

Land Revenue Assessment Committee, Bombay.

QUESTIONNAIRE.

1. Do you accept the general principles of assessment laid down in section 107* of the Land Revenue Code ?
2. If not, what alternatives do you propose ?
3. Do you agree that agricultural assessments should be based on the rental value of lands ?
4. If not, upon what should they be based ?
5. Should any distinction be made between cultivating and non-cultivating landlords in fixing the assessment ?
6. If so, what distinction do you propose ?
7. What, in your opinion, is the best means of arriving at the rental value of lands ?
8. Do you consider the best means is to ascertain real rents paid in open competition by tenants to landlords during the years immediately preceding a revision settlement, excluding years of abnormal prices ?
9. If so, how many years should be taken into account ?
10. Do you consider that a maximum percentage of the rental value should be fixed as the assessment the State is entitled to take ?
11. If so, do you consider that 50 per cent. is a reasonable maximum ? Or what other maximum would you suggest ?
12. Do you consider the scheme for fixing a permanent assessment in kind but recovering it in cash at rates to be fixed at short intervals practicable ? (*Vide* scheme attached—Appendix II.)
13. Do you consider that the present maximum limits of enhancement at a revision settlement should be adhered to, *viz.*, 33 per cent. for a group or taluka, 66 per cent. for a single village and 100 per cent. for an individual holding ?
14. If not, what maximum would you fix in each case ?
15. Do you consider the present normal period of settlement, *viz.*, 30 years in the Presidency proper and 20 years in Sind, a reasonable period ?
16. If not, to what extent would you increase or decrease it ?
17. Settlement proposals are submitted by the Settlement Officer through the Collector, Settlement Commissioner and Revenue Commissioner. Do you favour the idea of appointing a standing advisory committee, consisting of officials and non-official Members of the Legislative Council with a majority of the latter, in order to examine these proposals and to advise Government upon them before they are brought into operation ?
18. In the Bombay Presidency alone, improvements effected since the introduction of the first settlement under the Land Revenue Code are permanently exempted from assessment. Do you approve of this or do you think that they should be taxed after a number of years and, if so, after how many years ?
19. Have you any other remarks or suggestions to make on the principles of assessment, the graduation of enhancements, the period of settlements and any other matter connected with these questions ?

* *Vide* Appendix I.

APPENDIX I.

SECTION 107 OF THE LAND REVENUE CODE.

“ In revising assessments of land revenue regard shall be had to the value of land and, in
Conditions applicable to the case of land used for the purposes of agriculture, to the profit
revisions of assessment. of agriculture :

Provided that if any improvement has been effected in any land during the currency of any
previous settlement made under this Act, or under Bombay Act I of 1865, by or at the cost of
the holder thereof, the increase in the value of such land or in the profit of cultivating the same,
due to the said improvement, shall not be taken into account in fixing the revised assessment
thereof.”

- APPENDIX II.

Permanent Settlement in kind but recoverable in money.

DRAFT SCHEME PREPARED BY MR. H. B. SHIVDASANI, M.L.O.

It is but natural that the cultivator should calculate his costs (including Government assessment) and profits in terms of the crops which he grows on his land. He would therefore not consider it a hardship if the State fixed the assessments at so many seers of the crop which he grows on his land.

At present the assessment is fixed in money for a certain period and is based to a large extent on the capacity of the land rather than on its productivity. The classification and value of the land at present is nothing but a determination of its capacity based on such facts as the depth of its soil, its composition and its slope, etc., and in arriving at the maximum rates such factors as methods of husbandry, communications, nearness to markets, level of prices, sale value and rentals of lands, etc., are taken into account. Combination of maximum rates with the annual valuation of the land makes the present system very complicated. In fact it is so complicated that even several Revenue Officers do not understand it and it is absolutely incomprehensible to the average cultivator who not unnaturally regards the present system as an easy means of rackrenting him and of extorting from him the last pie. Moreover, the periodic revision settlements, when not unoften the assessment is raised, cause great heart-burning to the cultivator.

It would therefore be a great advantage to tell the cultivator that the assessment on his land shall be permanently fixed at so many seers of rice, jowar or cotton as the case may be. He will have the satisfaction of knowing that the assessment of his land will not be revised or raised. He will also be able to follow easily the trend and the level of prices and will be able to understand why a particular amount of money is recovered from him.

At present each field has fixed for it for the period of settlement an assessment of so many rupees, annas and pies. Under the new scheme each field will have fixed for it permanently an assessment of so many maunds and seers of the crop which it grows. How to fix the exact amount for each field is a matter of detail and various methods can be suggested. I would suggest the following method. The average gross produce of each field for the last ten years should be ascertained. From it should be deducted the average cost of cultivation as measured in the crop which the field grows. This will give us the average net produce of the field. The share of the State can then be fixed at so much per cent. of this average net produce. The remaining portion of the net produce will go to the landlord as rent of the land. In fixing the share of the State we must consider the net produce and not the gross produce as otherwise we will be taxing too heavily crops like sugar-cane for which the cost of cultivation is high and we will be taxing too lightly crops like cotton for which the cost of cultivation is low as compared with the gross yield.

What has been said in the last paragraph seems to apply to the case of those fields which grow the same crop year after year, but what we find in actual practice is that only a small number of fields grow the same crop year after year and that a large number of fields grow mixed crops, double crops and rotation crops. In the case of mixed crops and of double crops we can ascertain the average gross produce of each crop separately and deduct from it the cost of its cultivation as measured in the crop and thus find out the net produce of each crop. We can then fix the assessment as so many seers of one crop plus so many seers of the other crop. The same can be done in the case of those fields which grow crops by rotation. In each such case, in finding the average we must take the average of the past ten crops.

A few cases will arise in which in future years some fields will grow crops different from those for which the assessment was fixed. In such cases also I am of opinion that the assessment as fixed permanently should remain unchanged. If a cultivator grows a crop different from the one grown now it can only be because it yields him more profit. The State should allow him to enjoy the additional profit without claiming a share as, not infrequently, this must be a result of the cultivator having made certain improvements or having invested in labour-saving devices or it must be due to his initiative and efforts to increase the yield of his land. Moreover, under the present system also, the cultivator pays during the period of settlement the same assessment whether he grows the same crop or a different crop. Even if he grows rice in a grass land or grows grass in his rice land he pays assessment for grass land and rice land respectively.

