *primâ facie* objection to the use of the resources of the State for the development of private enterprise, the Commissioners appear to have been actuated by a passionate prepossession in favour of State advances. They are not content to wait until the cultivator shall approach the State with a demand for the loan of capital, but they lay down the principle that it is the duty of Government officers to create and stimulate such a demand. The first of their recommendations runs as follows:

'Although there are defects in the *takavi* system to which we shall advert below, and improvements to be made, yet perhaps the first and the principal measure required is to quicken the interest of all classes of revenue officers in *takavi* work, to place liberal allotments at their disposal, and to inquire strictly into the causes of failure to spend up to them.'

It is certainly a new doctrine that an officer should be exposed to reprimand for having failed to persuade the cultivators in his district to accept a loan from the State; and the older generation of civilians, who were saturated with the economics of the individualists, would have been scandalized at the proposal. But in our day we have had many proofs of the inadequacy of *laissez faire* as a guide to economic legislation, and we have now no prepossessions against State assistance to private enterprise if it can be given in a form which has been proved to work well. This can be proved with regard to loans for agricultural improvements. As the money advanced to the cultivator is, in an overwhelming majority of cases, faithfully repaid, these loans neither impoverish the State nor demoralize the cultivator. The Irrigation Commissioners were much impressed with 'the general integrity of *takavi* borrowers,' and they declare that 'at present the amounts found to be irrecoverable are inappreciable.' All their proposals, therefore, are

directed towards encouraging the cultivators to receive more loans from the State for agricultural improvements. They begin by insisting that a condition of success is that all revenue officers should take an active interest in the policy of State advances, for unless sympathetically administered by the local officers the measures they propose must remain inoperative. With this caution they recommend:

1. That the rate of interest on these loans should be reduced to 5 per cent. in all provinces.

2. That the collection should be made as elastic as possible.

It is alleged that the unpopularity of the *takavi* system is due to the rigidity of the system of collection. The Commissioners accordingly recommend 'that suspension should be given without hesitation whenever, from causes beyond the control of the borrower, his crops fail to such an extent as to render the payment of the year's instalment unduly burdensome to him. That whenever suspensions of revenue are granted, they should carry with them automatically suspensions of the *takavi* instalment which may be due the same year. That the officer who has authority to grant the loan should also have authority to grant suspensions; and that the suspended instalment should not be made payable in the ensuing year with the instalment of that year, but that the effect of the suspension should be to postpone by one year the payment of all remaining instalments due on the loan.'

The third recommendation is:

3. The repayment of the loan should be extended over a long period, the principle being that the repayment of the loan should be extended over all the period of the duration or 'life' of the improvement. In cases in which, as, for instance, in the wells of the Bombay Deccan, the improvements are practically indestructible, the period for repayment should be fifty years. At 5 per cent. interest a payment of

Rs. 5-8 would extinguish within that period a debt of Rs. 100, whereas the perpetual charge would be Rs. 5, or only 8 annas less per annum. No reasonable man, as the Commissioners remark, would prefer the perpetual charge for the sake of saving the 8 annas.

The other recommendations of the Commissioners refer to details of administration or to proposals for alterations in the law; the general principle upon which all these recommendations are based is the principle of removing all obstacles to the contraction of a loan from Government. The policy now recognised is that the Government should find the capital for agricultural improvements, and should loan it to individual cultivators at easy rates.

But from time immemorial it has been to the State rather than to private enterprise that the people have looked for the construction of irrigation works on a large scale. In the Rajput principalities of Bundelkhand and Rajputana many lakes of great extent and beauty have been constructed at the expense of the State treasury. These lakes (or tanks, as they are called in India) are formed by constructing a dam across the natural drainage between two hills; in the rainy season the water which would otherwise escape into the rivers is held up by the dam and the surrounding hills, and spreads into a large expanse, which has the appearance of a natural lake. The water is drawn off by channels to irrigate the fields lying below the dam. It is a popular belief that religious merit attaches to the construction of these reservoirs, and it would be difficult to deny this title to works of such beauty and utility. In British Bundelkhand there are several of these lakes, which tradition ascribes to the Rajput princes who ruled before the coming of the Mohammedans.

It is, however, only in districts of a certain physical configuration that the construction of reservoirs is possible. It is also evident that the water available

for irrigation from a reservoir in which the water is at rest is much less than from a canal in which the water is always moving.

The construction of canals by the State was first begun under the Mohammedan kings of Delhi. A canal from the Jamna was built as far back as 1351 by the pious Firoz Shah Tughlak, which to this day supplies irrigation along 200 miles of its ancient course, and now brings water to Delhi. The great Akbar also constructed important works, and gave orders 'that on both sides of the canal trees of every description, both for shade and blossom, shall be planted, so as to make it like the canal under the tree of Paradise, 'and that the sweet flavour of the rare fruits may reach the mouth of everyone, and from these luxuries a voice may go forth to travellers calling them to rest in the cities, where their every want will be supplied.' Government orders at the present day are issued in a more prosaic style, but the actually accomplished facts are not unworthy of Abul Fazl's lyric rapture, and he would be dull indeed whose imagination was not kindled by the majestic volume of water flowing down the Upper and Lower Ganges canals. To the Englishman's mind the word 'canal' usually suggests a narrow ditch, protected by bare banks, thinly covered with grass. The Ganges canals, however, resemble great rivers, adorned with fine timber all along the banks.

In the United Provinces the State irrigation works under the control of the Irrigation Department comprise five large and eleven smaller canals, and twelve small storage works. The canals are all of the perennial type—that is, their supplies are all taken in by means of permanent, or in some cases of temporary, dams constructed across the rivers from which they are drawn. Of the five large canals, the Upper and Lower Ganges, Agra, and Eastern Jamna are classed as productive; and one, the Betwa Canal, as protec-

tive. The remaining works are all classed as minor works, and for convenience of administration and accounts they are grouped into separate systems, known respectively as the Dun, Bijnor, and Rohilkhand Canals, and the Jhansi and the Hamirpur Lakes, the names of the latter indicating the districts in which the storage works are situated. To this list of Government works should also be added the numerous small canals which have been constructed in the Government estates of the Naini Tal district, and which are known collectively as the Tarai and Bhabar canals. These works are managed by an engineer of the Irrigation Department whose services have been lent to the estates, but the expenditure on them is not shown in the departmental accounts.

Up to March 31, 1901, the capital expenditure which had been incurred on all irrigation works under the charge of the Public Works Department amounted to 907 lakhs (£6,046,000). Taking the mean results for the preceding six years, so as to include both wet, dry, and normal years, the annual revenue derived from the works which were in operation at the commencement of the period amounts on an average to 88¾ lakhs, the working expenses to 29¾ lakhs, and the net revenue to 59 lakhs, representing a return of 6·9 per cent. on the capital cost of the works, which may be put at 853 lakhs. Taken as a whole, therefore, the works yield a substantial profit to the State.

In a year of average rainfall the works irrigate about 2,500,000 acres, but the area varies greatly from year to year according to the nature of the seasons. In 1894-95, with a good monsoon followed by good winter rains, the total area barely exceeded 1,000,000 acres. On the other hand, in 1896-97, when over the whole canal tract there was practically no rain after August, the area rose to over 3,000,000 acres. In that year the real protective value of the works was fully demonstrated. Under conditions very similar to those

which led to such widespread cessation of agricultural work throughout the greater part of the provinces, the cultivators in the canal-irrigated tracts not only secured their crops, but, owing to the high prices prevailing, they were exceptionally prosperous. As soon as their spring crops were assured, they were able to export grain, and thus out of their plenty to contribute to the wants of less fortunate tracts. The value of the crops in that year raised by the works was estimated at 13 crores of rupees (£8,666,000) a sum which exceeded by 50 per cent. their total capital cost, while 1,500,000 tons of edible produce were rendered available as food for the people. The best testimony to the protective value of the canals is afforded by the following extract from the Lieutenant-Governor's review of the Chief Engineer's report for the year. Referring to the financial results of the year's operations, Sir Antony MacDonnell wrote:

'These very satisfactory figures show the results of the year's operations as gauged by the departmental system of accounts, but taken alone they fail to represent the true value of the canals in a year of drought. In a year such as that through which we have just passed it is in the effective protection against famine and scarcity afforded to almost the whole of the canal-irrigated tract, in the suitable employment provided for some millions of the people, in the exceptional prosperity of large numbers of the cultivating classes, and in the land revenue secured to the Government, that the most important and the most beneficial results of the canals are to be found. In these respects the benefits derived from the canal works during the past year of drought can hardly be exaggerated.'*

The value to the people engaged in agriculture of capital expenditure upon irrigation becomes apparent when we remember that the Upper and Lower Ganges

* 'Report of the Indian Irrigation Commission, 1901-03,' part ii., p. 184.

Canals irrigate a tract of country which was particularly exposed in the early years of the nineteenth century to devastating famines. In the Northern Doab, which we now look upon as a securely prosperous tract, no less than eleven famines occurred in the period between 1800 and 1850. Of these, three (1803, 1819, 1837) were widespread calamities, which devastated large areas, and the remaining eight occasioned acute misery in particular districts. The Doab was indeed looked upon as a particularly precarious tract of country before the capital invested in irrigation had protected it against the chances of the season.

The following tabular statement shows the financial results of the four large canals of the productive class, based on the average of the six years ending 1900-01. The figures given for the Lower Ganges Canal do not include those for the recently opened Fatehpur branch.

AVERAGE OF SIX YEARS, 1895-96 TO 1900-01.

Name of Canal.	Canal opened in—	Total Capital Outlay to End of Year.	Excess of Annual Net Revenue over Interest Charges.	Percentage of Net Revenue on Capital.	Area irrigated.	Excess of Net Revenue over Interest Charges to End of 1900-01.
	Year.	Rupees.	Rupees.		Acres.	Rupees.
Upper Ganges Canal ...	1854	2,98,87,861	17,05,245	9·47	948,977	1,27,58,990
Lower Ganges Canal ...	1878	3,53,24,044	91,084	3·97	774,137	– 26,21,950
Agra Canal ...	1874	95,40,173	1,80,500	5·60	228,739	– 14,09,353
Eastern Jamna Canal ...	1850	38,64,233	8,82,186	26·55	285,987	2,20,92,711
Total ...	—	7,86,16,311	28,59,015	7·37	2,237,840	3,08,20,398

The financial results of these productive works are thus seen to be highly satisfactory. These four canals yield an annual net revenue of 58 lakhs (£386,666

sterling), equivalent to a return of 7·37 per cent. on their capital cost, and after meeting interest charges, which amount to Rs. 29,32,375, there is left a clear profit to the State of Rs. 28,59,015 per annum.

It must not, however, be supposed that all irrigation works have proved equally lucrative to the State. The Betwa Canal was constructed as a protective and not as a productive work, and it is conducted at a loss to the State. A mean of the financial results for the six years ending with 1900-01 shows that the average gross annual revenue of Rs. 85,000 falls short of the maintenance charges by Rs. 17,000; including interest charges, there is an annual loss from this canal of Rs. 1,81,000. The canal was opened in 1885, and in the fourth year from its opening the irrigated area rose to over 32,000 acres. That area was seldom and only by a small amount exceeded until the drought of 1896-97, when 87,306 acres were recorded. In years of ordinary rainfall the irrigated area still falls short of 40,000 acres. The work has, therefore, not fulfilled either in its financial or protective effects the expectations that were formed when the estimates were framed. But though the protection afforded to the Jalaun district during the drought was not complete, the canal led to a sufficient reduction of distress and of expenditure on relief to justify its construction. In the words of Sir Antony MacDonnell, 'it was the salvation of the Jalaun district.'

The three systems of minor canals, which were referred to before, all irrigate in the submontane tract, and are fed by streams which rise in or near the lowest ranges of the Himalayas. Two of them, the Dun and Bijnor Canals, are highly remunerative works, returning $7\frac{3}{4}$ and $12\frac{3}{4}$ per cent. respectively on their capital cost. The Rohilkhand canals, which command a country generally less fertile and requiring less artificial irrigation, return about 4 per cent. now that the water-rates have lately been increased. Col-

lectively the small canals yield a net revenue of o
1½ lakhs, or 5½ per cent., on a capital outlay of 27 lak
(£180,000). On an average they irrigate 140,c
acres annually. In the drought of 1896-97
their aid the crops on 163,000 acres were broug
to maturity, against 64,000 in the famine of 1877-
This large increase is to be attributed chiefly to libe
expenditure on improvements during the past twer
years. To close the review of irrigation works cc
structed by the State, it is necessary to refer only
the lakes in the Bundelkhand districts. The twel
reservoirs in the Jhansi and Hamirpur districts a
the only works in the provinces under the charge
the Public Works Department which are entire
dependent upon storage. They are all old wor
which were in existence before the districts ca
under the British Government. About Rs. 80,000 h
been spent on improvements which have about doubl
the irrigated area, but even now they only irrig
about 3,000 to 5,000 acres annually. The revenue
the shape of water-rate and enhanced land reven
barely suffices to cover the annual working expense

Such are the works of irrigation constructed by t
State in these provinces; large as has been the capi
expenditure already incurred, the Irrigation Comm
sioners, from whose report I have extracted most
the facts and figures relating to irrigation, were
opinion that there was still considerable scope for t
extension of State irrigation works; and they ma
certain definite proposals, and suggested others
consideration, which need not be discussed here.
is probable that no further investments of Governme
capital will yield the same large returns as have be
realized upon the earlier undertakings, but that w
probably not be thought an insuperable objection
undertaking them. The present tendency of econor
thought among Government servants is to give a wi
interpretation to the functions of the State; most

them have abandoned the old individualist doctrines according to which only the strongest necessity and the prospect of certain profit justified the State in embarking upon enterprises of an industrial nature. Nowadays a sympathetic consideration is extended to projects from which the State cannot expect any direct profits, and from which the only return will be the improved prosperity of the people. It is possible to argue that, by taking a large view of the revenues of the State, these projects may be justified financially as well as politically, for the prosperity of the people is reflected in the revenues of the State. With regard to both public and private enterprises, the opinion now prevalent is the same; that opinion is that the capital for agricultural improvements should be advanced by the State.

In Europe the small farmers have been as much hampered by want of capital as the cultivators of India; in recent years they have partially overcome this difficulty by co-operation among themselves. The earliest examples of co-operation in farming were usually associations to secure loans on more favourable terms than the local money-lender would grant, but the farmers, who had discovered the advantages of association and had formed the habit of working together for a common purpose, soon extended the scope of their activity and discovered that they were able collectively to conduct a great many farming operations well which they had individually done ill. The benefits which spring from co-operation are of two kinds: (1) The stimulus to the small farmer to invest his savings in farming, and the discouragement of unproductive expenditure; and (2) the economic advantage of production on a large scale, and the employment of adequate capital. It is to this co-operative movement among the peasants and small farmers that the agricultural revival in Europe is due. Perhaps the most striking

example of the success of co-operation is to be found in Denmark. Half ruined by the Napoleonic wars, Denmark was still further crippled by the loss of her two fairest provinces in 1864; the sturdy Danish peasants set to work to repair that loss by reclaiming and bringing under cultivation the moor, marsh and dune land of which the surface of Jutland then so largely consisted. It was in the development of the dairy industry that the Danes first found the means of recovering from the crisis which had overtaken their economic and especially their agricultural conditions. The peasant-farmers of Denmark were in those days extremely poor, and individually they were not able to provide the capital necessary for scientific dairying. Their prosperity dates from the time at which they started co-operative dairies. 'The first co-operative dairy was opened in West Jutland in 1882. Others followed, and to such extent has the movement spread that to-day a co-operative dairy is to be found in almost every parish. There are now no fewer than 1,050 of such dairies in Denmark, with 148,000 members, owning 750,000 cows out of a total of 1,067,000 milch cows in the country. In 1902 Denmark exported, mainly to Great Britain, 168,000,000 pounds of butter, 135,000,000 pounds of this total representing home produce, and the remaining 33,000,000 pounds butter received from Sweden and Russia. The total value of our (*i.e.*, England's) imports of butter from Denmark in 1902 was £9,302,000, as compared with £8,950,000 in 1901 and £8,029,000 in 1900. The amount invested in the erection and equipment of dairies is over £1,500,000. The practice usually adopted is for about 150 farmers in a particular district to raise, say, £1,200 by subscribing £8 (Rs. 120) each, this sum being sufficient to provide a dairy which will deal with the milk of 850 cows. . . . Next to the co-operative creameries, and now, indeed, rivalling them in importance, come the Danish co-operative bacon-

curing factories, the success of which has been, if possible, even more rapid.'* There were in 1902 twenty-seven such co-operative factories, dealing with 777,232 pigs of the total value of £2,500,000. The significance of these figures will be realized when it is remembered that the population of Denmark is 2,200,000—that is to say, not more than the population of two good-sized Indian districts. Other branches of co-operative agriculture which have been equally successful in Denmark are connected with the egg industry, with bee-keeping and the purchase of agricultural machinery, manures, and feeding-stuffs. So numerous and various are the co-operative societies in Denmark that 'it is no unusual occurrence for a Danish farmer to belong to ten local co-operative societies besides other bodies formed for the advancement of the agricultural interests of the country.'

A network of co-operative agricultural societies is spreading over almost every country of Europe,† and by association the small farmers are providing themselves with the use of capital which would be far beyond the means of any of them individually. The consequence has been to give an enormous impetus to agriculture. The case of Belgium may be regarded as typical. 'It was not until about the year 1890 that Belgium began seriously to bestir herself with the view of affecting the improvement, or rather the reconstruction, of her agricultural position. Yet the claim is made for her that, relatively to her size, more associations have been established in Belgium in the interests of agriculture than in any other country in Europe;

* 'The Organization of Agriculture,' by E. A. Pratt: a fascinating work which should be read by every Indian student, for it contains invaluable lessons of what can be done by self-help to improve an industry which is in most countries conducted, as in India, by men with small holdings.

† England, in spite of the efforts of the Agricultural Organization Society (Dacre House, Victoria Street, London, S.W.), still lags in this respect behind the continent of Europe.

while as regards accomplished results, one authority on the subject, M. Louis Varlez, says:

'"The movement has hardly yet been outlined, and already the agrarian crisis has moderated; in some parts of the country it has already come to an end. We are taking part in a real awakening (*un vrai réveil*) of agriculture. What will it be like when the movement has developed its full proportions—when it shall have spread throughout the entire country?"

* * * * *

'Of local agricultural leagues, formed by agriculturists "for the study and the defence of agricultural interests," there were in Belgium at the end of 1901 no fewer than 776, with a membership of 42,659. The action of these leagues is in some cases confined to a single hamlet, while in others it may extend over several communes; but nearly all are affiliated to some federation whose operations may embrace a canton, a province, or the entire country. . . .

'The primary object of the local societies is the purchase in common of agricultural necessaries, this being effected through central organizations, some of which are represented by limited liability companies formed by the agriculturists as an adjunct to their ordinary associations. Of purchase societies the number in 1901 was 780, with a total membership of 49,000, and the purchases amounted to a total of 14,000,000 francs (84 lakhs). Some of the associations procure costly agricultural machinery, which they let out on hire to their members or others, the value of the machinery thus held in 1901 being 98,000 francs (Rs. 58,800). The equipment of co-operative dairies is undertaken in certain instances, and the federations operating in the dairy districts have organized a complete system of inspection as to the working and managing of the establishments belonging to their members.

'The raising of funds for the carrying on of agricul-

tural operations, either by co-operative associations or by individuals, has been facilitated by the establishment of rural credit banks of the Raiffeisen type. Of these, there were in Belgium in 1894 only four, all newly established. On December 31, 1901, there were 286 connected with six central banks created by the different federations. The 286 societies represent a membership of 13,000.'* The whole population of Belgium, it should be remembered, is only 7,000,000.

It would be easy to multiply examples showing how the small farmer of Europe is providing himself with capital by means of association, and how this increased application of capital has been the cause of a great development of agriculture. But the application of these examples to India is very remote. The co-operative movement has only just begun in India. At present the Indian cultivator does not see the desirability of the objects for which European peasants usually associate. He has no knowledge of chemical fertilizers, or of agricultural machinery; reasons of caste or religion would prevent the majority of them from developing an industry in eggs or bacon-curing. But most of all, he is ignorant of the superior efficiency of co-operation in industrial or commercial operations. When once the co-operative spirit has taken root, it is very probable that the Indian villager will realize that he may develop the trade in *ghi* (clarified butter) with great advantage to himself. Pure *ghi* is difficult to get in Indian towns; it is for the most part scandalously adulterated by means most offensive to high-caste Hindus. In the manufacture of good *ghi* on co-operative principles, there is an opening for co-operative dairying which has in Europe often proved to be the beginning of a far-reaching co-operative movement. But these openings are not likely to be used until the Indian cultivator has learned by experience the value of

* 'The Organization of Agriculture,' E. A. Pratt.

association. This lesson he can only learn by finding in association the remedy for the ills of which he is already acutely conscious. It is, therefore, to co-operative village banks that we must look to teach the cultivator the virtue of co-operation. These societies have often in Europe proved to be the 'growing spot' of agricultural reform, and I have heard Sir Horace Plunkett declare that if he had to begin his economic work in Ireland over again, he would begin with village banks. In India the ground is already prepared for the foundation of small co-operative banks; the villager is fully conscious of his need for capital to buy bullocks or seed, and he is painfully aware of the burden imposed upon him by the village money-lender. If he can be got to realize that by association he may borrow, not perhaps as much as he wants, but as much as his fellow-villagers think good for him, the foundation may be laid of a genuine co-operative movement which will easily extend to co-operative buying and the maintenance of co-operative industries. At present the obstacles to this movement are not either legal or economic, but moral, and the great virtue of the co-operative movement is that it educates in thrift and self-reliance at the same time as it provides the desired capital. At the heart of every economic problem lies a moral problem; and the surest cure of economic evils is one which gives the people the means of overcoming their troubles themselves. The experience of Europe seems to show that co-operative banks are such a means, and there is, therefore, no nobler or more genuinely patriotic work to be done in India than to teach the people to organize village associations upon the principle of mutual credit.

Before closing this chapter theoretical accuracy demands that some reference should be made to one other form in which capital has been sunk in permanent improvements, and that is to the capital sunk

in roads and railways. Means of transport are an indispensable condition to the development of agricultural industry. Northern India is by nature very poorly supplied with means of transport; its rivers will not compare with the Thames or the Rhine as natural waterways. Before the nineteenth century very little had been done by art to remedy this defect. Even within the memory of men still living there was but one metalled road in the northern districts of these provinces, namely, the Grand Trunk Road, which ran from Calcutta to Ambala, and thence, after the conquest of the Panjab, to Peshawar. Away from this single line of communication the ways were sandy tracks, impassable in the rainy season, fetching great loops to cross the rivers at practicable fords, or to descend the ravines (*nalas*) at an easy incline. It necessarily happened that the inhabitants of the village had few communications with the rest of the world. In a year of bountiful harvest the cultivator could sell his surplus produce only in the overstocked market of his village. Prices in that limited area would run down as if they had no bottom; when the demands of the few non-cultivators were satisfied, there was only the local grain-dealer to sell to, and this single grain-dealer could make his own price among a crowd of sellers. Moreover, it must be remembered that the village grain-dealer is a very small capitalist, and that his grain-pits and purchasing capacity are very limited; after his demand had been satisfied there were no purchasers left. This restriction of his market deprived the cultivator of a great deal of the benefit of a good harvest, and he may often have felt inclined, like Shakespeare's farmer, to 'hang himself in the expectation of plenty.' The old reports contain many references to the severe agricultural depression which followed upon a succession of abundant harvests, when grain was a perfect drug in the market. As soon as metalled roads were constructed,

the villager with grain to dispose of carried it in his cart to the neighbouring town or central mart, where even before the construction of railways he could get a better price for his produce than in his own village. The metalled road relieved the cultivator from his absolute dependence upon the local grain-dealer; the same relief has been afforded on a larger scale by the railways, which have the effect of making the whole of Northern India one market for grain. The cultivator's produce has now a definite and, within certain limits, a steady value. The reduction in the cost of carriage has further enabled him to retain for himself a larger proportion than before of the price at which grain sells in the towns and central marts; this is an increase in the value of his produce which is quite independent of the rise in price or value of grain in terms of silver. The cultivator in the past probably imported next to nothing from the world outside his village, and to this day he imports very little; but in respect of what he does import he has been a gainer by the reduction in the cost of carriage. He pays less in actual cost (that is, in the articles he gives in exchange) for his copper and iron plates, foreign cloth, lamps, and kerosine oil than he did, or would have done, in the first half of the nineteenth century. But though the improvement in the means of transport has been a great stimulus to the development of Indian agriculture, it is not necessary to make more than this passing reference to it, because the construction of roads and railways falls within the ordinary development of the country under a civilized government, and roads and railways assist the production of wealth in many other forms than agriculture.

CHAPTER VIII

THE DIVISION OF LABOUR, OR THE VILLAGE ARTISAN

In countries in which communications are imperfectly developed every village or small aggregation of men must of necessity be self-sufficing—that is to say, the men in each village must be able to satisfy their wants themselves, as they are not in a position to import from elsewhere. In words which have a direct application to the economic conditions of India, Adam Smith illustrated this statement by an example from Scotland in his day: 'In the lone houses and very small villages which are scattered about in so desert a country as the Highlands of Scotland every farmer must be butcher, baker, and brewer for his own family. In such situations we can scarce expect to find even a smith, a carpenter, or a mason within less than twenty miles of another of the same trade. The scattered families that live at eight or ten miles distance from the nearest of them must learn to perform themselves a great number of little pieces of work for which in more populous countries they would call in the assistance of those workmen.' The type of society described by Adam Smith still exists unimpaired in the hilly districts of Kumaon, because in those mountains one village may be cut off from another by snow or floods for several months of the year; and therefore a community would be reduced to starvation which depended for its subsistence upon the products

of its neighbours. It is only in mountainous or very thinly-peopled countries that villages are completely isolated; but wherever the means of communication are imperfect, it will be found that society distributes itself in self-sufficing units. Until comparatively recent years this was the condition of the villages in these provinces. The natural waterways are few and poor, and there were no metalled roads, and it was a necessity of existence that every village should be so constituted as to suffice for its own needs. While, therefore, we may look upon every village as an industrial unit engaged in extracting raw material from the soil, we must remember that each of these had to maintain a few petty and subordinate industries to supply the wants of the rural population.

These minor industries are directly subordinate to agriculture, and as long as the village is self-sufficing, they cannot be developed further than is needed to minister to the simple wants of a community of peasants. It is the possibility of exchange that gives occasion to the division of labour, so the extent of this division is limited by the extent of the possibility of exchange, or, in other words, by the extent of the market. Adam Smith's illustration of this is singularly convincing.

'It is impossible,' he said, 'that there should be such a trade as even that of a nailer in the remote and inland parts of the Highlands of Scotland. Such a workman at the rate of 1,000 nails a day and 300 working days in the year will make 300,000 nails in the year. But in such a situation it would be impossible to dispose of 1,000—that is, of one day's work in the year.' The same holds true of the majority of villages in India. The division of labour cannot be carried beyond the limit fixed by the possibility of exchange, and this limit for non-agricultural products is inevitably a narrow one as long as the village has so little intercourse with the outside world. There is

nothing abnormal or peculiar in this isolation and consequent self-sufficiency of the Indian village; on the contrary, it was the universal characteristic of village life, and the only organization of industry possible in the absence of means of transport. We find it at the beginning of the nineteenth century even among the farmers of New England. 'They lived mainly upon what they produced themselves, and many of their exchanges were made without the intervention of money. They swopped or bartered services in the erection of their dwellings or in harvesting; they raised, spun, and wove their own wool; they packed their own pork; they raised their own corn, and paid for grinding it by a toll in kind; they cut their own fuel.'* The modern organization of industry which has displaced this older one in Europe and America owes its success to a more elaborate division of labour. Nowadays, in Europe or America, cloth is manufactured at a great mill in a town or district wholly devoted to this industry, where an alert business manager imports wool and cotton at the best advantage, where production is carried on upon so large a scale that the employment of steam-power and complicated machinery is remunerative, and where highly skilled workmen can be employed and can be nicely graded to the different processes of manufacture. In these conditions cotton or woollen cloth can be produced so advantageously that even after the cost of carriage has been paid it can be sold in remote hamlets as cheaply as the product of the spinning-wheel and the hand-loom. The farmer, therefore, finds that it is most profitable to him to devote himself exclusively to his own industry, and exchange his product for town-made cloth. The same is true of other industries. The iron-master makes it his business to find out the conditions in which his customer, the

* 'The Distribution of Products,' by Ed. Atkinson. G. P. Putnam and Sons, New York, 1890.

farmer, works; he knows that the farmer cannot repair complicated machinery himself, and that he will not buy an implement which a slight accident may make wholly useless to him. Agricultural machinery is therefore all machine-made, with interchangeable parts; and the American farmer far from a manufacturing town can use a steam-plough or reaping-machine with confidence, because he knows that if an accident happens to any part of it he has only to telegraph to the manufacturer the number of the broken part, and he will receive the corresponding part down by the next train.

These are examples of the extent to which the division of labour can be carried where the means of transport are highly developed. Each part of the industrial world is dependent upon the rest, and that dependence is increased by every further division of labour. But in India the old distribution of industry still prevails; the self-sufficiency of the village has been only slightly impaired, and the division of labour is only carried a very small way. In addition to the population directly engaged in agriculture, almost every village possesses a blacksmith, a carpenter, a potter, a barber, and a washerman; and most villages retain the services of some sort of holy man (*parohit* or *faqir*), whose blessing upon the fields is necessary for a successful harvest. In larger villages there will also be found a weaver, a cotton-carder, an oil-man (*i.e.*, one who manufactures oil from oil-seeds), perhaps a petty jeweller, and a small shopkeeper. Strictly speaking, the grain-dealer who combines the purchase and sale of grain with money-lending ought also to be included in this category, but the part he plays in the village economy is so important as to have earned for him the distinction of a separate chapter. Further than this, the division of labour cannot be carried in so small a community, and much of the labour which is in Europe and America assigned

to a particular industry is in an Indian village performed by women or by men at odd intervals of leisure. Thus the grinding of corn and spinning of thread are in Indian villages almost universally performed at home, though the former at least has been for centuries a separate industry in Europe.

The blacksmith and the carpenter follow industries which are directly subsidiary to agriculture; they make and repair the ploughs, carts, and other simple implements of Indian husbandry; the potter supplies domestic utensils, and the barber and washerman perform services for the rural population which Indian social habits have delegated to a particular class of the community. There is nothing in their methods of production which calls for particular comment; it is under the heading of Distribution rather than of Production that the singularity of the Indian system is to be found. The manner in which the services of the artisans are paid brings out clearly their subordination to the staple industry, agriculture. The artisans do not receive direct payment for each act of service, but they are given at each harvest a specified measure of grain as a remuneration for the services performed throughout the year.

The amounts vary according to local custom; from the head of each agriculturist family the blacksmith and carpenter generally receive from 10 to 15 seers of grain at each harvest; the washerman, barber and potter receive from 5 to 10 seers. A carpenter (assisted at his trade by the males of his family) may have work connected with from twenty-five to fifty ploughs, and upon each of these he will receive 20 or 30 seers annually (*i.e.*, 10 or 15 at each harvest). When he has no agricultural implements to make or repair on behalf of his village masters, he does ordinary carpenter's work, and receives cash payment for each job.

Mr. William Crooke gives the following excellent

account of the manner in which the village artisans are remunerated:*

'When the grain is threshed, the artisans and menials get their perquisites. The man who does blacksmith's and carpenter's work gets in this way 25 seers of grain per plough at each harvest, this being given in barley mixed with grain or peas (*bejhar*) at the spring, and maize or juar millet at the autumn harvest. The *chamár* (leather-curer), in consideration of repairing the well water-bag, providing leather straps and whips, and helping clean the grain, similarly gets 20 seers at each harvest per plough. The washerman gets the same. Many give the same amount of grain to the *kahar* or *bhisti*, who keeps their houses supplied with water during the year; but among the lower classes of cultivators or field-labourers the women of the family have to do this work themselves. Similarly, the potter (*kumhar*), in consideration of providing earthen pots during the year, gets 10 seers of grain per plough per harvest. The local priest (*kherapat*), who lights the Holi fire and looks after the village ghosts, gets 2½ seers per plough at each harvest. So, too, beggars, and the wandering *faqir* or *jogi*, in whose round the villages lie, get a handful or two according to the piety or generosity of the owner. The light grain and sweepings of the threshing-floor are the *chamár's* privilege in consideration of the help he gives in threshing and winnowing. The meat of dead cattle also falls to him, but he does not get the skin. If an animal dies, the hide goes to the owner, and the *chamár* expects 10 or 12 seers, of course, as the fee for curing it. In some cases he is expected to mend shoes for nothing. This is much better than the rule in the eastern districts, where the *chamár* can claim the hide, and has

* 'An Inquiry into the Economic Condition of the Agricultural and Labouring Classes in the North-Western Provinces and Oudh,' 1888, pp. 24, 25.

thus a direct incentive to poison cattle. Now, these are on the whole very liberal allowances, considering the duties for which they are the recognised equivalent, and are very highly valued, so much so that there is great competition among such people for these privileges. They are rigidly and punctually claimed; the right descends from father to son; they greatly resent the intrusion of strange families who might possibly encroach upon their rights, and they strictly boycott a man who withholds their perquisites. Nothing is more ridiculous than to call such people drudges and slaves; on the contrary, they are a decided power in the rural community. There can be no question but that they have greatly improved in position, and become more independent under British rule. Old *Thakur* landlords have often complained bitterly to me of the insolence of this class, the fact being that they are no longer inclined to submit to bullying and drudgery. They know their rights, and are determined to assert them.'

Those who believe that the economic conditions of an Indian village are regulated by custom, and not by competition, will find the most plausible support of their theory in the remuneration paid to the village artisans. It must be confessed that the scale of pay which these persons receive is looked upon as permanently fixed, and is, in fact, very rarely altered. But this alone does not justify the conclusion that competition is wholly inoperative. All the world over wages (or the price of services) vary much more slowly than the price of commodities, and the wages of an artisan (1) employed by a body of villagers, and (2) receiving his wages in kind, must, naturally, of all wages, be the most difficult to alter. Nor does it necessarily follow that, because the rate of remuneration remains nominally unaltered, a real change does not take place under the stress of competition. In recent years the employment open to carpenters,

blacksmiths, and masons upon public works and in the neighbourhood of towns has drawn many of them away from the villages, and it is therefore to be presumed that the artisan who remains has more ploughs to attend to, though his remuneration per plough has not been increased. I am inclined to think that more positive changes may at times take place. The village would no doubt be scandalized at the idea of raising the grain-wages of Bhopal, the carpenter; but if Bhopal, attracted by the high wages in the neighbouring town, were to leave the village, his former employers might not find it impossible to offer a higher rate to Phuran to persuade him to fill the gap. Definite alterations, too, have been made by the village elders, after some great convulsion which disturbed rural economy. Thus I find it recorded that the cultivators of Ferozpur (in the Punjab) refused the sweepers the remuneration they had received under the Sikhs, but that, as this change was not in harmony with the economic condition of the time, the rate of payment for their other services was gradually adjusted by mutual necessity.* It must also be remembered that in the case of the remuneration of the village artisans custom and competition have not been seriously in conflict in the last 100 years; as their wages are paid in kind, the money value of their remuneration has risen *pari passu* with the rise in prices. Lastly, although these customary wages appear so immutable, some alteration, though not openly avowed, must have taken place, because it is exactly persons of this class who are popularly supposed to have most improved their condition in recent years. 'The wages of certain classes of artisans,' said Mr. Crooke in 1888, 'particularly masons, blacksmiths, and carpenters, have gone up by leaps and bounds since employment opened in public works. As far as I can judge their pay has about doubled within the last generation. And this rise of wages has been in

* 'Ferozpur District Settlement Report, 1877,' E. L. Brandreth.

some cases accompanied by a desire to claim a higher social status than they hitherto enjoyed. Thus quite recently the carpenters of the town of Jalesar held a meeting, declared themselves to be Brahmans, assumed the sacred thread, and indignantly refused to defile themselves by repairing the municipal conservancy carts—a class of work to which in former times they never dreamed of objecting.'

Of the manner in which an Indian artisan lives I can best give an idea by a description of individual cases. Out of the many cases investigated by Mr. Crooke I have selected three, who all followed the same trade, that of carpenter. The details will be found printed in the appendix to this chapter. I do not think that the estimates of income and expenditure can be accepted as trustworthy or complete, because they were framed from the memory of rustics who did not know how to read or write and kept no accounts. The estimates do not represent any definite idea in the minds of the carpenters, but the answers elicited by the questions of the official who investigated these cases. It is quite possible that a considerable item of income or expenditure was forgotten, and therefore the 'saving' which is recorded as the result of the year's operations is probably not deserving of credit. But though the information may not be exhaustive, it probably is accurate as regards the facts given, and the details regarding employment, food, house, and clothing, are instructive and interesting. The principal facts about these three men, whom I have selected as representatives of the artisan class, are clear. They have next to no capital invested in their industry; their labour is not specialized, for they do all kinds of carpentering work, and eke out their livelihood by following other callings as well. They lead hard lives and have a diet of the coarser grains only. On the other hand, the conditions in which they live are probably more propitious to health than

those in which a mechanic in a large European town brings up his family. Their houses, though much rougher, are larger and airier, and their food, though coarse, is sufficient.

As regards the productiveness of their labour, however, there can be no comparison. They work in conditions which make it impossible for them to create value upon the same scale as European artisans. The reason of this has already been indicated. The industrial organization of Indian society does not permit of the division of labour. The labour which is at present expended by the blacksmiths and the carpenters in these provinces would result in the production of articles of much higher value if, instead of being scattered about in numberless villages, they were grouped in a few large centres and worked under the direction of skilled managers. If they were so aggregated, their operations would be on a scale that would make the use of steam or electric power remunerative, and each man could be put to that work which he is best capable of performing. But even if society could be reconstituted with a single eye to the production of more wealth, it is not certain that the modern organization of industry is yet possible in India. There are serious obstacles to the success of large factories in the present condition of the country. The first of these is the still existing imperfection of the means of communication. The industrial organization of Europe or America is impossible without cheap and rapid transit. Every producer must have easy access to the great markets, and the great markets must be able to redistribute the finished product to the consumers, wherever situated. Those who exclaim against the extension of railways in India ignore the importance of cheap communication in developing manufacturing industries. A second obstacle, which is a consequence of the first, is the absence of distributing agencies. A manufacturer in India who produced

commodities which would have a ready sale among the village population would encounter the greatest difficulty in getting into touch with his customers. The small shopkeepers that are to be found here and there in the rural districts are almost as ignorant of modern trade as the villagers themselves, and at present the large merchants of the towns are content to let their customers come to them and to cater for a demand which has already manifested itself.* Those who find it difficult to realize that a shopkeeper contributes directly to the production of wealth may see in India how much the absence of such a class hinders production. The difficulty of reaching the masses must act as a strong deterrent upon any manufacturer who wishes to supply the wants of the masses, and the creation of new wants is hindered by the difficulty which the peasant has in learning of the existence of new products.

