Land Tenure Systems in the late 18th and 19th century in Colonial India

Dr. Hareet Kumar Meena
Assistant Professor, Department of History
Indira Gandhi National Tribal University
Madhya Pradesh, INDIA

Abstract: Tax from the land remained a primary source of revenue for the kings and emperors since time immemorial. Nevertheless, the ownership pattern of land had witnessed changes over centuries. In the pre-capitalist stage of Indian economy, the idea of absolute ownership did not exist. All classes connected with land possessed certain rights. Unlike, the ancient and medieval period, the British imperial rule unleashed far-reaching changes in Indian agrarian structure. New land tenures, new land ownership concepts, tenancy changes and heavier demand for land revenue brought havoc changes, both in rural economy and social web. From their beginning, as political masters, the English Company relied on land revenue as the principal source of income for the functioning of state. Up to a first approximation, all cultivable land in British India fell under one of the following three alternative systems- (a) landlord based system (zamindari), (b) an individual cultivator-based system (ratiyewari), and (c) village-based system (mahalwari). British mercantile interests coupled with Free Trade principles sought to derive the maximum economic advantage from their rule in India. However, excessive land revenue demand proved counter-productive. Agriculture began to languish; large areas went out of cultivation. Henceforth, an era of famines started, which has been termed as ‘man-made’ rather than natural.

Keywords: Commercialization of agriculture; Diwani rights; Ryot; Mahal; Land revenue; Rural indebtedness

Objective of the study: The present study documents multilayered structural shifts in land tenure systems initiated by the Raj in India. This paper minutely examines the impact of British land tax institutions in colonial India using census data on agricultural production and engaged population.

I. Introduction

The land tenure system\(^1\) has a long history of its origin and contribution in the formation, consolidation and expansion of State (Imran, 1988). To study the land administration and related taxation, one must start from the fact that who were the owners of the land and to whom they paid the allied tax. Right from the time of Manu, the land revenue has been a major source of income of the sovereign. Kautilya narrates, “The king was the sole proprietor of the land, but the tiller (peasant) of the land was practically regarded as the real owner of the land. The king only had the power to increase or decrease the land tax.” Most of the literary and archaeological evidence reveals that the ancient system of land administration and taxation continued even during the Muslim rule with some modifications here and there. The streamlined process of land revenue administration was initiated by Sher Shah Suri (1540-45), which was improved in the reign of the Mughal Emperor Akbar (1556-1605). Todar Mal, a renowned revenue expert, who started his career under Sher Shah Suri and continued up to Akbar, is remembered even to this day for developing a detailed system of revenue assessment (Habib, 1963; Kumar, 1982; Moreland, 1968). His innovative structure drew a balance between the demands of the State and needs of the subjects. Under Mughal revenue administration, the zamindars and jagirdars vested the right to collect land tax and other related levies from the peasants who were tilling the land. The zamindars could inherit, gift or sell their rights to collect taxes from the peasants (Habib, 1963).

With the advent of British rule in India, the political and economic scenario underwent far-reaching changes. In order to administer the country effectively, the colonial government did not make any substantial changes in the land revenue systems, but promoted the class of non-cultivating intermediaries (Aghion, 2008; Baden-Powell, 1894). Up-to an extent the British inherited the institutional form of the agrarian system from the Mughals (Imran, 1988). What they did actually, was the superimposition of a new system over the existing pattern in tune with British customs, laws and interest. The British administration customized the prevailing land tenure patterns with a sole aim of extracting the maximum revenue from peasantry of India. Right from the time of Warren Hastings (1775-82) one question troubled the British a lot as from whom they should collect land tax in India (Beer, 1962; Bagchi, 2000). Consequently, they kept trying diverse solutions to this problem in different

---

\(^1\) Land Tenure System indicates the way in which a cultivator retains land. In case of tenants, it reflects the occupancy of land, security of tenure, inheritance and transferability of tenancy rights, etc.
parts of India. It is clear from the earlier trial and errors; the British were aware of the fact that the zamindars were the authoritative lobby, and if they won the support of the zamindars, it would be easier for them to rule India. This knowledge served the interests of the company by two folds. Firstly, it was difficult to collect tax directly from hundreds of thousands of peasants, and secondly, with the help of zamindars it was quite easy for them to enter in the social web of India (Mukherjee, 1962; Burton, 1989).