The assessment having been permanently fixed in kind the next question that arises is "How is to be recovered?" It has of course to be recovered in cash and not in kind. The cash equivalent of the assessment in kind should be fixed for a period of ten years on the ten years' average price of the article in question. For this purpose a record of prices of all articles grown in a district should be kept in each district. In each taluka town prices should be inquired into once a month or once a fortnight, and the yearly and ten-yearly average price of the article for the taluka or for the district should be worked out. We cannot take the average price of the whole Presidency as the basis of ascertaining the cash equivalent, because different varieties of the same article are grown in the different areas. Twenty or thirty varieties of rice are

perhaps grown in this Presidency. But if we take the case of only one taluka or one district, only two or three varieties of the same article are grown and the price of each of these can easily be ascertained. As the question of the level of prices will become very important if the amount to be recovered depends on the average price, we could have, if necessary, a Prices Board for each taluka to check the prices as ascertained by the Government officers, or the Taluka Local Board could do this work of checking the prices. A proper allowance, say, of about 33 per cent., must be made for the fact that the price received by the cultivator is less than the price in the taluka town and also for the fact that the price at the time when the crop comes to market is less than the yearly average price.

The one serious objection that may be raised to the permanent settlement of assessment in kind is, "What is to be done if the fertility of the lands diminishes?" Lands in India have been cultivated for centuries in a primitive fashion and without proper manuring and at present the fertility of land in India is perhaps the lowest in the world. There is therefore not much chance of the fertility diminishing. On the contrary it is quite probable and almost certain that the fertility will in the future greatly increase. Our knowledge of the Science of cultivation is increasing. New, better and more suitable implements such as ploughs and harrows are being invented, better manures are being discovered and used, the land is being drained better, a better rotation of crops is being grown and last but not least the cultivator is beginning to realise the advantages of using labour-saving devices, and whenever he can afford it he goes in even for such expensive machines as oil engines and tractors. Moreover, the level of intelligence and education of the average cultivator is rising and he goes in more and more for better seeds, better manures and better means of cultivation. He therefore instead of losing stands to gain considerably by the permanent fixing of his assessment on account of the increase in the fertility of the land that may be confidently expected.

Another objection that may be raised is, "What is to be done if the cost of cultivation rises?" The cost of cultivation is made up of the price of seed, price of manure, cost of labour and of materials such as ploughs, harrows, scythes, etc. As we have reckoned the cost of cultivation in the crop it is not likely to rise much if at all. The cost of seed cannot rise in terms of its own price; the prices of manure may rise a little, but it is more likely to fall as new and better manures are being discovered from time to time. The cost of labour and materials will not rise much in terms of the price of the crop and is more likely to fall as more and more labour-saving devices are being discovered and used. Soon the whole even if the cost of cultivation rises it will not rise by an appreciable extent. All the lands will have to be carefully surveyed by special officers with a view to ascertain the gross produce per acre and the cost of cultivation per acre of each field. But when once the work of settlement has been completed no further revision settlement would be necessary. Further, if the assessment according to the new system is less than the present assessment it should be put in force immediately and if it is more it should not be enhanced by more than 10 or 20 per cent. in the first instance. Moreover, the limit of enhancement at each periodic conversion of assessment in kind into cash should be fixed at 10 or 20 per cent. In calculating the average price, the years in which the price of a commodity has been abnormal should be excluded.

We will therefore have all the advantages of a permanent settlement without in any way sacrificing the interests of the State. The cultivator, secure in the knowledge that his assessment cannot be raised and that he will reap the full benefit of the increased yield from his land, will be encouraged to go in even for costly improvements and will do his utmost by means of better manures, better implements and better methods of cultivation to grow as large a crop in his field as possible. On the other hand, he will gain no undue advantage from the rise in prices due to increase in population, changed world conditions and such other factors over which he has absolutely no control and which he cannot influence. The State would also reap the full benefit of a rise in prices due to the world conditions, increase in population or to special circumstances producing a fall in the value of the rupee. In short, the cultivator gets security and the full benefit and advantage of his exertions and initiative and the State gets the full advantage and benefit of what is in the nature of an unearned increment.

The essential part of the scheme is that the assessment should be permanently fixed in kind. How the exact amount for each field is to be determined and how the assessment in kind is to be converted into cash are matters which should be settled after full and careful consideration. I have above suggested one way of fixing the assessment in kind and of converting it into cash with a view to show that the scheme is workable. The scheme has the advantage of being simple and easily comprehensible as contrasted with the present one which is complicated and incomprehensible to the cultivator.

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Replies given by Sardar Vasudeo Narayan Mutalik, B.A., LL.B., Chairman of the Inamdars' Central Association, Satara, on behalf of that Association.

1. Section 107 lays down the profits of agriculture to be general basis on which the assessment should be fixed. It is very difficult to ascertain what the "profits of agriculture" are. The "profits" will not be the same in all villages, nor the same in adjoining villages, or even in adjoining fields. The profits depend upon a variety of causes including the tact and skill of the individual farmer. In 1918 or 1919, I remember that many persons purchased lands at a certain price, and they sold the standing crops on those very lands at a price which far exceeded the price at which the lands themselves were purchased.

2. This is replied along with question 4.

3. Rentals are not alone a safe guide in fixing assessments. Often the tenants combine and compel the landlord to lease out his lands at a particular rental only. This is almost too general in case of grazing lands. Besides rent really does not depend upon the quality of the soil, though it is one of the items on which it does depend to a certain extent.

2 and 4. According to my opinion the following are the main bases on which the assessments should be fixed.

- (1) The quality of the land. This is already fixed once for all by the Survey Department.
- (2) Selling prices of the lands. These should be the real selling prices.
- (3) Leases.
- (4) Population,—of the village.
- (5) Number of plough and milch cattle.
- (6) Prices of grains and fodder stuffs. The ratio of prices of food stuffs and fodder stuffs that prevailed at the time of the previous settlement, with the prices prevailing at the time when new settlement is to be introduced should be very carefully taken into consideration.
- (7) Communications.
- (8) Proximity of markets.
- (9) Dead stock of agriculture as opposed to the live stock.
- (10) Industries in the neighbourhood.
- (11) Opening up of new irrigation works, and existence of the old ones. This includes irrigation by bandharas.
- (12) Number of wells in the village.
- (13) Conditions of labour.