These obstacles to the industrial development of the country are of the mechanical order; those which belong to the moral and intellectual order are every whit as serious. It is extraordinarily difficult to persuade the village artisan to leave his home, to submit to the regulations of a factory, and to learn new processes of production. Hence comes the paradox that the first and greatest obstacle to be overcome in establishing manufacturing industries in the United Provinces is the want of labour. This may well be called a paradox, because there are, in the villages and on the outskirts of towns, thousands of labourers who are ready and eager to sell their labour even at very scanty wages. But the only labour they can offer to

* It is a remarkable fact that the large Muhammadan firms in Bombay which import cloth from Europe and do a very large business have not got travellers going round to visit the cloth-dealers of the interior, but are content to sit at Bombay to await the arrival of their customers from the Punjab, Sind, and the United Provinces.

the *entrepreneur* is of the kind needed for agricultural operations. The factory owner wants labour of quite another kind: he needs men who can tend a machine, men who will arrive punctually as the factory gates open in the morning and work without stopping, save for the recognized intervals, till nightfall; and he wants them to come day after day with the same unfailing regularity as the clerks in a Government office. But labour of this kind is at present very hard to get in the United Provinces, and that is what mill-owners and factory-masters mean when they complain of the scarcity of labour in India. Mr. A. C. Chatterji, who can speak with authority upon this subject, brought the point prominently forward at the Industrial Conference of 1907. 'The next point to bear in mind,' he said, 'is the labour supply. In many industries it is the most serious difficulty of all. Attempts have been made in various parts of India to manufacture glass according to modern methods. Most of these attempts have ended in failure. In some cases the want of success is partly attributable to an injudicious location of the industry at a site where raw materials were not available except at prohibitive prices In all instances, however, the chief cause of disaster has been the want of skilled labour, both superior and inferior.' Mr. Chatterji's Notes on the Industries of the United Provinces are full of interest to the student of economics, and in them he mentions that, in the opinion of Indian capitalists, one of the chief obstacles in the way of establishing spinning-mills is 'the scarcity of men with the requisite technical and business experience to fill the position of managers.'

These are obstacles to the growth of factories driven by steam-power, but the use of steam-power is not, I think, indispensable to the improvement of Indian industry. There is wide scope for an increase in efficiency by the perfection of instruments of manufacture driven by hand-power without having recourse

to steam at all. The indigenous industries of India are for the most part carried on with very rude appliances, such as were in use 1,000 years ago, and it is practically certain that their output might be much increased by the adoption of improved methods of production. A typical illustration may be taken from the hand-loom weaving industry. There are as many as 947,873 souls supported by the proceeds of hand-weaving in these provinces, and Mr. Chatterji estimates that at least one-third of the quantity (by weight) of the cloth consumed is the product of hand-looms. Sorely pressed as are the weavers by the competition of the power-loom, they still cling to their hereditary industry, but they pursue it at a quite needless disadvantage. The ordinary Indian loom is a very clumsy affair, and it is quite possible to increase its efficiency by the adoption of certain mechanical contrivances, the principal of which is the fly-shuttle, which have long been in use in Europe. The subject of hand-weaving has been prominently before the Indian public in recent years, and there is now a considerable literature referring to it. One of the most instructive pamphlets is the Report of the Executive Committee of the National Fund and Industrial Association on the All India Weaving Competition held in Madras from February 24 to March 8, 1908. The object of the competition was to discover by practical tests which of the various hand-looms in use throughout the country yielded the best results. In the opinion of the committee, 'the competition established beyond doubt the superiority of the improved fly-shuttle loom over the old country loom, and the possibility of introducing it with great advantage to the weaving community.' Mr. Chatterton, to whose knowledge and enthusiasm the success of the competition was largely due, summarized the results as follows:

'A detailed scrutiny of the tabulated results of the

competitions reveals some very useful information. First as to the ratio of the work done on fly-shuttle looms and on country looms. The latter did not attempt the finest work, but on those of 60^s count the best result was 17·5 picks per minute on cloth 43 inches wide, against 69·5 picks per minute on cloth 51·5 inches wide; that is, more than four times as much cloth was turned out (on the fly-shuttle loom). With warps of 20^s count and 1 yard wide the ratio is 2·5, whilst on the Madras handkerchiefs it is only 1·35. In this case it is probable that the low ratio is partly due to the superior skill of the weavers on the country looms, but for the most part the frequent changing of shuttles discounts the advantage of the better method of picking. The wider the cloth the greater is the gain due to the use of the fly-shuttle; and in very wide work, such as turban cloths, which are 9 feet wide, one weaver can easily work a fly-shuttle loom much faster than two men on a country loom. The results of the competition establish the fact that there is a great but variable advantage in the use of the fly-shuttle. Roughly, it may be taken as three to one.'

The Weaving Competition sufficiently demonstrated that, by the use of mechanical devices already known, the output of the Indian weaver can be very largely increased; but a hand-loom suitable in all respects to the conditions in which the Indian weaver must work has yet to be invented. The looms which did the best all-round work in the competitions were those manufactured in Madras on the lines of the old English hand-looms. A number of new looms have been advertised in India recently, but when put to the test of prolonged work they have not yielded results as good as those in use in England before the advent of the power-loom. 'The improvement of the hand-loom,' as Mr. Chatterton says,* 'is no simple task, and it is fairly evident that those who have essayed to do so with the

* *Indian Trade Journal*, April, 1908, vol. ix., No. 106.

single exception of Mr. D. C. Churchill, do not possess the requisite experience of weaving and knowledge of mechanics combined with the necessary inventive faculty to enable them to attain success. The failure of the English manufacturers is not due to lack of technical skill, for their looms are wonderfully ingenious pieces of mechanism, but to almost complete ignorance of the Indian weaver and the conditions under which he works. A power-loom, to run successfully, must be driven at a uniform speed; but if a man is employed to work it the supply of power is most irregular, and it is hopeless, therefore, to expect that a lightly-made power-loom will make a good hand-loom. As the European manufacturers are not familiar with the local conditions of Indian weaving, it is improbable that they will invent a suitable hand-loom, and the problem must therefore be worked out in India itself. There is already a prospect that this may be done. Mr. D. C. Churchill, of Ahmadnagar, has invented a loom which promises twice the output of any other loom capable of being worked by Indian weavers, and its productive capacity would therefore be six times that of the indigenous hand-loom; but though this loom possesses many valuable features, time and study are required to bring them to perfection.' There are many other technical details in which the process of weaving, as practised in India, is susceptible of improvement—such, for instance, as sizing and the production of warps; and in regard to them too, experiments have been made which promise to yield valuable results.

A large question remains upon which public opinion is still divided: How can these improved methods be communicated to the Indian weaver? There are two ways in which this might be done. The first is by direct propaganda among the weavers, conducted either by philanthropic agencies or by Government. Weaving-schools would be established for artisans, at which instruction in the improved methods would be

given. The scholars would be taught how to work the new looms, and when they had completed their course they would be given facilities for acquiring such a loom and taking it back to their homes. Exhibitions would be held in different towns, and by practical tests the advantages of the new methods would be demonstrated. Lecturers and demonstrators would visit weaving centres periodically, set up an improved loom in the middle of the village, and give ocular proof of the superiority of the results obtained upon it. The system of travelling lecturers has been employed in France with very good results to teach improved methods of apiculture and similar occupations subsidiary to agriculture. The roller-mills for crushing sugar-cane were popularized in the United Provinces by somewhat similar methods. The objection to this solution is that an enormous amount of time would be taken before success was achieved, and that it postulates an amount of missionary zeal for the improvement of the condition of the weaver which is probably not available on a large scale. The other solution is one which commends itself to me because it works through economic motives which are fairly common. I am in favour of establishing small factories in weaving centres under the direction of educated men, who would be small capitalists. It is because a capitalist organization of industry adapts itself so much more readily to new requirements that capitalism tends to supersede that more ancient organization in which the artisan is himself the *entrepreneur*. Small capitalists, working in different centres, might introduce those improvements in the methods of production which the uneducated artisan is little likely to initiate. A young Indian who has read up to the B.A. standard, and who can secure a little capital of Rs. 5,000 or Rs. 10,000 might do worse than invest his ability in a hand-weaving factory. He would have to buy some twenty-five or fifty improved-hand looms, engage the same number of

weavers, whom he would have to teach the use of the new loom. When they had acquired the dexterity necessary to work it, he would have to pay his weavers wages. In the present depressed conditions of the industry he could probably get them for four annas a day. These weavers would be his servants, or 'hands.' The master would undertake all the risks of production; he would provide the yarn for weaving, the looms and the warps. In order to keep his looms at work, he would probably find it necessary to have a small warping machine. Mr. P. Theagaraya Chettiar, who owns a hand-weaving factory in Madras, says that 'a machine of this kind costs Rs. 50, and can supply warp sufficient for fifty looms.'* The sizing would also be done at the cost of the employer, the duties of the weavers being confined to working the looms. The finished product would be the property of the young capitalist, who would complete his operations by selling the manufactured cloth to the cloth-dealers in the nearest bazaar; the price he would get, minus the sum of his expenses, would represent his profit. The man who is going to make a commercial success of such a venture as this will need to possess patience and resource. The path before him is not an easy, beaten track which many have followed before. The selection of the right loom is, in the present state of our knowledge, far from an easy matter. Mr. Theagaraya Chettiar has recorded that he tried the Japanese loom, Churchill's loom, Raffael Brothers' loom, and Hattersley's loom, but that the results were not satisfactory. Nor is the choice of a loom the only initial difficulty. Mr. Chettiar warns us that, 'besides the adoption of the fly-shuttle arrangement, there are several preliminary processes in weaving which require improvement. These processes are: (1) Swift or bobbin winding for preparing warps and pirns; (2) warping; (3) sizing; (4) piecing;

* Presidential address, All India Weaving Competition, Madras, March, 1908.

(5) beaming; (6) pirn-winding.' These difficulties are an obstacle to immediate success, but it is in the overcoming of such difficulties that the real industrial training of the middle classes of these provinces will be accomplished. The man who succeeds in overcoming them will probably make a fortune, and then we may be sure that he will have a crowd of imitators. When the direction of small factories is recognized to be as profitable an occupation as forensic pleading or Government service, the industrial development of India will have begun in right earnest. Under the stress of competition, the small capitalists will be compelled to introduce still further improvements in machinery; steam or other mechanical power will be added; the small factories will gradually be expanded into large factories, and the industrial transition will have been accomplished.

The proper course for a young man to take who contemplates the establishment of a hand-weaving factory is to enter one of the weaving schools established by the Government. These schools are designed to improve the weaving industry by both the means of advance which I have indicated as possible—*i.e.*, by direct instruction of the artisans, and by the training of educated men to be captains of industry. The Government Weaving Institute of Serampore is thus described by the Principal, Mr. Hoogewerf:

'At this Institute instruction is being imparted to two distinct classes of students: the higher class and the lower class. The students of the higher class are not only being instructed in practical weaving, but also in the different branches that make weaving an art. The students, who are chiefly young men of respectable Brahmin and Kayastha families, are going through a course of textile fibres, the preparation of yarns, fabric structure, design and analysis of cloth, costing of cloth, practical weaving, model draw-

ing, freehand drawing, sketching of textile machinery, engineering drawing, and textile chemistry. The lectures in these subjects are in English, and the standard of admission has been fixed for boys who have passed their Entrance Examination of the Calcutta University. They will also be encouraged to appear at the examinations of the City and Guilds London Institute which are being held annually at Bombay. Efforts are being made at present to have these examinations, if possible, held in this province.

'The admission to the Lower Standard is limited only to the weaving classes, who are not only afforded opportunities of working practically on the various types of looms at this Institute, but they are also taught freehand drawing, structure of standard cloths for which there is a demand in the market, and their analysis and designs. This Institute has not only been made a centre for instruction, but it has also become a centre where the work at five other weaving schools which are shortly to be opened up in Bengal will be controlled. The teaching given at these outlying weaving schools will not be of such a high standard as that given at Serampore, but it will be made suitable to the mass of the weavers. Arrangements will, however, be made for the drafting of some of the more intelligent of the weavers from these centres to Serampore for a higher course of instruction if necessary. The instruction given at these weaving schools will be imparted through the medium of the vernacular. The course of instruction will be for a period of about four months. Both adult weavers and sons of weavers will be admitted to instruction.

'The tuition both at Serampore and at the other outlying centres is free. The Government has offered eighty scholarships, ranging from Rs. 4 to Rs. 15 *per mensem*, as an encouragement to the students.

Arrangements have also been made for providing free quarters for up-country students. At present there are about ninety students at the Serampore Weaving Institute, including the higher and lower classes. This Institute is doing excellent work, and it is impossible to gauge fully the extent of the work through the medium of bare reports of facts and figures. It has filled a long-felt want in this province, and it would be a great boon to India if some of the philanthropists and the national leaders would make up their minds to ameliorate the condition of their fellow-countrymen by opening up weaving centres on a similar basis.'*

In my own mind there is little doubt that of the two classes in the school at Serampore it is the higher which will give a speedy and appreciable impulse to Indian industry. The diffusion of modern ideas among so illiterate a class as the ordinary weavers must be a very slow process. On the other hand, the graduates and undergraduates from college are keenly alive to the necessity of finding new avenues to fortune; they possess the capacity to assimilate new ideas, and they are ready to learn from books or study in foreign countries the processes which have been adopted abroad with advantage. It is to them, then, rather than to the hereditary craftsman that I look to initiate India's industrial revolution.

It is probable that the output of the textile industry would be enormously increased by the introduction of a system of small factories directed by capitalist employers; but to the village weaver, with whom we are here particularly concerned, this industrial revolution could hardly be other than injurious. When once the small factories had overcome the impediments to distribution, with which they are far better fitted to cope

* The *Indian Trade Journal*, February 17, 1910.

than the English manufacturer in Lancashire, they would oust the village weaver from his narrow market, in virtue of the superiority of their industrial processes and mechanical appliances; and to the individual whose trade is taken from him it matters little whether he is ruined by steam-power or a superior handicraft. There is no reason to think that the village weaver could maintain his position by adopting a modern loom or other mechanical improvements. With a modern loom he would weave more cloth than is needed in the restricted market for which he caters; he would be in the position of the nailer in the Highlands of Scotland described by Adam Smith; and so we come round again to the fundamental obstacle to improved industrial processes from which we first started: the Indian organization of industry does not allow of the efficient division of labour in non-agricultural pursuits.

THE FIELD LABOURER

In Europe the labourers who work for wages under an employer constitute the great bulk of the working class, and the prosperity of millions of families depends upon the proportion in which the product of industry is shared between the employer and his labourers, or, in other words, upon the rate of wages. In India the great bulk of the labouring classes work on their own account, and not for an employer, and the number of those whose prosperity depends upon the rate of wages is comparatively small. In the archetypical Indian village, which we can only conjecture from examples in which the type has been considerably impaired, there probably was no place for the casual labourer working for wages at the bidding of a chance employer. The labour of the staple industry of the

village—namely, agriculture—was provided by the cultivators themselves, whether proprietors or tenants of the land they tilled; the subsidiary industries had each one representative, who was supported by a joint contribution from all the cultivators, and below these two classes was a third, composed of the village drudges, who performed the basest menial offices of the village, and who received in return certain inferior perquisites and privileges; they were, in fact, common serfs or slaves whom the village supported jointly. These persons were always of the lowest caste, and therefore their economic degradation had in the eyes of the rural population a quasi-religious sanction. But in modern times causes have been at work which have given this class greater independence. In the first place, being of low caste, these men are willing to turn their hands to any task, and have readily availed themselves of the chances of employment opened upon public works and in the towns, and have thus freed themselves from absolute dependence upon their village masters. In the second place, the class of casual labourers is constantly being reinforced from the ranks of the cultivators. A cultivator who is compelled, either by the pressure of debt, the failure of his crops, or ejectment from his holding, to give up cultivation on his own account, must perforce betake himself to field labour to make his livelihood, and thus he joins the ranks of those who depend upon daily wages. With the growth of population and the rise of rents there is springing up in almost every village a landless class, and as these persons know no other industry than agriculture, they become field labourers, working for wages.

The occasion for their services is found either where the farmer, for social or caste reasons, does not work himself in the fields, but only superintends, or where his holding is too large to be worked by the unaided labour of himself or his family. As a rule, the man

who cultivates with a single plough employs no permanent labourer. If he is a low-caste man, such as a *chamar* or a *lodha*, his own labour and that of his family (his women having no objection to field-work) are sufficient to work his farm. It is only at special times—such as for weeding, irrigation, or harvesting—that he employs extra labour at all. But a man who has a couple of ploughs and four oxen must keep a hired labourer unless he happens to have grown-up sons or other relations living with him and partners in his holding. 'Such labourers,' wrote Mr. Crooke in 1888, 'get wages at the rate of Rs. 3* per mensem, which are paid by village custom, partly in cash and partly in kind—a fact which is of vital importance from the point of view of the labourer, since the price of food grains has so largely increased. The labourer, as a rule, takes in cash only the amount he requires for his actual expenses, such as purchase of clothes, etc. For casual labour the prevailing rates are 6, 7, or, at the highest, 8 pice† per diem for men; 5 pice for women, and 4 pice for boys and girls. The harvest wages I shall describe later on. These wages are almost invariably paid in grain at the current *village* rate, which is generally as much as 10 per cent. cheaper than the *market* rate. The highest rates are naturally given at those seasons when work is pressing and there is a demand for labour, such as weeding, irrigating, and harvesting. For digging, manuring, and other work requiring manual strength, the rates are always at the maximum. Only the

* 'An Inquiry into the Economic Condition of the Agricultural and Labouring Classes in the North-Western Provinces and Oudh,' 1888, p. 23.

† A pice (a paisa) is a quarter of an anna, and therefore at the present rate of exchange (Rs. 15 = £1) is exactly equivalent to one farthing. My own experience leads me to think that the wages of the casual field labourer have risen since Mr. Crooke wrote the above in 1888, and I should think that 8 to 10 paisa was the normal remuneration in the Northern Doab at the present day.

strongest men are selected for such work, and seldom, if ever, get less than the equivalent of 2 annas a day. Reaping, however, is paid for in a different way. During the day the owner of the field watches how his labourers are working. In the evening he invariably gives each man *three* bundles of the cut crop, but they are made smaller or larger according to his merits.* The master by experience knows very closely the equivalent of grain which each bundle represents. The inferior class of workmen even can usually make as much as 1½ annas per diem. Those who are most competent to express an opinion in such matters believe that the remuneration of agricultural labour has increased as much as 50 per cent. during the last generation; and there can, I think, be no doubt that this class are on the whole much better off than they used to be, and are on the whole perhaps in a state of greater comfort than the lower stratum of cultivators. The reason of this appears to be that they are paid in a great measure in grain at cheap village rates; and as no *bania* will lend money to such a man, they have escaped the incubus of debt. Again, the opening up of the country and large public works have done a great deal for the average labourer. This year, for instance, thousands of them found employment on the canal works at Nadrai, where the Public Works Department have been recently distributing as much as half a lakh (Rs. 50,000) a month in labour. Many, too, of this class have been employed by contractors in burning bricks or lime. On the Nadrai works at present a good average labourer can easily make as much as 3 annas per diem. During my recent survey of the distressed villages on the Kali Nadi and Burhganga, I found that a large proportion of the able-bodied population was at work at

* An interesting illustration of the way in which, under the influence of ordinary economic motives, the employer modifies custom to suit his own interest, though preserving the letter.

Nadrai. An opening like this has given the field labourer a chance of making his own terms with those cultivators or landlords farming their own lands who require labour.'

The field labourer suffers considerably from irregularity of employment, a cause of distress with which almost all European wage-earners are familiar. Agricultural employment is from the nature of the industry irregular. At certain seasons, such as the time of harvest, there is a greater demand for labour than the village can supply, and the field labourer can command relatively high wages; but in the slack season before the rains there is practically no work to be done in the fields, and the field labourer is in consequence unemployed for one or two months in every year. On the whole, however, there is a consensus of opinion that the casual labourer, partly owing to the fact that he is little restricted in the matter of diet and employment by caste regulations, is better off than many small cultivators. The growth in the village of an agrarian proletariat is a symptom which from the experience of Europe we are disposed to watch with anxiety, but the evidence at present forthcoming does not point to any deterioration in this class of the population. The opinions put forth by Mr. Rose on this point in 1888 are worth quoting at length.*

'I am inclined to think that day labourers and servants are upon the whole in a far better position than the less prosperous sections of the agricultural community. Their resources are far more numerous than those of the classes who occupy a higher position in the social scale. I am referring here only to day labourers and servants. I am not at all so sure that artisans—weavers, for instance—occupy so favourable a position. But with reference to day labourers and servants, so long as they maintain their bodily

* 'Inquiry into the Economic Condition,' etc.—evidence of E. Rose, Esq., p. 137.

strength, there is seldom want of employment; and among this class of the people there is again this essential safeguard against the consequence of illness and misfortune—that every pair of hands in the family which is fit for labour finds something to do. There are no idle hands; even the mere children of the family do something now and again to increase its resources.

'To take as representative of the class the ordinary village *chamar*: there is seldom any part of the year in which employment is not provided for him. He is employed as ploughman for five months of the year—from Asarh to Kartik (June to November). He and his family are employed as reapers in the month of Aghan (November-December). He utilizes his time in *kutcha* building and other forms of earthwork (*matkam*) during the months of Pons and Magh (January and February). In Phagun and Chait (March and April) come the reaping of the rabi (spring) harvest, and for the remainder of the year until his round as ploughman comes again in Asarh, he is engaged in marriage processions and otherwise, and is well paid for it. His wages as a ploughman are good, consisting of daily *bani*, which varies from 1½ to 2 seers of rabi grains or pulse (*kalewa*) at midday, which represents ½ seer of *sattu*, and for fifteen days during seed-time he will get an additional allowance of 1 seer a day as *ubarwa*. During this time the women and children are not idle; they are employed in weeding (*sohani*), for which each gets 1 seer of grain at the least, and sometimes something more in the shape of an extra allowance. In reaping-time all hands are employed at the remuneration of one good bundle for the labourer after sixteen small bundles have been gathered for the master he works for. The women and children work as well as the men. When earthwork is going on, the remuneration of an able-bodied man is 2 seers of grain and ½ seer of *sattu*,

with an additional handful of grain to start with in the morning. Here again the wife and children are employed, and earn sufficient for their maintenance. The boys of the family, moreover, accompany their father in one or other of the many wedding processions which are passing from place to place during the months of Phagun and Chait, carrying flags or rendering some similar service, for which they receive as remuneration their daily food. Over and above these many resources, the wife will probably act as a midwife in the village, and receive the food while in attendance on her patient; and if the birth is that of a firstborn child, she will receive a new *sari* and otherwise a present, which is usually one of 4 annas in cash. Besides this, the *chamar* (leather currier) receives the carcasses of the dead cattle of the zemindar for whom he works. The flesh will probably be eaten, the hide tanned, and a pair of shoes made for the zemindar, for which he will give in return 2½ seers of grain, while the remainder of the hide will be made into shoes to be sold for the *chamar's* benefit.* In cases of illness the zemindar will probably find it to his interest to contribute to the support of his *chamar;* for the competition as a rule is amongst the zemindars for ploughmen, not among the ploughmen for zemindars. The *chamar* lives fairly well, taking his grain in the morning, his *sattu* at noon, and his regular meal at night. He receives old blankets from the zemindar, and will sometimes get a present of something of the kind at a marriage feast, and he and his family are upon the whole well clothed and well fed. This picture of the *chamar* and his surroundings is probably a favourable one, but it is not exaggerated. It is taken almost word for word from my notes of actual inquiries; but there are, of course, many instances in which the labouring classes are less favourably placed

* Mr. Rose is writing from Ghazipur, one of the eastern districts (*vide* Mr. William Crooke's evidence in the same volume, p. 24).

than the *chamar* of my description. What I have said of the *chamar* will apply with little variation to most other classes who live by daily labour and service. The *ahir* is very often better off than the *chamar* if he has paid off the advances taken for his cows and buffaloes, and the *bind*, *dosadh*, and other inferior caste may, so far as their material circumstances are concerned, be placed in the same category.'

In order to correct the somewhat too favourable impression which Mr. Rose has given of the condition of the field labourer, I transcribe a detailed account given by Mr. Crooke of a particular individual in this position, who was recognised to be in distress, and who may, therefore, be taken to represent the pauper class of an Indian village.

'Tijana, *chamar*, resident of Amirpur, one of the depressed villages which has been injured by inundation and soakage in the lowlands of the Kali Nadi River.

'*Family.*—He is forty years of years, and his family consists of four persons: his wife and himself, a daughter ten years old, and a son of five.

'*Wages.*—He lives by labour, which brings him in an average of Rs. 2 4 annas per mensem. He is employed at present by one of the co-sharers in the village. He gets this occasionally in cash and occasionally in grain at current rates, as suits him and his employer. His wife does nothing, except occasionally picking a little vegetables, etc., for pottage.

'*Property.*—He has no live stock and no available assets on which anyone would lend him money. His house consists of a small mud enclosure, with a bad-thatched hut, open in front, 12 feet long by 6 feet broad. This contains practically no furniture, except two old cots. He has only one blanket and a bundle of old rags, which serve as bedding. He has a brass drinking vessel (*lota*), worth 8 annas, one cup (*katori*), worth 12 annas, one wooden platter, and one earthen

pot. He has no store of grain or firewood. His children pick up cow-dung* and roots of millet, for cooking purposes.

'*Food.*—He considers that his full ration would be 2½ pucka seers of grain or about 3½ Government seers. Yesterday he had cooked in his house 1¼ seers of barley, eked out with vegetables. Some days he gets only 1 seer and sometimes 1½ seers. A large part of his diet consists of whatever vegetables—such as leaves of gram, mustard, etc.—which his wife and children can pick up in the fields. His rule is to mix from 2 to 4 chittacks of flour in about 2½ seers of vegetables. These are all boiled down into a mess and eaten hot, with the balance of the flour made into bread.

'*Debt.*—He is not in debt, a fact which he explains by saying that no one would be fool enough to lend him grain or money.

'*General Remarks.*—This man is admittedly the poorest in the village. He makes no particular complaint except of the cold, which forces him to get up in the small hours of the morning and warm himself over a fire of rubbish. But he and his children look fairly nourished, and present no particular physical signs of destitution.'†

It is impossible to draw a sharp line of division between the field labourer, who lives on wages, and whose economic position corresponds exactly with that of the English agricultural labourer, and the village servant, who is conceived by Hindu tradition as being in the joint service of the whole village, and who therefore occupies, on a lower scale, the same sort of position as the village artisan. The casual

* This must not be considered to imply exceptional poverty, as dry cow-dung is the commonest fuel in this part of India.

† 'Inquiry into the Economic Condition of the Agricultural and Labouring Classes in the North-Western Provinces and Oudh,' 1888, p. 87.

labourer and the village servant inevitably blend one into the other, because the village drudge must at all times have been ready to do the extra jobs, for which he got direct payment; and, in the press of harvest work, it must always have been the interest of a cultivator with a good crop to make small direct payments to get it garnered. But these payments were looked upon as subsidiary and accidental additions to his regular salary, if so grandiose a term may be applied to the humble perquisites which the lowly *chamar* inherited. The artisan, the casual labourer, and the village servants are all placed in the same category, because they are all looked upon as employed by the village, and they are for that reason all included here in the same chapter.

APPENDIX TO CHAPTER VIII

THE following notes are taken from the 'Inquiry into the Economic Condition of the Agricultural and Labouring Classes of the North-Western Provinces and Oudh,' 1888, and from part of the evidence submitted by Mr. William Crooke. It is clear, however (from the English), that the notes were not prepared by Mr. William Crooke himself, but by an Indian official, probably a Deputy Collector or *Tehsildar*. This officer made personal inquiries in the village, and submitted his notes to Mr. Crooke, who appears to have embodied them without alteration into his evidence. Their value is probably enhanced by the fact that they represent the evidence taken by an Indian and not by an Englishman. I have transcribed the notes without alteration.

I. Tahsil Kasganj, Mauza Manotar; family of Bhopal; carpenter; aged thirty years.

(1) *Occupation.*—The two male members of the family live by their own trade.

(2) *Earnings.*—They chiefly occupy themselves in making agricultural implements; have work connected with twenty-four ploughs, nineteen of his village and five of Mauza Mubarikpur. They receive no cash payment on account of their wages. Get 30 seers of grain per plough per annum, 15 seers at each harvest—namely, in Baisakh (May) and Katik (November). This grain consists generally of moth, bájra, barley, bejhar, gram, and a small quantity of wheat. Thus for twenty-four ploughs they receive 18 maunds of grain, estimated to be of the value of Rs. 27. This plough-work occupies them for six months in the year—viz., from Asadh to Agahan (July to December). However, last year during this period they also prepared four sugar-cane mills, which brought them Rs. 8 (Rs. 2 for each). During the remaining half of the year they do ordinary carpenter's work, getting for both 4 annas per diem; thus their income for these latter six months amounts to Rs. 45/10.

(3) *Income and Expenditure.*—Their income and expenditure are as follows:

INCOME.

	Rs.	a.	p.
Value of grain earned in wages from cultivators	27	0	0
Ditto, sugar-cane mills prepared	8	0	0
Wages in cash for ordinary carpenter's work ...	45	0	0
	80	0	0

EXPENSES.	Rs.	a.	p.
Diet expenses	42	8	0
Clothing expenses	10	6	0
Wages to barber and washerman	1	0	0
Purchasing articles of household furniture ...	6	2	0
	60	0	0

Thus, deducting their expenditure from their income, they appear to make an annual saving of Rs. 20.

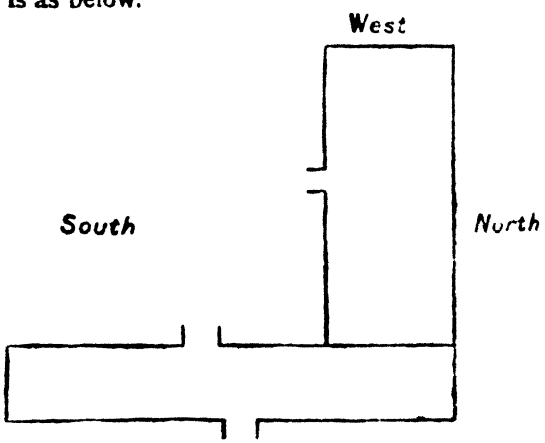
(4) *Cattle.*—They have a calf worth Rs. 2.

(5) *Tools of Trade.*—Five tools of their trade are valued at Rs. 3 9 annas.

(6) *Household Furniture.*—Their household furniture is of the ordinary kind, and is valued at Rs. 19 14 annas.

(7) *Food.*—Their food consists of maize, bájra, and masína in the winter season, and of barley, bejhar, gram, and a little quantity of wheat in the summer and rainy seasons. Wheat is specially used at festivals and in foods for guests. They eat pulse of all kinds, and for vegetables radishes and fœnugreek, and occasionally potatoes and ghuiyans. Their average diet expenses amount to 1 anna 9 pies per diem, or Rs. 42/8 per annum. Whatever quantity of grain they require in addition to that received by them in wages from the cultivators they purchase from the market.

(8) Their house is a *kucha** one, valued at Rs. 5. A rough plan of it is as below.



(9) There are no boys or girls to be married. A boy's marriage cost Rs. 20 and a girl's Rs. 15. Some six guests collect at the marriage for three days.

* That is, made of mud or sun-dried bricks.

(10) *Clothing.*—Their clothing expenses are estimated to be Rs. 10 6 annas—Rs. 5 6 annas for men and Rs. 5 for women —using one-third English and two-thirds country cloth in their clothes.

(11) *General Remarks.*—Cotton-thread is not manufactured at home. They have no animal in milk.

II. Tahsil Kasganj, Mauza Abhaipura; family of Baley; carpenter; age forty years.

(1) *Occupation.*—Two of the members of his family follow their trade, but occasionally cultivate, as do the other members.

(2) *Wages.*—As carpenters they chiefly occupy themselves in making agricultural implements. They work on forty ploughs of their own village, ten of Mauza Allipur, and four of Nagla Pokhni, total fifty-four; and for their wages they receive 20 seers of grain of low quality (such as gram, barley, arhar, masína, etc.) per plough. This 20 seers of grain they get in three portions—1¼ seers at the time of the sowing of crops, 6¾ and 12 seers respectively when kharif and rabi crops are reaped. For ordinary carpenter's work, which they do only when they have no agricultural implement to make or repair, they get 3 annas per diem.

(3) *Cultivating Holding.*—The area under cultivation of the cultivating members of the family is as follows:

Name of Mauza.	Area.			Rent.		
	A.	r.	p.	Rs.	a.	p.
Abhaipura	5	2	20	12	8	0
Jatan Asogpur	6	0	0	11	0	0

(4) *Crops.*—Last year their kharif and rabi crops were as detailed below:

KHARIF.

Name of Crop.	Area under Crop.		Estimated Outturn.		Estimated Value of the Outturn.		
	Bighas.	Biswas.	Mds.	s.	Rs.	a.	p.
Mauza Abhaipura—							
Cotton	1	1	1	20	6	0	0
Bajra and masína ...	2	15	3	10	5	0	0
Maize	0	12	2	20	2	8	0
Bajra	2	13	3	0	5	0	0
	7	1	10	10	18	8	0
Mauza Jatan Asogpur—							
Bajra and masína ...	2	12	5	25	9	0	0
Total of kharif crops	9	13	15	35	27	8	0

	Rabi.						Rs.	a.	p.
Mauza Abhaipura—									
Barley and peas ...	0	12	...	3	0	...	4	8	0
Mauza Jalan Asogpur—									
Wheat and gram ...	5	5	...	31	20	...	47	4	0
Gram	3	0	...	22	20	...	28	6	0
	8	5		54	0		75	10	0
Total of rabi crops...	8	17		57	0		80	2	0
Grand totals—viz., of both kharif and rabi crops							107	10	0

(5) *Income and Expenditure.*—Their income and expenditure are as follows:

Income.				Rs.	a.	p.
Produce of land				107	10	0
Wages for working on fifty-four ploughs at the rate of 20 seers of grain per plough—viz., 27 maunds, estimated value				40	8	0
Wages for doing ordinary carpenter's work ...				25	0	0
Sale proceeds of home-manufactured ghi ...				32	0	0
Sale proceeds of home-manufactured cotton-thread				8	0	0
				213	2	0
Expenses.						
Diet expenses—						
Wheat, 2 maunds	4	0	0			
Other grain, 52 maunds—viz., of lower quality...	78	0	0			
Pulse, vegetables, spices, tobacco, etc.	12	0	0			
				94	0	0
Clothing expenses				33	15	0
Cost of feeding animals				12	0	0
Rent				23	8	0
Repayment of loan				10	0	0
Purchasing household furniture				5	0	0
Cost of seed grain for rabi crops				11	14	0
				190	5	0

Thus they are able to spare Rs. 22 13 annas per annum after defraying their expenses.

(6) *Debt.*—This family is in debt amounting to Rs. 50, contracted during the last four years. They now pay annually Rs. 10 in liquidation of this debt; the rate of interest on their debt is Rs. 2 per cent. per mensem.

(7) *Family.*—There are four adults, two women, three boys, and one girl in this family. One girl has separated—*i.e.*, has gone to her husband after marriage. No male of the family has separated.

(8) *Agricultural Implements.*—Their agricultural implements are of the usual kind, and are of the value of Rs. 15 10 annas.

(9) *Agricultural Stock.*—Their cattle consist of two bullocks, worth Rs. 30; one buffalo, worth Rs. 25.

(10) *Household Furniture.* — Their household furniture is ordinary, and of the estimated value of Rs. 57 14 annas.

(11) *Tools of Trade.*—Nine tools of their trade are valued at Rs. 15 14 annas.

(12) *Rent.*—No arrears.

(13) *Food.*—Their food consists of the following articles in the different seasons:

Winter.—Flour of juar, bajra, masina and maize, urd and mung pulse; and for vegetables, fœnugreek, sarson, and chana vegetables and potatoes.

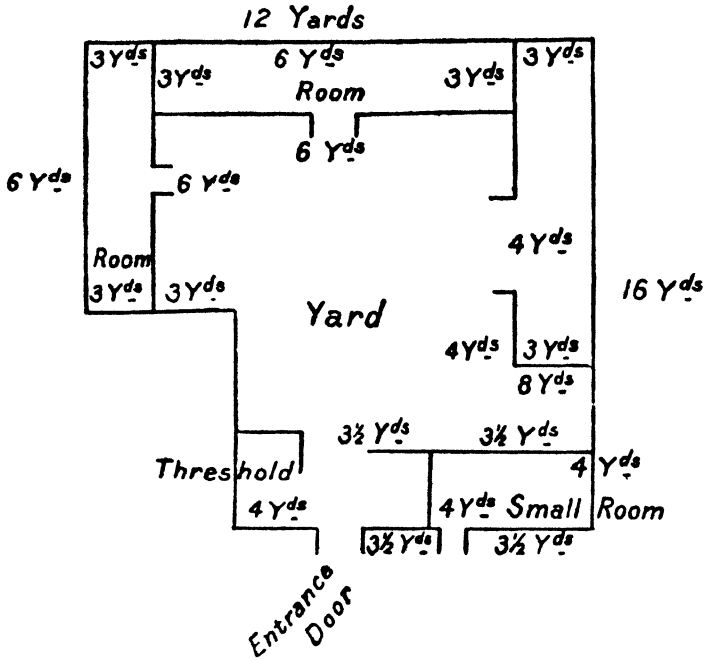
Summer and Rainy.—Flour of bijhar, gurchani (wheat and gram), arhar, dal; and for vegetables, kakris, baigans, kaddu, and ghuinyan.

Their daily consumption of grain is 6 seers, estimated to cost 4 annas 1 pie, or Rs. 94 per annum. The produce of their land suffices for their consumption for the whole year. They have, of course, to purchase from the market spices, sugar, tobacco, etc.

(14) *Seed Grain.*—They are able to save seed grain for the kharif sowings, and in some proportion for the rabi too; for the latter they have generally to borrow Rs. 10 worth of grain from the *mahajan* (money-lender), on interest of 3 annas per rupee for every half-year. As soon as the rabi crops are reaped they repay this debt. At the times of contracting and repaying the debt the value of grain is calculated only at the current price rates.*

* That is to say, that the money-lender is not able to squeeze this man in the way which he practises on some less fortunate, which is by lending them grain at 1 seer dearer than the market rate, and calculating their payments at 1 seer per rupee less than the current price. *Cf.* in the same work the case of Newal Singh, a Chauhán Thákur, on p. 57—he 'has to borrow from the *mahajan*, having had to pay interest of 2 annas per rupee for every half-year, and in calculating the value of grain, to allow a reduction of 1 seer in current price rate at the time of borrowing, and an increase of 1 seer at repaying.'

(15) *House.*—Their house is a *kucha* one. Its rough plan is shown below:



(16) *Marriage.*—One boy and one girl have been married, and three boys and one girl are still to be married. A marriage costs Rs. 60, and some sixty or seventy guests collect at the marriage for three days.

(17) *Clothing.*—Their clothing expenses are Rs. 31 4 annas per annum, of which Rs. 23 14 annas is for the men, and Rs. 7 6 annas for the women. These clothes consist of one-third English and two-thirds country cloth. One set of clothes, which they keep to be used at marriages, fairs, festivals, etc., is specially prepared of English cloth.

(18) *General Remarks.*—About 10 seers of cotton thread is manufactured at home. Of this 10 seers of thread they get cloth prepared for their consumption. They have to pay 5 annas 6 pie per 20 yards cloth weaved on account of weaving wages. Twenty yards of cloth consume 1¼ seers of thread. Thus 160 yards cloth, estimated to value at Rs. 8, is prepared out of their 10 seers of thread on payment of Rs. 2 11 annas on account of weaving wages. They have one

animal in milk, prepare butter out of the milk, and sell it. The quantity of ghi prepared in a year is 1 maund and 24 seers, estimated to value Rs. 32.