The British fundamentally altered the nature of property and land rights throughout the country. Previously, the rights of land ownership were not proprietary but overlapping. At that time, land was generally owned by people belonging to high castes, while the low castes held varying rights of occupancy and rights in sharing of crops, as defined by traditional customs (Gupta, 1946). Under the British control, the introduction of sole proprietary ownership rights considerably altered the rights of property, as the British judiciary no longer formally recognized many of the traditional rights.

Economic ideas, especially physiocrats and utilitarian principles, played a vital role in shaping the land tenures during early British rule (Stokes, 1978; Roy, 2013). Among them, David Ricardo’s theory of rent remained the most important. Furthermore, the ideology and personality of different British administrators may have played a far bigger role in the implementation of land taxation patterns. Even before the arrival of Cornwallis, a number of company officials, mainly Alexander Dow and Henri Patullo were advocating for land tax to be fixed permanently. Alexander Dow in his book *History of Hindustan* introduced the idea of permanent settlement, which was elaborated by Henri Patullo (Dahiya, 1994). The economic ideas of Phillip Francis and Lord Cornwallis were profoundly instrumental in the execution of the zamindari system. Likely, the utilitarian philosophy of Thomas Munro was contributory to the development of the *raiytwari* system. As there was no centralized unified rule in the various parts of British India, many local decisions, such as those made by Holt Mackenzie in the North-West, further contributed to land taxation.

It is quite interesting to know that the revenue department was the pivot of colonial administration. The Collector was the virtual monarch at the district, around whom the entire administration revolved. In 1841, it constituted 60 percent of total government revenue. Not surprisingly, land revenue and its collection were the most important issues in policy debates during British period (Kingsley, 1951; Zamindari Abolition Committee Report, 1948).

II. Early Land Tenure experiments in British period

The British domain in India lasted for nearly two hundred years. Initially, they arrived in India as traders but with the passage of time, they captured the political power of the country. Their commercial firm, English East India Company, received an official permit (*farman*) in 1613 from the Mughal Emperor Jahangir to build a factory at Surat (Chandra, 1966). In the true sense, their empire building began with their victories in the battle of Plassey (1757) and the battle of Buxar (1764). Afterwards, they obtained political control of the modern states of Bengal, Bihar and Orissa. According to the *Divani* grant, the British Company formally permitted for revenue collection rights in these areas in 1765. After 1818, the British were the major political power in India and by 1860, a large part of the territories of modern India, Pakistan, and Bangladesh became integral parts of British territory. In addition to it, there were a large number of princely states in different parts of the country, all of which were under British political control but had autonomy in administrative matters (Chaudhuri, 1983; Bose, 1994). By and large, the British controlled, directly or indirectly, Indian land revenue administration by second half of nineteenth century.

It is a well-accepted fact that the British involvement in Indian agricultural practices expanded greatly under Clive’s direction. As we know that how he played a vital role in the formulation of the treaty of Allahabad (1765). It was after this assignment the English Company openly started to drain the Indian financial resources and agricultural output, primarily cash crops and raw material (Chandra, 1966). However, the rise of the British intervention in India is associated with the rule of Hastings (1773-85), the first Governor-General of India. He consolidated British control and established a more centralized British authority by implementing a system and series of codified criminal and civil courts. Hastings instituted a new land revenue enhancement named *tax farming* (Blyn, 1966). Accordingly, the highest bidders were given the right to collect land revenue for short-

---

2 It is a group of European economists who believed that agriculture was the source of all wealth, and all agricultural products should be highly priced. Advocating adherence to a supposed natural order of social institutions, they also stressed the necessity of free trade.

3 Utilitarianism is an ethical philosophy in which the happiness of the greatest number of people in the society is considered as the greatest good. Accordingly, an action is morally right if its consequences lead to happiness (absence of pain), and wrong if it ends in unhappiness (pain). Since the link between actions and their happy or unhappy outcomes depends on the circumstances, no moral principle is absolute or necessary in itself under utilitarianism.

4 Ricardo believed that ground rents and the value of land have a tendency to rise continuously and that this benefits solely the landowners. The progress of industrialization and urbanization in the second half of the 19th century resulted in a rapid increase in the value of urban land, and the owners of such land reaped tremendous profits.