In my opinion all these matters are actually taken into consideration at present when a new settlement is to be made. The present system which is a wonderful evolution of the old system is almost perfect.

5 and 6. Non-cultivating landlords bring capital and better knowledge, and they should be looked upon with an encouraging eye. I am of opinion that the assessment on their lands should be less by 20 per cent. than on the lands of the cultivating farmers.

7. Tenancy register.

8 and 9. Good landlords do not lease out their land by open competition to the highest bidder. Such system always tends to spoil the land. It is always the policy of ancient landlords not to drive out their old tenants. However it may roughly be said that leases passed during the past five years represent nearly fair rents. Rents paid during the previous five years should be taken into consideration.

10 and 11. I consider 50 per cent. of the rental to be a maximum for fixing the assessment.

12. The scheme of Mr. Shivdasani, M.L.C., detailed in Appendix II is quite unpracticable. It will be very troublesome to work.

13. The limits specified in question 12 do not do justice to the public treasury at least so far as the present revision is going on. The prices of food-stuffs have risen at least fourfold since the time of the last revision survey settlement which means that there is so much increase in the money prices of agricultural produce. If this is taken into consideration the present maximum 33 per cent., 66 per cent. and 100 per cent. is too low. However the Government should always lean on the side of liberality, and if that be considered I may say that the present maximum of increase is liberal towards the cultivators.

15 and 16. The present period of 30 years is more than reasonable. It must also be considered that even during these 30 years, fully increased assessment is not recovered. (*Vide* pages 357 and 358 of Joglekar's Land Revenue Code).

17. My Association does not favour the idea of a standing committee of the Bombay Legislative Council with a non-official majority. Revision settlements are a highly technical matter, and as such is outside the scope of the usual business of the Councillors. Another point: Nearly 99 per cent. voters of the Local Councils are persons paying assessment, and as it is, upon these voters that the elections of the elected members of the Council depends. It is feared that their judgment will not be quite free.

18. The Bombay Presidency should retain its speciality and improvements should not be taxed.

19. The fixing of assessment is a very complicated matter and should not be made to depend on rentals of prices of profits of agriculture alone. In itself each of it is a guide to fix the assessments, but it is one of the several data on which reliance may be placed. According to the opinion of Association, the various data which I have specified in my reply to questions 2 and 4 should be carefully considered. The fixing of assessments should always be left in trained hands.

I have already offered my remarks about the period of assessment of 30 years. Though it is too long, it has therefore a very long time, and we are become accustomed to it. However if the Government brings it down to 20 years instead of 30 my Association will not raise any objection. But I very strongly urge that in no case it should be increased beyond 30 years.

Replies given by Rao Saheb A. K. Kulkarni, Government Karbhari, Jamkhandi.

1. There can be no other sound and proper basis of assessment than the profits of agriculture in the case of lands used for agricultural purposes and the value of land in other cases. The profits are, however, to be taken as net profits which are to be worked out after deducting from the gross produce the costs of cultivation, etc.

2. Need not be replied in view of the reply to Question 1.

3. Rental value of land should be one of the principal factors in fixing the assessment. Great care shall, however, have to be taken to determine the proper rental value. Rental values properly determined are the best evidence of the profits of land. They should not, however, be the sole basis in fixing the assessment. In revising assessments, the incidence of existing assessment on the profits of land is determined by a direct and an indirect method. In the direct method several things have to be considered and rental value is one of them. Rents are to be considered as a guide and not the sole basis of assessment.

4. Besides the rental value of land, soil fertility, facilities of communication, proximity to markets, climatic conditions, average rainfall, prices of staple crops, area of the cultivable waste land and the willingness and promptness with which Land Revenue is paid are also matters which have to be considered while fixing assessment.

5. No such distinction should be made as it would be an unsound principle to proceed to do so. It would also be found to be impracticable. It is certainly very difficult to decide who is a cultivating landlord and who is not, as the line of demarcation is very vague. Landlords who do not directly cultivate the land may assist cultivation in various ways, *viz.*, by supplying seed, cattle, and other agricultural necessities to their tenants.

6. No reply is necessary in view of the reply to Question 5.

7, 8 and 9. The practical way of determining rental values is to get the information from the tenancy-register as regards the rent paid for a period of ten years preceding the year of the revision settlement. Of course this information will have to be augmented by oral inquiries made in the villages, as the tenancy-register cannot be expected to give the rents of all the lands in the village, as some lands shall necessarily be cultivated by their owners. Rental value in the case of such lands shall have to be determined by making enquiries as regards the out-turn of such lands, cost of cultivation, etc. In making these enquiries, care shall have to be taken to exclude some leases which are passed by the owners of the lands to sowcars for sums which represent the annual interest to be paid by them. It must also be seen that no false leases are allowed to go undetected as some landlords are likely to prevail upon their tenants to pass to them leases which do not give the real figures of rent but have fictitious figures knavishly entered into them for some ulterior motives. Years of abnormal prices should be excluded. The present practice followed by survey officers under the instructions of Government should be continued.

10 and 11. Under the survey system obtainable in our Presidency it is nowhere prescribed that the State is entitled to any percentage of the rental value. The same is true of the revision settlement. The Settlement Officer uses the rent statistics to ascertain that the rates proposed and recommended by him are moderate. No doubt the standard maximum of 50 per cent. is observed in the N. W. Provinces, but conditions in those provinces are different as compared with those obtaining in our Presidency. It would not, I think, serve any useful purpose to have such a standard introduced in our Presidency. It is very difficult to obtain correct rental statistics and to base assessment on rental values alone would not only be unsafe but would involve hardship and also entail considerable work before one gets the true rental statistics.

12. The scheme is theoretically attractive but is unworkable. It is impossible to fix the assessment in kind, there being no reliable statistics for the same. In olden times it was the practice to levy assessment in kind, but this was found to be absolutely inconvenient, so the assessment is fixed in cash. To proceed to fix the assessment in kind would certainly be a retrograde step. The several objections that have led to the abolition of the fixing of assessment in kind apply to this scheme, which therefore, needs to be discarded as inconvenient and impracticable. Further the scheme takes the produce of the land as the basis for the assessment. But the real basis ought to be not the produce but the productivity of the land. If this were not so it would be putting industry on the part of a cultivator at a discount. Because an industrious cultivator shall have to pay more than what a lazy fellow pays as assessment for an equal portion of land of the same capacity but giving different yields, due to the difference in cultivation. On this ground also the scheme is faulty. Mr. Shivdasani's scheme would entail very exhaustive and minute inquiry and the labour would be too much especially in view of the fact that it would be decennial instead of for a period

of thirty years. The expenses of such an enquiry would be considerable. The remedy would be worse than the disease. It would never give consolation to the agricultural classes but on the other hand would frighten them out of their wits inasmuch as the period of enquiry would be fixed at a comparatively shorter interval than what is guaranteed under the present survey system.