III. Mauza Jorsimi, Tahsil Etah; family of Pancham; carpenter; aged eighty years.

(1) *Income and Expenses.*—Pancham, carpenter, chiefly occupies himself in making agricultural implements; he also does ordinary carpenter's work. He gets as his wages from cultivators 15 seers of grain per plough in each harvest, making an estimated income of Rs. 50 per annum from this source. His wages from other work—viz., repairing wheels, sugar-cane mills, etc.—amount to Rs. 53 8 annas a year; thus his total estimated income is Rs. 106 8 annas. His expenses are:

	Rs.	a.	p.
Diet expenses at the rate of 4 annas per diem ...	90	0	0
Clothing expenses: Rs. 6 in clothing for women, all of country cloth; and Rs. 6 for men, of both English and country cloth	12	0	0
	102	0	0

(2) *Family.*—Pancham's family consists of two adult males, two females, and two girls.

(3) *Marriage Expenses.*—Neither of the two girls has as yet been married. A marriage costs Rs. 100; sixty or seventy guests collect.

(4) *Debt.*—He owes Rs. 70 on account of debt contracted during the last eight years. He had about nine years ago some land under cultivation, and borrowed the above sum for cultivating expenses, with the hope of repaying from its produce, which, however, failed totally, and therefore he could not pay it. He now pays yearly the interest for his debt, without much hope of repaying the principal.

(5) *Household Furniture and Tools.*—Pancham's household furniture and tools are as follows:

		Rs.	a.	p.
Two *lotas*	worth	1	8	0
One brazen plate	„	1	6	0
One cup	„	0	2	0
One *batua* (a cooking-vessel)	„	1	0	0
One iron spoon	„	0	1	0
One pan	„	0	1	6
One wooden dish	„	0	2	0
One grinding-stone	„	1	0	0
Fourteen tools used in his trade ...	„	14	0	0

Pancham has a *kutcha* house, 15 by 24½ yards. Inside it are two rooms, 4 by 2½ yards each, with a thatch in the front, and one anteroom, 6 by 2½ yards. Near the outer door of the house is a room 5 by 2½ yards, with a thatch in front. In the last-mentioned room Pancham works at his trade.

The three examples which I have here given are all of men who followed the calling of carpenters. It is obvious, however, that prosperity has been different in different callings. The blacksmith and the carpenter have suffered but little from the competition of European goods, and they have probably considerably improved their position in the last fifty years. But during the same period the weaver has been suffering the reverse fate, and though weavers are not so numerous as carpenters in the villages, nor so essential a part of village economy, I might produce an incorrect impression if I did not include in this Appendix one representative of the class who are following moribund callings. The following extract from Mr. Rose's evidence deals with this question :*

'The carpenter and blacksmith receive their remuneration at each harvest; and, while far from a position of anything which approaches affluence, they do not, except in times of scarcity, probably suffer at all from an inadequate supply of food. But there is one class of artisan which, as it seemed to me in the course of my inquiry, probably more nearly approached than any other the position in which the sufficiency of daily food becomes a question of uncertainty. These are the weavers and, in a less degree, the cotton-carders, whether Hindu or Muhammadan. In the villages the weaver seldom uses his own cotton: the cotton is supplied by his employer, and he is paid at the rate of an anna for 5 yards, this quantity representing a day's work. The cotton-carder is in much the same position. He gets 2½ pucka seers of grain for the carding of cotton for a *razai*, and 1¼ seers for the carding of the cotton required for a *mirzai* or *angarkha*. With hard work he can card cotton for two *razais* in one day, the wage of which is 5 seers of grain; but work of this kind is not continuous. The position of a cotton-carder will very much depend upon the number of persons in the household who are employed in the work and the continuity of the employment. Upon the whole, his position is very much better than that of the weaver. As an instance of the straitened circumstances in which persons of the latter class are sometimes to be found, I will take the case of Raza, *jolaha*, of Usia. This man is seventy years of age. His wife and two married sons, with their wives and three small children, are included in the family;

* 'Economic Inquiry,' p. 138.

but one of the sons left for Calcutta about three months ago in search of work, and since his departure has not been heard of. Raza has no land, and is entirely dependent on the proceeds of his weaving. He and his wife are, however, too old to weave, and the second son cannot do more than 5 yards of cloth daily. There is nothing to supplement this beyond the little which the women get when they are employed in harvesting. I question whether such a family as this does not often know what the meaning of a fast is, and whether their daily meal is so regular and sufficient as it should be. A few such families could undoubtedly be found in every populous village, but they are not representative of the condition of any great proportion of their class. Raza, the head of the family, told me that fifty years ago he was far better off than he is now, and that the consumption of country cloth had much diminished of late years in consequence of the import of European goods. This is undoubtedly true, and is one cause why the weaver has, to a great extent, found his occupation gone.'

CHAPTER IX

THE DIRECTION OF INDUSTRY: THE CULTIVATOR

If one may apply a European word to very dissimilar conditions in Asia, the Indian cultivator, whether peasant proprietor or tenant, is the entrepreneur who undertakes the risks of production; it is he who in his humble way puts the agents of production into operation. In Europe the word is usually applied to a man with ample credit who possesses in part and borrows in part the capital needed for his large industrial enterprises; who employs workmen, and directs their labour to the production of particular forms of wealth. It is the entrepreneur's final task to find a market for the finished wares which he has undertaken the risk of producing. When he has paid wages to his workmen, and interest to the capitalist, and rent to the landlord for the land in which his factory and warehouses stand, the difference between the sale price of his wares and these aggregate expenses represents his profits. If he fails to sell his wares well, or if his expenses of production have been greater than he anticipated, he may make no profit at all. On the other hand, he may make very large profits by judiciously directing industry to the production of those wares which command a high price, or by reducing the expenses of production, so that he is able to sell at the normal price and yet make unusual profits. The essence of the entrepreneur's function is

that he undertakes a risk, that he sets the forces of production in motion for a speculative reward. The entrepreneur calculates, often unconsciously, that he will be able to sell the finished product at a price higher than it cost him to produce it; but even in the best-framed calculations there is a margin of uncertainty, an element of chance, which cannot be altogether eliminated, and it is this which distinguishes profits from the comparative certainty of rent, interest and wages.

In all essentials the Indian cultivator performs the functions of an entrepreneur, and the European word seems misapplied to him only because he is generally working on a very small scale, and because, instead of directing gangs of workmen, it is he and his family who provide the labour needed for production; but his remuneration, like that of the entrepreneur in manufacture, consists of the gross product of industry, diminished by the payments which he has to make for the use of land and capital. We have seen in previous chapters how the landlord and the money-lender have used their position of economic advantage to appropriate to themselves the increment in the value of the cultivator's product, and that they have been able to exploit him, so that his efforts to improve his condition turn to their benefit. The acquisition of occupancy rights and the remedial measures directed against usury may put the cultivator in a position to resist the exactions of the landlord and the money-lender, and place him in circumstances in which his economic prosperity will depend directly upon his own exertions. The Government of India has not accepted the principle of *laissez faire*, and has obviously no intention of allowing the cultivator to become the victim of existing economic forces, and the important question to consider is whether the industrial methods of the cultivator are such as to yield him an abundant livelihood if the deductions made for rent and interest

are reduced to reasonable proportions. The entrepreneur's profits depend upon the relation between the expenses of production and the value of the final product. The quantity and quality of the produce raised from a given patch of land obviously depend upon the intelligence and industry of the agriculturist, and an estimate of the Indian cultivator's agricultural efficiency is necessary to enable us to determine whether, when freed from the pressure of adverse economic conditions, he will be able to procure for himself an abundant livelihood, and surround himself with the opportunities for the full exercise of his various faculties. Upon the question of the efficiency of the Indian peasant's agricultural methods there can be no better testimony than that of a European expert like Dr. Voelcker, an agricultural chemist who was engaged by the Government to investigate the subject.

'On one point,' he writes, 'there can be no question that the ideas generally entertained in England, and often given expression to even in India, that Indian agriculture is, as a whole, primitive and backward, and that little has been done to try and remedy it, are altogether erroneous. It is true that, no matter what statement may be made, as deduced from the agriculture of one part, it may be directly contradicted by reference to the practice of another part; yet the conviction has forced itself upon me that, taking everything together, and more especially considering the conditions under which Indian crops are grown, they are wonderfully good. At his best the Indian cultivator is quite as good and in some respects the superior of the British farmer; whilst at his worst it can only be said that this state is brought about largely by an absence of facilities for improvement which is probably unequalled in any other country, and that the peasant will struggle on patiently and uncomplainingly in the face of difficulties in a way that no one else would.'

And he goes on to say: 'To take the ordinary acts of husbandry, nowhere would one find better instances of keeping land scrupulously free of weeds, of ingenuity in device of water-raising appliances, of knowledge of soils and their capabilities, as well as of the exact time to sow and to reap, as one would in Indian agriculture, and this not at its best alone, but at its ordinary level. It is wonderful, too, how much is known of rotation, the system of mixed crops, and of fallowing. Certain it is that I, at least, have never seen a more perfect picture of careful cultivation, combined with hard labour, perseverance and fertility of resource, than I have seen at many of the halting-places in my tour.'*

'This,' says Mr. Crooke, 'is indeed high praise from a very competent authority, but no one who is familiar with the best types of Indian farming, the broad style of the Western Jat, the more minute methods of the Eastern Kurmi, will hold it to be undeserved. At the same time, there is plenty of slovenly, indifferent husbandry among Brahmans, who are too proud to touch a plough, or Gujars, whose proper business is cattle-rearing, combined with stealing their neighbours' beasts.

'There are two stock charges which are commonly laid against the Indian farmer, both of which are to a large degree undeserved. One is his so-called stupid reverence for traditional methods; the other, that he will only scratch the surface instead of properly ploughing his field.

'First, as to his caution and lack of enterprise, it is true that an appeal to the customs of his ancestors never fails to impress him; but, on the other hand, his methods are based on an amount of inherited experience which few European farmers possess, and in the absence of books his practice is regulated by

* Quoted by W. Crooke, 'The North-Western Provinces of India,' p. 330.

tradition, and a mass of saws and rural rhymes which are ever on his lips. He is cautious; but caution is enforced for him by the conditions under which he lives. The climate is always rigorous, and often very uncertain. He is dependent on the amount and timeliness of the annual rainfall, which in many parts of the country is very precarious. His crop is exposed to many disasters: a day or two of fierce sunshine, a few hours of drenching rain, frost and hail, locusts, and many other forms of insect life or blight, a bout of fever attacking him at some critical time, murrain, which is endemic in the land, seizing his plough cattle. And when the crop is ripe, a night snatched for rest may let in the thief, the wild boar, the antelope, or one morning of neglect may set the green parrots tearing down the ears. Such are some of the many risks to which he is exposed. His capital is narrow in the extreme, and he is often obliged to borrow his seed grain. A man like this dares not make experiments. Life is much too serious to permit him to leave anything to chance. Still less can he afford to listen to the ill-instructed censors who presume to criticise his methods when they should be at school themselves.

'It is, again, a mistake to say that the cultivator is absolutely destitute of enterprise and opposed to all improvement. In fact, he is quite ready to cultivate new staples, if they suit his land and modes of tillage, and are likely to be profitable. Thus, during the American War he turned his attention to cotton, and in quite recent times he has largely extended the culture of crops, like sugar, potatoes, indigo, and opium, the advantages of which have been made apparent to him.

'It is true that he has adopted, on an extensive scale, only one modern machine—the iron roller sugar-mill; but, as regards most of the other machines which a well-meaning but ill-instructed zeal has endeavoured

to force upon him, he can show reasonable grounds for his disapproval. They are in some cases too expensive for his narrow means, too intricate, and incapable of repair by the unskilled village artisan. Their object is often to save labour, an important gain to a farmer in the Western States, but unnecessary here, where labour is a drug on the market; or, like the plough, they offend the first principles of the science which he has received from the wisdom of his ancestors. He looks on a modern threshing machine or scarifier with amazement, but without any enthusiasm. They are inventions, like the engine on the railway, entirely beyond his practical experience, suitable enough for wealthy sahibs who can afford to buy and work them, but useless to a poor man like himself.

'And even in his affection for his ancient plough, which is still only one stage ahead of the stake with which the savage scratches up the soil, he is not without some reason on his side. Anything heavier will be beyond the strength of his half-starved cattle; anything that goes deeper and turns over the clods equally offends him. It may bring sterile sand or clay to the surface; the damp slice turned over and exposed to the power of the relentless sun gets baked like a brick, and it is beyond his power to pulverize it. It will not give him the fine tilth which absorbs every drop of the precious dew or other moisture falling upon it; it may bury the noxious weeds instead of bringing them to the surface, where they can be collected or burnt. But his great complaint is that it widens the area to be manured. His present scanty supply barely suffices to fertilize the thin topmost layer of the upper soil. What will become of it, he thinks, when a foot or more of the subsoil, which has never been aerated or manured, is suddenly brought to the surface? Arguments such as these may seem crude and meaningless to the capitalist farmer with ample means, abundance

of manure, and haulage power at his disposal; but they are very real and forcible to the peasant, whose resources are extremely limited.

'Dr. Voelcker realizes this when he writes: "I cannot help suspecting that the system of shallow ploughing, as practised by the native, and his aversion to ploughs that turn over a broad slice and form a wide furrow, may have something to do with this matter of the retention of moisture, and that the effect of deep ploughing would too generally be to lose the very moisture the cultivator so treasures."'

When the European entrepreneur has manufactured his goods with what skill and economy in production he can command, he still has the no less important and difficult task of selling his goods to the best advantage, and all his skill and economy in production may be thrown away if he misconceives the market in which he has to dispose of them. With the successful harvesting of his crop the Indian cultivator's main care for the season is over; the agricultural produce which he has brought forth is intended in the first place for food for himself and his family. If he is deeply indebted to his landlord or the money-lender, he may be compelled to sell in order to realize ready-money; and occasionally he is tempted by unusually high prices to part with all his store, with the result that he is generally obliged to buy it back again from the local grain-dealer at a higher price. But the cultivator in ordinarily prosperous circumstances who is not at the mercy of the money-lender will set aside enough of the harvest for the consumption of his family, and sell only so much as is over after satisfying his own wants. But though we must always bear in mind that for this reason a large proportion of the food-stuffs produced every year in India never comes into the market at all, yet the prosperity of the cultivator depends very directly upon the price at which he can

dispose of his produce, and in this respect the development of the country during the nineteenth century has been altogether beneficial to him. This facility of marketing is a comparatively new thing in India. The development of the means of communication is perhaps *the* most important economic event of the nineteenth century, and the multiplication of metalled roads and railways is alone sufficient to explain the break-up of the old industrial organization, in which every village in India was self-sufficing. It must always be borne in mind that before this era of cheap and rapid transit the cultivator was at the mercy of the conditions of the local market, and a year of teeming plenty might be almost as disastrous to him as a short harvest. Old reports abound in references to the distress of the cultivators when the harvests were too bountiful, and Bishop Heber, in 1825, argued in favour of the establishment of Government granaries upon the express ground that the Government purchase of grain would keep up the price 'when the cultivator was likely to be ruined by the impossibility of obtaining a remunerative price.'* So, too, the decay of the prosperity of the Parganna Kunch, in the district of Jalaun, is assigned to an era of exceptionally low prices: 'This was a time when, beyond all example, grain was a perfect drug in the market. The people know it as the *teemunia* period, when, as the name imports, 3 maunds of gram and 60 seers of wheat were selling for the rupee. Its duration is given at three years—1849 to 1851. Twenty-eight estates are said to have broken down at once. Within this meagre compass the tradition is vividly recalled, but no further particulars can be gleaned. It is declared that the very next year after this extraordinary depression the pendulum swung violently the other way: the rains are said to have totally failed in the months of July

* Bishop Heber's 'Narrative of a Journey through the Upper Provinces of India,' third edition, vol. i., p. 315.

and August, when the price of grain mounted to 16 seers a rupee.' *

As will be seen later on, prices have become comparatively steady since the development of railway communications. The whole of Northern India is practically one market for food-grains, and the price of wheat in a district in which the crops have failed is the same, with a very small addition for the cost of carriage, as the price in a district which has had a bumper harvest. The existence of this large market has conferred upon the cultivator the practical certainty of being able to sell his produce at fairly good prices. If his direction of the processes of production has been judicious, he finds a steady market in which to dispose of his goods.

But not only has the normal value of his produce risen in the general market, as will be seen by studying the tables of prices at the end of Chapter XII., but it is, I think, incontestable that the cultivator himself disposes of his grain upon more advantageous terms than in former days. It has always been the practice that immediately after the harvest the cultivator sells his grain to the grain-dealer wholesale, and the grain-dealer retails it in the bazaar during the year at fluctuating retail prices. There will, therefore, always be a difference between the harvest price—that is, the price ruling when all the cultivators are crowding into the market—and the bazaar price, which represents the average retail price realized by the dealers in grain throughout the year. But the difference between harvest and bazaar prices used, in the days before railways and cheap freights, to represent something more than the dealer's legitimate profit. It was a measure of the advantage he took of the temporary glut in the market, when all the cultivators of the countryside pushed a season's supplies together on

* P. J. White, 'General Report on the Settlement of Parganna Kunch, Zillah Jalaun,' 1874.

the market. In 1874 Mr. P. J. White picturesquely remarked: 'The profusion of harvest prices shows what a necessitous creature is your ordinary ryot. He cannot wait till after harvest until the grain-dealer shall pay him a price in some agreement with the average annual value of the produce. The poor helot of the soil is forced to sell at once, forced to flood an already full market, and thus with open eyes depreciate his own goods, because his, as well as his landlord's, first necessity is silver wherewith to pay the rent and the revenue.'* And Mr. White proceeded to give an interesting table showing the difference between bazaar and harvest prices for many kinds of agricultural produce for the ten years 1858-67. The average variation during this period between bazaar and harvest prices was:

	Seers in the Rupee.
Wheat	10
Gram	14
Barley	10
Juar	8
Bajra	7

These are only the average variations, but the actual difference is in some years much greater than this.

Mr. White recorded the facts, in themselves unsatisfactory enough, which passed before his eyes, but there is reason to believe that even in his time the cultivator had begun to improve his position. The point was dealt with about the same time by Mr. R. S. Whiteway in his 'Report on the Settlement of the Muttra District' (1879) in so interesting a manner as to justify quotation at length:

'There are two sets of prices in this district. They are the prices which govern transactions in the open market—that is, bazaar prices—and those which govern the transactions between grain-dealers and the pro-

* P. J. White, 'General Report on the Settlement of Parganna Koonch, Zillah Jalaun,' 1874.

ducers, or harvest prices. Between the two there must necessarily be a difference, representing the profit to the grain-dealer after his purchase and the payment for the cost of carriage to the market. So much profit is perfectly legitimate. But the grain-dealing class composes a guild or fraternity to which not only no outsider can get admittance, but which also monopolizes the money-lending or banking trade.

Year.	Wheat.		Barley.		Gram.		Year.	Wheat.		Barley.		Gram.	
	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.		Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.
1813...	75	22	94	31	—	23	1845...	40	34	60	—	47	40
1814...	50	26	76	52	—	37	1846...	40	32	55	—	50	44
1815...	50	45	65	61	—	48	1847...	36	30	47	—	45	34
1816...	52	38	75	56	—	40	1848...	36	25	50	—	47	25
1817...	38	26	50	39	—	30	1849...	50	36	80	—	75	41
1818...	19	21	27	29	—	23	1850...	55	44	105	—	55	60
1819...	21	18	28	30	—	23	1851...	50	43	65	—	60	52
1820...	20	18	27	21	—	22	1852...	35	32	52	—	40	34
1821...	35	24	53	46	—	28	1853...	39	26	55	—	50	27
1822...	46	28	55	46	—	38	1854...	30	22	45	—	37	23
1823...	32	25	40	36	—	43	1855...	45	41	70	—	42	47
1824...	42	33	63	40	—	49	1856...	37	31	50	—	37	38
1825...	39	26	43	31	—	32	1857...	40	39	60	—	60	55
1826...	37	20	58	26	—	25	1858...	32	37	50	—	50	54
1827...	27	20	39	35	—	36	1859...	32	28	42	—	41	42
1828...	38	31	55	48	—	46	1860...	25	11	35	—	35	13
1829...	33	36	64	51	—	56	1861...	16	13	20	—	20	15
1830...	43	37	65	50	—	51	1862...	40	33	45	—	50	41
1831...	40	32	50	45	—	45	1863...	25	25	35	—	32	33
1832...	46	41	66	50	—	61	1864...	23	22	33	—	32	30
1833...	41	31	52	45	—	42	1865...	24	18	33	—	31	22
1834...	28	27	38	40	—	32	1866...	24	18	32	—	30	26
1835...	45	36	70	59	52	46	1867...	23	22	33	—	31	32
1836...	41	—	60	—	55	—	1868...	32	15	46	—	44	16½
1837...	14	—	17	—	16	—	1869...	15	10½	21	—	20	11
1838...	19	—	22	—	21	—	1870...	20	20	30	—	20	18
1839...	40	—	50	—	45	—	1871...	30	24	42	—	40	24
1840...	35	—	52	—	47	—	1872...	26	20	35	—	30	21
1841...	35	—	47	—	45	—	1873...	24	17	32	—	31	20
1842...	34	—	47	—	45	—	1874...	22	20	28	—	26	22
1843...	34	18	57	—	52	25	1875...	28	24	37	—	35	30
1844...	38	33	57	—	55	35	1876...	32	28	43	—	40	35

'The following table is extracted from the statement given by Mr. P. J. White in his Report on Parganna Kunch:

Year.	Wheat.		Gram.	
	Harvest.	Bazaar.	Harvest.	Bazaar.
1858 ...	32	30	62	36
1859 ...	30	17	35	21
1860 ...	30	28	38	35
1861 ...	26	23	34	30
1862 ...	33	28	38	26
1863 ...	28	18	31	26
1864 ...	28	13	31	17
1865 ...	20	12	25	19
1866 ...	19	11	28	17
1867 ...	24	14	30	21

Thus the members, be they *baniyas* or zemindars, can compel the producer, who lives solely by the advances they grant him, to bring his produce to their shops and prevent him from getting the full market value for his goods. The cultivator is, therefore, not only crippled by the heavy interest he has to pay, but also by the low prices he is compelled to take for his produce. The harvest rates which I am about to give are those given in Mr. Allen's Jalesar Settlement Report as the prices obtaining "for delivery" from 1813-34 for wheat and barley, and those obtaining among the Bajna *baniyas* since the year 1835.

'These Bajna rates are very fairly representative of those obtained by the cultivators generally.

* * * * *

'The market prices from 1813-35 for wheat, barley, and gram are those given by Mr. Allen in his Jalesar Settlement Report as ruling in the Muttra market; those from 1843 have been extracted from the Muttra grain-sellers, and give the prices on which the yearly balance of sales is made up, and therefore preresent very fairly the average prices for the year.

'In this district, therefore, the cultivator is not only getting his share in the rise of prices generally, but is also gradually forcing the *baniya* to give him a better price for his produce; for whereas bazaar rates have risen for wheat only 42 per cent., the harvest rates have risen 55 per cent. The difference between harvest rates and bazaar rates for this grain was 27 per cent. for the first period (1813-37), 23 per cent. for the second period (1837-57), and only 17 per cent. for the third (1857-76). It must take time for the benefits of the competition in the export trade to filter down to the cultivator, guarded and hedged as he is by custom and long-standing obligations, but in a longer or shorter time it must reach him.'*

The improvement in the cultivator's position relative to the grain-dealer must obviously have been a slow and irregular process, and could not have occurred all over the province simultaneously. It is, therefore, not surprising to find the settlement officers of another district hard by coming to a less optimistic conclusion. In 1875 Messrs. McConaghey and Smeaton, in their Report on the Settlement of the Mainpuri District, published the harvest prices of the district from 1840-71, and placed next to them the bazaar prices in the Agra and Muttra bazaars. They proceeded to say: 'A remarkable fact is brought out by these figures. While the bazaar price of wheat during the period 1859-71 shows an increase of 58 per cent. on that of the preceding period, the corresponding increase in its harvest price is only 42 per cent. That is to say, while both bazaar and harvest prices have risen only since the Mutiny, they have not risen in equal proportions, the divergence between them being considerably wider in the post-Mutiny than in the pre-Mutiny period. This is a fact established by

* R. S. Whiteway, 'Report on the Settlement of the Muttra District,' 1879.

the incontestable evidence of figures, and is no mere conjecture.

'Bazaar prices must always have been governed by the ordinary laws of supply and demand, all the community being purchasers, and the supply distributed among many competing sellers. Therefore if the demand increase, and the supply at hand be not in proportion, prices will rise at once. But in the determination of harvest prices, the cultivators and the village grain-dealer, be he zemindar or *baniya*, are the sole parties concerned, and the harvest rate is literally the bargain which they conclude with each other. But this bargain is not altogether a free one. The tenant is by long-established usage and his own imprudence dependent greatly on the *baniya* or zemindar, with whom he deals for his seed, rent advances, often for his food and other necessaries of life. The grip of the purchaser on the seller in such a bargain is a very tight one. Hence in fixing the harvest prices the grain-dealer, who is the purchaser, has generally the best of it. Therefore, on a general rise in the market rates, harvest prices, though they will not remain stationary, will not increase in the same proportion. It is not to be wondered at, then, that bazaar prices have diverged from harvest prices in a greater degree since the Mutiny than before it, seeing that all the causes which bring about a rapid rise in market value have been working since then, while custom and necessity have still operated to retard the advance of harvest rates.'

The prices for the last thirty years are given for the agricultural year, which begins in July and ends in June. The harvest prices of the rain crops (juar and bajra) are the prices obtaining in the autumn of the earlier year, and the prices of the spring crops (wheat and barley) are those obtaining in April and May of the later year. In the price-list of the earlier period it will be noticed that famine prices are quoted one

HARVEST AND BAZAAR PRICES IN MAINPURI.*

Year.	Wheat.		Barley.		Juar.		Bajra.		Year.	Wheat.		Barley.		Juar.		Bajra.	
	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.		Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.
1840	27	23	37	30	34	28	32	29	1872-3	—	—	—	—	—	—	—	—
1841	27	25	37	35	30	32	28	32	1873-4	18	16	22	20	20	18	18	16
1842	31	28	40	40	37	33	35	33	1874-5	17	15	28	24	29	25	28	25
1843	34	30	42	20	37	20	36	18	1875-6	21	20	30	27	28	26	25	24
1844	35	30	50	51	43	45	41	40	1876-7	20	18	28	26	12	12	12	12
1845	32	34	46	44	50	34	47	30	1877-8	16	15	20	20	24	22	21	19
1846	32	32	48	40	56	45	53	40	1878-9	16	14	20	19	20	18	18	16
1847	31	31	43	46	57	40	47	35	1880	18	16	22	20	21	19	19	17
1848	37	30	53	42	62	40	56	37	1880-1	18	16	23	21	21	19	20	18
1849	44	37	63	16	53	19	51	18	1881-2	18	16	24	22	24	22	18	16
1850	45	40	78	56	81	42	75	38	1882-3	18	16	25	20	22	20	19	17
1851	50	41	88	53	94	55	92	50	1883-4	20	18	25	22	26	24	22	20
1852	33	28	45	36	32	38	29	35	1884-5	20	18	25	23	28	26	23	21
1853	32	29	42	40	43	37	40	35	1885-6	19	17	23	23	25	23	21	19
1854	31	30	40	50	50	40	49	40	1886-7	17	16	26	23	23	21	20	18
1855	43	40	62	54	46	50	43	46	1887-8	18	14	20	18	23	8	21	16
1856	39	36	56	47	37	39	35	34	1888-9	18	16	21	21	24	9	22	18
1857	30	—	40	36	43	30	41	21	1890	16	16	22	21	21	17	19	18
1858	36	—	53	36	43	30	41	21	1890-1	17	14	22	17	20	14	20	12
1859	32	25	40	34	37	26	35	26	1891-2	17	14	27	19	18	18	18	17
1860	25	16	32	27	19	13	18	13	1892-3	16	15	29	21	22	20	20	18
1861	16	13	20	18	33	13	31	13	1893-4	20	18	17	24	23	20	20	16
1862	31	25	42	38	40	35	38	34	1894-5	19	17	13	21	22	19	21	15
1863	36	26	52	34	43	32	42	32	1895-6	16	13	25	16	21	14	21	12
1864	20	18	27	25	31	31	28	20	1896-7	11	9	26	10	8	6	8	5
1865	20	15	33	24	32	22	31	19	1897-8	15	14	18	21	19	14	20	14
1866	19	15	28	26	21	25	25	25	1898-9	16	18	18	25	22	21	23	21
1867	19	17	24	29	34	25	31	25	1900	14	12	22	14	22	8	18	9
1868	28	18	41	27	20	23	18	23	1900-1	15	12	23	20	23	10	23	12
1869	15	12	19	17	22	15	21	15	1901-2	16	14	19	19	24	11	25	13
1870	18	15	27	27	35	26	31	25	1902-3	17	17	20	20	25	15	26	15
1871	28	25	37	30	26	26	24	22	1903-4	—	—	—	—	—	—	—	—

* With regard to these figures, the settlement officers wrote: 'The schedule of harvest prices which we give has been carefully abstracted from the books of the district grain-dealers, and the rates are to be accepted as correct.' With regard to bazaar prices, however, they were not so fortunate; they accordingly substituted the prices current in the Agra bazaar from 1815-40, and from 1857-71. 'Unfortunately, no details are available from Agra

year earlier for the rain crops than for the spring crops (as in the year 1860-61, for instance), for this reason.

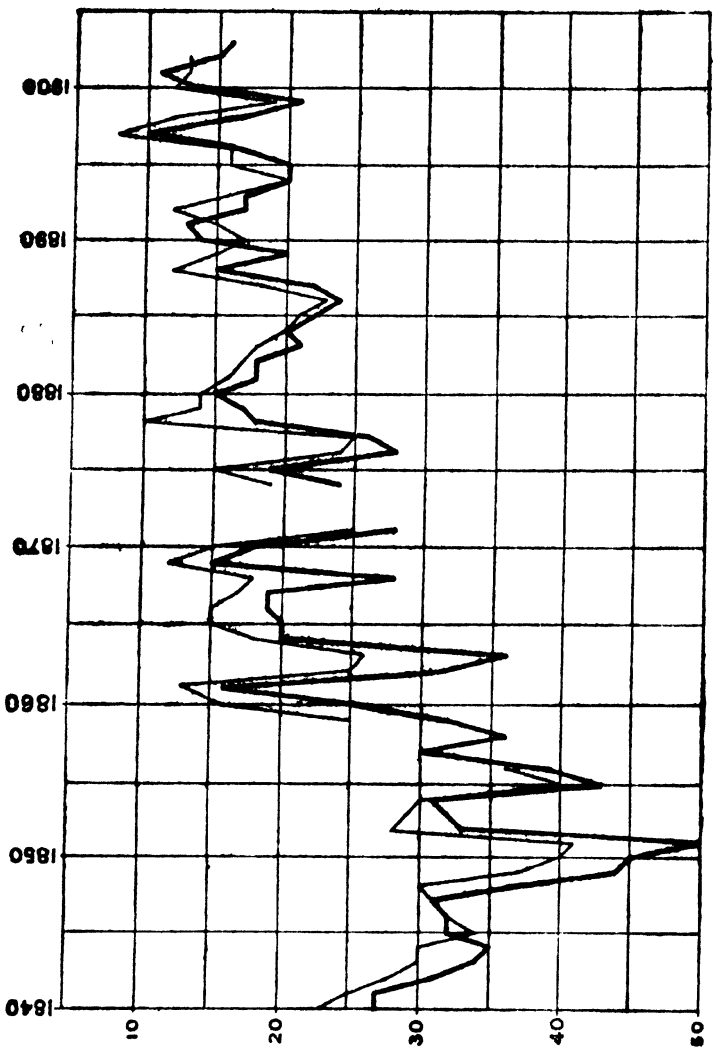
I confess I do not feel the same confidence as did these officers in the comparability of the two price-lists upon which they based their conclusion; at least, it is certain that the later history of prices in Mainpuri does not bear out the view they took of the relations of buyer and sellers. I am indebted to an old pupil* for two schedules, showing the harvest and bazaar prices in Mainpuri from 1873-1902, extracted from the account-books of the local dealer. I have placed these prices by the side of those supplied by Messrs. McConaghey and Smeaton for the earlier period, but their full meaning is perhaps best brought out by the chart on p. 226.

From this chart it is, I think, abundantly clear that,

---

during the period between 1840-57. We have, therefore, been obliged to substitute Muttra rates during that interval.' As a matter of fact, they have only given the rates for wheat during the important period from 1840-57. I have, however, come upon a complete schedule of Agra prices (in the Settlement Report, Agra District, 1880, prepared by Mr. H. F. Evans), which I have placed beside the Mainpuri rates for barley, juar, and bajra. For wheat I have retained the figures upon which Messrs. McConaghey and Smeaton based their conclusions, but I am bound to remark that the difference in the origin of their two price-lists takes away much of the value of the comparison between them. Before the days of railways extraordinary differences occurred between the prices in marts situated close to each other; witness the abnormally high prices recorded by Mr. Evans for Agra in the year 1849, a year which over the rest of the province was marked by exceptionally low prices. There is no doubt a fairly close resemblance between Agra and Mainpuri prices, due to the fact that similar climatic conditions usually prevail over the two districts, but the slight divergence which the figures indicate is sufficient to my mind to invalidate reasoning drawn to such a fine conclusion as the difference between 58 and 42 per cent. I have marked in heavy type the Agra prices in Mr. Evans's list which differ markedly and irreconcilably from the Mainpuri harvest prices.

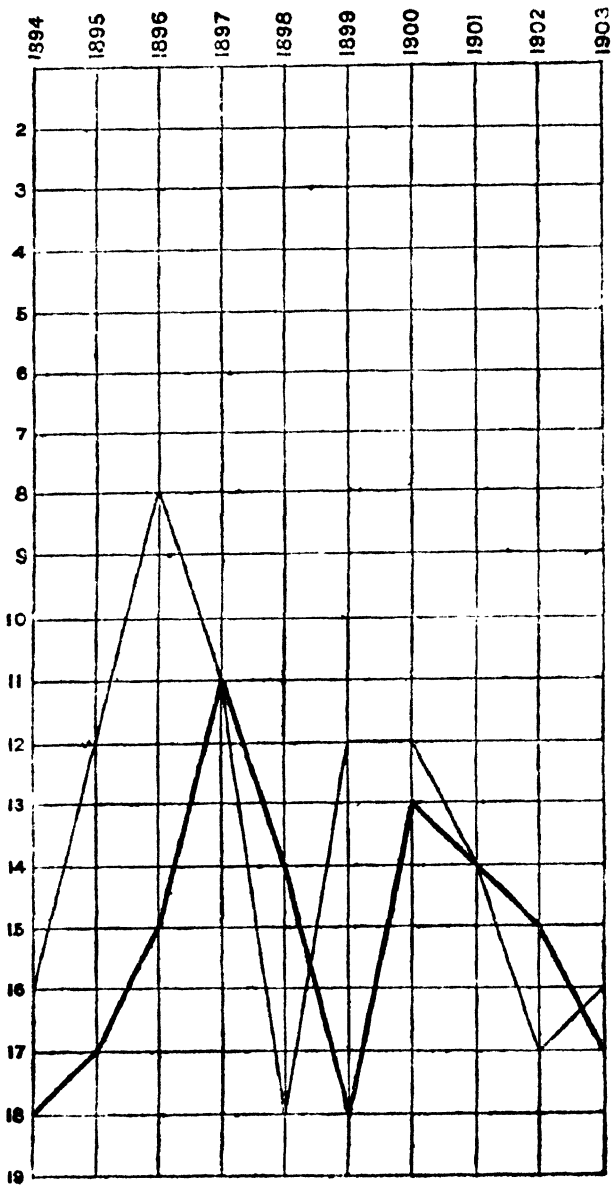
* Syed Zainuddin Saheb, M.A., Deputy Collector.



HARVEST AND BAZAAR PRICES OF WHEAT IN MAINPURI.
Harvest = ——— ; bazaar = ———.

far from having diverged, harvest and bazaar prices in Mainpuri during the last thirty years have been very closely bound together. The characteristic differences between the earlier and later period is that after 1873-74 harvest prices never fall away so completely from bazaar prices as they frequently did in the earlier period; the two prices are not only more steady at a higher level, but are also more closely related one with another. I have collected a number of statements of bazaar and harvest prices for various districts, some of which are printed at the end of this chapter. Their testimony is not absolutely uniform, but the majority of them bear witness that harvest and bazaar prices are nowadays very closely linked together. This becomes very evident when the two sets of prices are dotted down upon a chart, and the contrast between the present and earlier periods is particularly apparent in the case of the coarser grains. I should select the chart for bazaar and harvest prices at Sandila (a little town in the Hardoi district) as being typical of the relation between the two curves in modern times. The line of harvest prices, while generally running on a lower level, occasionally cuts and rises above the line of bazaar prices, and the two curves rise and fall, not only in the same direction, but to the same extent.

The reason why harvest prices appear upon the chart to follow the course of bazaar prices at a year's interval is because the European system of reckoning the year from January 1 divides the Indian agricultural year into two. Thus (*vide* the Sandila chart) the spring (*rabi*) crop of 1896 was only moderate, and harvest prices stiffened up to 15 seers to the rupee; but the monsoon rains of 1896 ceased absolutely in September, and bazaar prices rose sharply for the rest of the year from two distinct causes: (1) the failure of the autumn crop, which put all the pressure of supporting the population on the existing stores of



COMPARISON BETWEEN THE HARVEST AND BAZAAR PRICES OF WHEAT IN SANDILA.

Harvest = ——— ; bazaar = ———.

rabi grains, and (2) the anticipation of the failure of the spring (*rabi*) crop of 1897. The extent of the failure of this spring crop is indicated by the height to which harvest prices attained in this year, whereas the average annual (*i.e.*, bazaar) price of 1897 is brought down by the low prices prevailing in the later months of the year after seasonable rain in July, August, and September.

Enough has, I hope, been said to show that the cultivator is nowadays actually making a better bargain with the grain-dealer than he did in the earlier periods for which we have evidence. It may be, as Messrs. McConaghey and Smeaton believed, that the grain-dealer was for a while able to secure more than a reasonable share of the rapid rise in value of agricultural produce; but the development of the country and the regular construction of roads and railways were forces upon the side of the cultivator. The development of the means of communication was the cause that all the little local markets, with their different levels of prices, were merged into one great market, in which prices remained comparatively steady. The little market, for the very reason of its smallness, was constantly liable to be glutted; but the great market of to-day has to satisfy the necessities of so large an area, that a small reduction in the price will produce an enormous increase in the demand, and the satiety level can hardly ever be reached. Moreover, the whole area serving the small market was exposed to similar climatic conditions, whereas the market of to-day is composed of tracts in which the rainfall has been abundant and of tracts in which it has failed, and the years are few in which the season is uniformly favourable over all the area of the market. A study of the charts and prices for the early periods will, I think, show that the profusion of harvest prices was due to a temporary glut in the market: all the cultivators of the neighbourhood

dumped a season's supply upon a very limited market. The local dealers knew that their average annual sales would only absorb a certain known quantity of grain, and when they had laid in their store and replenished their grain-pits for the year, only a very heavy fall of price indeed would induce them to increase their purchases; but after an abundant harvest, the cultivators had grain to dispose of in excess of these requirements, and they were compelled to dispose of it for what it would fetch, and that is the reason why harvest prices, especially of the coarser grains, fell away as if there were no bottom in them. But when the country folk had disposed of their produce and left the market town, there was no longer the same desperate anxiety to sell, and prices returned to something like their normal level. The *baniya* in such cases was very generally abused for preternatural rapacity and cunning, but circumstances which he could not control in reality made his opportunity for him. When the conditions of the market were reversed, the cultivator was quick enough to make the most of his position of advantage. It will be noticed (on the charts) that in years of dearth harvest prices rose almost to the level of bazaar prices—that is to say, in those years the supply brought to market was not enough to meet the normal requirements of the town. Competition arose, not only among the corn-dealers, but among such consumers as had the ready-money wherewith to purchase a year's supply of grain. The price, which the dealers had forced up in anticipation of a short harvest, was never allowed to fall, and, in consequence, the cultivator was able to get the full price for his produce, and sometimes to realize the highest price reached in the year; for, as explained above, it is not uncommon to find the wheat and barley bought dear in spring being retailed comparatively cheap in autumn. This is made possible by the two harvests of the Indian year. The monsoon

rains of one year failing cause a scarcity in both the autumn and spring crops; it therefore happens that in March and April—that is, immediately after the harvest—wheat, barley, and gram sell at famine prices. But if in July and afterwards the next monsoon brings seasonable rain, there may be an abundant autumn harvest, and in September and October maize, juar, and bajra will again be selling at low prices. This necessarily brings down the price of other food-grains. People on the margin of doubt whether to eat wheat or not are tempted by their cheapness to adopt for a while the coarser autumn (*kharif*) grains, and the poor use the less valuable grains indiscriminately as substitutes for each other. The people who had hitherto eaten barley and gram betake themselves to juar, bajra, and maize as soon as these become the cheaper; in this way a plentiful autumn harvest diminishes the demand for the spring (*rabi*) grains, and the *baniya* may thus fail to realize the price he paid the cultivator for his stores of wheat, barley, and gram.