5 Based on the terms of the Treaty of Allahabad (16th Aug. 1765), Mughal Emperor Shah Alam granted the East India Company *Diwani* rights, or the right to collect taxes on behalf of the Emperor from the Eastern province of Bengal, Bihar and Orissa. Thus, East India Company got appointed as the imperial tax collector for the Eastern province. In return, the Company paid an annual tribute of twenty-six lakhs of rupees (26 million pounds).
term leases not extending beyond five years. However, despite establishing British authority in India, Hastings’ vision has been considered as conservative and limited. Phillip Francis, a renowned physiocrat, argued that tax farming with short-term leases led to poor incentives for development as it subverted the absolute property rights of landholders. Since tax-farmers owned revenue rights for a limited number of years, Francis believed that they did not have the proper incentives to invest for the long-term. Influenced by Francis, Governor-General Lord Cornwallis (1786-93), who succeeded Hastings, established the zamindari system for the collection of land revenue. Because Francis and Cornwallis both believed that only the zamindars had the knowledge, capital and the incentives to develop Indian agriculture, they assigned land taxes and property to them (Bowen et al, 2002; Baden-Powell, 1972; Banerjee et al, 2005; Crook, 1933). However, zamindari system also came under criticism. Governor-General Arthur Wellesley (1798-1805), stimulated a young generation of Company administrators who were instrumental in re-designing the colonial state. One of them was Thomas Munro, who advocated the Raitywari system (Stein, 1989). Munro and the new administrators were the firm supporters of utilitarianism whose vision for ruling India was much more imperial in comparison of Hastings and Cornwallis. For Munro, the raitywari system served both purposes, economic and political. By giving the property rights to farmers, rather than zamindars, Munro believed that agricultural productivity would increase considerably. By doing so, he wanted to curtail the corruption level made by the zamindars. At the same time, Munro argued that the assignment of taxes and property at the local village level, administered by British district officers, would significantly strengthen the level of British political control in India (Patel, 1952; Patel, 1957). In broad-spectrum, the policy adopted by the British administrators was that, for the sake of political stability, there should be minimum disturbance in the traditional rights. However, the British followed this principle in the initial phase, and later they added or amended according to their needs.

In addition, the existing local political structure also influenced the type of land revenue institutions in some areas. The Zamindari settlement was enacted in various parts of eastern India, which was already dominated by elite zamindars (landlords). Similarly, the mahalwari (village-based) system had been more likely to be implemented in regions such as Punjab where warrior caste clans such as the Rajputs and the Jats jointly owned and controlled villages.

III. Phenomenon and nature of Permanent Settlement (Zamindari system or Isthai bandobast)

Appointed as the Governor General in 1786, Lord Cornwallis particularly directed to formulate a satisfactory solution of the land revenue system in order to ensure the Company’s real interest behind the political subjection of India. As we know that from the time of his appointment, the British lobby in London was creating a huge pressure to evolve a policy that could meet out the demands of Industrial Revolution6 in England (Douglass, 2005; Mishra, 1942; Gadgil, 1929). Commenting on the existing land revenue policy, Cornwallis once remarked, “one-third of the company’s territory in Hindustan is now a jungle, inhabited only by wild beasts.” He began his discussions on three vital questions viz. (a) with whom was the settlement to be made, whether the zamindars or the actual tillers of the land? (b) What should be the State’s share in the produce of land? and (c) should the settlement be permanent? We know that Cornwallis was an English landlord himself, and it was obvious that he inclined in favor of the zamindars (Chaudhuri, 1984). He decided to declare the zamindars as the owners of the land for the collection of land revenue. The British government pleaded that the zamindars represented the most enlightened section of the rural population. As such, the conferment of agrarian rights to them could result in significant improvement pertaining to land and agriculture. Accordingly, he named the proposed land taxation scheme as Zamindari or Permanent Settlement (1793). Under this revenue pattern, feudal lords (zamindars) were declared as proprietors of land on the condition of fixed revenue payments to the East India Company (Blyn, 1966). Henceforth, the zamindars were handed absolute rights over the land, thus making the peasants their tenants who had no rights over the land they cultivated.

---

6 The Industrial Revolution took place in Europe in general and England, in particular, during the mid of eighteenth century. It can be defined as the application of power driven machinery to manufacturing, which accelerated output significantly. Historical researches prove that the colonies of East India Company, particularly in Asia and Africa, contributed immensely in rapid industrialization.
This system was put into practice on 19% of the entire British controlled territory; which included Bengal, Bihar Orissa, and Northern Carnatic region. It covered around 57% of the total cultivated area. The illustrated figure-1 demonstrates that in the colonial period, the agricultural output was carried out largely on the parameters of Permanent settlement, in comparison to Raiytwari and Mahalwar systems (Blyn, 1966; Neale, 1962).