13 and 14. The present maximum limits of enhancement should be maintained. They have been in force for a long time and have worked well. They act as safeguards against excessive enhancements and lead to mitigate the hardships of the cultivators. There would be cases in which the State could increase assessment even in excess of these limits but this would not lead to good results. The cultivators must have sufficient means to improve their standard of living. With a view to secure this end the present limits should be maintained.

15 and 16. The present normal period of settlement is in my opinion a reasonable period in purely rural tracts. Revision settlements at shorter intervals are undesirable, as they entail a good deal of expenditure on the Government and lead to some discontent in the minds of the occupants. But in cases of tracts where agricultural profits are markedly higher owing to civilization and industry, the period may safely be brought down to 25 years.

17. Yes. It is high time that representatives of the people should have a right to be heard in matters of assessment. The agriculturists of the tract wherein settlement is to be introduced will appreciate the formation of such an Advisory Committee inasmuch as their accredited representatives will be on it. So long as the Committee is going to be an advisory one there is not the least fear of its being an obstruction in the way of administration. In the beginning though it would not be possible for some of its members to follow the technique of the present settlement operations which are rather elaborate and intricate in themselves, yet, as time rolls on their advice will be a real asset both to the Government and the people. The District committees will find a mouthpiece to ventilate their views about the settlement proposals in this body. Such a step will tend to enlist the confidence of the people in the Local Government and will remove the idea obtaining in certain irresponsible quarters that the settlement proposals are foregone conclusions and that they are given effect to without consulting or heeding popular opinion.

18. Improvements effected after the first settlement should remain permanently exempted as heretofore. The original farmers of the Land Revenue Code when they drafted the latter portion of Section 107 had before them the question of general improvements of the land by private means and to encourage such improvements they particularly put in this clause to safeguard the labour and outlay of a holder. Even if such improvements be taxed it will neither bring in appreciable revenue nor will it be worthwhile to undertake an elaborate and expensive enquiry with a view to determine what percentage of the increased yield is to be taken as Government share by way of assessment. Such a step will create misgivings in the minds of the agriculturists and may tend to retard progress, and improvements.

19. The principles of assessment should be maintained. The Record of Rights furnishes some material for gauging the actual incidence of the assessment and its economic effect, but a more detailed enquiry is necessary to arrive at correct results. Such enquiries should be undertaken with a view to educate the public mind that the incidence is but reasonable and not such as would fall heavily on the poor law-abiding agriculturists. The survey volumes that deal with assessment and revision settlements are in themselves bulky and such as could not be easily understood by the ordinary people. Much of the misgivings and the apathy about settlement proposals would disappear if a handy book giving the broad principles of the settlement operations were published and made available at a moderate cost. Even among the educated classes there is not sufficient knowledge about the elaborate methods and principles on which our survey and settlement operations are carried out. The only remedy that suggests itself to me is the publication of a short, clear and precise note in the form of a series of vernacular leaflets dealing with the main principles and the broad lines on which our settlement enquiry proceeds. This will make the educated people look at the settlement proposals with an unbiassed eye and will eventually make them co-operate with the settlement officers.

(Translation from Marathi.)

Substance of the proceedings of a meeting of the inhabitants of villages in the Need-patti, Taluka Karjat, District Kolaba, held at Gaurkamath on the 20th June 1925 for considering the replies to be given to the Questionnaire of the Land Assessment Committee which are as under :—

Replies.

1. Section 107 of the Land Revenue Code should be retained as it is.
2. The revision survey assessment should be fixed at the amount levied in 1920 and it should be fixed permanently as in Bengal, *i.e.*, there should be no revision hereafter and where the revised assessment has been recovered, the excess should be refunded in accordance with the rules (prevailing) in Sind.
3. The amount of assessment should not be based on the rental value.
4. Same as that for question No. 2.
5. There should be only one class as before and not two.
6. There should be no distinctions.
7. The old system should be continued. No new system can be laid down.
- 8, 9, 10 and 11 to 16. Same as that for question 2.
17. We want the settlement as stated in the reply to question No. 2. The members of the Legislative Council should not be appointed as advisors but a committee of non-official members, which will be responsible to them (M. L. C.s) should be appointed and the former should have power to reduce or fix the assessment permanently.
18. The Rayatwari system of the Bombay Presidency should be continued in the manner indicated in the reply to question No. 2. Section 107 of the Land Revenue Code should not be altered.
19. Only one kind of assessment, *i.e.*, agricultural assessment should be levied and it should not be revised. If land is used for non-agricultural purposes, the assessment should not be altered, *i.e.*, Sections 65 and 66 of the Land Revenue Code should be deleted. The Khatedar should have power to use his land as he likes without any restrictions about obtaining permission from Government. If Government want to keep on record such details, they should make a survey at their expense; the khatedar should not be made to bear either the expense or the altered assessment. The Building Site Department should be abolished. The two kinds of assessment agricultural and non-agricultural should be merged into one kind, *viz.*, agricultural. The Bombay High Court has given decisions that when the rayat pays the agricultural assessment, Government cannot levy from him a higher rate if he uses the land for non-agricultural purposes. The fine for using land for non-agricultural purposes without the permission of Government should be done away with at the time of the revision survey. *Gavthan* land has been classed as *pardi* numbers. The present rate of assessment should be continued in their case and it should not be increased in case they are used for agricultural or non-agricultural purposes.

(Signed) VITHAL BALVANT JOSHI,
President, Karjat Taluka Bhag Sabha.

The replies contained in the proceedings of the meeting of the people of Jambivli, taluka Karjat, district Kolaba, held on 24th June 1925, are similar in purport to those given above.

To

G. A. THOMAS, Esq., C.I.E., I.C.S., M.L.C.,
 Secretary to the Government of Bombay,
 Revenue Department,
 Secretariat, Poona.