There is, it must be remembered, one exception to the general improvement of the market in which the cultivator disposes of his goods. The poor wretch who is in the grip of the *baniya* (*i.e.*, the grain-dealer and money-lender) does not realize for his produce even the current harvest rates, but is obliged to dispose of it upon whatever terms the dealer dictates; but the money-lender's profit from the debtor who has become his serf is made up of such a tangle of extortionate interest, false entries with regard to capital debt, and unfair estimates of the value of the grain repaid by the cultivator, that it is a needless refinement to attempt to estimate the price for which he gives his debtor credit. In Azamgarh, according to Mr. J. R. Reid (Settlement Report, 1881), the *mahajan* (money-lender) values the sugar produce of his constituents at 5 to 10 per cent. below the price in

the open market, and, moreover, weighs the produce considerably to his own advantage. 'In the case of any grain, however, which the cultivator may sell to the *mahajan*, the terms are not quite so hard. There is less chiselling apparently in the weighing, and value is allowed at the market rate at harvest-time.'

After having discussed the way in which the Indian cultivator raises and markets his produce, I may perhaps help the English reader to realize what manner of man he is by subjoining a description of the way in which he lives from the pen of Mr. William Crooke, than whom few civilians have ever been more intimately acquainted with the peasantry of these provinces:

'To begin with the zemindar, or better-class yeoman: The house of such a man in the western districts is generally an oblong structure, the walls formed either of small bricks laid in mud or of masses of indurated clay, which are piled in layers one above the other, and allowed to harden in the sun.

'The roof of the living and store room is supported by cross-beams, over which is placed a covering of brushwood, and this is surmounted by a thick layer of tenacious clay, laid in a moist state, pounded down and consolidated by ramming. Such a roof, if properly constructed, affords a good protection from the heat of the sun, and though it often cracks from heat and leaks in the autumn rains, answers fairly well for people who spend most of their time in the open air. Access to the interior is usually through a sort of portico, which is often used as a cart-house or cattle-shed. Inside is a courtyard, in which the family live, and in which the produce or agricultural implements are stored. If the owner be a Mussulman or high-caste Hindu, there is often an inner courtyard, which is reserved for the women. In the outer part the males of the family live, guests are entertained, and the unmarried youths sleep.

'You will find the owner resting, smoking, on a wooden platform, where he sees visitors, carries on his business, and dispenses a rude hospitality; and the unexpected visitor will catch, perhaps, on his arrival a glimpse of a bright-coloured petticoat or mantle, and hear the tinkle of a bangle or the giggling of the girls, which announce the presence of the women-folk close at hand. Here the pretty naked babies wander about, and are petted by their male relations. In a lower-class household the women will be found hard at work in the courtyard, grinding barley, husking rice, cooking, spinning, and chattering all the time to each other.

'Further to the east, where there is less danger of damage from hail, the roof of the principal rooms is usually made of tiles, which admit a much freer passage of air and render the dwelling-rooms much less stuffy than in the western districts. To these the chief danger is from the ubiquitous, mischievous monkeys, who scamper in every direction, and though they are an emphatic nuisance, are protected by a most efficient sanction. It is only by spreading a layer of thorns over the tiles or thatch that they can be prevented from bounding over the roof and groping for the grain which has been dropped by the ever-present, vigilant, restless crow.

'The prevailing atmosphere, especially in one of the western houses, is one of stuffy frowsiness. Here masses of foul bedding are stored, the air is full of acrid smoke from the fire of cow-dung fuel, the cattle are stabled close at hand, litter is scarce, dry earth conservancy unknown. The result is that the subsoil becomes saturated with filth, and the contempt for sanitary precautions shows itself in a foul drain, for the removal of the kitchen refuse, often in dangerous proximity to the well from which the water-supply of the family is drawn.' The Indian peasant 'has a rooted objection to the destruction of rubbish; this and the

refuse of his house are stored all round his dwelling-rooms. It is only the house ashes and sweepings which are periodically carried off to the midden, and thence conveyed to the fields. It is only because the habit of living *al fresco* is so common, and the weaker subjects are swept off by epidemic disease at an early age, that these conditions do not more prejudicially affect the general health of the people.

'The house of the smaller cultivator or artisan is of a simpler type. Here the walls are of clay and the roof of thatch, which leaks freely in the rains; and when the fierce summer hot wind blows, a fire once started in such a village spreads with dangerous rapidity, and often leads to loss of life, as the inmates struggle to save their meagre property. Or in the rains the water beats against the fragile walls and the whole structure collapses, often crushing the weak or infirm in the ruin. The wooden seat of the better-class yeoman is here usually replaced by a mud platform beside the outer door, on which the master sits in his leisure hour and receives his visitors.

'It is only in houses of the better class that there is a courtyard. The ordinary dwelling is a single sleeping hut, and outside the hut the housewife does her cooking, perhaps under a small thatch, near which the oxen stand, and the cow, buffalo, or goat is tethered and milked.

'On the whole, the dwelling of the poorer tenant or artisan is cleaner and less exposed to insanitary conditions than that of his richer neighbour. The floor and outer cooking-place are carefully plastered; the cattle are less disagreeably prominent, and the unsubstantial materials of which the hut consists allow better ventilation.

'In the plains the best dwelling in the village is that of the *mahajan*, or money-lender. It is usually built of bricks, periodically whitewashed, with an outer veranda, in which the owner sits over his books, meets

his clients, and doles out loans to cover the expenses of a marriage or to satisfy the landlord on rent-day. Behind this he has a series of storerooms, in which he collects grain or other produce, or hides away the jewellery or brass pots which he receives in pawn. Here is a box for his bonds and stamped papers, which he is careful to keep, of various dates, in case he has occasion to fabricate a mortgage document. Much of his time is spent in drawing up two sets of accounts —one for his private information, the other for the inspection of the collector at the next revision of the income-tax assessment.

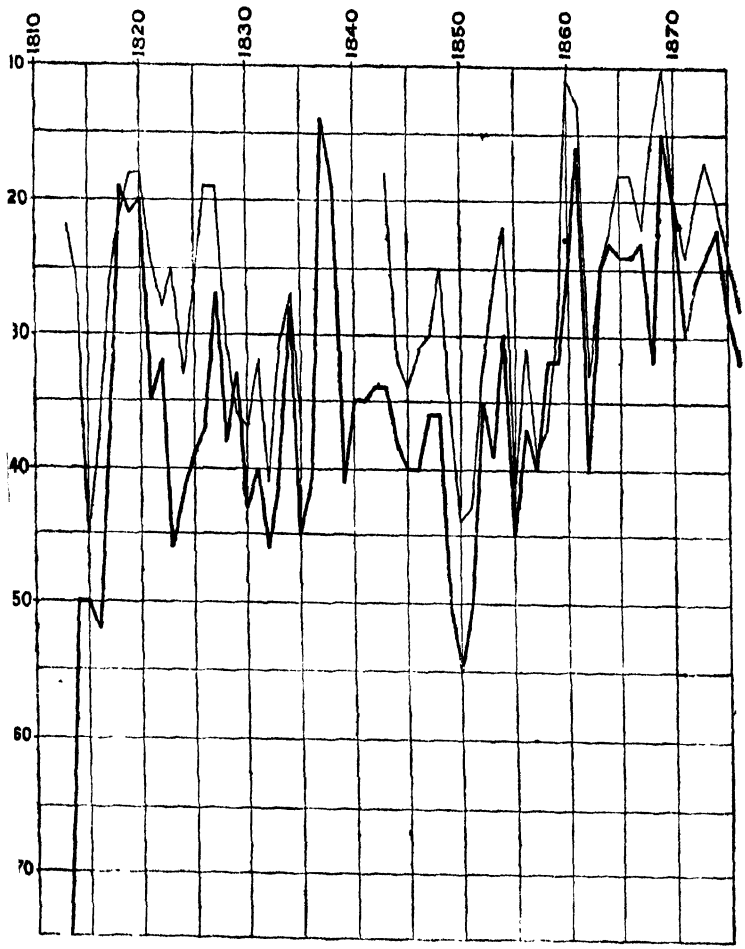
'The prevailing tone of the domestic arrangements is squalid in the extreme. The small peasant's furniture consists of a few foul, rickety cots, some brass cooking utensils, a store of red earthen pottery, a stool or two for the children, a box for clothes or other petty valuables, a mud granary, in which the grain-supply of the household is stored. In the house of the yeoman, or small proprietor, the only obvious difference is that the brass pots are in greater abundance and the women-folk own more heavy silver jewellery, in which, in default of banks of deposit, the surplus income is invested. If the owner has a few spare rupees he piles them in an earthen cup and hides them in a hole of the mud wall or under the place where he does his cooking. The village banker does the same as far as he can, for he is in constant dread of thieves, who cut away his mud walls with a chisel during the moonless nights and clear off all his movables.

'In the house itself the carpentry and masonry are of the very rudest kind. The use of the arch is uncommon, and the lintels consist of weak, unseasoned wood, which collapse under the weight of the superstructure, and in a short time bring the whole building to ruin. Glass windows, except in the towns, are practically unknown; there is nothing in the shape of artistic furniture or articles of elegance and beauty,

such as the Japanese provide with such unerring taste. It is only in the larger towns, and particularly those like Agra, Muthra, or Mirzapure, which are close to good quarries, that the fine stone-carved decorated arches, balconies, or porticoes are to be seen. In the village house there is no such thing as art decoration or painting, except perhaps a rude lithograph of one of the gods hung in the room in which worship is done, or a coarse caricature of the guardian deity, or of a European soldier with musket and cocked hat, which scares evil spirits from the household.'*

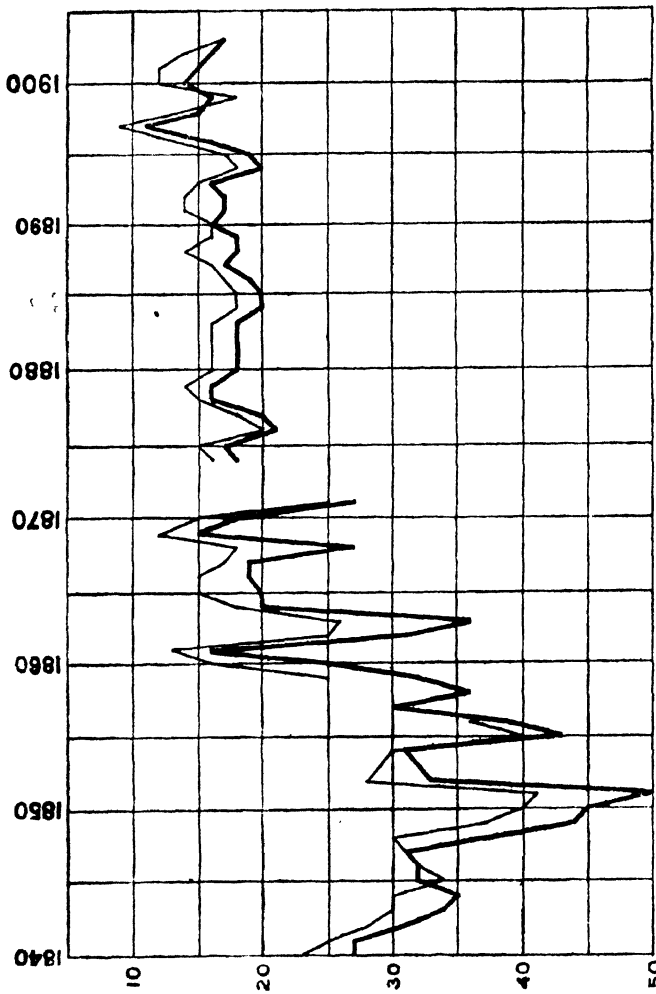
* William Crooke, 'The North-Western Provinces of India,' p. 265 *et seq.*

APPENDIX TO CHAPTER IX



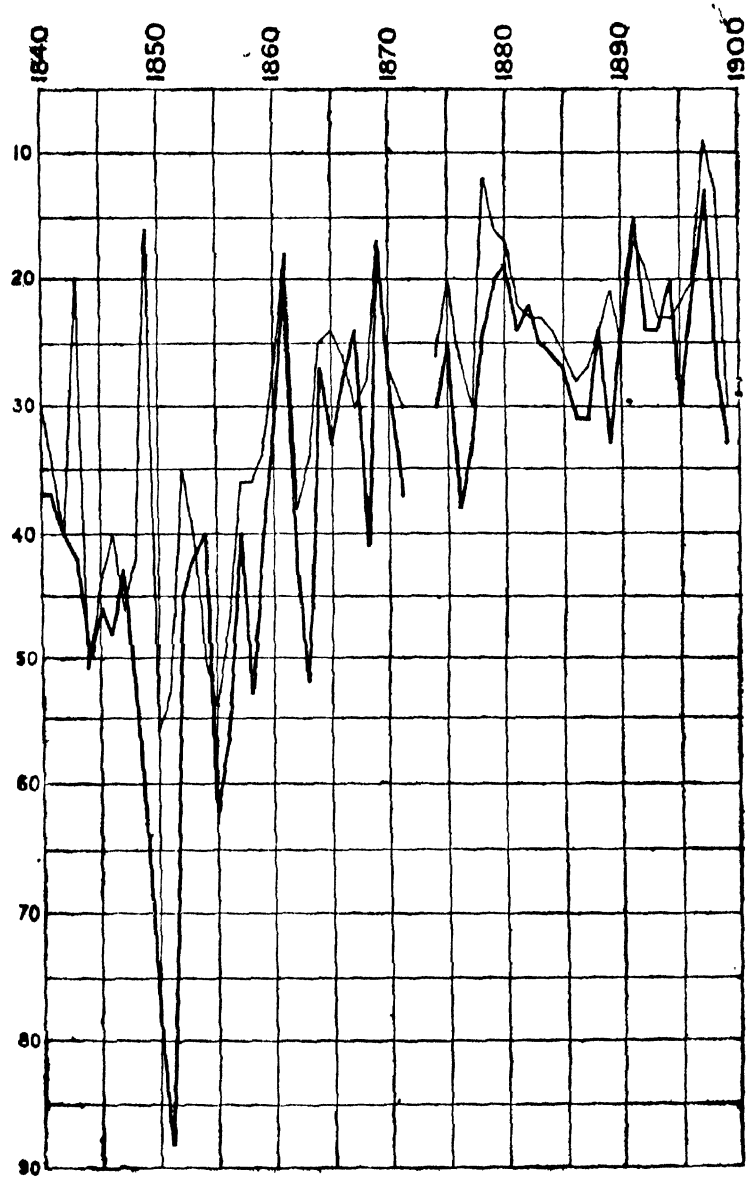
THE HARVEST AND BAZAAR PRICES OF WHEAT IN MUTTRA.

Harvest = ——; bazaar = — — —.



COMPARISON BETWEEN THE BAZAAR AND HARVEST PRICES OF WHEAT (IN SEERS TO THE RUPEE) AT MUSTAFABAD, IN MAINPURI, FROM 1840-1903.

Harvest = ——— : bazaar = ———.



COMPARISON BETWEEN THE BAZAAR AND HARVEST PRICES (IN SEERS TO THE RUPEE) OF BARLEY IN MAINPURI DISTRICT (MUSTAFABAD).

Harvest = ——————; bazaar = ————.

HARVEST AND BAZAAR PRICES.

Years.	Mainpuri.				Karhal (Mainpuri).				Sandila.		Saidpur Bhistri B.N.M. Railway (Ghazipur).				Panjab (Sialkot).					
	Wheat		Maize		Wheat		Juar.		Wheat.		Wheat.		Barley		Wheat		Barley		Cotton	
	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.	Harvest.	Bazaar.
1874	18	16	25	22	19	17	22	20	—	—	—	—	—	—	—	—	—	—	—	—
1875	17	15	28	24	20	15	32	29	—	—	—	—	—	—	—	—	—	—	—	—
1876	21	20	31	29	25	21	31	28	—	—	—	—	—	—	—	—	—	—	—	—
1877	20	18	29	27	25	15	12½	12	—	—	—	—	—	—	—	—	—	—	—	—
1878	16	15	23	21	16	16	26	25	—	—	—	—	—	—	—	—	—	—	—	—
1879	16	14	22	20	16	15	22	21	—	—	—	—	—	—	—	—	—	—	—	—
1880	18	16	24	22	20	18	23	21	—	—	—	—	—	—	—	—	—	—	—	—
1881	18	16	25	23	20	17	23	21	—	—	—	—	—	—	—	—	—	—	—	—
1882	18	16	27	25	20	18	28	25	—	—	—	—	—	—	—	—	—	—	—	—
1883	18	16	24	22	20	18	22	20	—	—	—	—	—	—	—	—	—	—	—	—
1884	20	18	29	27	25	18	30	28	—	—	—	—	—	—	—	—	—	—	—	—
1885	20	18	30	28	25	21	28	26	—	—	—	—	—	—	—	—	—	—	—	—
1886	19	17	29	27	23	20	26	24	—	—	—	—	—	—	—	—	—	—	—	—
1887	17	16	30	28	19	17	25	22	—	—	—	—	—	—	—	—	—	—	—	—
1888	18	14	28	19	20	18	25	23	—	—	—	—	—	—	—	—	—	—	—	—
1889	18	16	29	13	20	18	25	23	—	—	—	—	—	—	—	—	—	—	—	—
1890	16	16	25	23	18	16	22	20	—	—	—	—	—	—	—	—	—	—	—	—
1891	17	14	26	14	17	16	21	19	—	—	—	—	—	—	—	—	—	—	—	—
1892	17	14	24	17	17	16	20	19	—	—	13	11	18	16	—	—	—	—	—	—
1893	16	15	25	21	18	18	24	24	—	—	13½	11	19	15	16	16	30	23	7	8
1894	20	18	30	23	25	22	26	24	18¾	16¾	15	8	22	10	24	23	35	33	9	8
1895	19	17	28	19	20	18	25	23	17¼	12¼	10	9½	13	12	25	20	40	30	9	8
1896	16	13	27	16	20	14	25	18	15	8	11	10½	15	13	21	15	30	21	10	7
1897	11	9	9	8	10	9	9	11	11½	11¾	11	8	14	9	11	11	16	15	9	7
1898	15	14	20	16	13	16	21	24	14½	18¾	11½	12½	13	16	20	16	30	26	8	7
1899	16	18	29	36	20	16	29	25	18 1/16	12	14	15	18	20	20	19	30	26	9	7
1900	14	12	25	11	15	13	22	20	13¾	12¼	15	13¼	20	18	12	11	16	16	7	7
1901	15	12	26	17	15	13	26	22	14¾	14½	16	15	22	21	21	13	36	30	8	7
1902	16	14	28	14	19	16	28	25	15¾	17	15	14½	22	21	17	15	29	26	9	8
1903	17	17	29	16	20	18	29	29	17¼	16¼	—	—	—	—	20	15	26	23	8	7
1904	—	—	—	—	—	—	—	—	—	—	—	—	—	—	21	18	40	26	8	7
1905	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

CHAPTER X

THE INTERRUPTION OF INDUSTRY: FAMINES

ALMOST every industry is, from some cause or other, liable to interruption. Some industries, such as building, can only be followed in certain conditions of weather; for this reason the building trade in England is always slack in the winter. In other industries the supply of raw material is precarious, and therefore these industries are liable to interruption for want of material to manufacture. Such an industry is that of cotton-spinning and weaving in Lancashire, which was almost totally suspended during the American War of 1861-66, and was more recently seriously crippled by speculative manipulations of the raw cotton market. Owing to the interdependence of modern industries, suspensions of work are very frequent. Any cause which arrests the output of coal, for instance, almost immediately suspends work in all the manufacturing industries which make use of steam-power; or again, a railway strike necessarily suspends scores of industries which are in no way allied to the railway industry; if the means of communication are interrupted, the supplies of raw material cannot be brought to the mills, nor can the manufactured commodity be carried away to the markets. Even the labourer cannot, in certain conditions of modern towns, travel from his home to the mill at which he wants to work. From whatever cause the interruption of industry is due, it has one in-

evitable result: the labourer is thrown out of work; his means of livelihood are taken from him, and he and his family suffer acute distress for a longer or shorter period, according to the duration of time that he is out of work.

The agricultural industry of India is no exception to the general rule of liability to interruption. If the rains do not fall in due season, all agricultural operations are inevitably suspended; the baked ground remains as hard as a metalled road, and the agriculturist cannot drive his ploughshare through it. The processes of agriculture cannot even be begun, and all who depend upon the agricultural industry are necessarily thrown out of work. There are two facts peculiar to India which make this suspension of industry especially serious. The first is that the failure of the rains in July and August entails the almost complete suspension of agriculture throughout the year. The *kharif* or autumn crop is planted as soon as the monsoon rains have saturated the earth, and matures quickly in the warm months of July, August and September. During these months the land is prepared for the *rabi* or winter crop, which follows the *kharif*. This crop provides such work as watering and weeding throughout the winter months, and it is finally reaped in March or April. Thrashing and garnering this harvest afford agricultural employment during the hot weather, until the return of the rainy season in July begins the agricultural year anew. Thus it is evident that if the rains fail in the months of July, August and September, agricultural operations are suspended for a whole year, and those who depend upon the agricultural industry are thrown out of work for a whole twelvemonth. The interruptions which normally occur in the industries of other countries are not of such long duration, and therefore we have to bear in mind, as peculiar to India, the length of time for which the labouring classes are

thrown out of work by the suspension of the staple industry.

The second fact which is specially characteristic of India is the almost exclusive dependence of the people upon one form of industry—that is, upon agriculture. It follows from this fact that the suspension of the agricultural industry throws the great bulk of the population out of work. The subsidiary industries, which owe their existence to agriculture, of necessity suffer immediately and directly in proportion to the unemployment in the staple industry, and therefore the whole community is involved in one economic calamity. Such a result would inevitably follow in any country in which so large a proportion of the people depended upon one industry. It does not happen in England or France, because the population in those countries is distributed with more evenness among a variety of occupations, and an economic calamity falling upon a particular group of workers involves only a small proportion of the whole population.

It is usual in India to speak of suspensions of the agricultural industry as famines. This term is unscientific and inaccurate; it directs attention to a possible consequence of unemployment, but does not give it its proper classification among economic phenomena. It is, moreover, inexact. Now that the relief of the unemployed is undertaken by Government, it is not a fact that any considerable proportion of the people die of hunger when the agricultural industry is interrupted. The word 'famine,' however, is so firmly established in popular usage that it is vain to attempt to get rid of it. As happens in so many other cases of economic terminology, we must be content to make the best we can of a popular word, avoiding misapprehension by the use of a formal interpretation clause. For the future I propose to use the word 'famine' in its modern popular sense—

i.e., the suspension of the agricultural industry, with consequent distress and want of employment among the labouring classes.

Owing to the number of persons involved and the severity of their sufferings, famines form very distinct and prominent landmarks in the industrial history of India. Great and devastating famines like those of 1783 and 1837 dislocated the industry and the population of whole provinces, and their ravages can be traced far down in the subsequent history of the districts affected. But the popular memory is short, and a calamity which was momentous enough to one generation to become the era of rustic annals fades in the memory of their successors, and in the third or fourth generation all knowledge of it is obliterated from the minds of the villagers. Thus we see at the present day that, though the famines and high prices which have occurred within living memory are popularly known and frequently referred to, there is no knowledge of the famines of the past, and it is even said that famines are a comparatively modern phenomenon. There is no evidence to show that the climate of India has become more precarious, and since agriculture must always depend to a great extent upon climatic conditions, it is difficult to justify the opinion that the agricultural industry of India was not in the past, as in the present, exposed to occasional interruptions—interruptions which would necessarily occasion great distress to those who were thereby thrown out of employment.

There are two reasons, it ought in fairness to be recognised, why famines appear more prominent in the present than in the past. The first is due to the existence of the telegraph, the postal service and newspapers. These agencies, combined with an elaborate system of official reports, immediately diffuse over the whole of India the knowledge of any famine which may occur in a remote corner of the Empire. The

newspaper reader, on learning of a famine first in Orissa, then in Sind, and lastly in Haidarabad within the space of ten years, immediately exclaims, 'How terribly frequent famines are becoming! India has suffered from three famines in a decade.' Such knowledge of the misfortunes of the distant provinces was impossible in early days, and men, in computing the frequency of famine, would only reckon the famines which had occurred in their own neighbourhood—that is to say, they reckoned the number of times which famine had fallen upon a particular area. Theirs was really the more scientific computation. The important thing to find out is how often in a decade or a generation the agricultural industry is suspended, and in order to ascertain that we must concentrate attention upon the history of one particular area.

The second reason why the famines of the past are not recalled prominently to our minds is to be found in the way in which history is written. To the great majority of historians history means political history, and economic events find no place in their scheme of narrative. English and Indian historians are equal sinners in this respect. I have looked through three text-books in use in Indian High Schools and Colleges without finding a single reference to any famine previous to 1876. The more pretentious historians are no better in this respect. Mill and Thornton do not say a single word about the famine of 1803-04, although they describe in minute detail the military operations against Holkar and Sindiah which took place over almost the same area. The extract from the 'Seir Mutaqherin' given below illustrates the summary manner in which famines were disposed of by Indian historians. Such information as we have about the famines of the past is chiefly the fruit of the investigations of officials of the British Government. To them famine was an administrative problem; it was studied with minute attention, and all relevant evidence about

the past was diligently collected. It is to these officers that we owe our information concerning the famines which occurred in India immediately before the establishment of British rule—*e.g.*, the Chalisa (1783-84) in Upper India, and the Doji Bara (1790-92) in the Dekkhan. The British officials recorded the oral traditions which were current in rural society and the evidence of the old men who could remember these calamities, and from them they pieced together a history of those famines more circumstantial and more instructive than anything in the regular histories.

I have given some reasons for the meagreness of our information regarding the famines of the past, but such evidence as we have is sufficient to show that, in the matter of harvest failures, the eighteenth century (to go no further back) was not very dissimilar to the nineteenth century. The following famines have been recorded in different parts of India, but precise details and statistical information are entirely wanting:

1718.—This prevailed in Ahmadabad and Surat; known as the Chowtro. The price of bajri and mutt was 4 annas per seer. Numbers of people died of hunger and sickness, and children were sold for 1 or 2 rupees each. According to other reports the price of bajri rose to 2 seers per rupee.

1729-33.—Severe scarcity began in 1729, and culminated in 1733 in the Madras Presidency.

1739.—The invasion of Nadir Shah brought famine to Delhi and its environs, but there is no mention of any natural drought.

1747.—A very severe famine reported from Kutch, Ahmadabad, and Surat, as well as from Aurangabad and other parts of the Dekkhan. According to the 'Padshahee Diwan,' it was known as the Tulotero. Few such famines, according to the author, 'can have ever occurred, in which not a drop of rain fell nor did a blade of grass grow. A rupee would purchase only

3 or 4 seers of grain. The people died in numbers, as did also the cattle. The people in the villages became restless, like fish, for want of water, left their homes and wandered from jungle to jungle, numbers also going to Malwa and other places.'

1757-66.—Minor famines reported from Kutch.

1769-70.—The great Bengal famine, in which one-third of the population is reported to have died.

1774.—A minor famine in Kutch.

1781-82.—A famine in the neighbourhood of Madras, said to have been mainly due to the war with Haidar Ali. Mill ('History of India,' vol. v., p. 256) says: 'The bodies of those who expired in the streets or in the houses, without anyone to inter them, were daily collected and piled in carts, to be buried in large trenches out of the town, to the number, for several weeks, of not less, it is said, than 1,200 or 1,500 a week.'

1782.—A minor famine is reported from Kutch in this year.

1783.—The great Chalisa, which extended from the eastern edge of the Benares province to Lahore and Jammu.

1790-92.—There was a series of bad harvests in the Southern Maratha country from 1787-88 to 1795-96, which culminated in 1790-92. According to tradition, this was one of the severest famines ever known. It extended over the whole of the (present) Bombay Presidency (excepting Sindh), into Haidarabad, and affected the northern districts of Madras. It was known as the Doji Bara, or skull famine, because the people died in such numbers that they could not be buried. 'It is said that some of the higher classes, being unable to obtain grain at any price and rejecting animal food, poisoned themselves, while the poorer classes found a scanty subsistence from roots, herbs, dead animals, and even human corpses. There is a tradition that a woman in Gokak was driven by hunger to devour her own offspring, but that the indignation

of the late (*i.e.*, Maratha) Government was so great, that she was immediately put to death by being tied to the feet of a buffalo, and thus trodden to death.' Prices rose to an unprecedented height, but unequally; in some districts the price varied from 6 to 3 seers per rupee. In Lingsugur, in the Nizam's dominions, the price of jowari rose to 2½ seers per rupee. From Sholapur the Mamlutdar reported that 'before the commencement of British rule the rate of grain was 1¼ seers for the rupee,' and from the neighbouring Taluka of Barsee the price of 1½ seers for a rupee is reported.

1799.—Scarcity in Dindigul.

Even from the above short summary* it will be observed that towards the end of the eighteenth century the evidence grows more abundant, and the details regarding famine become more precise. The traditional evidence collected in the nineteenth century by British district officers may now be supplemented from the diaries of English travellers and the letters and reports of the English servants of the East India Company. The observations of eye-witnesses have a special value in that they record facts which were unfortunately considered below the dignity of the historic Muse, but which throw a strong light upon the economic condition of the people.

* The above information is extracted from :

1. 'Report of the Past Famines in the Bombay Presidency,' compiled by Lieutenant-Colonel A. T. Etheridge, 1868.

2. 'Report on the History of the Famine in H.H. the Nizam's Dominions,' by Maulvi Sayad Mehdi Ali, 1879.

3. 'Administrative Experience recorded in Former Famines,' by J. C. Geddes, C.S., 1874.

4. 'Report on the Past Famines in the North-Western Provinces,' by C. E. R. Girdlestone, 1868.

5. 'Report of the Indian Famine Commission,' vol. ii., 1885.

Vide also 'Cyclopædia of India,' by E. Balfour, *s.v.*, 'Famines,' in which reference is made to famines on three occasions not included in the above list—viz., 1703, 1745, 1787-88.

The first famine of which we have evidence of this kind is the great Bengal famine of 1769-70. As this famine occurred only twelve years after the Battle of Plassey, it may reasonably be accepted as typical of the famines which occurred before British rule had materially altered the condition of India. It has, moreover, special points of interest. Bengal is the one province of India which has a natural system of inland navigation; it is also traversed by the Ganges, which forms a great waterway between Lower Bengal and Upper India. Bengal has, therefore, always had facilities for the transport of grain which were denied to other provinces until the introduction of railways. If, therefore, the grain could not be imported into Bengal in 1770 in quantities sufficient to avert a terrible mortality, we may be sure that the same difficulties were experienced in an even greater degree in other provinces. For this reason—although the economic development of Bengal forms on part of the scheme of this book—I have given below a short summary of the contemporary evidence regarding this historic calamity. Incidentally, this summary will reveal the great superiority, as economic evidence, of letters and reports over the narrative of the professional historian. The author of the 'Seir Mutaqherin' refers to the famine of 1769-70 in the following stately generalities:

'It was under the latter's administration that a famine made its appearance all over the country. It made its approaches with all its terrors, added to a severe mortality, and to a small-pox that spared no age or sex. Seif-ud-dowlah himself fell sick of that distemper, and succumbed under its violence. . . The famine and the small-pox having made their appearance at one and the same time in Muharrem —that is, at the commencement of the year one thousand one hundred and eighty-four—they both rose to such a height and raged so violently for full

three months together that vast multitudes were swept away; nor can their number be known but to Him who knows everything that is hidden or invisible. Whole villages and whole towns were swept away by those two scourges, and they suddenly disappeared from the face of the earth. It was in such calamitous times that Mubarec-ed-dowlah was designed Nazim of Bengal,' etc.

This is a very meagre record of a great calamity, and from it it is impossible to obtain a clear conception of the famine of 1770.

The following is a summary of the English records:

On November 23, 1769, the Bengal Government formally reported to the Court of Directors as follows:

'It is with extreme regret, gentlemen, that we are to inform you that we have a most melancholy prospect before our eyes of universal distress for want of grain owing to an uncommon drought that has prevailed over every part of the country, inasmuch that the oldest inhabitants never remember to have known anything like it.'

On March 16, 1770, the Resident in Behar submitted a report, giving the results of inquiries in various districts. 'They exhibited,' he says, 'a most affecting scene of poverty and distress, much beyond what I should myself have credited from report. The depopulation in the interior parts of the country is now more rapid than can well be imagined by any person who has not been a witness of it.' As regards his own headquarters he says: 'The miseries of the poor of this place increase in such a manner that no less than 150 have died in a day at Patna.' The Resident of Murshedabad reported that he had intended to proceed on tour, but was deterred for the present, being 'persuaded that, though my humanity may be shocked at the numberless scenes of distress that would present themselves to my view, little would remain in

my power to contribute to their comfort, while God pleases to hold from them the blessing of rain and the country remains parched and unfit for cultivation. The distress of the inhabitants does not only proceed from scarcity of provisions, but in many parts they are without water to drink.' His assistants were out in the district, and all tell the same harassing story. The Indian Amil says that 'Purneah, which was once a plentiful country, retains now nothing but the name of its former abundance. Multitudes already have and continue to perish of hunger.' The European supervisor, Mr. Daniel, adds that the number of dead bodies lying about has infected the air in a fearful degree. In the higher pergunnahs 'I do not believe I should in any wise exaggerate in saying that half the ryots were dead, for if I were to speak from report or what I have seen I should judge the number to be rather more than less.' The information from Jessore runs: 'Things went from bad to worse till mankind are employed in bringing the leaves of the trees from the jungle for food, and they offer for sale their sons and their daughters.'

Owing to the existence of a great waterway—the Ganges—through the afflicted tract, some supplies were imported from Oudh, but there was the usual unwillingness in that province to permit the exportation of food in times of alarm. Nevertheless, the grain imported into Behar did alleviate the distress. The Resident wrote on May 15: 'Happily for us, our neighbours did not share equally in this misfortune, or we should have been deprived of those supplies to which so large a part of the inhabitants of this province are indebted for their present existence.' The mortality he calculates to have already reached 200,000, to which he adds the loss of cattle and the inability of those men who remain to work from the weakness of their bodies.

In the beginning of June we have another report

from the Resident of Murshedabad: 'Up to the end of March,' he says, 'the ryots hoped for rain, but God was pleased to withhold that blessing till the latter end of May. The scene of misery that intervened shocks humanity too much to bear description. Certain it is that in several parts the living have fed on the dead, and the number that has perished in those provinces that have suffered most is calculated to have been, within these few months, as six to sixteen of the whole inhabitants.' The last phrase has all the appearance of being an English translation of a popular computation, for 6 annas in the rupee would be the ordinary Indian way of representing this fraction. On July 12 we have a further report from the Resident. 'The representations I have hitherto made from hence of the misery and distress of the inhabitants for want of grain and provisions were faint in comparison to the miseries endured in and within thirty miles of the city. Rice only 3 seers for a rupee, other grain in proportion. And even at those exorbitant prices not nearly enough for the supply of half the inhabitants; so that in the city of Moorshedabad alone it is calculated that more than 500 are starved daily, and in the villages and country adjacent the numbers said to perish exceed belief.'

The famine ended with the rice harvest in October and November, 1770. On December 14 the Government inform the directors that the famine has entirely ceased. Numerous reports testify to the depopulation of the province. In Birbhum it was said 'many hundreds of villages are entirely depopulated, and even in the large towns not a fourth of the houses are inhabited. In this large district in 1765 there had been close on 6,000 villages under cultivation. Three years after the famine there were little more than 4,500.' The estimate made by the Council in November, 1772, and officially reported after its members had made circuits through the country in order to ascertain

the state of things accurately, was that one-third of the population had died, and this, as Mr. (Sir) W. W. Hunter remarked, implies the death of 10,000,000, as the whole population in Bengal in those days can hardly be estimated at less than 30,000,000. Another estimate puts the mortality at 3,000,000, but in the absence of any trustworthy data for computation, we must be content with such general impressions as are to be gathered from the extracts which I have given. The main outlines of the calamity are plain enough. Even with the assistance of a great waterway through the centre of the afflicted tract, importation on an adequate scale was impossible. Private charity was powerless to cope with the distress. Such stores of grain as existed in the country were rapidly exhausted; consequently, until the ripening of the succeeding harvest there was absolutely no food in the country, and the people died of hunger in immense numbers.

Evidence such as that which we possess regarding the Bengal famine multiplies as one province after another comes under British rule. It increases with the improvement of the administration, until, at the latter end of the nineteenth century, we have elaborate official narratives of famine and reports of famine Commissions in which the cause, the growth, the course of the famine, and statistics of rainfall and mortality are faithfully tabulated.

We have trustworthy historical evidence regarding the famines of the United Provinces in the last century and a quarter. This period may be roughly divided into two epochs, the first of which only will be dealt with in this chapter. The dividing line between the two epochs is traced by the introduction of railways into India. It is of course impossible to draw a definite line between the two epochs, as the character of famines changed gradually with the gradual perfection of railways; but as the specification of a definite date is an aid to memory, I have selected the year 1853 as the

close of the first epoch. My reason for selecting this date is that the first line of railway was opened from Bombay to Thana in 1853. In a scientific classification the first epoch should embrace the whole time from the dawn of history down to the construction of railways, but as nothing is to be gained by including in this list famines with regard to which we have little detailed evidence, I have begun my survey from the year 1783. The first epoch, therefore, covers the period from 1783 to 1853. These seventy years may be accepted as typical of the ages which preceded, the ages during which it was mechanically impossible to bring food to the famine-stricken areas. The second epoch, from 1853 to the present day, will be dealt with in a separate chapter, which will be devoted to the question of famine relief.

The following is a list of the more important famines in the first epoch:

1783-84.	The great Chalisa.
1803-04.	Famine in the Doab.
1813-14.	Acute distress in the Doab.
1818-19.	Famine in the Northern Doab.
1824-25-26.	Drought in the Delhi territory and Rohilkhand.
1833-34.	Famine from Cawnpore to Bundelkhand and Ajmer.
1837-38.	A devastating famine over all the United Provinces.