It is believed that the British introduced Zamindari system to attain three major objectives. Primarily, it helped in regular collection of land revenue and by doing so English Company remained safe from peasantry agitation. Secondly, it created a class of people who would remain faithful to the British regime in the country. We know how this loyal class (zamindars) helped the British to curb the revolt of 1857. Governor-General William Bentinck (1828-35) once remarked, “I should say that the Permanent settlement, though a failure in many respects, have created a vast body of rich landed proprietors deeply interested in the continuous of the British domination.” Lastly, this innovation made the income of British Raj permanent (Boyce, 1987; Fuller, 1922). R. C. Dutt vehemently commented on this issue, “how the British rule expanded in India with the money and support of the Indians.”

Under the landlord based system, the landlords were given, more or less, free hand to set the terms for the tenants. As a result, they were in a position to capture most of the gains in productivity. The zamindars started taking advantage of their new responsibilities and the helplessness of the peasants. The peasants could be evicted from the land straightforwardly, and at the same time; it was very difficult for them to leave the villages, as there was no land available elsewhere. They were becoming more and more indebted. There are many stories written by Premanand narrating how the zamindars treated their tenants unkindly in Awadh, UP and other regions of northern India (Desai, 1948). However, the rights over the land conferred to the zamindars were alienable and rentable. These occupancy rights were heritable and were not tampered as long as the holders paid their taxes. Cornwallis himself said, “We have a rule that if zamindars fail to pay the full tax in time, we auction their lands to get the money, according to the Sun-set law.”

Now coming on demerits, the Zamindari system suffered from a number of defects. Firstly, the Zamindari system worked as a formidable obstacle in bringing about economic transformation in rural India. The zamindars evinced no interest in the improvement of either land or cultivation; and collection of revenue was their sole interest (Baden-Powell, 1894). Secondly, the Zamindari system promoted absentee landlordism. This section of absentee landlords resulted in the decay of the agriculture. Rudder Datt and K. P. M. Sundharam succinctly observed, “Historically, the landlords were known for their extravagance on women, wine and vices. The landlords of India were no exception. Thus, the money extracted from the cultivators by these parasites did not result in capital formation but increased conspicuous consumption.” Lastly, the Zamindari system was based solely on exploitation, as it conferred unlimited rights to the zamindars to extract as much rent as they wished. Approximately, the intermediaries in the form of rent took one-fourth of the produce away (Desai, 1948; Government of India Report, 1867). Moreover, the tenants had to work in the houses of zamindars on various occasions without any return (Begar). Concluding, under the Zamindari system, the actual tiller of the land was not the owner of the land. Hence, he was always in psychological fear of his ejection from the land.

IV. Raiytwari Land Tenure System

After the introduction of Zamindari system, the East India Company coined Raiytwari system. In Mughal regime, this word was widely used in revenue administration. The nomenclature of this taxation scheme comes from the word ryot, which means a peasant (cultivator or farmer). In this system, there was a direct relationship between colonial government and the tenant or ryot i.e., an individual landholder (Baden-Powell, 1972). Every registered holder was recognised as its proprietor, and he could sell or transfer the land. He was assured of permanent tenure, as long as he paid the land revenue. The landholder was also allowed to sublet his land. It was a better system as compared to Zamindari or Mahalwari and similar other forms of tenure. Unlike the Permanent Settled areas, the revenue commitment under this scheme was not fixed; it was usually calculated as the money value of a share of the estimated average annual output (Baden-Powell, 1972; Banerjee et al, 2002). This share typically varied from place to place and was decided periodically in response to changes in the productivity of the land.

The first Raiytwari settlement was introduced by Sir Thomas Munro in Madras during 1802 and then in Bombay State by Elifston. The princely states of Jaipur ad Jodhpur in Rajasthan also fell under this system. Raiytwari systems accounted for around 38% of the total cultivated area, while it included 51% of the entire British controlled territory (Blyn, 1966). Due to the introduction of Raiytwari system, the income of the colonial government in Madras increased from 32.90 million pounds in 1861 to 41.80 million pounds in 1874.

V. Mahalwari System of land revenue collection

According to the Sunset Law, if payment did not come in by sunset of the specified date, the zamindari was liable to be auctioned. In case of failure to pay the decided land revenue, the land was handed over to the highest bidder.