Post Avas, District Kolaba,
 29th June 1925.

Sir,

I have the honour to enclose herewith my written answers to the Land Revenue Assessment Committee's Questionnaire. A book entitled "The Alibag Revision Settlement" and referred to in my answers is also being separately despatched for the use of the same Committee to your address. I hope you will kindly place these documents before the Committee. I regret I was misinformed that the Committee would meet at Poona about the 22nd of next month, and therefore, I could not send my answers earlier. However, being in my seventy-first year and also unable to hear well, I do not think I shall be invited to give oral evidence. I shall, nevertheless, be glad to answer any queries that may be addressed to me.

I have the honour to be,

Sir,

Your most obedient servant,

R. L. GHARAT,

Landholder of Avas, Alibag Taluka,
 Kolaba District.

Answers.

1. I am an advocate of permanent settlements, and consider the land assessment as a tax and not as rent. If revisions of assessments are to be made, the principles laid down are acceptable, but in practice they are not found to be loyally followed by responsible Executive Officers. In addition to the proviso it has two parts in the two sentences. The first part about the value of land obviously refers to land *not used* for the purposes of agriculture, and the second to land *used* for such purposes. The Settlement Officer's proposals for the Second Revision Settlement of Alibag Taluka contain a table giving instances of pieces of land sold at very high prices as one of the reasons for enhancing the assessment of land used for the purposes of agriculture to the full extent allowed by law. The Collector of Kolaba's notification on the proposals also mentions the increased prices of land as one of the reasons for raising the rates. Abnormal prices of land are always paid for reasons other than the profits of agriculture. The section may be so modified as to make it quite clear that prices of land should not be taken into account in calculating the profits of agriculture.

3. If the whole land revenue system is to be reconsidered, the rental value of lands is a good basis. The original assessments were based on the rental value, and they are being revised according to section 107 of the Land Revenue Code.

5. I do not think any such distinction is necessary, but I should like to see poor landlords such as those possessing less than two acres of good gardens, five acres of sugar or cotton growing land, ten acres of rice growing land, and twenty acres or thereabout of land growing *bajri* and other inferior crops, distinguished from wealthier landlords with a view to exempt such poor landlords from paying the land tax when it is found that the produce of their land is the only means of their livelihood, or if this be impracticable, to exempt all small landlords altogether from payment of the land tax as is done in Western Countries.

7. In my opinion the village officers, who regularly record all the written agreements about rents passed by tenants to their landlords every year, and on whose records the settlement officers depend for their averages, should be made to record also the actual rents recovered by the landlords, as owing to defective rainfall and other natural causes the rents received are very often far less than those agreed upon. The officers should also annually record the actual output of crops in the case of those landlords who cultivate their lands themselves as against what they receive in normal years. The officers will have to be remunerated for this additional work. To ensure reliability of these records the Mamlatdar and other officers may check them at times.

8. The best means will be to take the average of the rents actually paid, and recorded in the manner suggested in my Answer to Question No. 7, during the years immediately preceding a revision settlement, excluding years of abnormal prices.

9. I think at least twenty years should be taken into account.

10. The original assessment was fixed on a maximum percentage of the rental value, and as prices increased, the original assessment also went on increasing. Any new maximum percentage of the rental value is likely to tax the improved productiveness of land effected by the landholder at his own cost. The rental value should be ascertained only in revisions to find out whether increased prices have in reality increased the profits of agriculture and to what extent. What is really wanted is a wholesome check on the nominally regulated but mostly arbitrary periodical enhancements. If it be contemplated to revise and fix again the already revised and collected taxes, then fresh percentages would be necessary, but in finding them out great care and watchfulness will have to be exercised, and provision will have to be made for this purpose, otherwise mere statutory provisions will be of little avail against the never failing ingenuity of the survey officer.

11. Fifty per cent. would be a very high maximum even if it were to be fixed for a permanent settlement, for which I would suggest twenty-five per cent., but in the case of a settlement to be continued for a limited period, my percentage would be less than that. There are too many other taxes to be borne, which were never levied by former Rajas, who recovered the land tax by estimating the crops, and never fixed it for any period. The present are hard times, and living has been dear and difficult. The Sanskrit adage "Raja Kalasya Kāranam" (राजा कालस्य कारणम्।) throws on Government the great responsibility of looking to the welfare of the ryots.

12. I think the scheme for fixing a permanent assessment, given in Appendix II attached to the Questionnaire is practicable with some modifications.

13. The limits should be reduced to 25, 50 and 75 respectively.

15. The period of 30 years should be raised to 50 years. I cannot speak for Sind.

17. A standing advisory committee appointed by the Legislative Council such as is suggested in the question would be a useful body.

18 and 19. I do not think improvements should be ever taxed and the Code does not contemplate that they should be taxed, but in practice it is found that they are actually taxed. The accompanying book entitled "The Alibag Revision Settlement"; and being a series of letters indicating a departure in the Land Revenue Policy of the Bombay Government as applied to the Konkan Districts, treats this and other points connected with revision settlements, and may be read in this connection. A perusal of at least the introductory note and the portions marginally noted in pencil will give an idea of what I have to say on this important subject. The index given at the end of the book will help to make references to the different points easy. Nearly all the flaws in the system which existed thirty years ago are found to exist to-day, as may be seen from the reports of recent revision settlements.

Replies given by Rao Bahadur G. H. Desai, Naib Diwan, Baroda State.

1. I think the general principles to be followed in revising assessments as laid down in Section 107 of the Bombay Land Revenue Code are reasonable. In Baroda we have also adopted the same principles in Section 80 of our Land Revenue Code. A legal enactment of this kind secures to the cultivator in perpetuity the whole of the profit arising from such improvements as have been made by him at his own expense, and thus stimulates the expenditure of private capital upon the improvement of land.

2. In addition to Section 107, there should be added in the Code another section laying down the general principles of assessment such as the portion of the net profits on the land which the Government shall be entitled to take, and the period of settlements as proposed by the Royal Commission on Decentralization.

3 and 4. In estimating the net produce of cultivated lands of any class whether occupied by land-owners themselves or by tenants, the rents paid in money or in kind on an average of years by ordinary tenants-at-will for such lands, should be the principal guide.