In addition to these famines, the history of several districts reveals the occurrence of special scarcities which were peculiar to those districts, but which, to the populations concerned, brought almost as much suffering as the widespread famines. A chart of the prices of a single district* will often reveal scarcity of which there is not historical evidence, and will exhibit

* *Vide* the Agra price-lists recorded by Mr. H. F. Evans.

characteristics quite dissimilar to those of a chart of the prices of another district in the same province. I do not propose to go into the history of all these famines in detail, but to select three—viz., 1783-84, 1803-04, and 1837-38, as illustrative of the period.

The distinctive feature of the epoch from 1783 to 1853, as of all the ages which preceded it, was the mechanical impossibility of transporting large quantities of grain over considerable distances. Reference has been made before to the state of the country at the beginning of the nineteenth century. Metalled roads did not exist, and therefore transport by cart was impossible over long distances. The usual means of transport in those days was the pack-bullock, which could only carry a small load at a prohibitively high cost. Navigation canals did not exist, and transport by water was therefore confined to the rivers. Of all the means for moving grain from one place to another, the rivers were in those days by far the most important, and there is reference in the old reports to many marts like that of Bilsi in Badaon,* which owed their pre-eminence to their proximity to the great waterways. But we have seen from the case of Bengal in 1770 that even great natural advantages for inland navigation were not in those days capable of bringing enough grain into a famine-stricken province to save the people from starvation. The rivers of the United Provinces are, as waterways, far inferior to those of Bengal. The tract which can be supplied with food from the rivers is comparatively small, and navigation is difficult because the water in the stream is generally either in defect or in excess.

In addition to the absence of roads and good water communications, a third difficulty was noted by Sir John Strachey, whose official career coincided with the transition from the first to the second epoch. He

* *Vide* 'Statistical Report of the District of Badaon,' by H. M. Court, C.S., 1852.

showed by a statistical computation that 'the total carriage of the provinces—*i.e.*, bullock carts, ekkas, pack-bullocks, etc.—would not suffice to carry one-tenth of the 800,000 tons required to feed the Rohilkhand division alone'; and in 1867 Mr. Girdlestone, summarizing the lessons of previous famines, insisted upon the futility of attempting to supply the deficiency of the harvests by importations. Both these officers wrote when the construction of metalled roads had been in process for a number of years, and therefore it is easy to imagine how much greater must have been the difficulties of transport when there were no metalled roads at all in the country.

It is, however, useless to elaborate the point; whether we rightly appreciate the difficulties of transport in those days, or whether we do not, the fact remains that grain was not imported into famine-stricken districts. Historical evidence establishes beyond challenge the fact that the people either died of hunger in their homes, or wandered into neighbouring provinces in search of food.

It is sometimes asserted that stores of grain were preserved in towns and villages, and that these were sufficient to mitigate the distress which would otherwise have been occasioned by the failure of the harvest. That some grain was so stored is probable, and the practice which has survived into the present day of buying supplies of corn shortly after harvest, is an indication that such provision was considered wise in earlier days. But the contention that the amount stored was sufficient to mitigate famine is absolutely disproved by the evidence. The price-lists of food-grains conclusively demonstrate that grain was not stored in large quantities. The characteristic of the price-lists of this period is violent fluctuation. Had large stores of grain been preserved they would have equalized prices, whereas what we actually observe is that as soon as the failure of the harvest was pro-

nounced, prices rose sharply, and reached a height which can be explained only on the assumption that there was no grain to be had in the district. In extreme cases the staple food of the country was enhanced to more than twelve times its normal price. An example of such an extreme rise will be found in the price-lists from Chinsurah, which record that, from a normal level of 40 seers per rupee, the price of coarse rice in 1770 rose to 3¼ seers per rupee (*vide* Chapter XII.).

In the extracts which follow there will be found evidence that the people themselves frequently believed that there were large stores of grain in the country, but that they were held back by rapacious grain-dealers. This is a cry which is always raised at the time of great scarcity, and it will appear from the extracts that it was believed by the English officials. But it happens that the credibility of this popular cry was on one occasion thoroughly tested. In the Orissa famine of 1866 the district officers were imposed upon by the current belief in large stores of grain, and advised against the import of rice from outside. On examination it was found that the stores had been grossly exaggerated, and the province suffered severely for want of that rice which the local officers were averse to importing. The Commission which examined into the origin and conduct of the Orissa famine came to the conclusion that the popular belief in hoards of grain was not worthy of credence.

The evidence for these assertions will be found in the history of three famines I have selected for examination.

1783-84.—This terrible famine occurred in Sambat, 1840, and hence it was known as the 'Chalisa.' It extended from the Karamnasa to beyond the Sutlej, and included Behar Oudh, the Province of Agra, a great part of the Panjab, and most of the Central India States. It long survived in rural tradition as one of the very greatest famines, and served as an epoch in

popular history in the same way as in the next century did—first—the famine of 1837-38, and afterwards the Mutiny, from which at the time of writing old men still compute time.

The districts most affected were not in those days under British rule, and we are therefore compelled to depend largely upon tradition. Mr. Girdlestone* summarized the evidence of this kind which he had been able to collect as follows: 'The first sound of alarm came from the neighbourhood of Agra, and from this centre distress seems to have diverged both to the East and the West. The prices of grain for many months previously are said to have indicated much disturbance of the ordinary seasons. In the upper part of Hindustan, indeed, an extraordinary drought had prevailed for two years. During the spring and summer of 1783 the inhabitants of Delhi and its vicinity had experienced great difficulty in providing for their own wants, and the gravest apprehensions were entertained for the cold-weather crop, owing to the continued absence of rain. The dwellers beyond the Jumna were emigrating in the direction of Lucknow as early as October, and death left its mark freely along the road. Such was the general apathy that the bodies were not removed from the spot where they lay, even in towns or villages. No relief was held out to the sick or dying. Every man's hand was against his neighbour, and the strong ruthlessly seized the portion of the weak, for the struggle to maintain life overcame all scruples. In this solitary instance the drought affected Oudh also, though in a less degree than the surrounding country.'

Nowhere was the famine more intense than in the Hissar Division, the country then known as Hariana. Lieutenant Cunningham, in his history of the Sikhs (p. 124), writes: 'A famine desolated Hariana; the

* 'Report on the Past Famines in the North-Western Provinces,' 1868.

people perished or sought other homes. Sirsa was deserted, and a large tract of country passed at the time from under regular sway and could not afterwards be recovered by the Sikhs.' Captain Wall writes (in his reply to the Famine Commission, 1880): 'No one can fail to observe the enduring mark left on the country and its tenures by the famine of 1783. In Hissar that famine literally depopulated the country, and the whole agricultural stock perished. At its close hardly any of the original inhabitants remained. Few villages now existing even pretend to a history which goes back to a period before this famine, and there is not one that does not date its present form of tenure from the time when cultivation was resumed.' This impression is confirmed by the President of the Bengal and Orissa Famine Commission, 1866, Sir George Campbell. 'Twenty years ago, when this event was scarcely beyond the memory of the most aged, the President lived in very intimate relations with the people of the Upper Sutlej, and both the popular accounts and clear historical traces seemed to him distinctly to point to more complete and permanent desolation than anything known in modern times. A new era and a new population seem to reckon from that date, the Native year or Sambat 1840.'

The only contemporary evidence regarding the famine in the most afflicted districts which I have come across is the following curt and grim notice in the *Calcutta Gazette*, May 13, 1784: 'Wheat is now selling at Battabah, 9 seers, at Lahore, 4 seers, and at Jummoo, 3 seers.'*

* Mr. H. G. Keene, who has made a particular study of this period of the history of Hindustan, adds: 'Children were left to wander and feed on the berries of the forest, and thus became an easy prey to the wild animals, who, shaking off all fear of man, fed on human flesh in open day and in the most public places.'—*Vide* p. 107, 'A Sketch of the History of Hindustan,' by H. G. Keene. W. H. Allen and Co., London.

Behar was upon the fringe of the famine area, and we, therefore, have considerable contemporary evidence from the English officers of the severity of the Chalisa in that province. But we have the word of Warren Hastings that 'it raged most violently in the countries most remote' from the possessions of the Company, and therefore a description of the condition of Behar would give us no clue to the sufferings of Upper India; for this reason I make no extracts from the records of the East India Company.

1803-04.—The famine of 1803-04 was the first of the famines in the United Provinces of which we possess official records; in the proceedings of the Sudder Revenue Board we have a series of reports sufficiently detailed to enable us to trace its main outlines with confidence. The famine extended over Gorakhpur, Rohilkhand, and the Doab. It had its origin in a severe drought. On September 4 the Collector of Cawnpore reported that, 'so far as he knew, not a single shower had fallen throughout the Ceded Provinces since August 12, and hot winds were blowing just as in May and June.' By the beginning of 1804 the famine was at its height. 'The Tehsildars and Government officers still did their best to encourage artificial irrigation, but the people were becoming disheartened and reckless. Many were disposing of their cattle and their implements, while those who had nothing more to sell were forsaking their homesteads and emigrating.'

Mr. Girdlestone suggests that, in addition to the drought, a contributory cause of this famine was the unduly heavy assessments which were made by the English officers on taking over the new districts. It was shown in Chapter II. that the land revenue demand was very oppressive, and that the Government was obliged to remit a large proportion of the revenue in this year owing to the distress. Whatever the cause, I consider that the scarcity of 1803-04 is

fairly typical of a moderate famine in this epoch. It was clearly not a desolating famine like the Doji Bara or the Chalisa, but the failure of the harvest undoubtedly caused considerable though temporary distress; the poorer classes were without food, and they adopted the only remedy which immemorial tradition had taught them—they wandered from their homes in search of food. But it certainly was not the popular opinion that the grain-stores of the country were exhausted, as in Bengal in 1770. The magistrate of Jaunpur, J. Deane, in a letter to Government, September 17, 1803, wrote: 'The superstitious prejudice attached by the natives to an earthquake, and the late irruption of the Mahratta Horse in the Doab, has so alarmed the minds of all that the possessors of grain can scarcely be induced to bring it into the market at any price, and the evils of famine already begin to be felt, while the whole country is notoriously stocked with a supply sufficient for three years' consumption. This store is almost exclusively in the hands of the Zemindars, and generally not kept for sale.' Fortunately the truth of this popular belief was not brought to the test of experience, as the famine was entirely closed by a good autumn harvest (kharif) in 1804.

By far the most valuable lesson to be derived from a study of this famine is the evidence it supplies with regard to the movements of grain in those days.

On September 27 the Governor-General in Council issued a proclamation to the effect that a bounty would be paid on all grains imported from Bengal at Benares, Allahabad, Cawnpore, and Fatehgarh. The rate of the bounty was as follows:

For every 100 maunds of

	Wheat and Barley: Rupees.	Other Grains: Rupees.
Benares	17	15
Allahabad	22	19
Cawnpore	24	23
Fatehgarh	31	27

Persons importing grain in consequence of this proclamation were at liberty to dispose of their grain at such price and in such manner as they judged proper. 'While these efforts were being made to bring grain from Bengal to points varying from 500 to 600 miles distant, in the immediately adjoining province of Rohilkhand grain was as abundant and fully one-third cheaper than in Bengal. In July, 1804, wheat and barley were selling in Bareilly at 60 seers per rupee, whereas, in Bengal, the former was selling at 44 only. The distance from Fatehgarh is about seventy miles' (Baird Smith). It will be seen from the price-lists in the Appendix to Chapter XII. that wheat was then selling in Aligarh at 19 seers 12 chitaks to the rupee; but in spite of the enormous difference between the prices in the two markets, it was practically impossible to transport wheat from Bareilly to Aligarh. Similarly, in the famine of 1837-38, grain at its highest was selling in Agra at 11 seers the rupee, while in the neighbouring province of Malwah it was selling at 50 to 60 seers the rupee. These two facts are convincing evidence of the difficulties of transport in this epoch.

1837-38.—The famine of 1837-38 was the last of the great desolating famines which characterized this epoch; like the Doji Bara in the Deccan, and the Chalisa in Upper India, it loosened the bonds of society, laid waste large tracts of country, and permanently modified the development of industry. It is the one famine of the old type of which we possess adequate detailed record; the reports of the local officers at various stages of the famine are, in many cases, still extant, and Mr. Girdlestone, in his 'Past Famines in the North-West Provinces,' has given a history of it which covers twenty-eight pages. The main features of the famine may be clearly traced, and they are unmistakably characteristic of the worst famines of this epoch. There had been a succession of bad harvests

since 1832, which had caused considerable distress in various localities. The summer of 1837 brought a terrible drought which extended over the greater part of the Doab, and into Banda and Gualior on the west, and over Behar, and as far as Calcutta and Cuttack on the east. July and August are described as having been absolutely rainless, and such were the anticipations of dearth that 'in Aligarh the *baniyas* would not produce grain even when payment was offered at their own exorbitant prices.' With the prospect of inevitable starvation at their homes, the people naturally began to wander; in August Bulandshahr was already being overwhelmed with emigrants from Marwar and Hariana. In September there were a few partial showers towards the south, but in the upper Doab this month was practically rainless. 'The utter hopelessness of their case was enough in the minds of the lower classes to justify recourse to violence, and soon in Rohilkhand, Allahabad, Aligarh, Agra, Bulandshar, Gurgaon, Rohtak, and Delhi, neither grain-boats nor store-houses were safe from attack, whilst the public roads were dangerous to travellers, owing to the number of armed men who were roaming about in quest of plunder.' On October 20, John Lawrence wrote from Gurgaon: 'I have never in my life seen such utter desolation as that which is now spread over the pergunnahs of Horul and Pulwul. The people have been feeding their cattle for the last two months on the leaves of trees, and since this resource has failed, are driving them off.' The difficulty of feeding the cattle is often mentioned. From Cawnpore in the beginning of 1838, Mr. Rose wrote: 'There was not, I am told, in 1783 that total absence of vegetation which has caused the present dearth of cattle, and in milk the people then possessed a valuable article of food which is now wanting. . . . To those who have not witnessed the melancholy change it will scarcely be credible that an extensively-cultivated and thickly-

populated country like the Doab could, by one year's drought, be reduced to its present state of waste and desolation. Flourishing villages, which last year contained from 300 to 400 cultivators, are now occupied by half a dozen starving beggars, and I have travelled for twenty miles in the pergunnahs adjoining the Jumnah, where there are no wells, without seeing a vestige of cultivation.' The accounts of distress as given by Mr. Rose are fully corroborated from other sources. So long as the rich zemindars had the means, they fed their poor neighbours, and even went to the length of selling jewels and ornaments in order to raise money for the purchase of food. When their resources were exhausted and the *baniyas* proved inexorable, the poorer classes resorted to the jungle, in the hope of securing a meal from some of the wild trees. The small thorny berry of the Singárbár was in great request, as was also the bark of the wild fig-tree. The people dried and pounded what they gathered, and, with a little addition of meal, had the means of making a sort of *chupati* (bread) that was just palatable. Women were ready to sell their children for 2 or 3 seers of wheat, whilst their husbands and brothers waylaid and plundered travellers. Gold and silver were parted with at half their ordinary value, and brass and copper were esteemed worth their weight in grain. Artisans disposed of their tools at a quarter their cost price.

Newspapers at this period come to our assistance as contemporary records of famine, and in the *Englishman* of March 24, there is the following graphic account: 'You ask me to tell you all about the famine in Cawnpore; but, indeed, no account nor description of mine could convey to you any adequate idea of the misery of the poor in this place and throughout its vicinity. At the beginning of the cold season the station literally swarmed with starving wretches, and now where are they? I believe I am within bounds

when I say that in cantonments alone, but a short time back, from twenty to thirty died daily. The river, owing to the sluggishness of the stream, became studded with dead bodies, and we have ceased to eat of its fish or drink of its waters. At last it became requisite to hire establishments, not merely for the purpose of taking the starved-to-death wretches to the ghats for their being flung into the Ganges, but also to have a river establishment in constant play in order to push down the corpses below Gajmow. The Relief Society feeds about 1,500 daily; but then, owing to the villainy of those who have to serve out the food, in spite of the most energetic exertions on the part of the superintendent, the *attah* (flour) was so adulterated with *chunam* (lime) and sand, that heaps upon heaps have died from eating it, and now there is great difficulty in getting the poor to go to the almshouse. Kungla guards patrol the station all day long, not merely to give notice where the dead bodies are lying but to drive the living to the refuge. A great number of poor have lately left the station to get in the scanty harvest. They will never return. Starvation will be their lot. Of grain there is abundance in the province, but there is no labour for the poor, and consequently they have no money to buy food. The Calcutta people seem to be in earnest, but let them keep in mind that the famine in and about Cawnpore has been, is, and must continue, and that every rupee that can be raised should be sent up as soon as possible. Between Calpee and Agra it is perfectly dreadful. The dead are seen lying together by fifties. To add to the misery of the poor starving population, the small-pox is becoming rife at Cawnpore.'

It is useless to multiply accounts of the misery of the people. The story everywhere is the same. Society was entirely disorganized, and horrors of every kind pervaded the land. The people abandoned their homes, and for years afterwards evidence of

the depopulation may be found in the Settlement Reports.

The sole object of quoting these painful records is to show the acuteness of unavoidable suffering in days when facilities of transport were defective. Public and private charity were never wanting, but they were unable to do more than touch the fringe of the distress. Mr. Rose 'doubted whether it was not beyond the power of Government, as it certainly was of the local authority, to give adequate relief; and as for private charity, though the inclination to contribute was general, the amount subscribed was as a drop in the ocean compared with the general distress.' The Government at headquarters seconded to the best of its ability the efforts of the local officers; in Farukhabad 'permission was accorded to the magistrate to make disbursements from the public treasury *to any amount without limit* for the employment of the destitute on works of public utility'; roads were built and tanks excavated. Private individuals fed at their own cost a limited number of persons a day. Mr. Hamilton, the Commissioner of the Agra Division, gives a somewhat grudging recognition of the work done in the Feudatory States. 'In a season of such unprecedented calamity it is a noble sight to view the thousands who are saved from death by the generosity of the British Government. In this respect we have set an example to surrounding States, of which but little advantage has been taken. Yet they have done something, though trifling. In Bhurtpore baked cakes are distributed at each of the gates daily to as many as apply, as far as the amount (5 maunds each gate, I believe) will go. In Dholepore and at Baru one day's food is given to every traveller, but he must pass on, and food is distributed to the poor of the territory as in Bhurtpore, though I know not the limit. In Gualior I am not aware that any sort of assistance is afforded by the State, but the inhabitants of that country have the

fertile tracts of Malwah to emigrate to, and in the adjacent States of Bhopal and Saugor grain is abundant.'

The reason why public and private charity both failed to alleviate the distress to any considerable degree was that it was impossible to increase the stores of grain in the country. The well-to-do, by distributing some of their wealth, made it possible for the poor to buy a little grain at the greatly enhanced prices prevailing, but they could not by importation reduce the price in such a manner as to bring food within the reach of the poor. This is strikingly illustrated by a reflection of the Commissioner of Agra. In his report upon his tour through his division at the beginning of 1838, he says: 'Had a good and open communication existed for wheeled carriages between Agra and Malwah, the grain which is abundant there, and is selling at 50, and even 60, seers the rupee, might have reached its market.' The price of grain at Agra in this year was 11 to 12 seers the rupee. The highest prices recorded during the famine were:

	Seers the Rupee.
Aligarh	18
Allahabad	17
Cawnpore	13
Farukhabad	12
Mathra	12
Karnal	12
Agra	11
Banda	10
Almorah	10
Balundshahr	8

Of the mortality during the famine we have no trustworthy statistics. Colonel Baird Smith estimated that the total population affected by the famine of 1837-38 must have been between 8,000,000 and 9,000,000, and that the population within which the intensity of suffering was greatest, and the mortality highest, must

have been roughly about 5,000,000. The area of the famine tract he guesses to have been from 20,000 to 25,000 square miles, and he doubts whether the general mortality could have been less than 800,000. But we have no means of ascertaining whether these figures are even approximations to the truth.

CHAPTER XI

THE RELIEF OF THE UNEMPLOYED: FAMINES
(continued)

In the epoch which we have now to consider (1853-1906) the character of famines undergoes a gradual change. During these years the means of transport were greatly improved, and what I may call the immobility of food-stuffs was overcome. The harvests were bad at irregular intervals in different provinces, but, as the crops never failed simultaneously over the whole of India, it was possible to supply the dearth in one district out of the abundance of another. The province, therefore, was never entirely denuded of food, as was Bengal in 1770 and the Doab in 1837-38. The fundamental difference between a famine at the beginning and a famine at the end of the nineteenth century was this: At the beginning of the century the price of food rose so high as to be absolutely beyond the reach of the majority of the inhabitants, and even at these exorbitant rates it was often not to be had; many of the well-to-do were unable to buy food, and in some cases they poisoned themselves to avoid the slow torture of starvation. At the end of the nineteenth century there was plenty of food, even in the districts in which the crops had failed altogether; the price indeed was high, but it was not absolutely prohibitive, even to persons of moderate means. Such persons had to suffer great privations, but they had not the horrible prospect of death by starvation.

Death by starvation was, indeed, a not improbable contingency for the poorer classes, who were in the habit of supporting themselves by labour; but that was because they were 'out of work,' and therefore had no money wherewith to buy food, not because there was no food to be bought.

The improvement in the means of transport was, of course, a gradual process. From the time of Lord Dalhousie (1848-56) the construction of metalled roads was vigorously prosecuted; the Upper Ganges Canal (for navigation as well as irrigation) was opened in 1854, and by 1861 the East India Railway had reached as far (from Calcutta) as Cawnpore. Of the effects of these modest beginnings we have evidence in the famine of 1860-61, the first famine with regard to which we have a detailed report (by Colonel Baird Smith). This report gives a graphic account of the condition of the country at the beginning of the second epoch. Colonel Baird Smith has recorded the development of the grain trade in those days under the stimulus of high prices. 'The profits,' he wrote, 'to be realized in the grain trade [were] excessive. While wheat was selling in Agra, Muttra, Allyghur, and Meerut at about 4 rupees per maund, it was selling in the adjoining districts of the Lower Doab at 2 rupees and in remoter districts, east of the Ganges and west of the Jumna, at from 14 annas to R. 1/4 per maund. The remotest points from which I have reliable evidence of supplies having been drawn are — to the south-eastward, the Benares division, from whence Agra received considerable quantities; to the south-westward, the Saugor and Jubbulpoor territories, Gualior and Dholepoor, which have helped to feed Muttra and Delhi. . . . The whole line of the Ganges from Allahabad to Farruckabad was crossed by scores of streams of food, not large individually, but in the aggregate swelling to a great amount, and pouring the surplus stores of favourably situated tracts in

Oudh into the Doab. So miserable, however, are the means of intercommunication in many of these districts of supply that, while in one bazaar famine prices of 4 rupees per maund might be ruling, in another not thirty miles off the price would be but about R. 1/8 for the same quantity; yet no flow from the full to the exhausted market could take place, because roads were not in existence, and means of carriage unknown.'*

Such was the paucity of metalled roads that the traffic was concentrated upon the Grand Trunk Road, and Baird Smith estimated that about 1,000,000 maunds passed to Aligarh along this road, the greater share being concentrated in the months of January, February, and March. This great accumulation of traffic wore the road out, and between Cawnpore, Fategarh, and Aligarh it was totally disorganized. Baird Smith declares that when he saw it in spring 'it was worse than an ordinary earthen road.' During this famine the Ganges was little used for transport, owing to the low level of the water; but, in spite of the many defects in the means of transport, grain was brought into the famine area in sufficient quantities greatly to reduce the mortality. Baird Smith calculated 'that the entire imports of grain into the famine tract from every source had not fallen under about 3,000,000 maunds between September and February inclusive, or at the average rate of 500,000 a month, being enough for the sustenance of nearly a sixth part of the entire population of the bad districts.'

In the thirty-five years that succeeded the means of communication were gradually perfected. By the end of the nineteenth century the province was covered by a network of railways, over which the grain was quickly moved by private traders in response to even

* 'Report on the Commercial Condition of the North-Western Provinces of India,' Colonel R. Baird Smith, 1861. (The first part of his famine report.)

a small rise in price. The value of railways for conveying grain into famine-stricken districts was clearly established by the famine of 1877, but I will not fatigue the reader by recounting the various stages by which complete protection from starvation was slowly established. The great harvest failure of 1896-97 illustrates with fidelity what is meant by 'famine' at the end of the second epoch, and the conditions in which it has to be combated. The review of the famine which Sir A. P. MacDonnell published at its close (November 27, 1897) gives an admirable picture of the economic conditions which then prevailed, and of the measures taken by Government to relieve the unemployed.*

When prices rose to the extreme level which they attained in the autumn of 1896, representations were made to Government to undertake the duty of importing grain. The result of the interference of the State with the course of trade is that the private trader, deprived by Government competition of the prospect of profit, abstains from buying and selling grain, and thus at the very time when the greatest activity in the grain trade is desirable, the myriad small agencies by which food is usually distributed are suspended. For this reason Government in 1896-97 steadily adhered to the principle of non-interference. 'In one or two instances in isolated tracts there was some doubt whether the resources of the petty village traders would be equal to the task of importing the grain required for the consumption

* The reports of Famine Commissioners published at various times by the Indian Government constitute a body of economic literature of the highest value. The five volumes issued by the Famine Commissioners in 1880 are a veritable thesaurus of economic wisdom; but if I had to select one famine report to place in the hands of students, I should select the 'Narrative of the Measures adopted for the Relief of Famine during the Years 1896 and 1897,' which was published by Sir A. P. MacDonnell in the *Allahabad Government Gazette* on November 27, 1897.

on relief works, and in remote villages discretion was given to local officers to assist such traders, if necessary, with money advances; but this discretion was little used. Private trade everywhere and always proved equal to maintaining and distributing an adequate supply of food grain, even in the most distressed and isolated tracts. There can be no doubt that this would have been impossible but for the extensive railway communications which now exist in all parts of these provinces, whereby the wheeled traffic and pack-cattle were set free to spread the grain among the villages from the nearest railway-stations. The railway returns show that for the nine months alone from October, 1896, to June, 1897, the rail-borne imports of food grain were 645,628 tons, and the exports 306,377 tons; while this vast and beneficent trade movement was effected not only without difficulty or apparent effort, but with great pecuniary advantage to the State. Of these imports nearly 325,000 tons came from Bengal, the greater part being Burma rice carried from Calcutta.'*

The mobility of grain at this period is best shown by comparing the prices in different districts. Practically the price was the same in the district in which the harvest had failed as in the district which had enjoyed a bumper crop. In 1896-97 the rate of a particular grain was sometimes quoted higher in a well-stocked Meerut district than in a market of afflicted Bundelkhand.

The development of railway communication had thus, by the end of the century, deprived a 'famine' of one of its greatest terrors. Even in areas in which the crops have totally failed food is now to be had in abundance. The price, however, is high, and the people thrown out of work by the interruption of their industry have no means of purchasing it. How

* *North-Western Provinces Government Gazette*, November 27, 1897, p. 484.

can they be maintained until they can resume their normal occupation? This is the problem which 'unemployment' presents in all countries, and it is a problem for which more and more the State in all countries is being pressed to find a solution.

In the relief of the unemployed the practice of the Government of India is in advance of that of any European State. For every province an elaborate code of instructions (known as the Famine Code) had been prepared, laying down the principles to be observed and the practice to be followed on every occasion of threatened or actual scarcity. The actual working of this code may be illustrated by the measures taken in 1896-97 for the relief of the unemployed in the United Provinces.

The principle which guided the administration of relief was at an early date declared in the following words: 'The only limitation to the relief to be given will be the necessities of the people.' But against this principle must be set another, which was not less steadily kept in view—the principle, namely, that State relief must not interfere with the normal organization of industry. There are two dangers which must always be kept in view in rendering State aid to the unemployed. The first is, that for want of State aid the people may die of starvation; and the second is, that State aid may tempt them away from the prosecution of their own industries; for, if aid is given by the State on a lavish scale, the people may find their lives upon the relief works so comfortable that they may be unwilling to return to their normal means of livelihood. This was recognised by Sir Anthony MacDonnell, and unhesitatingly enunciated.

'It was a cardinal principle of relief administration in the North-Western Provinces and Oudh that some labour should be exacted from everyone seeking relief who was not incapacitated for work by age or in-

firmity, or in rare cases (chiefly in the case of women) by social status. From the able-bodied a full task, from the weakly and from the children over seven years of age a smaller task graduated according to their various capacities, was required. This was the keynote of the system, and in judging of the system's material results should not be forgotten. In pursuance of this principle, vast numbers of inefficient labourers have been employed, to the lowering of the out-turn of work done per rupee of expenditure. But it was deliberately decided that, in the best interests of the people themselves, industry should be encouraged and idleness or sloth discouraged. The best proof of the complete success of the policy adopted is to be found in the fact noticed in the sequel, that the relief works had no attraction and that, on the first opportunity the people returned, undemoralized and with cheerfulness, to their ordinary avocations.'

The form of employment offered to the people who came for relief was earth-work, as being the only one suited for unskilled labour; the embankment of roads and the excavation of tanks were the projects chiefly selected. The workers were divided into gangs, and to each gang was allotted a certain measured task, calculated according to their strength. When the allotted task was finished, the labourers were free to go, having earned the daily wage, calculated on a sliding scale, according to the price of grain, as sufficient to purchase a day's ration. Under this system it was not open to the labourers to earn a higher wage by doing a larger task. If the allotted task was not completed, a proportional reduction was made from the wages of the entire gang or of the group of labourers who were at fault, subject to a minimum which represents a penal or bare subsistence allowance. Gratuitous relief was provided at the works for those dependents who, from age or infirmity, were unable to render any task. The great bulk of the

dependents were young children, who formed 90 per cent. of the whole dependent class.

Relief was also given by Government in the following categories:

(*a*) Employment at their homes for women who are debarred by national custom from appearing in public.

(*b*) Gratuitous relief in poorhouses, chiefly for homeless cripples or casual vagrants, who were drafted on to the relief works when their strength was re-established.

(*c*) Gratuitous distribution of relief at their homes to persons who were unable to labour, and were reduced to distress.

The organization of relief in these three categories was a complicated and delicate task, but it was primarily in the nature of charity to enable the recipients to tide over a season of high prices. The central problem was the relief of the able-bodied unemployed, and this was solved upon the large earthworks.

The cause of the harvest failure of 1896-97 was the premature cessation of the rains in August. In September distress began to make itself manifest, and test works were opened by Government. Bundelkhand, which had suffered from a succession of bad harvests, was already in need of assistance. By the end of October evidence of distress became apparent in a considerable part of Oudh, chiefly in the Lucknow division. 'In the Rohilkhand division every district was threatened with partial failure, and in Agra the country outside the canal-protected area had begun to need relief. In parts of Benares and Gorakhpur districts there were forebodings of the scarcity which subsequently developed there, and test works had become necessary. The hill districts of Kumaon, enjoying good harvests, lay outside the sphere of possible distress, and Meerut and part of Agra sat secure in their network of canals. . . .

'About the middle of November the failure of the

late autumn crops became definitely declared, while the employment afforded in garnering them had considerably slackened. The construction of temporary wells, so largely stimulated by advances from Government, approached completion. The spring sowings were arrested for want of rain, and irrigation alone continued unabated for the occupation of agricultural labour. Prices continued to rise, and the poorhouses were rapidly filling. Between November 14 and 21 the poorhouse population had risen from 7,200 to 19,000, and the later admissions in some parts showed signs of emaciation. Labourers and their families began to flock on the relief works in the more distressed districts; the sphere of gratuitous relief continued to expand, and a certain number of cultivating tenants, too, found it necessary to seek employment, or to send the idle members of their families to the works. Finally, signs of distress began to appear amongst the petty artisans, weavers, and the like, whose occupation had ceased along with the prosperity of their customers. . . . As December drew to its close the conditions existing in the previous month became intensified and developed. Home resources became more exhausted, field-work more circumscribed, and the numbers seeking relief continued steadily to increase. The poorhouse population was, in pursuance of the policy of Government, kept down by drafting the inmates to relief works as they became fit for labour, or transferring them to the village lists (category *c*) where this measure was found suitable. . . . January opened with 410,238 people, workers and their dependents, on relief works, while 86,641 were in receipt of gratuitous relief in poorhouses or at their own homes. Week by week the numbers rose by 100,000 or 150,000, or even more. The average daily increment may be placed at 18,000. By the end of January the total on relief works had reached over 1,000,000. During February the recruit-

ment went on at the rate of over 14,000 daily. When the accounts were made up on February 27 the total number on relief works was found to be 1,381,337, while 315,385 persons were in receipt of gratuitous relief in poorhouses, or at their homes. The total was thus 1,696,722. That day was the flood-mark of the famine. . . . Taking all forms of relief together, the numbers dependent on Government, which were 351,093 at the end of December, had risen to 1,305,217 by the end of January, and by the end of February amounted to 1,696,722.'

By the end of February the distress was so widespread that many persons who had from motives of pride or indolence or suspicion refrained from seeking the relief works began to come forward for assistance. 'It was noticed that the new applicants for employment or relief were often in an emaciated condition, and compared unfavourably with those who had been prompter in seeking State support. In the earlier stages of the famine people were deterred from seeking or accepting relief from motives which lost force as time went on. Caste reasons were potent, and instances were brought to notice where money doles had been refused or actually returned by villagers because the recipient had been threatened with expulsion from the brotherhood. Grotesque reports were current among the people unaccustomed to such widespread bounty, and ever anxious to discover some hidden motive for it. Rumour had it that everyone who accepted relief was to be subjected to demoniacal influences, or sent across the sea to labour islands, or to people new countries which the Sarkar (Government) had acquired, or made to apostatize, or marked down for future sacrifices to the deities who are supposed to watch over the stability of great railway bridges. Instances, too, were not wanting of the struggle between natural affection and the love of life. A starving girl refused to take relief unless an

understanding was given that when she was sent away to the strange land her old father should be cared for while alive, and decently buried when dead. As time passed these absurd beliefs and restrictions wore themselves out.' The ripening of the spring harvest and the occurrence of the Holi festival drew large numbers away from the relief works in March. By April 10 the 1,381,000 people who swarmed on the relief works at the close of February had fallen to under 700,000. The total number in receipt of relief in all forms was almost exactly 1,000,000. As the harvest work became exhausted the people began steadily to flow back to the works. By May 1 the 700,000 on the works had become 935,000. During May the numbers steadily grew, and at the close of the month they again exceeded 1,500,000. Agricultural work was in abeyance, and the people dependent on daily labour for their support continued to return till the second high-water mark on relief works was reached on May 29, when the daily attendance on the works was returned at 1,157,000. The rainy season usually sets in during the month of June, and, in anticipation of work at their homes, the people now began to withdraw from the works. For the first fortnight the decrease in numbers was slight. 'Here and there one or two members of a family would return home to look after the repairs of their houses, as customary at this season, and make their other little arrangements to prepare for the burst of the monsoon; but the bulk of the labourers awaited the opening of the rains. June 12 found 1,096,000 still on the works. With June 13, however, commenced a series of showers in nearly every district, light at first, but persisting and increasing in a way which soon left no doubt that the welcome monsoon had stolen in. The effects of the break of the monsoon upon the relief workers was immediate and significant. Within one week the numbers on relief works fell by

over 500,000; on June 19 the numbers stood 963,000; on June 26 they had fallen to 449,000; and on July 3 to 415,000.' Here, as in March, the natural result of the reopening of the field-work was assisted by the measures of Government. The tasks on the relief works were made more severe, and the scale of wages was hardened; every means was employed to make the people prefer their normal avocations to the Government relief works. 'The relief measures, which had been carried on patiently and steadily for the past eight months, and in Bundelkhand for over a year, since famine had declared itself, now bore golden fruit. The peasantry had been maintained in health and strength, and were ready with almost unimpaired vigour and in undiminished numbers to commence the tillage of the new crops, on which their fate depended. The resources of the Indian Charitable Fund had been largely reserved to meet this crisis. By the liberality of the English-speaking public, over 30 lakhs (£200,000) of rupees were now distributed among the villagers to purchase seed grain, and replace the plough cattle which they had lost. This munificent charity was liberally supplemented by advances of State funds to small proprietors and cultivators of the better class. There were some apprehensions that seed grain might not be forthcoming in the parts where famine had been most prolonged; but, seeing the people generally possessed the means to pay for it, the traders quickly solved the problem of supply. Assisted and encouraged in these ways, the agricultural community turned with cheerfulness and resolution to the congenial task before them. . . .'

Owing to a break in the rains at the beginning of July, there was a temporary check to the decrease in numbers receiving State relief; but as soon as climatic conditions favourable to agriculture were re-established, the labouring people flocked back to the fields.

By the end of July the number of persons supported on relief works had fallen to under 100,000, and the bulk of them were confined to five or six districts. This number sank steadily through August, as field labour expanded; early in September it was only about 15,000, and on September 15 the last of the relief works was closed.'

The resumption of field-work does not, of course, bring fresh stocks of grain into the market, and the fall of prices was but slight until the autumn harvest was garnered. The persons who were unable to labour were therefore no better off than before the rains, and charitable relief was extended to them in undiminished numbers until the ripening of the earliest autumn crops. The end of August still saw 400,000 on outdoor relief, and 34,000 people in poorhouses. By the middle of September the recipients of outdoor relief had fallen to about 231,000, and the poorhouse population to 21,000. By October 1 the corresponding numbers were 115,487 and 5,017. 'By October 20 the Lieutenant-Governor was able to inform the Viceroy that the relief operations had been practically closed by the distribution of the authorized parting dole, and that there remained as a charge on the Government only a few hundred infirmary patients and 2,000 orphans.'

The characteristic of this splendid piece of administration was that State aid did not pauperize the people. The relief was so organized that they were anxious, whenever occasion permitted, to return to their normal avocations.* This is shown by the extreme sensitive-

* This result was obtained by steadily keeping the pay upon relief works below the 'standard wage' which could be earned in any ordinary labour market. During January, February, and May, the months when agricultural work is always slack, the attractiveness of the relief works for the able-bodied labourer on the look out for a job was minimized by the regulation that no labourer could earn more than the daily wage by doing a larger task; and the daily wage was calculated on a sliding scale, according to the

ness of the numbers in receipt of relief to any expansion of the demand for field labour. The spring harvest and the monsoon ploughing and sowing are indicated by the numbers upon the relief works as faithfully as in an agricultural almanack. As soon as the weather permitted it the people resumed their suspended industry with vigour. Agriculture, instead of being, as in the past, crippled for several years after the famine, was resumed upon the same scale as before it was interrupted, and, in fact, the area sown in 1897 was actually 3·3 per cent. above the normal. This single fact is sufficient proof that State aid did not hamper the resumption of private industry.

But the other principle which Sir Anthony MacDonnell had formulated at the beginning of the famine —viz., that the only limitation to the relief should be the necessities of the people—was no less faithfully observed. So successful were the measures of relief that the mortality in the provinces was only very slightly raised by a famine which was spread over 72,500 square miles and involved 34½ millions of people. The following figures show more eloquently than any description how efficient was the administration of relief.

'The normal mortality in the provinces for the decennial period previous to 1896 was 33·04 per thousand. During the twelve months of famine

---

price of grain, as sufficient to purchase a day's ration only. As soon as there was a demand for labour in the fields, the attractiveness of the relief works was diminished by enhancing the daily task. As the wages paid were calculated at a day's ration they could not be reduced, but the same result was obtained by increasing the labour by which this ration could be earned. Those who in England demand that in the relief of the unemployed the Government should not pay less than the 'standard wage' should notice that in the only case in which the State has undertaken to provide work for all the unemployed success was due to the fact that the Government steadily kept relief pay below the 'standard wage' of the country.

prevalence in 1896-97 it was 36·30, giving an excess of only 3·26 per mille.