Absentee landlordism signifies the right of the sharing of the agricultural produce of the land without participating personally in the productive process.
This kind of tenancy procedure was introduced in United Province, Cental Province, Oudh and later in Punjab. This land settlement covered 5% of the entire cultivated area, while it accounted 30% of the whole British controlled territory. As far as the Mahalwari tenure was concerned, the village (mahal or estate) communities held the village lands jointly or the ruralities were together responsible for the payment of land revenue (Baden-Powell, 1972). The lands held by the village communities either were cultivated by the members of the village communities themselves, or were leased out to others on rent. Period of settlement, fixations of the land revenue, etc. were different in distinct mahalwari areas. The village headman (Lumbrdar) was entrusted with the responsibility for collecting the land revenue and depositing it in the treasury. In return, he received ‘panchatra’ i.e. 5 per cent as a commission.

VI. Consequences

As we have already noted earlier, with the introduction of new land revenue system, private property in land was strengthened. Further, under the fresh land revenue system, government revenue was a fixed amount, irrespective of crop output. Thus, during periods of bad crops or low prices, the peasants were forced to borrow from moneylenders in-order to meet out the land revenue demand. Once caught in the clutches of moneylenders the cultivators were rarely able to free themselves from debt, and the result was mortgage or sale of land (Bardhan, 1984; Bose, 1993). This obnoxious nexus, in addition to the heavy demand of land revenue, commercialization of agriculture and rural indebtedness led to the proletarianization of poor peasants and concentration of land in the hands of few resourceful landlords.

Because of heavy taxation, indebtedness of rural population increased during the 19th century. The same tendency continued during the early 20th century. It was during the Great Depression (1929-30); that the grave burden of land revenue forced the colonial government to take necessary action (Chang, 2007). Accordingly, the debt conciliation boards were established, and their proceedings scaled down debts in some cases. During the British India, as a whole, agricultural output rose at a rate of merely 0.37 per cent per annum. Moreover, the growth rate of food grains production was 0.11 per cent, which was radically lower than the population growth rate of 0.67 per cent annually. Agricultural output seems to have gradually increased over the period, but the pace was slower than population growth. It is so ironic that commercial crop output increased rapidly, nearly doubling over the period. The table- 1 reveals the data numerically (Blyn, 1966).

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Region</th>
<th>Percentage growth rates (per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Food grains</td>
</tr>
<tr>
<td>1.</td>
<td>British India</td>
<td>0.11</td>
</tr>
<tr>
<td>2.</td>
<td>Greater Bengal</td>
<td>-0.73</td>
</tr>
<tr>
<td>3.</td>
<td>United Province</td>
<td>0.35</td>
</tr>
<tr>
<td>4.</td>
<td>Madras</td>
<td>0.42</td>
</tr>
<tr>
<td>5.</td>
<td>Punjab</td>
<td>1.10</td>
</tr>
<tr>
<td>6.</td>
<td>Bombay and Sind</td>
<td>0.27</td>
</tr>
<tr>
<td>7.</td>
<td>Central Province</td>
<td>0.29</td>
</tr>
<tr>
<td>8.</td>
<td>Five regions excluding Bengal</td>
<td>0.47</td>
</tr>
</tbody>
</table>

In general, the agricultural output growth was higher in raiytwari and mahalwari areas, in comparison to Zamindari settlement (Boserup, 1965). Greater Bengal was the region where land tenure composition was most retrogressive. There were layers of parasitic landowners or absentee landlords, who were living on rental incomes. In addition to it, Bengal was the region where colonial exploitation was most rapacious and lasted for the longest period. Possibly these were the primary reasons for deterioration of agricultural production there. In contrast to Bengal, Punjab came under British rule much later when the burden of land revenue was relatively modest. However, all newly introduced land tenures were designed to extract land revenue as much as possible. Baden-Powell (Baden-Powell, 1972) remarks, “These three land tenure systems (Zamindari, Raitwari and Mahalwari) underwent a lot of transformations during years, and this led to the intermixing of characteristics which in-fact tended towards Zamindari system. Sub-letting, rack-renting and absentee landlordism became common characteristic. ”

VII. Conclusion

Land revenue, or land tax, remained the primary source of revenue for all governments in India, ranging from ancient to modern. During Mughal period, in sixteenth and seventeenth centuries, Akbar and other ambitious rulers streamlined the land revenue administration for the prosperity of the empire. The first half of the nineetnenth century was a period of experimentation with methods of collecting the land revenue. With territorial expansion in India, the British faced the question from whom to settle with for the land revenue, whether...
revenue be taken directly from individual cultivators or contracts be made with intermediaries, etc. In addition to the demand of high land revenue, rural indebtedness and commercialization of agriculture led to the pauperization of poor peasants.

VIII. References