5. No distinction should be made between cultivating and non-cultivating landlords in fixing assessments. He who is a cultivating landlord to-day, may be a non-cultivating one to-morrow. Moreover in fixing assessment the quality and character of the land and not that of its occupier or cultivator is to be taken into consideration.

7, 8 and 9. The best means of ascertaining rental value would be to take the average of the rent paid by tenants during the period of the previous settlement so that good as well as bad years would be included and a fair average arrived at.

10 and 11. No maximum percentage of the rental value can be fixed as the assessment the State is entitled to take from the landlord. Rental value is one of the items for consideration in fixing assessment, but reliance cannot be placed on it alone. It does not necessarily always represent the net produce of a field. The letting value of land often bears a high relation to the revenue demand. It is rarely less than twice the assessment. Landlords take three, four and even seven or eight times the assessment as rent from their cultivators. To arbitrarily fix the assessment at a certain percentage of the rental, may do the ryot more harm than good. A standard of 50 per cent. cannot be accepted as a hard and fast rule of practice. It is impossible to apply one criterion to all parts or classes in a district or province in the absence of conditions of uniformity which alone can justify uniformity of treatment. A rule of division which would be light in one case might be harsh in another. A proportion of rent which would leave a wide margin of profit in one part of the State might be harsh in another. The general principles which are followed in fixing assessment leave a wide margin for discretion and elasticity which would be nowhere in a system of hard and fast rule of percentages.

12. The scheme for fixing permanent assessment in kind but recovering it in cash at rates to be fixed at short intervals would not be practicable. Reliable materials for fixing the average gross produce of each field, and of deducting from it the average cost of cultivation, as measured in the crop which the field grows would not be available. Even if these were available it would be a very costly and laborious affair to fix the net produce of each field and its price and would lead to interminable disputes and delay.

13 and 14. No reasonable objection can be raised against the present *maximum* limits of enhancement at a revision settlement, viz., 33 per cent. for a group of taluka, 66 per cent. for a village and 100 per cent. for an individual holding. This rule, first laid down for the Deccan districts, has subsequently been generally extended. It was laid down with a view to check the tendency of assessments being considerably increased in revision. It does not say that the assessment should be raised to the maximum limit laid down. It only says that it may not be raised higher than the figures indicated, and is therefore for the good of the land-owner. Enhancement is to be based mainly on considerations of general increase in the value of land. The rule does not alter this general principle. It only says that the increase should not exceed the maximum limit laid down; and its object is not to throw a heavy burden on the land-holder all at once. If the holding has increased in area by the inclusion of waste land, it ought to pay a proper increase, even though it may exceed the percentage. Again, if in an early survey there has been a mis-classification of the soil, the error will have to be corrected whatever its result.

15 and 16. Fifteen or twenty years in backward tracts and 30 years elsewhere is a reasonable term of settlement. The reasons for the differentiation are obvious. When the land is fully cultivated and agricultural production is not liable to violent fluctuations it is sufficient that the demands of Government are revised in 30 years, that is, once in the life-time of each generation. Where there is much waste land and fluctuating cultivation, development owing to increased resources of population, construction of roads, railways, etc., the postponement of resettlement for so long a period is injurious both to

the people who are unequal to the strain of a sharp enhancement and unjust to the general tax-payer who is temporarily deprived of the additional revenue to which he has a legitimate claim.

17. The present procedure is quite sufficient. I do not favour the appointment of any standing advisory committee. Without understanding the principles on which land assessment is based it may plead for its reduction and rouse unnecessary discontent. It is not claimed that land valuation is a science. Assessment is not a matter in which the advice of a mere theorist can be of any use. Experience of nearly a century has enabled Government to lay down broad and generous principles for the guidance of its officers. Capable and experienced officers selected for settlement work, make full and fair enquiry of local conditions, confer with the leading men in the villages and submit proposals the gist of which is placed in the village Chowra for all concerned to see and make a representation if they find the proposed assessment pitched too high. Both the District Collector and the Divisional Commissioner examine carefully the proposals of the Settlement Commissioner and the representation of the ryots with a view to see if any modification is necessary; and finally Government give orders after a full consideration of all those opinions. There is therefore no need for an Advisory Committee. The present practice of leaving complete freedom to the Executive in determining the amount of assessment leviable in accordance with the general principles carefully fixed, is a sound one and must be adhered to.

18. The Bombay practice of permanently exempting from assessment the improvements effected since the introduction of the first settlement is a sound one and should be adhered to. It is true that in some provinces periods for exemption have been fixed, for instance, 20 years for masonry wells, and 5 years for canal distribution as in the Punjab. In Baroda, *Abhaya Patta*, (protection deed) for a well was given for the period of the settlement in which it was sunk. But it did not seem that this was fair and since the passing of the new Land Revenue Code the Bombay principle of permanent exemption is followed. It cannot be determined, with any degree of certainty, after what period the land-holder can be taken to have reaped the full benefit of his private labour or capital expended on his lands; and therefore the present Bombay practice of giving permanent exemption should be continued.

19. I have a few suggestions to make—

- (1) I think something should be done to secure to the tenants the benefits of a long lease. At present a tenant is entirely at the mercy of the land-holder, who under threat of ejectment raises the rent almost every year. The land-holder hardly spends anything for the improvement of the land, except when the rent is in kind and not in cash; and the constant fear of ejectment deters the cultivator from making any improvements; and thus land is impoverished.
- (2) Local Cess which should be paid by land-lords is shifted on by them to the tenants, along with the assessment and these together with the rent make a heavy burden on the cultivator. The question deserves the consideration of the Committee who may be able to make some proposals for the mitigation of the evil.
- (3) Section 99 of the Bombay Local Boards Act empowers the Board to impose new taxes under certain circumstances. But it does not appear that any such tax has been imposed. The Local Cess on land revenue is utilised in the construction and repair of roads, and the up-keep of Schools and Dispensaries, which are used even by those who do not pay the Local Cess. The Local Boards ought to use the powers given them by law to impose taxes on those who enjoy the benefits of works done from the Local Cess Fund, but do not make any contribution to it. The imposition of such a tax is optional to the Board, and there is no provision in the Local Boards Act like that in Section 74 of the Municipal Act which empowers Government to *require* any such tax to be imposed. The Local Boards Act may therefore be so amended as to enable Government to *require* the Board to impose a tax which Government consider reasonable and proper.

Replies given by Mr. R. H. Desai, Acting Sar Subha, Baroda State.