'An abstract of the monthly returns will show at a glance how far the mortality of the famine period rose above the ordinary death-rate in any month.

ENTIRE PROVINCE.

	Actual Death-rate.	Normal Death-rate.
October, 1896	3·09	3·56
November, 1896	2·70	3·34
December, 1896	3·01	3·10
January, 1897	3·07	2·37
February, 1897	2·68	1·97
March, 1897	3·11	2·13
April, 1897	3·19	2·62
May, 1897	2·89	3·04
June, 1897	2·58	2·72
July, 1897	2·78	2·45
August, 1897	3·34	2·73
September, 1897	3·86	3·01

The death-rate, it will be seen, rose on the whole but little above the normal average in the famine months up to July—that is, for ten months it was only 29·10 per mille in the provinces, or 1·80 per mille above the normal. But the death-rate increased in August and September, the malarial season. Taking the whole period of twelve months of famine prevalence, the death-rate of 36·30 per mille may be compared with the mortality during the same period in 1893-94, when the provincial death-rate was 38·05 per mille.

Thus it appears that in the course of the nineteenth century two of the problems presented by famine have been solved. Want of food has been overcome by improvement in the means of communication, and the want of work has been met by providing temporary employment on relief works at the expense of the State. But there remains a third problem, which statesmen and philanthropists are ambitious of solving, and that is the absolute prevention of famine, or, to

state the problem more accurately, the prevention of the periodic unemployment of a large proportion of the population. A little consideration will show that there are two ways in which the solution of this problem may be approached in India. The first is to free the agricultural industry from its dependence upon the chances of the weather, and the second is to diminish the number of people dependent upon agriculture.

The principal cause of the suspension of agriculture in India is drought; frosts and floods do from time to time injure the crops and inflict serious damage upon the cultivator, but I know of no instance in which they have suspended agricultural occupations as completely as a prolonged drought does. If, therefore, the cultivators can be provided with an adequate supply of water for irrigation the agricultural industry is practically secured against interruptions. Artificial irrigation in the United Provinces may be provided from canals or tanks or wells; these constitute the most important part of the fixed capital which has been sunk in agriculture, and they have, therefore, already been described in the chapter upon agricultural capital. It is only necessary here to refer shortly to the extent to which these works have rendered agriculture independent of the rainfall. The Northern Doab during the first epoch (1783-1853) was particularly subject to famine. In six out of seven famines between 1783 and 1837 the Doab was the scene of the most acute distress; in the words of the Indian Irrigation Commission, 'before the introduction of canal irrigation the districts composing this tract were among the most insecure in Northern India; and the construction of the Ganges Canal was largely due to the impressions produced by the sufferings of the famine of 1837.' With this may be contrasted the security which now reigns in this region, which is officially described as 'protected against famine.'

During the great drought of 1896 the Meerut and Agra divisions, in the picturesque language of Sir A. P. MacDonnell, 'sat secure in their network of canals'; and not only did the cultivators escape calamity, but they made enormous profits out of the misfortunes of their neighbours; it was a common saying at the time that, owing to the exceptionally good prices realized, many men who were involved beyond hope extricated themselves from debt in a single season.

But the scope of canal irrigation is limited. In certain areas the introduction of canals would lead to a rise in the level of the subsoil water, and would result in the water-logging of the soil.* In some districts it is mechanically impossible to bring water to the places where it is wanted. In other places water may be brought by canals, but only at a cost which would lay a permanent burden upon the general body of taxpayers. Tanks are a useful source of artificial irrigation in years of normal rainfall, but they are usually dried up or reduced to very small dimension in the years of drought, when they are most needed. Wells are a source of supply which has proved of the greatest value in the past. 'There can be little doubt that in 1896-97 it was the wells, and the wells alone, which saved the greater part of the Ganges-Gogra Doab from a famine which would have rivalled in intensity that of Bundelkhand. They made possible the sowing of the *rabi*, and the replacing over a large area of the failed *kharif* by *rabi* crops. Largely owing to the prompt and timely action taken by the Local Government in granting liberal advances under the Loans Act, over 550,000 temporary wells were made in that year, the construction of some thousands of masonry wells was

* For this reason the Taluqdars of Oudh are strongly opposed to the construction of an irrigation canal (the Sardah Canal) in that province.

put in hand, and many others were repaired and improved. Probably not less than half the extra wells were made with the money advanced.'* Notwithstanding the large extent to which well irrigation is already practised in the United Provinces, the Irrigation Commission reported that there was wide room for its extension, and they recommended that certain concessions should be offered and tried. On the other hand, they recognised that there are certain tracts for which well irrigation is altogether unsuitable. This rapid survey of the means of artificial irrigation shows that in the course of the last century something has been done to render the agricultural industry secure from interruption, and that within certain areas artificial irrigation has been highly successful; the survey shows no less clearly the inevitable limitations of artificial irrigation. The day does not seem to be near at hand, in India or anywhere else, when agriculture can be rendered altogether independent of the weather.

I have mentioned before that there is another way in which the periodic distress occasioned by the suspension of agriculture may be mitigated—that is, by reducing the number of people dependent upon this single industry. The Famine Commissioners in 1880 were of opinion that the only radical cure for famine would be found in 'the encouragement of diversity of occupation among the people.' This was also the lesson upon which the late Mr. Justice Ranade loved to insist. In 1890 he said: 'The co-ordination of industries, which regulates the due proportions of men who plough the soil and raise raw produce with those who manufacture this raw produce and others still who exchange and distribute it, and the interplay of whose threefold activities makes a nation thrive, was never a very strong factor of our collective social polity. We have been all along, like most ancient

* § 538, Report of the Indian Irrigation Commission, 1901-3.

nations, more or less exclusively agricultural. But our contact with the world outside, and the freedom of exchange which has resulted in consequence, have produced one most undesirable result. They have aggravated the situation by making us more than ever dependent upon a single and precarious resource.' In 1893 Mr. Justice Ranade returned to the same subject. 'About twenty-two years ago,' he said, 'I had occasion to notice this collapse of domestic industries, and the gradual rustication of our chief occupations . . . and it was about this time that a welcome change took place, whose effects are now perceptibly visible. Things were as bad as could be about 1870-75; since then the tide has turned, and India has shown signs of a revival, which marks its first step in the transition from a purely agricultural into a partly manufacturing and trading country.'* This is also the economic basis of the Swadeshi movement, or movement for the encouragement of indigenous manufactures. Thus it is evident that there is a considerable body of opinion in favour of the view that the true remedy for famine will be found in the increase of diversity of occupation. It may perhaps prevent disappointment in the future if the exact scope of this remedy is examined a little more closely. The effect of such a change in the industrial organization of India would be, that irregularity of employment would be more evenly distributed. At present something like 30 to 40 per cent. of the people are thrown out of work at the same time by the failure of the rains; during these hard times they necessarily curtail their purchases as much as possible, and the subsidiary industries which depend upon the patronage of the agriculturists are deprived of their normal markets. Were the people distributed more evenly among a variety of industries, a smaller

* 'Present State of Indian Manufactures.' Industrial Conference, Poona, 1893. Reprinted in 'Essays on Indian Economics.'

proportion of them would be out of work at the same time; the people who remained in employment would keep up the demand for goods of domestic utility, and the persons thrown out of work might find some employment in the non-agricultural industries.

This argument is true as far as it goes, but it must be borne in mind that 'diversity of occupation' does not profess to be a radical cure for unemployment. Diversity of occupation would not diminish the irregularity of employment; it would only spread the evil more evenly over a number of years. In one year agriculturists would be out of work, in the next the workers in the textile industry; the coal trade would be interrupted in the following year, and the iron and steel trade in the year after. There is no ground whatever for supposing that employment is more constant in any of these industries than in agriculture. The experience of Europe is quite the other way. Employment in the modern manufacturing industries is eminently precarious. The result of adopting the industrial organization of Europe would be that India would suffer from a constant succession of small 'famines' in place of the irregular recurrence of great 'famines.' This would be a clear economic gain, for these minor 'famines' would not involve the bulk of the population; whereas the suspension of agriculture at the present day dislocates the industry of an entire province.

It is not, however, clear that the individual worker would gain in like degree. Figures do not exist to enable us to make an exact comparison between the amount of unemployment in England and India, but the returns which are quoted below are sufficient to show that unemployment is a very serious and chronic evil in England. In some branches of the iron industry the number of men thrown out of employment in a generation is not less than four times the total number of men employed in those industries in one year;

roughly speaking, this is equivalent to the total suspension of the industry for a year on four occasions in one generation. If we were to assume that all agriculturists were thrown out of work during a famine, this would be equivalent to four famines in a generation, or one famine every seven or eight years. During the lifetime of the last generation (*i.e.*, from 1870 to 1903) there have been two severe famines in the United Provinces, and this method of calculation would lead us to the conclusion that unemployment in the iron industry in England was twice as frequent as in agriculture in India. I would, however, point out that this calculation is so very rough as to have next to no value for purposes of comparison. In the first place, we have, for India, no means of ascertaining how many agriculturists are out of work or partially employed in average years—*i.e.*, the not-famine years. In the second place, it is not correct to assume that, even in a famine year, the whole of the agricultural population is thrown out of work. In 1896 the outturn of the autumn harvest was 39·25 per cent. of an average yield, and when the forecast of the ensuing spring crops was most gloomy, it was estimated that the area of the spring crops would be 58 per cent. of the normal cultivation. In Bundelkhand, which suffered most severely from this famine, the area sown for spring reaping varied from one-fourth to one-half of the usual extent. These figures show that even in a very bad year there is a considerable amount of field work to be done, and it is not correct to say that the agricultural industry is entirely suspended.

The figures with regard to unemployment in England are more precise, but they do not cover the whole field of labour. The statistics prepared by the Board of Trade are accepted as the best available indication of the condition of the labour market; these are prepared as follows: A large number of Trade Unions in the engineering, shipbuilding, metal,

printing, wood-working, building, and other trades, make weekly payments of various amounts to their unemployed members. Consequently they are bound to keep a strictly accurate record of the persons entitled to such benefit, and many of them are also able to show how many members are still unemployed after having exhausted their claim to unemployed benefit. It is true that the members of the Trade Unions which keep these records include but a comparatively small minority of the total industrial population, but it forms as a whole a sufficiently representative sample of that population to justify the conclusion that changes in the state of employment for the workpeople included reflect corresponding changes in the state of employment as a whole. There are two considerations which lessen the value of these returns, but as they would modify the conclusions in exactly opposite directions, there is ground for the hope that the two errors neutralize one another. The first consideration is that unskilled casual labour is insufficiently represented in the returns, and unskilled casual labour suffers most from irregularity of employment. The second consideration to be borne in mind is that the unions which insure their members against want of work are the unions in the unstable trades. With these qualifications the Board of Trade puts forward these statistics as trustworthy. The figures given in the annexed table do not include the sick and superannuated, who are not counted as unemployed. From the membership on which percentage is based the superannuated are excluded, but not the sick, on the ground that the latter are only temporarily disabled. In the annexed table I have given in the first four columns the figures for the four trades which in the official returns are classified as one group, in order to show the extent of the fluctuations in the precarious trades. The succeeding four columns represent groups of trades. The last column

PERCENTAGE OF UNEMPLOYED IN PRINCIPAL TRADE UNIONS.*

Year.	Amalgamated Engineers.	Iron Founders.	Iron Moulders.	Boilermakers and Iron and Steel Shipbuilders.	Building.	Woodworking and Furnishing.	Printing and Bookbinding.	Other Trades.	General Percentage from all Unions included in Returns.
1870	4·1	7·2	3·8	—	3·7	4·8	3·5	0·2	3·9
1871	1·0	2·5	1·8	—	2·5	3·5	2·0	0·3	1·6
1872	0·6	1·4	2·7	1·0	1·2	2·4	1·5	0·0	0·9
1873	0·8	3·3	4·0	1·2	0·9	1·8	1·3	0·3	1·2
1874	1·4	4·1	7·3	2·5	0·8	2·1	1·6	0·1	1·7
1875	2·3	3·7	7·9	5·9	0·0	2·0	1 6	0·3	2·4
1876	3·5	6·0	10·0	8·5	0·7	2·4	2·4	1·3	3·7
1877	4·8	9 4	10·8	8·3	1·2	3·5	2·6	2·8	4·7
1878	6·9	15·1	17·4	9·4	3·5	4·4	3·2	3·0	6·8
1879	10·6	23·3	23·3	9·5	8·2	8·3	4 0	3·3	11·4
1880	5·0	11·5	11·5	8·0	6·1	3·2	3·2	2·2	5·5
1881	3·5	8·3	8·5	1·8	5·2	2·7	2·8	1·5	3·5
1882	1·9	4·7	11·0	0·7	3·5	2·5	2·4	0·9	2·3
1883	2 2	4·7	8·1	2·1	3·6	2·5	2·2	1·2	2·6
1884	4·8	7·8	23·1	20·8	4·7	3·0	2·1	1·4	8·1
1885	6·7	11·5	31·6	22·2	7·1	4·1	2·5	1·8	9·3
1886	7 6	14·6	34·2	21·6	8·2	4·7	2·6	5·2	10·2
1887	6·1	10·6	26·0	16·7	6·5	3·6	2·2	1·9	7·6
1888	4·2	5 9	13·5	7·3	5·7	3·1	2·4	3·2	4·9
1889	1·9	2·0	5·1	2·0	3·0	2·4	2·5	0·0	2·1
1890	1·7	2 6	6·8	3·4	2·2	2·5	2·2	1·6	2·1
1891	3·2	5·0	13·3	5·7	1 9	2·1	4·0	1·7	3·5
1892	6 3	9·2	17·1	10·9	3·1	3·8	4·3	5·6	6·3
1893	8·3	10·8	20·8	17·0	3·1	4·1	4·1	2·6	7·5
1894	8·5	10·9	17·2	16·2	4·3	4·4	5·7	2·1	6·9
1895	5·9	8·6	18 1	13·0	4·4	3·6	4 9	3·5	5·8
1896	2·3	3·2	9 1	9·5	1·3	2·0	4·3	3·0	3·4
1897	2·4	7·5	8·4	8·6	1·2	2·2	3·9	2·6	3·5
1898	2·5	3·6	6·5	4·7	0·9	2·3	3·7	2·3	3·0
1899	2·4	1·8	5·8	2·1	1 2	2·1	3·9	2·4	2·4
1900	2·2	3·0	10·2	2·3	2·6	2·8	4·2	3·1	2·9
1901	2·9	6·7	10·0	3·6	3·9	3·7	4·5	3·8	3·8
1902	4·4	7·8	12·8	8·3	4·0	4·1	4·6	3·3	4·4
1903	4·4	7·4	12·5	11·7	4·4	4·7	4·4	3·9	5·1

may, with the caution given above, be accepted as indicative of the state of employment in England in the last generation.

'The fact that unemployment in the engineering,

* Board of Trade Report (Code 2,337), 'British and Foreign Trade and Industry,' 1904.

shipbuilding, and metal trades (the first four columns) fluctuates more violently than in industry as a whole, though in the same direction, is not difficult to explain when it is remembered that this group of trades is largely concerned with the making of the instruments of production—machinery, implements, ships, engines, etc., and other forms of fixed capital, and that a very small expansion or contraction in the total output of commodities in the country is likely to cause a relatively large expansion or contraction in the demand of new instruments. Thus this group of trades' affords a very sensitive, though exaggerated, indication of changes in the labour market as a whole' (Code 2,337).

As has been said before, there are no figures for India comparable to the table on p. 289; but it is evident that the experience of England does not justify the view that diversity of occupation is a remedy for unemployment.

CHAPTER XII

CURRENCY

In the early years of the nineteenth century several silver rupees of slightly different value were current in India, but for the purpose of this chapter it is not necessary to go further back into the past than 1835; in that year a standard rupee for the whole of India was adopted. This coin, which is our present rupee, weighs 180 grains, and contains 165 grains of pure silver—that is to say, it consists of $\frac{11}{12}$ pure silver and $\frac{1}{12}$ alloy. By the Coinage Act of 1835, repealed and re-enacted without substantial change in 1870, gold was not legal tender; silver, in the form of rupees, was the only metal in which a debt could be legally discharged. The most important provision of the Act was that any person might bring silver bullion to the Mint, and demand in exchange for it rupees of equivalent weight and fineness, subject to a deduction or seignorage of 2·1 per cent.* For the period of

* *Vide* Indian Coinage Act, 1870:

§ 21. All silver coin or bullion brought for coinage to the Mint in accordance with the said Mint rules shall be subject to a duty at the rate of 2 per cent. on the production of such bullion or coin, and the amount of such duty shall be deducted from the return to be made to the proprietor.

§ 22. A charge . . . of 1 per mille on silver bullion or coin shall also be levied for melting and cutting such bullion and coin so as to render the same fit for receipt into the Mint.

§ 24. The Mint master on the delivery of . . . silver bullion or coin into the Mint for coinage shall grant to the proprietor a receipt which shall entitle him to a certificate from the Assay master for the net produce of such bullion or coin payable at the General Treasury.

fifty-eight years during which these acts were in force India had a monometallic silver currency, and her Mints were open to what is called the 'free' coinage of silver—*i.e.*, to the unlimited coinage of silver tendered by the public. Silver rupees were legal tender without limit on payment or account; that is to say that a debt of any amount soever was legally discharged by the payment of rupees, and a creditor could not compel his debtor to pay in gold or notes, or in any other manner. The effect of these two provisions (viz., the opening of the Mints to the free coinage of silver and the making of the rupee unlimited legal tender) was to make the value of raw silver and of rupees practically identical; the currency was, in fact, nothing but silver bullion, divided up into ingots of 165 grains and stamped with an official stamp; and any influence which raised or lowered the value of silver in India simultaneously raised or lowered the value of the rupee.

My object in the present chapter is to review some of the most important of these influences, but before doing so there is one possible misapprehension which may be shortly disposed of. How, it may be asked, can the value of the rupee alter? A rupee must always be worth a rupee. Seeing that since 1835 the rupee has always contained 165 grains of silver, and has always been the equivalent of 16 annas in copper, in what sense can its value be said to have changed? The answer is that we cannot measure the value of anything by comparing it with itself, or with fractions of itself. We do not measure the value of a maund of wheat by saying that it is worth 40 seers of wheat, and for the same reason we cannot express the value of money in terms of money itself. In order to gauge the value of money, we must estimate it in terms of the commodities against which it is exchanged. The value of the rupee is estimated by the number of commodities which can be got in exchange for a

rupee; in other words, the value of the rupee is its purchasing power, and when we speak of a rise or fall in the value of the rupee, we mean a rise or fall of its purchasing power.

I cannot in this chapter attempt to make a complete statement of the causes which have affected the value of the rupee since 1835; that would be to write an exhaustive treatise upon the economic theory of the value of money, for which this is not the place. I assume that the discussions upon this subject in the standard works on economics are familiar to my readers, and I shall confine myself to examining those causes which have had a predominant influence upon the value of the rupee, and of which the operation can be traced with some clearness and certainty; it is, however, my duty to call attention to the fact that I omit to discuss such causes as the rapidity of circulation, the extension of credit, and other changes in the mechanism of commerce, which may, in certain circumstances, have a potent influence upon the value of money, but which have been, in my opinion, of subordinate importance in India during the greater part of the period under discussion. Bearing in mind that the statement which follows is incomplete, though not, I hope, incorrect, I would state the case as follows:

The value of money, as of any other commodity, is determined by demand and supply.

By the demand for money is meant the occasions when money is used either in payment of services or in the purchase of commodities.

By the supply of money is meant the quantity of coin, or substitute for coin, current in the country.*

If among any people there is an increased demand for money—that is to say, if there is an increase of the services paid and of the commodities purchased by means of money—and if during the same period the

* In this elliptical definition of the supply of money it is assumed that the rapidity of circulation is constant.

supply of money remains constant, the value of money will rise; each coin will purchase more commodities or will pay for greater services than before; in other words, there will be a fall of prices.

If, on the other hand, the demand for money remains constant, and there is an increase in the supply, the value of money will fall; more coins will be needed to purchase a given quantity of commodities, or to pay for certain services, than before; there will be a rise of prices.

Let us see what has actually occurred in India with regard to, first, the demand for money, and secondly the supply of money.

Demand for Money.

Since 1835 there has been in India a great increase in (1) the population, (2) the area under cultivation, and (3) the imports from foreign countries. The increase under each of these heads inevitably caused an increase in the demand for money; more services were paid for, more food was produced and exchanged, more foreign commodities were purchased. This was a normal consequence of progress, to which attention must be drawn, but of which no explanation is needed. But during the same period a great increase in the demand for money has been brought about by a change in the habits of the people, of which no statistical record has been kept, and the importance of which may easily be overlooked if it is not specially emphasized. The reader will have noticed in the foregoing chapters that a characteristic feature of the old industrial order from which India is now emerging was the comparative rareness of the use of money; a large number of services which in Western Europe are paid for in money used in India to be remunerated in other ways. The services of distinguished public servants or men of learning were usually rewarded by grants of land;

the village watchman and the village accountant (*patwari*) were frequently remunerated in the same way; rents were commonly paid to the landlord in kind; the artisans of the village received for their work during the year allowances in grain. Indeed, in those villages which conform most closely to what we conceive to have been the original type, the normal method of remunerating service appears to have been the assignment of a certain proportion of the harvest. Even when it was necessary to pay by the job, as, for instance, to the ploughman and the harvest labourer, it was in grain rather than in money that the payment was made. Resort to money seems to have been necessary only when making exchanges with the world outside the village, as when salt was bought; and as each village was in the main self-contained and independent, the number of such exchanges in the old days was exceedingly small; hence the fact, noted by many observers, that 'little money passes through the hands even of the well-to-do Indian peasant.'*

In a society so organized a small volume of currency would be sufficient to discharge all the functions for which metallic money was needed. With the development of communications the isolation of the village is being broken down, exchanges are made with distant markets which can only be settled in money, and the tendency nowadays is for money payments to supersede the more archaic methods of purchase and remuneration. The tendency has probably been in operation during the whole period which is under consideration; with regard to the substitution of money rents for grain rents we have an abundance of evidence in the Reports of Settlement Officers; one example from Moradabad must suffice. In 1830 Mr. Boulderson had estimated that rents over four-fifths of the district, or 80 per cent. of the cultivated area, were taken in kind; at the revision of the Settlement in 1881, Mr.

* 'India,' Sir John Strachey, 3rd edition, p. 383.

Alexander found 64·3 per cent. of the land cultivated by tenants paying money rents, instead of only 20 per cent., and this did not take into account commutations affected by himself. The agricultural labourers are still paid partly in kind and partly in money, but with the increased mobility of labour it is probable that their money wages form an increasing proportion of their earnings. The village servants and artisans appear generally to continue to receive their annual remuneration in grain, but for piece-work they are paid in money. In all countries an increase in the use of money has been a characteristic feature of the transition from the old to the modern organization of industry; it follows necessarily upon the development of the means of communication and the extension of the area within which exchanges are effected. The process has not as yet been carried as far in India as in Western Europe, and there is no reason to suppose that it has come to an end; it has been in the past a most important element in the increased demand for money, and it is one that must still be reckoned with.

There has, therefore, since 1835, been a large increase in the demand for money, and this would have caused a large increase in its value had the supply not been increased.

The Supply of Money.

As by the Coinage Acts of 1835 and 1870 the Indian mints were obliged to coin all the silver that was tendered to them by the public, until those Acts were amended in 1893, the supply of rupees was regulated by the supply of silver in India. We have therefore, up to 1893, to examine the causes affecting the supply of silver in India, and it will be convenient to divide this inquiry into two parts, dealing first with the total supply of silver in the world, and secondly with that part of it which came to India.

On p. 299 will be found a table, extracted from the

PRODUCTION OF GOLD AND SILVER IN THE WORLD SINCE THE DISCOVERY OF AMERICA.

Year.	Gold, Fine Ounce.	Silver, Fine Ounce.	Year.	Gold, Fine Ounce.	Silver, Fine Ounce.
	000 omitted.	000 omitted.		000 omitted.	000 omitted.
1493-1520	186	1,511	1841-1850	1,760	25,090
1521-1544	230	2,899	1851-1855	6,410	28,488
1545-1560	273	10,017	1856-1860	6,486	29,095
1561-1580	219	9,628	1861-1865	5,949	35,401
1581-1600	237	13,467	1866-1870	6,270	43,051
1601-1620	273	13,596	1871-1875	5,591	63,317
1621-1640	266	12,654	1876-1880	5,543	78,775
1641-1660	281	11,776	1881-1885	4,794	92,003
1661-1680	297	10,834	1886-1890	5,461	108,911
1681-1700	346	10,992	1891-1895	7,882	157,581
1701-1720	412	11,432	1896-1900	12,446	165,693
1721-1740	613	13,863	1901 - -	12,625	173,011
1741-1760	791	17,140	1902 - -	14,354	162,763
1761-1780	665	20,985	1903 - -	15,852	167,689
1781-1800	571	28,261	1904 - -	16,804	164,195
1801-1810	571	28,746	1905 - -	18,396	172,317
1811-1820	367	17,385	1906 - -	19,445	165,382
1821-1830	457	14,807	1907 - -	19,860	185,014
1831-1840	652	19,175			

From 1493 to 1885 the figures are taken from a table of averages for certain periods compiled by Dr. A. Soëtbeer for the years 1886 to 1907; the production is the annual estimate of the Bureau of the Mint, U.S.A.

Extracted from the Report of the Director of the Mint, U.S.A., for the fiscal year ended June 30, 1908.

Report of the Director of the Mint in the United States of America, which gives the nearest estimate which can be framed of the amounts of gold and silver produced in the world since the discovery of America. The figures represent the average annual production for the period mentioned in the first column. It will be noticed that in 1835, when the present rupee was first coined, the annual production was relatively small, a trifle over 19 million ounces; in the next thirty years production increased so much that the quinquennial average for 1861-65 was more than 35 million

ounces; after this the annual output from the mines went up by leaps and bounds, and the average production in the quinquennium 1886-90 was more than five times as great as it had been in 1835.

It may be presumed that this great increase in the supply of silver would have caused a fall in its value even if the demand had remained constant; but, far from remaining constant, the world demand for silver was greatly contracted. The demand for both the precious metals is principally due to their use as money. Before the year 1873 gold and silver discharged the function of money in about equal proportions; the countries which employed gold as their sole standard of value were Great Britain, Australia, the Cape, and Canada. Silver was the sole standard of value in Germany, Holland, Denmark, Sweden, Norway, China, India, and Mexico; while France, Belgium, and Switzerland employed both gold and silver concurrently as their double or bimetallic standard; of the countries with a forced paper currency the chief were: Brazil and Turkey, with a nominal gold standard; Austria and Russia, with a nominal silver standard; Italy and the United States, with a nominal bimetallic standard. This distribution of the precious metals was disturbed by a series of changes in the currencies of the world; the cumulative effect of which was to bring about a revolution in the relative values of gold and silver.

In 1873 Germany closed her mints to the free coinage of silver, and introduced a gold standard; she was quickly followed by Denmark, Sweden, and Norway, who altered their silver to a gold standard in 1873. In 1874 the countries forming the Latin Union—France, Belgium, Switzerland, and Italy—suspended the free coinage of silver, and adopted gold as their sole standard of value. In 1873 the United States had also abandoned the bimetallic standard, and nominally introduced a gold standard, which became effective

when they resumed specie payments. Holland discarded silver and introduced a single gold standard in 1875. The effect of these great monetary changes was that gold became the international money of the world, and the only countries of commercial importance which adhered to a silver standard were Mexico, China, and India.

The inevitable effect of the increased use of gold and decreased use of silver was to raise the value of the one and lower the value of the other. Before the demonetization of silver the value of the two metals had stood in the ratio of 1 of gold to approximately 15½ of silver; in the course of the next ten years it altered as follows:

RATIO OF SILVER TO ONE OF GOLD IN LONDON.

1871	...	... 15·58	1878	...	... 17·96
1872	...	... 15·64	1879	...	... 18·39
1873	...	... 15·93	1880	...	... 18·06
1874	...	... 16·16	1881	...	... 18·24
1875	...	... 16·63	1882	...	... 18·27
1876	...	... 17·80	1883	...	... 18·65
1877	...	... 17·19			

The supply of silver available for those countries which still desired to take it was thus augmented from three sources simultaneously:

1. The increased output from the mines.
2. The demonetized silver of those countries which had changed to a gold standard.
3. The reduction in the demand for silver for currency purposes.

Let us now see how much of the world's supply of silver was brought to India. The mere increase of the available supply in the international market would not necessarily increase the supply in India; silver is not imported into any country gratis, but only in exchange for other commodities. A large increase in the world's output of silver makes but little difference to the supply of silver in Thibet, or Afghanistan, or

Arabia, because, among other reasons, the means of transport in those countries are so rude that they cannot convey their products to the frontier, and therefore have nothing to offer in exchange for silver. But since 1835 India has been steadily developing her communications with Europe and her means of internal transport; she has had a steadily increasing volume of exports, and has therefore been able to secure for herself by exchange a large proportion of the world's increased supplies of silver. In order to show the relation between these two phenomena, I have placed the figures for the exports of merchandise and the imports of silver in the same table in Appendix I.

The figures for the imports of silver deserve to be examined closely; they are what are known as net imports—that is, the exports have been deducted, and the figures represent the annual amounts by which India increased her holding of silver. In the decade 1835-44 the net imports were 20 crores; in 1845-54 they were 15 crores, but in the decade 1855-64 they rose to 100 crores. It may be said that this is an astonishingly large figure, seeing that silver had not yet been demonetized in Europe. The explanation is to be found in the figures for gold production, which affected India indirectly, though gold was not legal tender there in those years. The effect of the enormous production of gold between 1851 and 1865 was greatly to increase the proportion of gold used as money in bimetallic countries, and thus to render available for export to the East greater quantities of silver. After 1865 India continued to import silver at the rate of over 6 crores a year until we reach the decade 1885-94, when her imports of silver reached the enormous total of 104 crores of rupees. A certain proportion of the silver that was annually brought into the country was no doubt lost, consumed, or wrought into such forms that it could not be converted into money; what that

proportion was we cannot tell, but even after making liberal deductions under this head, we can be certain that the supply of silver available as money was immensely increased in the half-century after 1835. Had the demand for money remained constant, we may assume that the great increase in the supply would have caused a marked fall in the value of money during this period.

But, as we have already seen, the demand for money, as well as the supply of money, had increased between 1835 and 1893, and in order to ascertain which of the two had the preponderant influence, we must examine the recorded facts regarding the value of money during this period. The value of money is its power of purchasing commodities, and therefore a rise or fall of prices, extending to all or a very large number of commodities, is evidence of an alteration in the value of the rupee. We must, of course, examine the prices of as large a number of commodities as possible, because the price of one particular commodity may be affected by causes special to itself; for instance, the price of indigo has fallen, owing to the discovery of a chemical substitute for the vegetable dye, and consequently the natural dye has fallen in value, not only when compared with silver, but when compared with other commodities generally. Such special cases of a rise or fall in value will counteract each other if we extend our inquiries over a sufficiently wide range of commodities, and bear in mind that what we wish to ascertain is the value of money as compared with commodities in general. Unfortunately, we do not possess complete records of prices for the whole period since 1835. In the Appendix will be found a few price-lists which I have been able to collect for some of the important food-grains at different centres in the United Provinces before 1861. The prices of some staple exports from India at the ports since 1843 are given in 'Prices and Wages'; but it must be confessed that our

information regarding prices prior to 1861 is meagre. After that date we have abundant and easily accessible information contained in the volume called 'Prices and Wages in India,' which is published every year by the Director-General of Statistics for 1 rupee 8 annas. It might be thought that from these records it would be easy to frame an Index Number which would indicate the general tendency either to a rise or fall of prices, and even to estimate the exact extent of that rise or fall. But when we look into the figures a little closely we grow distrustful of so summary a method. The different centres of which we have price-records do not all tell the same tale: in some, prices have risen enormously; in others, the rise (at least since 1861) has been inconsiderable. The explanation of this phenomenon is that, though prices have now been brought to approximately one level all over India, they started from very different levels in different localities. The equalization of prices has, of course, been brought about by facilities for transport, so that even heavy goods can be moved from the areas in which they are undervalued to the places where they are more favourably priced. In the earlier years of the nineteenth century such a general movement of goods was impossible, and the relation between money and commodities remained different in different areas.

A different level of prices prevailed in different localities; money had not the same value—*i.e.*, the same purchasing power—in one district as it had in another; there were different price-levels in different areas, as there are different price-levels in India and Afghanistan at the present day. Even places not far removed from each other set a very different value upon money; the prices that prevailed in Ajmer and Bareli before 1861 differed to such a degree as to indicate a completely different relation between the demand and supply of money in the two districts. In 'Prices and Wages' will be found even more striking

disparities. For example, in Ratnagiri, in the Bombay Presidency, the average price of wheat during the twenty years 1861-80 was 7·4 seers to the rupee; in Raipur, in the Central Provinces, the average price for the same period was 44·5 seers a rupee; the lowest price paid for wheat during these years in Ratnagiri (11 seers) was above the highest price (15 seers) which wheat attained in Raipur. Ratnagiri, close to the port of Bombay, was able to export its produce and receive silver in exchange; during the cotton famine of the early sixties the flood of silver that streamed in from Europe was specially copious, but it was, so to say, dammed up in the area round Bombay, and could not percolate into the low-price area of the Central Provinces until the advent of the railway enabled the inhabitants of Raipur to send their undervalued agricultural produce to Bombay, and to attract to themselves in exchange the silver which was abundant in the neighbourhood of the ports. Indeed, the course of railway construction in India may generally be traced in the records of local prices, which leap suddenly to a higher level with the opening of a new line in an area that had previously been landlocked. The same result followed upon the improvement of the roads in England in the eighteenth century. Old Dr. Johnson, in a conversation too meagrely summarized by Windham, observed that the effect of the turnpike roads was that 'every place communicated with each other. Before there were cheap places and dear places. Now all refuges are destroyed for elegant or genteel poverty.' I do not know that Raipur was ever the refuge of genteel poverty, but there certainly were 'dear places and cheap places' in India within living memory; many an Indian official in the past was able, by retiring to his ancestral village, to live in modest affluence upon his pension; nowadays he finds that the high prices of the *Sadr* station follow him even in that retreat.

A sudden rise of prices produced a very similar disturbance in the social life of Europe about the middle of the nineteenth century. The rise of prices, primarily due to the increased production of the precious metals, went hand in hand with the construction of railways. Forty years ago Cliffe Leslie made a very acute analysis of the effect of the discovery of new gold-mines upon prices in Europe, and recorded the manifold complaints from all quarters of Europe upon the increased cost of living—complaints which are almost identical with those heard in India to-day. The rise of prices, he says, 'in the provincial towns and rural districts forms the most prominent subject in most of the reports of the British Consuls in France for several years past.' And further on he observes: 'Wherever backwardness is changing into progress and stagnation into commercial activity it will be found that cheapness is changing into dearness, and that something like English prices follow hard upon something like English prosperity. Thus the British Consul at Bilbao reported lately: "The increased trade and prosperous condition of the country have drawn numbers of families to Bilbao. As a result of this the cost of living has risen enormously, and Bilbao, long one of the cheapest towns in Europe, has become a comparatively dear place." To Spain, which in the sixteenth century robbed the treasures of the New World directly from their source, gold now comes by honest trade, and the miner is hidden behind the merchant. Unaccustomed streams of money are flowing, not only into the towns of Northern Spain, but through all the more fertile districts of the Peninsula near the new lines of railway. And the sums by which prices have been raised in Portugal and Spain could evidently not have been drawn from England and France without a corresponding fall of prices in those countries, had their coffers not been replenished from a new source. It is, too, in regions like the great

corn district of Medina del Campo, poor lately in money, but rich in the wealth of nature, that prices must rise fastest when they are brought into easy communication with the markets where money abounds, since the money is both attracted by their cheapness and produces the more sensible change on account of it.'* In fact, as Cliffe Leslie remarks in the same essay, 'the chief monetary phenomenon of this epoch is the rise of prices in remote places put suddenly more nearly on a level with the neighbourhood of the great centres as regards the market for their produce.' Cliffe Leslie was at pains to point out that it is dangerous to speak generally of a rise in prices, as the advance was irregular, and did not apply equally to all commodities or all places. One generalization, however, he did permit himself; speaking of the particular case of Germany, he says: 'In the first place a much lower scale of the prices of land, labour and animal food and other main elements of the cost of living to large classes will usually be found to prevail in places without steam communication than in places similarly situated in other respects, but possessing railways or steam transport by water; in the second place, among places possessing steam communication a considerably higher scale of prices of the staples referred to will for the most part be found in those which are centres of industrial or commercial activity, or of foreign resort, than in such as are of a stationary or colourless character; and thirdly, as a general rule there is a marked tendency to a higher level of prices in Germany as we travel from East to West—that is, the higher scale is found in those places which lie nearest the traffic and movement of Western Europe.' These phenomena have been very closely reproduced in India; districts and provinces retained a low level of

* 'The Distribution and Value of the Precious Metals in the Sixteenth and Nineteenth Centuries,' Essays in Political Economy, 2nd edition, T. E. Cliffe Leslie.

prices until the advent of the railway, and then passed almost at a bound to the higher level; even now the older and lower level is maintained in countries which are not penetrated by modern means of transport. I have been told that in Afghanistan a man possessing an annual income of Rs. 2,000 is an opulent Sardar; in British India a Tehsildar who draws about the same salary is by no means a rich man. In Kashmir prices until recently were much below the Indian level, because communications were imperfect and visitors were restricted, but they have been raised of late, because the 'Happy Valley' has become a place of foreign resort.

The conclusion, therefore, is that the rise of prices in India has been irregular; in some places it has been very great, in others it has been less marked, and any attempt to express it quantitatively is apt to mislead. This is a consideration which should not be forgotten when attempts are made to draw precise conclusions from a general index number prepared for the whole of India. But though it is not possible to measure the extent of the rise of prices accurately except for particular localities, there are good grounds for thinking that between 1835 and 1893 there was a general tendency towards higher prices, and that in the second half of the period this movement was most marked in the inland and rural districts. Our conclusion, therefore, considering the many influences affecting the rupee, is that in the course of the fifty-eight years since 1835 it had declined in value.

A considerable change in the value of money is undoubtedly a serious evil; it causes much undeserved suffering to certain classes of the community. By a rise in prices all debtors gain and all creditors lose; persons possessing a fixed money income, such as that derived from the interest on stocks and shares and Government promissory notes, suffer from enhanced prices; persons drawing fixed salaries or rents settled

for a long term of years are losers by the change. The Government of the country whose money undergoes depreciation is always one of the greatest sufferers, because many of the payments made to the State are fixed for long periods, and even when nominally liable to vary from year to year they are in practice very difficult to raise, because an enhancement of taxation is always unpopular. In one respect the rise of silver prices before 1893 was particularly injurious to India, and caused her more inconvenience than the rise of gold prices had caused England in the years between 1850 and 1857. Among the articles which in India had risen in price none was more conspicuous than gold. Gold, as we have seen, had become since 1874 the currency of the great commercial nations of the world, and the amount of work as money which it had to do was enormously increased. This had caused gold to appreciate in spite of the large annual output of the mines; during the same period silver was depreciating, and consequently the ratio between the two metals tended to become more and more unfavourable to silver. The table on the next page shows how the price of the sovereign, calculated in rupees, rose between 1873-74, and 1894-95. This particular form of the depreciation of the rupee injured India in two ways. In the first place, all gold obligations became more burdensome. India had borrowed, and needed still to borrow, capital for the development of her resources; the only money in which she could borrow in large quantities was gold, for since 1873 gold has been the only money in which Europe will deal. Private capitalists and the Indian Government had borrowed largely in gold, and more and more rupees were increasingly wanted to pay the interest on these loans. The interest upon one million sterling at 3½ per cent. amounted, when the sovereign cost Rs. 10·5, to Rs. 367,500; when the sovereign had risen to Rs. 18·3, the interest upon the same loan amounted to Rs. 640,500.

Year.	Value of £1 in Rupees and Decimals of a Rupee.	Year.	Value of £1 in Rupees and Decimals of a Rupee.
1869-70	10·3	1885-86	13·1
1870-71	10·7	1886-87	13·7
1871-72	10·3	1887-88	14·2
1872-73	10·5	1888-89	14·7
1873-74	10·7	1889-90	14·5
1874-75	10·8	1890-91	13·3
1875-76	11·1	1891-92	14·3
1876-77	11·7	1892-93	16·1
1877-78	11·5	1893-94	16·5
1878-79	12·1	1894-95	18·3
1879-80	12·0	1895-96	17·6
1880-81	12·0	1896-97	16·0
1881-82	12·1	1897-98	15·6
1882-83	12·3	1898-99	15·09
1883-84	12·3	1899-1900*	15·0
1884-85	12·4		

In the second place, the commerce of India with Europe was disorganized. Legitimate trade was replaced by mere speculation and gambling, because of the fluctuations in the rupee value of gold. The Indian trader who placed in England an order for machinery worth £1,000 in 1890-91 on the expectation that he would have to pay Rs. 13,300 would have found in the following year, when he had to meet the bill, that Rs. 14,300 were needed—that is, Rs. 1,000 more than he had expected—and the profit on which he had calculated was perhaps turned into a loss. Moreover, the fluctuations were not uniformly downwards; exporters suffered as well as importers. Had an Indian corn-merchant in 1889-90 undertaken to deliver a certain quantity of wheat in London for £100 in the hope of receiving therefor Rs. 1,450, his calculations would have been frustrated by the turn of exchange, and he

* From this time onward exchange has remained stable at Rs. 15 to the sovereign, with variations only in the second decimal point.

would in fact have received only Rs. 1,330 for his £100. Large undertakings require that orders should be placed two, or even three, years in advance, and who could venture to place an order in Europe when the sovereign might vary from Rs. 13·3 to Rs. 16·1?

Thus the depreciation of the rupee was causing grave suffering to large sections of the people of India, was threatening the financial stability of the Government, and was placing an obstacle in the way of legitimate commerce. There was no ground for hoping that the fall in the value of silver had reached its lowest limit; on the contrary, there was in 1892-93 an immediate prospect of a further fall, and no one could forecast the extent of the ultimate depreciation. After vainly attempting to persuade the Powers to settle the silver question by international agreement, the Government of India decided to take independent action to protect the interests entrusted to its care. On June 26, 1893, the Indian Coinage Act of 1870 was amended, and the Mints were closed to the free coinage of silver. The monetary system which had been in operation since 1835 was thus brought to an end; the Government retained the power to coin rupees at their discretion, but it is no longer open to a private person to bring silver to the Indian Mints and compel the State to turn it into coin for him. Silver bullion and rupees have ceased to be convertible terms; rupees may be relatively scarce, though silver is abundant; the value of the commodity, of which the supply is limited, tends to rise above that upon which no restrictions are placed, and, as a matter of fact, the rupee has nowadays a value some 4 to 6 annas higher than that of the silver of which it is composed. Acting upon the theory that the value of money depends in the long-run upon the relation existing between the amount of money in circulation and the amount of money-work to be done—*i.e.*, upon the supply and demand—the Government proposed to put such a limit upon the quantity

of the currency in circulation as would sustain the value of the rupee at a certain level. To fix the value of the rupee in relation to all commodities—that is to say, to maintain a certain level of general prices—would have been a task beyond the competence of any government. What was possible was to fix the value of the rupee in relation to one commodity of which the value was relatively stable, and was determined by natural causes. Such a commodity was gold, and, in view of the obligations of Government and the requirements of international trade, gold was obviously the commodity with which the rupee was to be equated. The Government therefore decided to sustain the value of the rupee at a certain level in relation to gold; what that level should be was the occasion of much controversy; eventually the Government determined to aim at fixing the value of the rupee at one-fifteenth of a sovereign. It is upon the success achieved in maintaining that ratio that their policy must be judged

But though the primary object to which the new currency policy was directed was to fix the relation of the rupee to gold, it was confidently expected that a secondary result would be to prevent a further rise of prices. For forty years the world's production of gold had been fairly constant, and any increase in the output of the mines which could reasonably have been anticipated would have but kept pace with the increasing demand for gold. It was therefore expected that gold would remain a fairly stable standard of value, and if the rupee were equated to it, rupee prices would presumably also be stable. That prices would continue to rise if the Mints remained open to the free coinage of silver was hardly open to question.

It is now my duty to describe the new currency policy which was initiated in 1893. The first step after suspending the free coinage of rupees was to attract sovereigns to India in order to make the con-

version of rupees into gold a reality, and to prepare the way, if necessary, for the eventual adoption of a gold currency.

By notifications of June 26, 1893, arrangements were made—(1) for the receipt of gold at the Indian Mints in exchange for rupees at a rate of 16 pence per rupee; (2) for the receipt of sovereigns and half-sovereigns in payment of sums due to Government at the rate of Rs. 15 to the sovereign; and (3) for the issue of currency notes to the Comptroller-General in exchange either for British gold at the above rates or for gold bullion at a corresponding rate. After a certain period of anxiety this policy achieved its object; the rupee, indeed, continued to depreciate relatively to gold until 1894-95; but in the course of the next four years it rose steadily, and in 1898-99 the level aimed at by the Government was reached, and since that date the value of the rupee measured in gold has been practically stable at Rs. 15 to the sovereign. In 1899 a further step was taken, and sovereigns and half-sovereigns were made legal tender, so that it is now possible for a debtor to discharge his obligations in rupees or in sovereigns.

The currency history of India from the closing of the Mints to 1908 illustrates the working of the new monetary system in all its most important phases; it falls into two very distinct periods of nearly equal length. The first period dates from 1893 to 1900; it was a period during which the Mints were quiescent; the coinage of rupees was practically suspended, and such silver as was minted consisted for the most part of small coins; it may be conjectured that in the space of these seven years the currency was somewhat reduced by natural loss, and it is almost certain that the money-work to be done was considerably increased; the two causes simultaneously at work are probably sufficient to account for the dearth of rupees which made itself manifest in the second period. The

second period, from 1900 to 1907, was a time of great activity at the Mints; as will be seen from figures in Appendix I., the additions to the currency were, during these seven years, greater than they had ever been before in a whole decade. The reason was as follows: When the foreign trade revived after 1900-01, traders complained that they could not get enough rupees to carry on their business. It is true that by law they had since 1899 the right to discharge their obligations in sovereigns, but they found that this legal right was not of much practical use, as the small clients, to whom the bulk of their payments had eventually to be made, were unwilling to accept payment in any other form but the familiar silver rupee. The merchants demanded that more rupees should be coined, and they were able to enforce their demand by calling upon the Government to fulfil the undertaking given in the notification of June, 1893, in which the Government promised to accept sovereigns in exchange for rupees. The traders imported sovereigns from Europe, presented them at the Treasuries, and demanded rupees in return. As long as the stock of old rupees was equal to the demand, the Government were able to fulfil their undertaking without having recourse to fresh coinage; but when these stocks were drawn low, the Government were compelled by the action of the commercial public to coin fresh rupees in order to redeem their promise. Raw silver was accordingly bought in the London market, coined at the Indian Mints, and issued to the traders, and their gold was received in exchange; this gold was then remitted to England, partly to defray the cost of the silver purchased, and partly to be credited to the Gold Standard Reserve Fund, which will be described later. It was soon recognized that there was waste in bringing gold from Europe only to ship it back again after it had been presented at the Indian Treasuries, and the regulations were so altered as to allow the trader who wanted rupees in India

to pay his gold to the Secretary of State for India in London, in return for which he received a Bill payable in rupees in India. The effect of this policy upon the rupee currency is clearly visible in the large number of new rupees coined between 1900 and 1907.

But large as was the number of new rupees coined, these do not alone constitute the whole of the additions to the Indian currency. The total volume of the currency was further increased by the importation of sovereigns. During the ten years 1899-1900 to 1908-09 the net import of sovereigns and half-sovereigns was estimated to be of the value of 47·37 crores of rupees, or more than 31 million sterling; of these, a considerable number found their way into circulation, and were actually used as money, but they appear to have remained in active use for a short while only, since by the year 1909 most of these had disappeared from circulation, though not apparently exported, and a premium was asked for them in Calcutta, Bombay, and in all the principal towns of India; they could still be obtained in small quantities, but the total in active circulation was by then inconsiderable. It was in another direction that the importation of gold helped to swell the circulation most markedly. Sovereigns and gold may be presented at the offices of the Paper Currency Department, and currency notes demanded in exchange. Since 1899 this permission has been freely used, and the amount of gold held in the Paper Currency Reserve rose steadily until, on March 31, 1907, it amounted to £10,688,841, or over 16 crores of rupees. These notes were undoubtedly used as money, and formed an addition to the currency.

By undertaking to give rupees in exchange for gold, the Indian Government secures the automatic regulation of the currency in one direction. A maximum limit is imposed upon the rise in value of the rupee; as soon as it tends to exceed that limit, the presentation of gold in exchange for rupees or currency notes arrests that

upward tendency. But the tendency to a rise in the value of the rupee is not the only variation against which provision must be made: precautions must also be taken to arrest a tendency to fall; and as the currency needs at times to be expanded, so it also needs at other times to be contracted. In countries using international money a redundant currency is automatically contracted by a flow of gold from the country in which it is undervalued to those parts of the world in which it commands a higher value. In India, which possesses a regulated currency, the action of Government takes the place of this natural remedy; the means of doing this effectively are provided firstly by the Gold Standard Reserve, to which reference has already been made. This Reserve owes its origin to the difference between the intrinsic value of the rupee and its tender value. Between 1900-01 and 1907-08 the average price of silver bullion in Bombay was 11·1 annas per tola; a considerable profit was therefore made upon the large number of rupees coined in those years. It is an integral part of the new monetary system that this profit on coinage should not be included in the general revenues of Government, but should be put aside and allowed to accumulate in the Gold Standard Reserve, which is kept in England and invested in British securities. This fund is kept in reserve to meet an emergency; it is employed to sustain the rupee at par with gold when it shows a tendency to depreciation; it is the principal means by which the currency, when found to be temporarily redundant, can be contracted. The gold value of the rupee tends to fall when there are more persons who wish to exchange rupees for gold than persons who offer gold in exchange for rupees; there is then competition among the sellers of rupees in the exchange market, and the gold price offered for rupees consequently tends to decline. There is always a probability that this depreciation of the rupee will

take place when either—(1) there is a keen demand for gold in the international market, or (2) when the exports from India are temporarily reduced, and therefore comparatively few people in Europe need to make remittances to India; when, as in 1908, both of these cases occur simultaneously, the depreciation of the rupee is inevitable. It is to meet such an emergency that the Gold Standard Reserve exists. The Government comes forward and offers to give gold in exchange for rupees to those who wish to remit money from India. The Government in India sells bills upon the Secretary of State, who meets them in England by paying for them from the sterling resources of the Gold Standard Reserve. The Indian Government receives from the traders in India rupees equivalent in value to the bills, and those rupees are withdrawn from circulation. It is not necessary to melt them down and to sell the raw silver, for that would involve a financial loss : all that is needed is that they should be withdrawn from currency, and thus bring about a contraction in the volume of the circulating medium. As a matter of fact, they are locked up in the Gold Standard Reserve, and are not issued to the public until exchange has again risen and gold is presented at the Treasuries. Through the employment of the Gold Standard Reserve two objects are secured simultaneously : in the first place, by offering gold for rupees at a time when the demand for gold is great, an equation between the demands for the two forms of money is established, which is the condition of maintaining a parity of exchange; and in the second place, the withdrawal of rupees from circulation reduces the redundancy of the currency, which was in part a cause of the depreciation. In 1908-09 the sums taken from the Gold Standard Reserve amounted to £7,639,638, and it follows that over 11 crores of rupees were withdrawn from circulation.

There are yet other and important resources available to the Government of India for maintaining exchange; the first of these consists of the gold coins which form part of the money of the country. On January 1, 1908, the Government held 3,100,000 sovereigns, and the Presidency Banks 100,000. When exchange turned against the rupee, gold began to disappear. By October 31, 1908, practically the whole stock held by Government and the Presidency Banks had gone. Some of it had, no doubt, been remitted to Europe to meet gold obligations by persons who were unable to sell their rupees in the exchange market; it had therefore contributed (to the extent to which it was exported) to the maintenance of the par of exchange, and by its disappearance the currency of India was to that extent contracted. The second resource is to be found in another store of gold which is immediately under the control of the Government, and which can be devoted to the sole purpose of maintaining exchange. The store referred to is that proportion of the metallic reserve (of the Paper Currency) which is held in gold. In the course of the crisis 330 lakhs of rupees held in gold in England were withdrawn by the Secretary of State to meet payments in England, and a like sum in silver was transferred from the Indian Treasury to the Paper Currency Reserve; and thus the necessity of selling Council Bills—*i.e.*, of offering rupees for gold—was avoided. This transaction fulfilled the twofold purpose of avoiding still further competition for gold in India, and also, when Government currency notes to that amount were cancelled, of reducing the currency.

The present currency of India is based neither upon a silver standard nor a gold standard, but upon what has been aptly called a 'Gold Exchange Standard,' for its value depends upon its being so limited as always to maintain a par with gold in the exchange market. The example set by the Government of India has since

been followed by the Governments of Mexico, the Philippines, and the Straits Settlements, which have remodelled their currencies upon the same principle, and which now employ the Gold Exchange Standard. The experiment has nowhere else been tried upon so large a scale as in India, but its uniform success wherever adopted inspires confidence in the soundness of the principle upon which it is based. Under the stress of circumstances a new type of monetary system has been evolved which gives to silver-using countries the advantages of international money without compelling them to adopt a gold currency to which the resources of the world's mines are perhaps not adequate.

The introduction of the Gold Exchange Standard has made it easier for Indian merchants to participate in the commerce of the world, and has enabled the Government to meet their obligations without imposing additional taxation; it remains to consider what effect the policy adopted in 1893 has had upon the course of prices in India. There can, I imagine, be no question that it has kept them much steadier than they would otherwise have been. Had the Mints not been closed to the free coinage of silver, there would unquestionably have been a momentous rise in prices since 1893. Silver did not fall below 60 pence an ounce before 1872, and was still 39 pence an ounce in 1892-93; it has since fallen considerably below 30 pence, and has even sunk as low as 22 pence, an ounce. In the present year (1909) it has varied from $23\frac{1}{16}$ to $24\frac{5}{8}$ pence. It is, of course, reasonable to suppose that if the Indian Mints had remained open, silver would not have depreciated to this extent; but, however much we allow for this element of uncertainty, it is difficult to believe that Indian exchange could have been more favourable than Rs. 20 to the sovereign, and it is conceivable that it might have fallen as low as Rs. 25 to the sovereign, and prices would probably have risen, though irregularly, in something like the same ratio. From such a

monetary revolution India was saved by the closing of the Mints. But though I feel confident that a great calamity was averted, I am not prepared to dispute that there has been a considerable rise of prices since 1893, and that it has entailed suffering upon certain classes of society. What the extent of that rise has been it is not yet possible to determine accurately. India being an agricultural country, agricultural produce is the most important factor in determining general prices; at the time of writing prices have not entirely recovered from the effect of the famine of 1908. Even, however, if it be assumed that the rise in general prices has been considerable, it does not follow from this assumption that the new monetary policy has failed to check the rise that would have occurred if the Mints had remained open; it proves only that gold to which the rupee has been linked has not proved as stable a standard of value as was expected. As a matter of fact, there has been, since 1896, a marked rise in gold prices; the index number prepared by Mr. Sauerbeck, which represents the average price of general commodities in England, rose from 61 in 1896 to 80 in 1907. This is not in excess of the rise in Indian prices estimated by Mr. F. S. Atkinson; his index number of India, which stood at 124 in 1896, had risen to 158 in 1907. This appears to indicate a rise of 31 per cent. in gold prices as against a rise of 27 per cent. in rupee prices. It is true that since 1907 there has been a fall in gold prices, whereas Indian prices were raised by the famine of the succeeding year, the effects of which have not yet passed away; but it is for India important to note that the fall in gold prices did not extend to 'corn and vegetable food,'* which continued their upward course (from 53 in 1896 to 70 in 1908) after the general index number had declined. The rise of the value of food-

* *Vide Journal of the Royal Statistical Society*, March, 1909: 'Prices of Commodities in 1908,' A. Sauerbeck.

stuffs in the markets of the world which these figures indicate is a phenomenon of great significance for India; her staple products are of agricultural origin, and it is therefore probable that the course of general prices measured by the Gold Exchange Standard will follow the course of the gold prices of food-stuffs in the great markets of the world. The recent rise of prices is therefore due—(1) to a world-wide enhancement in value of the commodities which India produces, and (2) to a decline in the value of gold. The first of these causes would have been operative whether the Mints had been closed to the free coinage of silver or not, and as regards the second the decline in the value of gold is slight when compared with the ruinous fall in the value of silver. Had the Mints remained open, the rise in rupee prices would have been far greater than it has actually been.

As a result of improved means of communication, and of her new monetary system, India has been brought into the great circle of international exchange; she is passing from a condition of comparative isolation in which she supplied her own needs to the economically more advanced condition in which some of her wants are supplied from foreign countries in return for India's contribution to their necessities. It is a consequence of the interdependence thus established that Indian prices, which have hitherto been special and particular, should become general and universal; her prices, which were by modern standards low, are being raised to the higher plane of prices prevailing in the great commercial countries of the world. It is a process which is accompanied by a great deal of unmerited suffering to individuals, but it is an integral and unavoidable part of that change, composed of good and ill, which we call progress. It is impossible to withhold sympathy from individuals in possession of fixed incomes who find themselves, by reason of the rise in prices, unable to command the

comforts they previously enjoyed; but our commiseration of individual hardship does not justify a demand for a change in the monetary system which is propitious to the economic progress of the country. Until it has been shown that Indian prices have risen independently of the gold prices of those commodities which India produces, I do not think that a case has been made out for modifying the existing monetary system. Up to the present the figures seem to show that Indian prices have risen only in sympathy with gold prices; this affords no ground for condemning the Gold Exchange Standard—rather it is the vindication of it, for it shows that the rupee has been effectively linked to gold.

Viewing the question, however, solely as an abstract proposition, I am not prepared to assert that rupee prices might not rise independently of gold prices. Though no such rise has, it seems to me, yet occurred, I am not convinced that it is theoretically impossible under the present system. If at some future time large additions were made to the currency in response to trade demands, it appears to me conceivable that Indian prices should rise, but that the disturbance of exchange (the normal danger-signal) might be temporarily prevented by large imports of European capital into India. There is no doubt that eventually exchange would weaken, and large stocks of rupees would be withdrawn from circulation into the Gold Standard Reserve, but the inflation might conceivably have continued long enough to raise prices materially. Time only can show whether the Gold Exchange Standard is or is not, more liable to these irregularities than other standards of value.

APPENDICES TO CHAPTER XII

APPENDIX I

In the following table I have brought together some figures relating to the currency problems which are dealt with in Chapter XII.

Column 2 gives in lakhs of rupees the net imports of silver into India; net imports = imports minus exports.

Column 3 gives in lakhs of rupees the total silver coinage year by year, new silver presented to the Mint, and old rupees recoined are both included.

Column 4 gives in lakhs of rupees the amount by which the circulation, consisting both of coin and notes, was increased or decreased. An account of the manner in which these figures were arrived at will be found in Appendix II.

Column 5 gives for nineteen years an estimate of the active circulation in crores of rupees. By active circulation is meant the number of rupees which were left in actual circulation to discharge the functions of money; the remainder from the total which had been issued by the Mint having been lost, hoarded, or melted down. The estimate of the active circulation is based upon a 'rupee census' initiated by Mr. F. C. Harrison, and is the result of the calculations of Mr. W. S. Adie. Mr. Harrison himself does not venture upon such precise conclusions, and summarizes his conclusions more generally as follows: 'My estimates are a circulation of 115 crores from 1876 to 1886, of about 120 crores in 1888 and 1889, of 125 crores in 1892 and 1893, of 128 (or 130 in round figures) in 1895, and thereafter a probable decline.

Column 6 contains the general index number prepared by the Director-General of Statistics, and published in the *Indian Trade Journal*. Another index number, constructed by Mr. F. J. Atkinson, on the principle of weighting the ratios according to the importance in use of the articles they represent, will be found in the *Journal* of the Royal Statistical Society for March, 1910.

Column 7 contains in lakhs of rupees the exports of merchandise from India.

1 Year.	2 Net Imports of Silver (lakhs).	3 Gross Coinage (lakhs).	4 Increase or Decrease in Circulation, Coin and Notes combined (lakhs).	5 Estimated Active Circulation (crores).	6 Index Number.	7 Exports of Merchandise (lakhs).	8 Year.
1835-36 ...	1,61	2,32	81	—	—	11,10	1835-36
1836-37 ...	1,33	3,87	118	—	—	13,24	1836-37
1837-38 ...	1,96	3,37	213	—	—	11,24	1837-38
1838-39 ...	2,64	3,97	296	—	—	11,77	1838-39
1839-40 ...	1,65	3,06	207	—	—	10,86	1839-40
1840-41 ...	1,40	2,92	205	—	—	13,45	1840-41
1841-42 ...	1,28	3,76	216	—	—	13,82	1841-42
1842-43 ...	2,95	3,29	270	—	—	13,55	1842-43
1843-44 ...	3,69	4,67	370	—	—	17,25	1843-44
1844-45 ...	1,98	4,69	381	—	—	16,59	1844-45
Total ...	20,53	35,96	2,357				
1845-46 ...	93	3,85	304	—	—	17,02	1845-46
1846-47 ...	1,37	2,02	202	—	—	15,35	1846-47
1847-48 ...	-49	1,78	102	—	—	13,31	1847-48
1848-49 ...	31	2,57	199	—	—	16,08	1848-49
1849-50 ...	1,27	2,41	194	—	—	17,31	1849 50
1850-51 ...	2,11	2,61	168	—	—	18,16	1850-51
1851-52 ...	2,86	4,24	332	—	—	19,87	1851-52
1852-53 ...	4,60	5,50	512	—	—	20,46	1852-53
1853-54 ...	2,30	5,25	460	—	—	19,29	1853-54
1854-55 ...	2	1,36	84	—	—	18,92	1854-55
Total ...	15,32	32,54	2,557				
1855-56 ...	8,19	6,97	662	—	—	23,03	1855-56
1856-57 ...	11,07	10,77	1,034	—	—	25,33	1856-57
1857-58 ..	12,21	12,55	1,210	—	—	27,45	1857-58
1858-59 ...	7,72	6,54	642	—	—	29,86	1858-59
1859-60 ...	11,14	10,67	861	—	—	27,96	1859-60
1860-61 ...	5,32	5,19	509	—	—	32,97	1860 61
1861-62 ...	9,08	7,07	629	—	90	36,31	1861-62
1862 63 ...	12,55	9,25	955	—	90	47,85	1862-63
1863-64 ...	12,79	11,47	1,326	—	98	65,62	1863-64
1864-65 ...	10,07	10,35	1,104	—	111	68,02	1864-65
Total ...	100,20	90,87	8,932				
1865-66 ...	18,66	14,50	1,446	—	107	65,49	1865-66
1866-67 ...	6,96	6,11	545	—	115	41,85	1866 67
1867-68 ...	5,59	4,31	414	—	108	50,87	1867-68
1868-69 ...	8,60	4,20	491	—	98	53,06	1868-69
1869-70 ...	7,31	7,47	689	—	105	52,47	1869-70
1870-71 ...	94	1,71	106	—	102	55,33	1870-71
1871-72 ...	6,52	1,69	312	—	93	63,20	1871-72
1872-73 ...	71	3,98	404	—	98	55,25	1872-73
1873-74 ...	2,49	2,37	291	—	100	54,99	1873-74
1874-75 ...	4,64	4,89	456	—	101	56,35	1874-75
Total ...	62,46	51,27	5,154				

1 Year.	2 Net Imports of Silver (lakhs).	3 Gross Coinage (lakhs).	4 Increase or Decrease in Circulation, Coin and Notes combined (lakhs).	5 Estimated Active Circulation (crores).	6 Index Number.	7 Exports of Merchandise (lakhs).	8 Year.
1875-76 ...	1,55	2,55	236	—	94	58,09	1875-76
1876-77 ...	7,19	6,27	693	—	90	61,01	1876-77
1877-78 ...	14,67	16,18	1,457	—	104	65,22	1877-78
1878-79 ...	3,97	7,21	829	—	106	60,93	1878-79
1879-80 ...	7,86	10,25	1,057	—	104	67,21	1879-80
1880-81 ...	3,89	4,24	360	—	104	74,58	1880-81
1881-82 ...	5,37	2,18	−4	108	96	81,96	1881-82
1882-83 ...	7,48	6,50	582	111	92	83,48	1882-83
1883-84 ...	6,40	3,66	428	113	89	88,17	1883-84
1884-85 ...	7,24	5,79	596	106	91	83,25	1884-85
Total ...	65,67	64,87	6,234				
1885-86 ...	11,60	10,28	982	104	87	83,88	1885-86
1886-87 ...	7,15	4,61	443	106	89	88,47	1886-87
1887-88 ...	9,22	10,78	1,037	109	91	90,54	1887-88
1888-89 ...	9,24	7,31	624	106	96	97,04	1888-89
1889-90 ...	10,93	8,55	827	112	101	103,46	1889-90
1890 91 ...	14,17	13,16	1,121	121	100	100,22	1890-91
1891-92 ...	9,02	5,55	633	121	98	108,17	1891-92
1892-93 ...	12,86	12,69	1,325	129	102	106,59	1892-93
1893-94 ...	13,71	4,81	−242	132	105	106,50	1893-94
1894-95 ...	6,32	9	257	129	102	108,91	1894-95
Total ...	104,28	77,87	7,007				
1895-96 ...	6,58	29	496	128	104	114,33	1895-96
1896-97 ...	5,85	57	311	121	110	103,98	1896-97
1897-98 ...	8,47	98	−95	116	113	97,63	1897-98
1898-99 ...	3,98	69	298	118	96	112,79	1898-99
1899-1900	3,57	2,22	1,302	118	96	109,08	1899-1900
1900-01 ...	9,50	17,26	781	—	116	107,71	1900-01
1901-02 ...	7,19	5,13	258	—	110	124,89	1901-02
1902-03 ...	6,95	11,38	508	—	105	129,39	1902-03
1903-04 ...	13,65	16,53	1,315	—	99	153,51	1903-04
1904-05 ...	13,26	11,37	1,006	—	101	158,19	1904-05
Total ...	79,04	66,46	6,180				
1905-06 ...	15,72	20,00	1,879	—	111	161,82	1905-06
1906-07 ...	24,00	26,08	2,052	—	130	176,56	1906-07
1907-08 ..	19,47	18,11	156	—	139	177,36	1907-08
1908-09 ..	12,07	2,85	−1,588	—	144	153,03	1908-09

APPENDIX II

RUPEE CIRCULATION (COINS AND NOTES)

THE legal tender money of India consists of rupees, coins representing fractions of a rupee, currency notes, and sovereigns. It would be unwise in a work like the present to venture on an estimate of the amount of such legal tender money in circulation at any given time, because, while there is every reason to believe that a large number of the rupees coined in India, and of sovereigns imported into India have disappeared from circulation through being hoarded, melted, and (especially in cases of sovereigns) exported in such a way as to escape registration in the trade returns—as for example, by being taken away in the pockets of travellers—there is no calculation commanding general assent, and free from the possibility of error, of the extent of such disappearance.

In view of this difficulty it seems advisable to give only such information regarding the annual addition to, or reduction of, the circulation of rupees, fractional silver coinage, and currency notes as can be obtained from official sources, taking no account of the amount of gold that may be in circulation or of the hoarding, melting, and exportation of rupees. The table on p. 328 has been prepared on this basis.

The methods by which the figures have been compiled are as follows:

Period 1: 1835-36 *to* 1861-62.—This is the period before the introduction of paper currency, and the only operations of which it is necessary to take account are those of the Mints. The figures given for each year represent the amount of the gross coinage of silver at the Mints minus the amount of silver coin received at the Mints for recoinage. The difference between those two amounts obviously represents the net issues from the Mints of additional silver coin.

Period 2: 1862-63 *to the Present Time.*—In the figures relating to this period it is necessary to take into account the following facts:

In 1862-63 a paper currency system, managed by the Government, was introduced, notes being issued against silver coin, securities, and also (from 1865 to 1875, and again from 1898 onwards) against gold.

In several years from 1893 rupees of the Government of India were coined at the Government Mints, to take the

place of rupees of different design and weight formerly coined at Native State Mints.

In 1906-07 the Government of India began to hold large amounts of rupees in the gold standard reserve.

These facts make it necessary in compiling the figures for the second period, to modify, in the following respects, the method followed in compiling those for the first period:

a. The figures relating to Mint operations must be supplemented by those showing the increase or decrease in the circulation of currency notes; but in order to arrive at the amount of such increase or decrease it is necessary to have regard not only to changes in the amount of notes in existence, but also to changes in the portion of such amount held by the Government, and thus withheld for the time from circulation.

b. Account must be taken of the effect exercised on the amount of silver coin in circulation by any changes in the composition of the paper currency reserve. Thus, for example, an increase in the active circulation of currency notes may coincide with an increase by the same amount of the rupees in the reserve, in which case it involves no change in the circulation of rupees and notes combined, since there is a withdrawal of coin from the circulation into the reserve equivalent to the increase in the circulation of notes. Or it may coincide with an increase of the securities or gold in the reserve, in which case it represents a net addition to the circulation of rupees and notes combined. Or it may coincide with an increase partly of the rupees and partly of the securities or gold in the reserve, in which case it represents an addition—equivalent to the increase of the securities or gold in the reserve—to the circulation of rupees and notes combined.

c. Coins issued for Native States must be distinguished from the other issues from the Mints, and not treated as an addition to the amount in circulation in British India.

d. Any addition to the coin held in the gold standard reserve (and thus withheld for the time from circulation) must be treated as a diminution of the circulation. Similarly any diminution of the coin so held must be treated as an addition to the circulation.

The following statement shows in detail how the increase in the circulation in 1864-65, and the decrease in 1908-09, as given in the table, have been calculated:

Silver Coin.

	1864-65 (Lakhs).		1908-09 (Lakhs).
Net addition to silver coinage as shown by statistics of Mint operations ...	993	...	28
Deduct coinage for Native States included above	—	...	1
Amount transferred to gold standard reserve	—	...	988
Amount added to paper currency reserve	78	...	685
Total deductions	78		1,674
Net increase (+) or decrease (−) of silver coin in circulation	+915	...	−1,646

Currency Notes.

Increase (+) or decrease (−) of currency notes in existence	+208	...	−140
Increase (−) or decrease (+) of amount held by the Government, and thus withheld from circulation	− 19	...	+198
Net increase of currency note circulation	189	...	58

Silver Coin and Currency Notes combined.

Net increase (+) or decrease (−) of rupee circulation (silver coin and notes combined)	+1,104	...	−1,588

The remainder of the figures in the statement on pp. 329 and 330 for the years 1862-63 to 1908-09, have been similarly calculated.

Year.	Increase or Decrease in Circulation of Silver Coin and Currency Notes.		
	Silver Coin.	Currency Notes (Active Circulation—*i.e.*, Gross Circulation *less* Notes cashed in other Circles and Notes held in Government Treasuries).	Total, Silver Coin and Notes combined.
	Lakhs.	Lakhs.	Lakhs.
1835-36	81	—	81
1836-37	118	—	118
1837-38	213	—	213
1838-39	296	—	296
1839-40	207	—	207
1840-41	205	—	205
1841-42	216	—	216
1842-43	270	—	270
1843-44	370	—	370
1844-45	381	—	381
1845-46	304	—	304
1846-47	202	—	202
1847-48	102	—	102
1848-49	199	—	199
1849-50	194	—	194
1850-51	168	—	168
1851-52	332	—	332
1852-53	512	—	512
1853-54	460	—	460
1854-55	84	—	84
1855-56	662	—	662
1856-57	1,034	—	1,034
1857-58	1,210	—	1,210
1858-59	642	—	642
1859-60	861	—	861
1860-61	509	—	509
1861-62	629	—	629
1862-63	860	+ 95	955
1863-64	1,277	+ 49	1,326
1864-65	915	+189	1,104
1865-66	1,511	- 65	1,446
1866-67	416	+129	545
1867-68	327	+ 87	414
1868-69	394	+ 97	491
1869-70	656	+ 33	689
1870-71	127	- 21	106
1871-72	161	+151	312
1872-73	573	-169	404
1873-74	421	-130	291
1874-75	286	+170	456

Year.	Increase or Decrease in Circulation of Silver Coin and Currency Notes.		
	Silver Coin.	Currency Notes (Active Circulation—*i.e.*, Gross Circulation *less* Notes cashed in other Circles and Notes held in Government Treasuries).	Total, Silver Coin and Notes combined.
	Lakhs.	Lakhs.	Lakhs.
1875-76	275	− 39	236
1876-77	594	+ 99	693
1877-78	1,383	+ 74	1,457
1878-79	959	−130	829
1879-80	925	+132	1,057
1880-81	304	+ 56	360
1881-82	105	−109	−4
1882-83	521	+ 61	582
1883-84	490	− 62	428
1884-85	372	+224	596
1885-86	1,024	− 42	982
1886-87	485	− 42	443
1887-88	777	+260	1,037
1888-89	747	−123	624
1889-90	822	+ 5	827
1890-91	415	+706	1,121
1891-92	798	−165	633
1892-93	1,018	+307	1,325
1893-94	54	−296	−242
1894-95	−26	+283	257
1895-96	476	+ 20	496
1896-97	412	−101	311
1897-98	23	−118	−95
1898-99	−28	+326	298
1899-1901 ...	1,124	+178	1,302
1900-01	875	− 94	781
1901-02	212	+ 46	258
1902-03	45	+463	508
1903-04	1,047	268	1,315
1904-05	788	218	1,006
1905-06	1,463	416	1,879
1906-07	1,721	331	2,052
1907-08	411	−253	156
1908-09	−1,646	58	−1,588

APPENDIX III

As authentic information concerning prices in the eighteenth century is scarce, I reprint a table prepared by G. Herklots, Esq., Fiscal of Chinsurah, and published in *Gleanings in Science*, a Calcutta periodical, which was issued monthly from 1829 to 1831. There is a brief note at the head of the paper to explain that the table shows, from authentic documents, the market price of the following commodities in Lower Bengal in one

month in each year, for which generally the month of August was selected:

Year.	Rice, Best Sort.	Rice, Coarse.	Callal.	Dal.	But (Gram).	Wheat.	Ghi.	Mustard-oil.	Cowries.
1700	40	70	60	60	70	30	10	4	32
1701	30	40	60	50	50	30	8½	3¼	32
1702	40	60	70	50	70	50	7	3	32
1703	40	60	80	60	60	50	13	5½	32
1704	—	—	—	—	—	—	—	—	—
1705	—	—	—	—	—	—	—	—	—
1706	60	90	80	80	80	80	6	2¾	34
1707	—	—	—	—	—	—	—	—	—
1708	—	—	—	—	—	—	—	—	—
1709	—	—	—	—	—	—	—	—	—
1710	—	—	—	—	—	—	—	—	—
1711	—	—	—	—	—	—	—	—	—
1712	—	—	—	—	—	—	—	—	—
1713	—	—	—	—	—	—	—	—	—
1714	80	120	120	80	130	90	5¼	3½	32
1715	40	50	50	40	70	45	6½	2½	32
1716	45	55	60	45	70	45	8	2½	32
1717	40	50	40	40	50	45	7¾	4¼	32
1718	35	40	35	35	45	35	8¾	6	32
1719	32	38	35	30	40	22	8½	4½	32
1720	40	45	40	32	40	30	8	3¾	32
1721	40	45	40	30	40	25	8½	3¾	32
1722	30	35	37	30	40	25	8¾	3½	32
1723	32	35	40	30	50	25	8¾	3	32
1724	32	40	45	32½	55	27½	8¾	3	32
1725	—	—	—	—	—	—	—	—	—
1726	40	45	50	30	50	22	9	6½	32
1727	—	—	—	—	—	—	—	—	—
1728	22	30	28	30	30	18	8½	6½	32
1729	30	40	35	40	40	20	8	6½	32
1730	—	—	—	—	—	—	—	—	—
1731	—	—	—	—	—	—	—	—	—
1732	20	35	30	35	45	30	10	6	32
1733	20	35	30	35	45	30	—	—	—
1734	25	30	25	30	30	20	10½	6¼	32
1735	25	30	25	30	30	20	10⅓	6½	32
1736	24	30	24	30	30	20	10	5	32
1737	—	—	—	—	—	—	—	—	—
1738	—	—	—	—	—	—	—	—	—
1739	24	30	24	25	28	20	10¾	4¾	32
1740	25	32	25	24	30	22	10¾	4¾	32
1741	24	31	23	25	27	26	10½	4½	34
1742	20	25	18	20	24	20	11½	4¾	33
1743	—	—	—	—	—	—	—	—	—
1744	13	16	15	14	16	14	16¼	6½	36
1745	14	17	16	16	20	15	15	8½	32
1746	28	34	36	40	43	22	14	5	32
1747	18	22	22	32	40	25	10¾	5¾	32
1748	26	32	27	34	40	35	12	4¼	32
1749	—	—	—	—	—	—	—	—	32
1750	40	50	35	45	65	28	15	4¾	32
1751	30	38	39	47	70	40	16½	9½	32

Year.	Rice, Best Sort.	Rice, Coarse.	Callai.	Dal.	But (Gram).	Wheat.	Ghi.	Mustard-oil.	Cowries.
1752	10	11	17	27	20	14	15	8	32
1753	18	21	13	22	25	20	15¾	9	32
1754	22	32	22	22	23	16	14	5½	32
1755	21	33	18	24	30	19	15½	7 & 6	32
1756	23	40	32	42	59	34	15	4¾	32
1757	30	42	46	35	42	18	14¼	7 & 2	32
1758	30	37	30	32	28	23	17½	7½	32
1759	28	31	21½	16½	32½	24	17½	7½	32
1760	—	—	—	—	—	—	—	—	—
1761	—	—	—	—	—	—	—	—	—
1762	26	28	38	35	35	58	14¼	5¾	32
1763	28	25	28	40	30	20	14	6	32
1764	26	31	27½	28	32	26	18½	9½	32
1765	—	—	—	—	—	—	—	—	—
1766	14	24	18½	18	28½	16	22½	10	32
1767	—	—	—	—	—	—	—	—	—
1768	—	—	—	—	—	—	—	—	—
1769	10	11	14	13	15	13	26	12½	32
1770	3	3½	4½	4	15¼	4½	20	14	32
1771	19	24	17	15	18	17	—	—	—
1772	23	34	29	29	35	32	—	—	—
1773	29	31	44	42	50	51	17½	3	32
1774	28	32	35	40	55	45	16½	6¼	32
1775	23	27	30	36	57	36	15½	5¾	32
1776	24	30	37	36	42	40	12½	5½	32
1777	—	—	—	—	—	—	—	—	—
1778	—	—	—	—	—	—	—	—	—
1779	17½	25	20	14½	42	40	12½	5½	32
1780	20	30	25	17	45	22	19	10½	32
1781	26	38	30	32	55	28	19	9	32
1782	—	—	—	—	—	—	—	—	—
1783	—	—	—	—	—	—	—	—	—
1784	—	—	—	—	—	—	—	—	—
1785	—	—	—	—	—	—	—	—	—
1786	24	25	28	36	44	24	18	13½	67
1787	22	25½	34	27	40	30	18	12	66
1788	12	14	16	23	30	19	16½	12½	74
1789	17	24	25	27	50	24	17½	12	72
1790	18	24	24	40	90	25	17½	12½	68
1791	16	20	20	30	48	22	—	—	—
1792	17	24	29	25	36	26	—	—	—
1793	17	29	32	29	48	22	—	—	—
1794	26	37	42	54	82	45	—	—	—
1795	—	—	—	—	—	—	—	—	—
1796	—	—	—	—	—	—	—	—	—
1797	—	—	—	—	—	—	—	—	—
1798	—	—	—	—	—	—	—	—	—
1799	—	—	—	—	—	—	—	—	—
1800	—	—	—	—	—	—	—	—	—
1801	—	—	—	—	—	—	—	—	—
1802	35	38	38	—	58	33	—	—	—
1803	34½	40	53	—	40	44	—	—	—

Year.	Rice, Best Sort.	Rice, Coarse.	Callai.	Dal.	But (Gram).	Wheat.	Ghi.	Mustard-oil.	Cowries.
1804	32	42	53	—	40	40	—	—	—
1805	40	50	35	—	32	40	—	—	—
1806	35	40	42	—	49	53	—	—	—
1807	22½	26½	45	—	49	38	—	—	—
1808	33	40	42	—	39	32	—	—	—
1809	32	35	33	—	32	34	—	—	—
1810	26½	32	34	—	29	26½	—	—	—
1811	28	30	22	—	34	24½	—	—	—
1812	34	45	33	—	58	45	—	—	—
1813	34	40	35	—	32	34	—	—	—

The first six articles give the number of seers per rupee, the ghi and mustard-oil the price per maund in rupees, and the cowries the number of pans per rupee.