1 and 2. I accept the general principles of assessment laid down in Section 107 of the Land Revenue Code.

3 and 4. It will be proper to base agricultural assessment on the rental value of land, provided such value could be ascertained with a fair degree of accuracy.

5 and 6. No distinction should be made between cultivating and non-cultivating landlords. Land often passes from one class to the other. Assessment should depend on the capacity of land, and not on the occupation of its holder.

7, 8 and 9. It is difficult to ascertain the true rental value of land, and it is not possible to ascertain it when land is cultivated by the holder himself. When land is leased by landlords to cultivators there is seldom anything like open competition. Generally the same cultivator continues by paying a little higher rent at intervals. If assessment is to be based on the rental value of land, the rent to be ascertained should be for the whole period of the settlement.

10 and 11. If the true rental value of land can be ascertained it will not be unreasonable to fix the maximum assessment, at 50 per cent.

12. I do not consider the scheme for fixing a permanent assessment in kind but recovering it in cash at rates to be fixed at short intervals practicable. The scheme proposed by Mr. Shivdasani looks theoretically workable, but in practice will present many difficulties.

13 and 14. I think the maximum limits of enhancement should be 33 per cent. for a taluka, 50 per cent. for a village, and 75 per cent. for a holding.

15 and 16. I consider the period of 30 years for a revision settlement reasonable.

17. I do not favour the idea of appointing a standing advisory committee consisting of officials and non-official members to examine the proposals of revision settlement.

18. Though theoretically it is provided that improvement effected in land during the currency of any previous settlement at the cost of the holder should not be taxed in fixing the revised assessment, it is not easy to give effect to this provision in practice. It is difficult to ascertain what improvement has really been effected. Practically speaking, if there is any improvement the holder gets the benefit thereof, and can have no reasonable ground for complaint if he has to pay a small portion of the profit he derives from such improvement to Government.

19. Though we profess to base our settlements on certain principles, it can hardly be said that the settlements are strictly scientific. At the first settlement of a taluka, the revenue paid by the villages is taken into consideration. Groups are formed and standard rates are fixed, keeping in view the total assessment paid by the taluka. At the time of revision settlement some increase is proposed to be made in the total assessment of the taluka, and standard rates are adjusted accordingly. Though arrears written off, outstanding arrears, coercive measures adopted for the recovery of assessment, and such matters are considered at the time of revision settlement, these matters do not much influence the fixing of rates.

Replies given by Mr. M. B. Nanavati, Subha, Navsari Division, Baroda State.

1. Yes. It is not practicable to make a change in the general principles laid down in the section. Even if we decide that the assessment is either a tax or rent it does not make any difference.

2. None else.

3. No. It would be very difficult to find out the rental value of land. Moreover this value would change very often and the assessment would have to be altered *pari passu*, which is not a desirable thing in the present condition of agriculture. Besides the rentals very often assume fictitious values specially in places of dense or thin or backward population.

4. Assessment should be based on general conditions of the industry but mainly on profits; but rents, land values and such other factors should also be taken into consideration. It is difficult to make out a definite formula for assessment.

5 and 6. No such distinction should be made. Otherwise the landlord would transfer this additional charge of the tenant by increasing the rent. But the income of non-cultivating landlords which is exempted at present from income tax, should be made liable for it.

7—11. I do not approve of this method of assessment.

12. This is a very impracticable scheme. It would be difficult to determine the produce of each field for a number of years. This yield, even when determined, would not be a sure guide since we have all classes of cultivators. A good cultivator would have to pay more, while a lazy one would have to pay less. Under commercialised agriculture there will always be changes in types of cultivation. It would also be difficult to determine prices at sight. While trying to be fair the proposal will introduce a very complicated method of calculations and the remedy would be worse than the disease.

13. Yes.

15. Yes.

17. Yes. Such a Committee is desirable and would serve as a corrective on the proposals of the Settlement Commissioners.

18. All improvements carried out at the cost of the cultivators, should be exempted from assessment for a period of 30 years and not permanently.

19. Section 107 of the Land Revenue Code is rather vague and therefore it is desirable that some more definite instructions should be laid down for the guidance of the settlement officers, viz., what factors go in the determination of profits. Several times we see that points that have no bearing on the profits of agriculture are taken into consideration. Sometimes improvements that are going to be made in the taluka in the future are considered in the calculations.

Now that index numbers of wages and prices are available these should be more and more relied upon in the determination of profits of agriculture.

Replies given by Mr. K. V. Uplap, Survey and Settlement Superintendent,
Baroda State.

1. Yes; because that is the only reliable criterion for fixing the assessment.

2. * * *

3. Yes. To ascertain the paying capacity of the land there can be no surer index than the figure of the rental value of the land. The rent actually received by the landholder is the best index for ascertaining the public estimate of the productivity of the land. A man who pays high rent for a piece of land does so because he is familiar with the natural capacity of the land as evidenced by the yearly yield of crop and this local knowledge is indicated by the rent that he is prepared to pay.

4. * * *

5. Such a distinction will not be practicable. It is not possible for all landholders to personally cultivate their fields and absentee landlords are numerous. As land affords the best and the safest source of investment there is an inducement to many persons to invest money in land. If any distinction is made between cultivating and non-cultivating landlords in fixing the assessment it will scare away persons from investing money in land. Besides, the distinction that can be drawn between these two classes of cases would naturally be to assess cultivating landlords less than the non-cultivating landlords; but what would be the ultimate result? The burden of the increased assessment on non-cultivating landlords would be shifted to the farmer who actually tills the land for the absentee landlord. The tenant will have to bear the burden. Who would be this tenant? Naturally an agriculturist,—a farmer—residing in the village or for the matter of that an outside cultivator who will have to pay the increased assessment. That means that the distinction would be nominal. The object of fixing the assessment, viz., to tax the non-cultivating landlord more would be frustrated and the agriculturist whom it is intended to protect by fixing a light assessment will have to bear the burden, i.e., the object of keeping this distinction would be nullified. It would thus appear that such a distinction is not desirable in the interest of the very agriculturist for whose benefit such a distinction is sought to be introduced.

6. * * *

7. Local inquiry from tenants and reference to Ganvatpattas would be the two sources of arriving at the rental value of lands. Reference to mortgage and sale deeds in the Registrar's office would be another useful source of information.