APPENDIX IV.—PRICES IN THE UNITED

WHEAT.

₹	1801	1802	1803	1804	1805	1806	1807	1808	1809	1810	1811	1812	1813	1814	1815	1816	1817	1818	1819	1820	1821	1822	1823	1824	1825	1826	1827	1828
Fatehpur ...											—				—													
Cawnpore ...											—				—								19	24	26	15	16	31
Etawah ...											—				—													
Etawah, Auraiya											—				—													
Farukhabad ...			47	44	45	36	43	44	38	36	52	61	39	45	48	47	15	23	20	21	40	43	27	30	41	27	15	33
Agra (1) ...											—				41	34	28	18	17	17	26	30	24	31	27	19	21	30
Agra (2) ...											—	34	21	30	42	35	28	18	17	17	27	30	24	31	28	20	22	31
Ajmer ... A.											—				—			14	15	13	16	21	21	20	17	21	25	27
Muttra ...											—		22	26	45	38	26	21	18	18	24	28	25	33	26	20	20	31
Aligarh ...				19	25	35	35	28	23	33	51	35	23	35	47	41	29	20	19	19	29	33	29	34	29	26	33	35
Bareli					46	46	49	54	37	39	65	56	37	56	73	56	43	26	23	18	44	55	32	43	31	22	37	48
Bareli, Kror ...											—				—													
Bareli, Faridpur											—				—			24	23	49	55	32	43	39	25	34	54	54
Sarauli ...											—				—													
Bisalpur ...											—				—													
Nawabganj ...											—				—													
Pilibhit ...											—	32	42	—	—	26	27	23	18	26	40	32	20	37	30	30	28	36
Jalalabad, Muzaffarnagar											—				—						28	34	40	47	45	30	35	46
Shamli, Muzaffarnagar											—				—													
Muzaffarnagar											—				—			30	23	24	28	34	40	47	46	30	35	46

BARLEY.

Fatehpur ...											—				—													
Cawnpore ...											—				—								28	35	35	19	26	50
Farukhabad ...			69	58	59	47	58	63	39	39	78	77	66	62	74	73	21	28	28	28	40	63	21	48	55	38	23	69
Agra (1) ...											—				62	55	39	22	22	21	37	46	35	44	30	24	35	39
Agra (2) ...											—	51	25	45	62	36	40	23	23	22	38	47	35	44	36	26	33	43
Muttra ...											—		31	52	61	50	39	29	30	21	46	46	36	40	31	26	35	48
Bareli					67	75	73	85	51	57	110	95	53	96	113	87	66	34	36	36	66	83	46	66	66	33	66	90
Faridpur ...											—				—													
Sarauli ...											—				—													
Nawabganj ...											—				—													
Pilibhit ...											—				—		40							60	—	56	—	—
Jalalabad ...											—				—						35	50	70	70	75	40	50	65
Shamli ...											—				—													

PROVINCES BEFORE 1861.

WHEAT.

1829	1830	1831	1832	1833	1834	1835	1836	1837	1838	1839	1840	1841	1842	1843	1844	1845	1846	1847	1848	1849	1850	1851	1852	1853	1854	1855	1856	1857	1858	1859	1860
—	22	22	26	22	21	21	20	19	21	19	18	19	22	25	23	21	22	24	27	30	25	—	—								
33	27	26	30	28	26	28	24	19	14	20	20	22	25	29	27	26	25	—	—	—	—	—	—								
—	—	—	—	—	—	—	—	—	—	26	23	27	30	31	32	31	27	30	—	45	42	47	31	29	30	28	34	28	33	30	25
—	—	—	—	—	—	—	—	—	—	—	—	31	35	37	31	28	28	30	40	40	50	53	40	30	31	40	34	27	26	28	25
37	32	34	45	38	27	48	34	30	14	34	29	27	26	35	32	32	34	36	44	48	42	44	45	34	25	40	34	29	33	31	24
36	34	31	34	31	25	29	32	23	13	20	—	—	—	—	—	—	—	—	—	—	—	—	—								
36	35	31	34	31	25	30	32	23	14	20	23	30	31	15	31	27	27	29	29	14	35	25	27	26	29	36	35	22	23	23	20
25	26	26	32	25	12	17	22	22	18	17	11	15	19	20	18	18	19	19	14	14	18	21	22	14	27	24	24	26	27	24	18
36	37	32	41	31	27	36	—	—	—	—	23	25	28	30	30	34	32	31	30	37	40	41	28	29	30	40	36	—	—	—	—
39	40	35	37	—	—	—	—	—	—	—	—	—	—	37	36	33	33	34	38	46	48	—	29	28	—	—	—	—	—	—	—
56	46	38	28	40	32	31	34	24	17	22	29	29	58	41	46	43	35	37	44	43	49	48	52	30	41	34	46	37	46	49	38
—	—	—	—	—	—	—	—	—	16	22	22	44	31	34	32	26	27	33	32	36	36	39	23	31	26	35	28	35	37	20	20
50	—	—	—	—	—	—	—	19	21	34	31	30	43	45	36	39	42	51	51	51	49	31	30	39	42	57	31	51	38	26	19
—	—	—	—	—	—	—	—	—	—	30	25	35	28	22	30	20	25	25	27	20	20	25	40	25	25	22	30	30	45	30	32
—	—	—	—	—	—	—	—	37	26	46	40	37	53	57	57	51	46	53	60	60	53	38	38	46	50	60	53	43	56	46	30
—	—	—	—	—	—	—	—	—	—	—	—	22	27	33	27	35	28	28	27	38	24	36	34	29	29	28	38	36	37	27	22	12
45	35	30	32	22	30	33	24	20 15 11	10	—	20	26	34	—	—	23	20	36	39	—	30	—	35	37	25	—	—	—	—	—	—
44	46	40	50	40	30	40	50	35	20	20	20	24	25	40	40	36	24	31	40	35	40	49	25	35	35	47	42	40	38	35	24
—	—	—	—	—	—	—	—	—	—	—	—	—	22	23	29	37	35	30	27	28	32	30	34	44	28	33	33	45	27	32	32	34
44	46	40	50	40	30	40	50	35	20	20	20	24	25	40	40	36	24	31	40	35	40	49	25	35	35	47	42	40	38	35	24

BARLEY.

—	30	31	40	32	25	26	26	24	27	23	23	22	25	28	30	30	30	30	34	40	41	—	—								
55	40	35	45	39	34	39	32	22	18	32	30	29	34	43	42	40	37	—	—	—	—	—	—								
82	48	44	65	56	43	65	44	41	15	50	29	29	36	55	42	44	44	48	69	55	55	75	69	44	28	60	41	38	36	37	26
46	39	31	37	32	27	42	44	29	16	28	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	37	22
52	46	39	47	40	34	43	45	30	16	29	30	35	40	20	51	44	40	46	42	16	56	53	36	40	50	54	47	36	36	34	27
51	51	45	50	45	40	59	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
120	73	60	81	81	68	47	—	52	37	28	46	44	46	65	66	75	56	44	66	70	67	75	107	48	60	56	80	45	80	80	60
—	—	—	—	—	—	—	—	24	25	51	44	45	63	70	66	60	66	72	63	60	58	43	51	51	51	76	43	70	51	44	25
—	—	—	—	—	—	—	—	—	—	40	35	45	35	30	35	25	32	30	32	25	25	30	60	30	30	28	34	35	70	40	40
—	—	—	—	—	—	—	—	—	—	—	62	54	61	33	47	44	41	34	59	51	61	52	49	39	34	49	40	44	47	34	17
80	—	{60 37}	—	40	—	70	—	—	—	—	—	—	60	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
60	60	55	70	45	35	55	65	50	25	30	30	35	35	45	55	45	35	40	50	40	55	90	35	50	50	95	60	70	70	40	30
—	—	—	—	—	—	—	—	—	—	—	—	32	28	40	45	50	40	31	45	60	46	60	52	35	52	60	55	40	55	50	60

PRICES IN THE UNITED

GRAM.

	1801	1802	1803	1804	1805	1806	1807	1808	1809	1810	1811	1812	1813	1814	1815	1816	1817	1818	1819	1820	1821	1822	1823	1824	1825	1826	1827
Fatehpur ...																							—				—
Cawnpore																							27	37	28	16	21
Agra ...												48	21	33	48	39	32	19	21	20	26	34	40	47	37	24	34
Muttra ...												—	23	37	48	40	30	23	23	22	28	38	43	49	32	25	36
Aligarh ...				23	27	50	56	35	29	38	67	49	23	38	49	34	31	20	20	20	29	35	43	44	33	19	30
Faridpur ...																	—	25	25	58	75	47	44	47	33	45	51
Sarauli ...																							—				—
Nawabganj																											
Pilibhit ...																			23	28	—	60	{32 26}	—	—	37	{39 28}
Jalalabad ...																					32	45	60	60	70	35	45
Shamli ...																							—				—

JUAR.

Farukhabad	—	—	82	62	69	43	44	52	38	45	52	60	56	55	62	47	17	17	22	24	53	37	26	43	69	40	30
Agra (1) ...															58	48	31	21	21	19	32	37	29	38	30	24	35
Agra (2) ...												43	25	40	59	49	32	22	22	19	33	37	29	38	31	24	35
Aligarh ...																							—				—
Kror, Bareli																							—				—
Jalalabad .																						50	—	47	37	20	50
Shamli ...																							—				—

BAJRA.

Agra (1) ...															53	45	32	19	21	19	35	37	29	36	28	23	30
Agra (2) ...												41	24	43	53	45	33	20	22	20	36	38	30	37	29	24	30
Aligarh ...																							—				—
Bareli ...					69	57	58	48	—	95	37	61	76	93	66	60	24	38	33	32	69		29	48	50	26	30
Kror, Bareli																							—				—
Faridpur ...																	35	35	40	73	45		55	45	29	36	50
Nawabganj																							—				—
Bisalpur ...																											
Jalalabad ...																					30	40	35	40	25	20	—

PROVINCES BEFORE 1861—*continued.*

GRAM.

1828	1829	1830	1831	1832	1833	1834	1835	1836	1837	1838	1839	1840	1841	1842	1843	1844	1845	1846	1847	1848	1849	1850	1851	1852	1853	1854	1855	1856	1857	1858	1859	1860
—	—	28	29	32	31	22	23	22	21	28	27	28	27	32	36	31	30	31	31	31	42	53	—	—	—	—	—	—	—	—	—	—
38	50	34	25	34	33	21	32	28	22	17	31	27	29	28	38	32	36	36	—	—	—	—	—	—	—	—	—	—	—	—	—	—
36	50	45	39	47	38	28	36	41	30	14	25	27	30	30	19	50	38	40	34	29	15	52	60	40	26	32	50	41	38	43	42	24
46	56	51	45	61	42	32	46	—	—	—	—	—	—	—	25	35	40	44	34	25	41	60	52	34	27	23	47	38	55	54	42	13
43	49	49	42	53	—	—	—	—	—	—	—	—	—	—	—	44	45	37	40	41	40	54	63	36	30	—	—	—	—	—	—	—
84	64	—	—	—	—	—	—	—	21	20	44	36	38	45	57	45	48	57	62	51	51	51	40	43	45	44	63	38	62	40	40	24
—	—	—	—	—	—	—	—	—	—	—	35	28	40	29	24	32	22	27	27	30	22	22	27	45	27	28	25	32	32	70	35	35
—	—	—	—	—	—	—	—	—	—	—	—	22	30	33	34	32	32	31	25	46	37	50	37	52	34	26	40	36	36	36	28	12
53	46	41	{35 29}	52	—	34	—	23	—	—	—	—	30	—	—	—	—	—	40	—	—	36	—	45	40	30	—	—	—	—	—	—
57	55	57	55	65	45	28	50	60	45	21	25	22	28	35	40	50	—	30	—	45	38	50	75	32	45	41	65	52	57	57	35	25
—	—	—	—	—	—	—	—	—	—	—	—	—	24	23	31	31	40	35	28	33	40	37	39	47	30	42	37	50	32	49	40	50

JUAR.

38	32	38	40	41	34	35	55	56	44	18	69	55	55	44	48	40	26	45	43	55	62	55	69	48	36	34	38	55	41	38	32	24
29	46	39	31	37	32	27	41	40	25	20	34	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	34	21
40	47	40	32	37	33	27	41	41	26	20	34	28	32	33	20	45	34	45	40	40	19	42	55	38	37	40	50	39	30	30	26	13
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	42	41	39	38	30	55	64	59	40	31	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	38	53	34	32	48	48	64	48	38	40	72	48	70	72	48	48	30	64	64	48	68	40	24
70	—	50	60	50	—	50	60	40	25	32	—	—	38	38	42	40	10	35	29	25	35	50	38	45	—	45	50	50	50	35	30	—
—	—	—	—	—	—	—	—	—	—	—	—	—	21	35	31	36	40	40	30	25	40	31	40	50	40	35	39	46	41	50	26	35

BAJRA.

36	44	39	31	35	30	28	38	34	25	18	31	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
37	45	39	32	35	31	28	39	34	26	19	31	29	32	33	18	40	30	40	35	37	18	38	50	35	35	40	46	34	21	21	26	13
—	—	40	41	33	36	36	43	61	56	30	29	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
45	93	60	70	51	51	46	52	48	30	17	42	41	36	49	49	53	50	42	49	49	46	80	66	66	53	49	41	87	35	80	45	36
—	—	—	—	—	—	—	—	—	—	33	32	28	38	38	40	39	32	38	38	36	60	50	50	40	38	32	66	27	60	35	28	11
100	68	67	45	—	—	—	—	—	16	56	38	34	51	57	51	40	51	78	57	76	76	73	70	40	47	66	65	38	51	38	76	20
—	—	—	—	—	—	—	—	—	—	—	—	27	30	—	—	37	30	31	35	42	45	49	45	31	21	36	48	45	46	28	13	13
—	—	—	—	—	—	—	—	—	26	60	43	41	60	50	63	56	53	60	80	60	—	—	—	50	46	80	63	33	46	50	33	
50	50	40	45	35	20	45	50	35	30	25	30	25	35	35	35	35	40	30	28	22	28	40	32	35	25	40	40	40	—	28	25	10

NOTE TO PRICE-LISTS.

I append below the authorities from whom I have taken the various price-lists in the foregoing table. In the majority of cases they have been taken from the reports of settlement officers, who have usually derived their information from the account-books of the local grain-dealers.

The records appear to me to differ in value. The prices returned for Fatehpur and Cawnpore appear to me to be unaccountably high; they have, besides, a suspicious steadiness which is not characteristic of the most trustworthy price-lists. The high prices of Ajmer are noticed by the settlement officer, who remarks that 'high prices were caused by deficiency here.'

I have placed side by side two independent records for Agra. The very slight difference between them may be due to the fact that one dealer may have effected heavier sales in the dear months than the other, and therefore his total for the year would show a higher average; and, indeed, the difference may be accounted for by several plausible explanations. On the other hand, the close agreement of the two independent records affords a strong presumption of their trustworthiness.

I should select as particularly characteristic and trustworthy the price-lists for Farukhabad, Agra (2), Aligarh, Bareli, Pilibhit, and Muzaffarnagar:

Fatehpur: 'Statistical Report of the District of Fatehpur.' C. W. Kinloch, 1852.

Cawnpore: 'Statistical Report of the District of Cawnpore.' R. Montgomery, 1849.

Etawah: 'Report of the Settlement of the Etawah District.' C. H. J. Crosthwaite, 1874.

Etawah, Auraiya: 'Report of the Settlement of the Etawah District.' C. H. J. Crosthwaite, 1874.

Farukhabad: 'Report of the Settlement of Farukhabad District.' H. F. Evans, 1875.

Agra (1): 'Report of the Settlement of Mainpuri District.' C. H. J. Crosthwaite, 1875.

Agra (2): 'Report of the Settlement of the Agra District.'

Ajmer: 'Report of the Settlement of Ajmer and Mhairwarra Districts' J. D. La Touche, 1875.

Muttra, 1813-35: 'Report of the Settlement of the Muttra District.' R. S. Whiteway, 1879.

Muttra, 1840-56: 'Report of the Settlement of the Mainpuri District.' C. H. J. Crosthwaite, 1875.

Aligarh, 1804-32: *Asiatic Society Journal*, vol. iii., p. 621. Edward Stirling, taken from the 'Kotwali Records of the Town of Coel.'

Aligarh, 1844-53: 'Aligarh Statistics' (1803-56). J. R. Hutchinson.

Bareilly: 'Report of the Settlement of the Bareilly District.' S. M. Moens, 1874. (The weights here are in seers; 1 seer = 2 pounds avoirdupois.)

Kror: 'Report of the Settlement of the Bareilly District.' S. M. Moens, 1874, quoted in the *Revenue Reporter*, vol. ii., p. 173. (The weights are in the Bareilly a pakka seer = 2·68 pounds avoirdupois.)

Faridpur: 'Report of the Settlement of the Bareilly District.' S. M. Moens, 1874. (In seers, estimated at 2 pounds avoirdupois.)

Sarauli: 'Report of the Settlement of the Bareilly District.' S. M. Moens, 1874, quoted in the *Revenue Reporter*, vol. iv., p. 231. (In Bareilly seers.)

Bisalpur: 'Report of the Settlement of the Bareilly District.' S. M. Moens, 1874. (The seers are estimated at 2 pounds avoirdupois.)

Nawabganj: 'Report of the Settlement of the Bareilly District. S. M. Moens, 1874, quoted in the *Revenue Reporter*, vol. v., p. 183. (In Bareilly seers.)

Pilibhit: Collected for me by my friend and former pupil, Maulvi Alaul Hasan Sahib, B.A., Deputy Collector, from the account-books of Jai Ram Das and Zoki Ram (brothers). (The weights are given in the Pilibhit seer = 105 Government rupees, the ordinary reckoning being 1 seer = 80 rupees.)

Jalalabad: 'Settlement Report of the Ganges Canal Tract of the Muzaffarnagar District.' Allen Cadell, 1878.

Shamli: 'Settlement Report of the Muzaffarnagar District.' S. N. Martin, 1866.

Muzaffarnagar: 'Report on the Permanent Settlement of the Western Pargannahs of the Muzaffarnagar District.' A. Cadell.

The three last price-lists from the Muzaffarnagar district will be found together in the 'Settlement Report of the District of Muzaffarnagar, 1882.'

INDEX

ABUL FAZL, 160
Act IX. of 1833, 67
X. of 1859, 67, 68
of 1904, 125-127
XII. of 1881, 70
Adam, J., 24
Agra, 73, 74, 236, 267
famines affecting, 258, 262, 263, 270, 276
prices at, 222, 224, 225
province of, 76, 77, 80, 257, 266
Agricultural indebtedness, Chapters V. and VI.
Organization Society, 165
Agriculture, benefit of co-operation in, 163
comparative importance of, in India and England, 12
dependence of population on, 243
efficiency of Indian, 212, 213
poorly supplied with capital, 146
Agriculturists' Loan Act XII. of 1884, 153
Ajmer, 304
Akbar, 157
Alexander, E., Settlement Report, 1881, 43, 51-55, 59
Aligarh, 24, 29, 41, 267
early fiscal history of, 33-35
famines affecting, 262, 263, 270, 271
Settlement Report, 1874, 33, 49
Allahabad, 261, 263, 267, 270
Almorah, 267
Amaldari, 43, 46, 48, 52
Ambala, 169
America, 299, 300
Amroha, 51, 55, 56, 57, 59, 61
Artisan house of the village, 234
mode of living, 179
remuneration of, 175-178
Assessments, excessive nature of early ones, 31, 32, 34, 35
modern principles of, 37
Assets of a landlord, 18, 19
percentage of, ceded to proprietors, 31
Atkinson, Ed., author of 'Distribution of Products,' 173
Atkinson, F. J., 7, 320
Austria, agricultural indebtedness of, 89
Azamgarh, 231

Badaun, District Bank of, 131
Baden-Powell, B. H., 15, 19, 22, 29, 64, 65, 78
Balfour, T., 26
Baniya, 221-223, 230, 231
Banks, land, 108-110
Barber, 175
Bareilly, 49, 103, 262, 304
Bareli. See Bareilly
Batai, 43-50
system, evils of, 49-54
Behar, 250, 251, 257, 260, 263
Benares, 77, 261, 270, 276
Bengal, co-operative societies in, 126
great famine in 1769-70, 247, 249-253
indebtedness of cultivators in, 102
permanent settlement of, 23, 28, 65
rights of landlord in, 21, 23, 27
Tenant Law of 1885, 77, 80
Berne, 108
Biaha, 45
Bilari, 49, 59
Blacksmiths, wages of, 175, 176, 178
Bombay, 149, 181, 189, 254
Bulandshahr, 71, 263

Bundelkhand, 116, 156, 162, 254, 276, 280, 289
Burma, 273

Calcutta, 169, 270, 273
Campbell, Sir G., 259
Canals, limited power of irrigation by, 285
of the United Provinces, 157-161
profit and loss to State on, 160, 161
Capital, agricultural, Chapter VII.
co-operation a means of supplying, 163-168
efforts of State to supply tenants with, 153-156. See *Takavi*
food not reckoned as, 84, 85
universal need of, in agriculture, 146
Carpenter, wages of village, 175, 176, 179. See Appendix, Chapter VIII.
Cawnpore, 261, 263-265, 267, 270, 271
Ceded and Conquered Territories, the, 8, 23, 24, 260
Chamar, wages of, 176, 196-198
Chatterji, A. C., 182, 183
Chinsurah, 257
Code Napoleon, 117
Coinage Acts of 1835, 1870, and 1893, 293, 298, 311
Colebrooke, Sir J. E., 27, 28, 62, 63
Communication, imperfect means of, 180, 271
improvement in means of, 217, 229, 271
Competition in India, 3, 15, 16
Co-operative agriculture in Belgium, 165, 166
in Denmark, 164, 165
possibilities of, in India, 167, 168
credit in Germany, 117
societies, initiation of, in India, 125-135
Cox, R. W., 23
Credit, easy, a danger, 107-110
necessary to agriculturists, 86 *et seq.*, 116
Crooke, William, 103, 175, 178, 179, 193, 197, 198, 201, 213, 232
Cultivator, the, Chapter IX.
good work of Indian, 212
higher prices now gained by, 229
Cultivator, house and mode of life of the, 232-236
Currency, Chapter XII., and Appendices I. and II.
gold, increased use of, in Europe, 300, 301
new, policy in 1893, 312-315
Paper, Reserve, 315, 318

Dalhousie, Lord, 270
Delhi, 258, 263, 270
Delitzsch, Schulze 99, 118, 120, 126
Denmark, agricultural indebtedness, 92, 95
revival in, 164, 165
Dhala, 44, 46, 47, 48
Division of labour, 171 *et seq.*
Doab, the, famines in, previous to construction of canals, 160, 254, 260, 263, 284, 285
wages and prices in, 193, 270

East India Company, committee on affairs of, 103
Ejectments, more frequent in years of prosperity, 73-75
Elphinstone, Mountstuart, 102
England and Wales, census of workers in, 11
Englishman, The, newspaper, 264
Entrepreneur in India and Europe contrasted, 5, 216
the artisan as, 186
the Indian cultivator as, 210, 211
Etah, 74, 103
Etawah, 74
Exchange, methods adopted to maintain, 314-319

Famine = interruption of the agricultural industry, 243-44
Code, 274
Commission of 1880, 64-70
relief, organization of, 275, 276
principle of, 274, 275
the Bengal, of 1769-70, 247, 249-253
the Chalisa, of 1783-84, 244, 246, 247, 254, 257-261
the Doab, of 1803-04, 254, 260-262
the Doji Bara, of 1790-92, 246, 247
the North-West Provinces, of 1896-97, 272 283
the United Provinces, of 1837-38, 254, 262-268

Famines, Chapters X. and XI.
eighteenth-century, summary of, 246-248
gradual change in, since 1853, 269
histories of, mentioned, 248
how to mitigate, 284-287
in the Doab previous to irrigation, 160, 254
previous to introduction of railways, 254-268
prominence of present day, 244, 245
Faqir, 174, 176
Farming, Indian, high standard of, 212, 213
Farukhabad, 41, 266, 267, 270
Fatehgarh, 261, 262, 271
Fatehpur, Central Bank of, Report, 129, 143-145
Ferozpur, 178
Feudatory States, good work of, in famine, 266
Field labourer, the, 191-200
Flammersfeld, 120
Food-stuffs, rise in value of, 320, 321
France, 86, 87, 306
agricultural indebtedness in, 88, 89, 97, 98, 114
Frankenheim, 125
Fremantle, S. H., 132

Ganges, the, 249, 251, 265, 270, 271
Canals, Upper and Lower, 157, 270
Germany, agricultural indebtedness, 89, 99, 100, 109
prices in, 307
Ghazipur, 103, 197, 240
Girdlestone, C. E. R., historian of the North-West Provinces famines, 248, 256, 258, 260, 262
Gold Exchange Standard, 318, 319, 321, 322
fluctuation of, as standard of value, 320, 321
prices, rise and fall in, 320, 321
rise in value of, 309-310
sovereigns imported from Europe, 314, 315
Standard Reserve, 314, 316, 317, 322
the currency of commercial nations since 1874, 309
Gorakhpur, 260, 276
Grain carried by private trade in time of famine, 273
Grain, excessive profits made in, 270
immobility of, before introduction of railways, 218, 229, 249, 253, 254, 256, 262, 267
mobility of, since middle of nineteenth century, 269, 270, 273
Grand Trunk Road, 169, 271
Gurdaspur District, 130
Gurgaon, 263
Gwalior, 270

Hamirpur Lake, canal of, 158, 162
Hand-looms, 183-185
Hand-weaving, 183, 188
Hardoi, 227
Harvest, a good, not always favourable to cultivator, 217
low prices after the, 219
prices, 218-231, 237-240
Hasanpur, 48, 51
Hastings, Warren, 260
Heber, Bishop, 217
Hunter, Sir W. W., 253
Hutchinson, J. R., 41

Indebtedness, agricultural, Chapters V. and VI.
of cultivators in Europe and India compared, 104, 105, 112
of farming class in Europe, 86 88, 94, 96, 97, 108
of Indian cultivator not exceptional, 85, 97
of peasantry in Austria, 89
in Bengal, 102
in Denmark, 92
in France, 88, 89, 97, 98, 114
in Germany, 89, 99, 100, 109
in Italy, 92, 100, 101
in Norway, 90, 91, 109, 110
in Prussia, 90, 110-114
in Sweden, 90, 109
in Switzerland, 92, 108, 110
Industrial organization in Europe and America, 173
of India, 180, 181
Ireland, analogies with India, 81

Irrigation, Chapter VII.
Commission, 1901-03, 151-156, 159, 286
works by private individuals, 147-156
by the State, 156 *et seq.*
cost to State of, 158
profit to State of, 158, 160-162
Italy, agricultural indebtedness, 92, 100, 101

Jalali, 24, 25
Jalaun District, 161, 217-219
Jamna, 148, 150, 157, 258, 264, 270
Jhansi Lake, canal of, 158, 162
Jhils, 151
Jubbulpoor, 270
Jumna. See Jamna

Kankut, 43, 46, 49, 57
Karamnasa, 257
Karinda, 45, 47
Kashmir, 308
Keene, H. G., historian, 259
Khakiuna, 45
Kharch, 44, 45, 48
Kharif, 242, 261
Koïl, 24, 25
Kumaon, 171, 276
Kutch, 246, 247

Labour, difficulty of obtaining, for factories, 182
Labourer in India, condition of, 4-7
the field, 191-200
Laissez faire, doctrine no longer followed, 154, 211
Land Alienation Act XIII. of 1900, 116
competition for, 40-61
economic doctrine of, 19, 22
Improvements Loan Act XIX. of 1883, 153
nationalization, 19, 21, 30
ownership, English doctrine of, 18, 19, 22, 29, 30
Indian doctrine of, 18, 19, 26, 30, 39, 80
public and private, Chapter II.
revenue, 18-20, 22, 26
tax, proposed permanent settlement, 22-25
Landlord, antagonism between, and tenant, 69-71, 75
Landlord, improvements rarely made by, 146
position of, at beginning of nineteenth century, 40, 41
rack-renting by, 55-61
rights of the, 18
Lawrence, John, 263
Leases, long-term, 79
Leslie, T. E. Cliffe, 306, 307
Loans advanced by State for agricultural improvements, 155, 156
Lower provinces, 23
Lucknow, 258
Luzzati, Signor, 133
Lyall, Sir Alfred, 71, 76

McConaghey, M. A., 31, 32, 35
MacDonnell, Sir Anthony P., 159, 161, 272, 274, 282, 285
Mackenzie, Holt, 102, 105
Madras, 120, 149, 183
Mahajan, house of the, 234. See Money-lender
Maine, Sir H., 15
Mainpuri, 31, 32, 33, 35, 222, 224, 225, 226, 238-240
Mallet, Sir L., 21
Manufacturing industries, obstacles to establishment of, 181
Meerut, 71, 79, 270, 276
Metayer tenure, 43, 48
evils of, 48, 49
Mexico, currency policy of, 319
Mill, James, the historian, 245, 247
Mill, James Stuart, 25, 30, 43, 62
Mints closed to free coinage of silver, 311, 319, 320
renewed activity of, 314
Mirzapure, 236
Moens, S. M., Settlement Report of Bareilly District, 1874, 49, 51, 53, 103
Monetary system since 1893, 312, 313
Money, Chiozza, 7
Money, effects of depreciation of, 308-312
increased use of, 297, 298
little used in early days, 296-297
purchasing power of, 303, 304, 305
supply of, 298
value of, how determined, 295
Money-lender, Chapters V. and VI.

Money-lender, both capitalist and usurer, 82, 85
divergent views concerning, 101
house of, 234
Monkeys, nuisance of, 233
Moradabad, 44, 48, 52, 53, 59, 75, 297
Mortgage of land forbidden in parts of India, 116
great increase of, in Europe, 112-115
Mustafabad, 238, 239
Muttra, 74, 219, 221, 222, 236, 237, 270

Nadrai, 194
Naini Tal District, canals of, 158
Nazar, 44, 45
Newnham, H., 28
Nicholson, Sir F. A., 86, 88, 94, 108, 115, 117, 118, 120
Non-occupancy tenants, 77, 78
ejectment of, 79, 80
North-Western Provinces, 67, 72
and Oudh, 8, 104, 176, 274
Tenancy Act, 77
Norway agricultural indebtedness, 90, 91, 109, 110

Occupancy rights, 67, 69, 72, 73, 75, 76
how to be acquired, 78, 79
tenants, 67, 68, 69, 72, 74, 77, 78
decrease of, 76
hostility of landlord to, 69
superior condition of, 70
Orissa, famine in, 1866, 257
Oudh, 251, 257, 276, 285
landlord's rights recognized in, 21
tenants in, 68
wells in, 149

Paper Currency Reserve, 315, 318
Pauper, an Indian, 198, 199
Permanent settlement, hopes entertained of, 23-25
in Bengal, 23, 28, 65
in the Ceded and Conquered Territory, 23, 24, 27-29
Peshawar, 169
Philippines, currency policy, 319
Plough, the Indian, 215, 216
Plunkett, Sir Horace, 80, 81, 133
Poona, Industrial Conference, 106
Population, agricultural, distribution of, 12, 13, 14
of England and Wales, 11
of United Provinces, 10
Potter, 174-176
Pratt, E. A., author of 'Organization of Agriculture,' 165, 167
Price Lists, note to, 338, 339
Prices, effect of railways on, 218, 229, 305
equalization of, 304
'harvest' and 'bazaar,' 218-231, 237-240
in eighteenth and nineteenth centuries, Chapter XII., Appendix III.
in United Provinces before 1861, Chapter XII., Appendix IV.
made steadier by Gold Exchange Standard, 319
rise of, in Europe, 306-308
in India since 1893, 320-322
in sympathy with gold prices, 322
'Prices and Wages,' Government publication, 303, 304
Prussia, 87, 88
agricultural indebtedness, 90, 93, 94, 110, 112-114
Punjab, 105, 116, 149, 169, 257
co-operative banks in, 127, 130
Purneah, famine in, 251

Quadrennial Settlement, 32
Quinquennial Settlement, 32

Rabi, 242
Rack-renting, 55-60, 70
Raiffeisen, founder of co-operative banks, 99, 118-120, 124, 126, 133
Banks, educative influence of, 121, 135
general features of, 120-123
Railways, 169, 170, 218, 229
cause rise in prices, 307, 308
great extension of, 271, 273
the East India Railway, 270
Raipur, 305
Rajputana, 156
Ranade, Justice, 106, 107, 132, 286, 287
Ratnigiri, 305

Reaping, wages for, 194
'Record of Rights,' 29
Registrars of Co-operative Credit Societies, good work of, 126, Conference of, 132
Regulation VII. of 1822, 29, 31, 67
IX. of 1833, 29, 37
X. of 1807, 23
Relief works, organization of, 274-282
Rent Act, 1873, 68
1881, 70
methods of paying, 42, 43
Rents, how determined in India, 40 *et seq.*
payment of, in cash, 53-55, 57
in kind. See *Batai*
rack-renting, 55-60, 70
Revenue Administration Report, 1891-92, 73; 1892-93, 74; 1893-94, 75
Revenue Records, 1818-20, *quoted*, 24
Revenue Reporter, 41, 42
Roads, 169, 170, 217, 255
construction of, tends to equalize prices, 305
Grand Trunk Road, 169, 271
metalled, 270
Rohilkhand, 75, 254, 256, 260, 262, 263, 276
Rose, E., 103, 195, 197, 198, 208
Rupee, circulation of See Chapter XII., Appendix II.
depreciation of, 309-312, 316, 317
increased coinage of, 314
its value in relation to gold, 312, 313
Ryot, the, 28

Sambhal, 59, 60
Sandila, 227, 228, 240
Sands, W. J., Collector of Bareilly, 26, 27
Sauerbeck, A., 320
Saxe-Weimar, Grand Duchy, 124
Scotland, remote parts analogous to India, 171, 172
Serampore Weaving Institute, 188-190
Settlements, dates of various land, 32
First Triennial, 32, 34
Second Triennial, 32, 34
Sikhs, 258, 259
Silver coin See Chapter XII., Appendix II.
Silver, free coinage of, discontinued, 311
increased supply of, to India, 301, 302
Smeaton, D. M., 31, 48, 61
Smith, Adam, 171, 172
Smith, Colonel Baird, 262, 267, 270, 271
Smith, W. H., Settlement Report of 1874, 33, 35, 36, 37, 49
Spain, 306
Statistical Atlas of India, 31
Steam-power not essential to weaving industry, 182, 183
Strachey, Sir John, 255, 297
Straits Settlements, currency policy of, 319
Sub-proprietors, rights of, 27, 28
Sullivan, H. E., 65
Sutlej, 257, 259
Swadeshi movement, 287
Swann, F. S. P., 132, 136
Sweden agricultural indebtedness, 90, 109
Switzerland agricultural indebtedness, 91, 92, 93, 95, 108, 110

Takavi, 153, 154, 155
Talukdars. See Talookdars
Talookdar, 26, 68
Tanks for irrigation, 150, 151, 156
Tenancy Act, North-Western Provinces, 1901, 77
Tenant, five classes of, recognized by law, 77
Government desire to protect rights of, 65, 67, 68, 76
position of, legally defined, 63
privileged, 67, 68
semi-proprietary rights of, 18, 28
supported his landlord in war, 40, 41
traditional rights of, 63-66
'tenant-at-will' and 'occupancy-tenant,' 67, 68, 70
Tenants-at-will, 67, 68, 70, 71
ejectment of, 73, 74, 75
Tenure, fixity of, 62-81
Thakurdwara, 45
Trade unions, 289-291
Transport, famine due to lack of, 271
good means of, essential to agriculture, 169
India poorly supplied with natural means of, 169
low prices owing to lack of, 169

Triennial Settlement, 32, 34
Tucker, H. G., 23
Twining, Thomas, travels in India, 24

Unao, 132
  District, co-operative societies in, 136-142
Unemployed, relief of the, in India, Chapter XI.
  work assigned to, 275
Unemployment in England and India compared, 288-292
United Provinces, 10, 38, 39, 116
  co-operative societies in, 127, 130-133
  famines of, 253
  irrigation in, 147, 149, 150, 157
  of Agra and Oudh, 8, 9
  prices in, before 1861. See Chapter XII., Appendix IV.
  rivers of, 255
U.S.A. Consuls' Reports on Credit and Trade Systems, 109
  number of farms mortgaged in, 114
Usury in France, 97, 98
  in Germany, 99, 100
  in India, 102, 103
  in Italy, 100, 101

Varlez, M. Louis, 166
Village, the, in India, 10-16
  houses of, described, 232-236
Village, a self-sufficing industrial unit, 172, 174
  servant, 192, 195, 199, 200
Voelcker, Dr., 212, 216

Wages of barbers, 175
  of carpenters, 201 *et seq.*
  of field labourers, 193 *et seq.*
  of potters, 175
  of washermen, 175
Washerman, 175
Wazan kashi, 45
Weaver, condition of village, 208, 209
Weaving industry, 183-191
  schools, 188-190
Wells, area irrigated by, in United Provinces, 147-150
  kachcha, or temporary, 148, 150
  pakka, or permanent, 148, 149
Westerwald, 118
White, P J., 218, 219, 221
Whiteway, R. S., 219, 222
Wolff, H. W., 'People's Banks,' 119, 124
Wollemborg, S., 120
Würtemberg, 100

Zabti, rates and crops, 46, 48, 54
Zamindar. See Zemindar
Zemindar, better-class yeoman, 12, 20, 26-28
  meaning of term, 13
  mode of living, 232-234
  number of, 12
  rights of, 65

THE END

BILLING AND SONS, LIMITED, PRINTERS, GUILDFORD