8 and 9. Rents paid in open competition by tenants to landlords would be the best way of ascertaining real rents paid. As a rule years of abnormal prices should not be excluded. The best course for arriving at an average of rental value is to take up the whole of the period of the first settlement and strike an average. This will include all, good, bad and indifferent years and would be a fair average. If that be considered too long a period, the figures for 5 years immediately preceding the new settlement should be taken and in that case abnormal years may be excluded.

10 and 11. It is quite necessary both in the interest of the Government and of the ryot, that a maximum percentage of the rental value should be fixed as the assessment that the State is entitled to take. Fifty per cent. is a reasonable maximum. This maximum of 50 per cent. is laid down as far back as 1864 by the Secretary of State for India, Sir Charles Wood, in his Revenue Despatch to Madras dated 25th February 1864. He says "I have to communicate to your Excellency in Council my deliberate opinion that the share of the net produce which may fairly be taken as the due of Government should be assumed at one-half". The cultivators will feel an incentive to work if they know that the demand of the Government is limited by a rule which the Government itself will observe and respect. They will be impelled by the ordinary motives of human nature to improve their own condition under the assurance that one-half of the net profits of cultivation are their's and their children's for ever.

12. The scheme suggested by Mr. Shivdasani is not practicable. In the first place the name *permanent* assessment becomes a misnomer when you admit that the assessment is to be calculated in cash rates which are to vary at short intervals. This means that the assessment fixed in kind will vary according to the cash rates fixed and hence it cannot be called permanent. The cash rates, themselves, on which we are to rely will depend on the rainfall and other items. The cost of cultivation is a very illusive and shifting item and difficult to determine. What Mr. Shivdasani is proposing is the old Bhagbatai system tagged on to the Bhigoti system. It is not purely Bhagbatai system in which assessment is to be taken in kind—so much share of each sort of crop grown in the field. It is proposed to fix permanently an assessment of so many maunds and seers of crop for each field. This is not just both to the ryot and to the State. The land may deteriorate in which case the landlord will be hit hard whereas on the other hand, the land when assessed may have just come under the plough and be underassessed

in which case the State stands to lose its legitimate share to which it is entitled. Moreover this system would entail the keeping up of a record of prices of all articles grown in a district and a periodic revision of the cash rates for each kind of crop. All this will mean the utilizing of the services of the lower Revenue staff and will open the way for corrupt practices. The main objection against the Bhagbatai system is the opportunity it gives to the lower staff for mal-practices which act as a burden on the ryot without adding a pie to the State revenue. Mr. Shivdasani's proposal ignores water facilities altogether. There is no place in his scheme for charging water. Water is as much a gift of nature as the land itself and there is no reason why this facility should not be charged. If there be a shortage of rain in a particular year how are we to give relief to the khatedars in the scheme proposed? Where is the basis for knowing what part of the assessment represents the water facility which can be remitted? The scheme is defective and instead of being a *permanent* assessment tends to become a *varying* assessment. The present practice followed in applying settlement is more scientific. The capacity of each field is estimated in annas according to the depth, slope and nature of the soil, due allowance being made for defects. This gives a more accurate basis for fixing the assessment. Water facility is also noted in annas. The whole taluka is then divided into groups and rates fixed for each group, regard being had to the communications, nearness of markets, level of prices, rentals of lands, etc. The result of applying the rates is worked out and compared with the old assessment and the increase or decrease is noted. In cases of sudden enhancements, precautions are taken to give special rates to the weak villages. If, with all these precautions, there is great enhancement in individual cases relief is given by breaking up the increase and spreading it over a number of years. If there be shortage of rain in a particular year then relief is given by remitting the water assessment and by liberal suspensions of land assessment. It will thus be evident that the system in vogue is equitable and self-adjusting.

13. There ought to be some limit for enhancement at a revision settlement. In British India this limit is fixed at 33 per cent. for a group or taluka, 66 per cent. for a single village and 100 per cent. for an individual holding and this is equitable. According to the Igatpuri concession the sudden rise in individual holdings is broken up and distributed over a number of years. Thus enhancements in excess of 25 per cent. are to be remitted for the first two years, those in excess of 50 per cent. for the 3rd and 4th years and those in excess of 75 per cent. for the 5th and 6th years, and the full assessment is taken from the 7th year. In the Baroda State which follows closely on the lines of the Bombay Settlement, His Highness has recently introduced a special concession known as Vadosan concession, from the village Vadosan of Mehsana Taluka where this concession was given for the first time, in which the enhancements are distributed over a large number of years and thus granting more relief to the khatedars. According to this concession enhancements in excess of 25 per cent. are remitted for the first 5 years; those in excess of 50 per cent. for next 5 years, i.e., up to 10th year; those in excess of 75 per cent. from the 11th to 15th year. Thus in Igatpuri concession the full increase is levied from the 7th year whereas according to Vadosan concession the full increase is levied from the 16th year.

14. * * * * *

15. As a rule settlement for 30 years is reasonable for developed talukas, but for (Rani Mahal) Forest tracts and for undeveloped talukas shorter term of settlements, say 15 or 20 years, is more advisable as it gives time to the agriculturists to accommodate themselves to the gradual increment and as it gives Government time to wait and watch the effects of the settlement on the progress of the taluka before any fresh enhancement is made.

16. * * * * *

17. I doubt the usefulness of such an Advisory Committee. As a rule the landlord class is most opposed to enhancement of land tax by Government but at the same time this class is the most tyrannical in exacting double, treble and sometimes four times the land tax from their tenants. This landlord class being the most vocal will dominate such an Advisory Committee and instead of looking at this problem in an impartial light would throw obstacles in the way of Government for receiving any enhancement while they themselves would not scruple to exact the last farthing from their tenants. The present practice of submitting settlement proposals is reasonable. Besides, the ryots are given a hearing as they are asked to submit their objections to the Settlement Officer before the rates are finally sanctioned. In Baroda we do not invite objections but as a rule the Settlement Officer hears all objections when he tours in the taluka before writing his settlement report.

18. Improvements effected since the introduction of the first settlement are permanently exempted from assessment. This is in a way good as it encourages agriculturists to sink money in the land and make improvements without any fear of Government participating in the profits.

19. The three cardinal principles of Ryotwari settlement in British India, as also the underlying principles of settlements in Baroda State are (1) The land revenue demand of a taluka should be fixed after considering what the taluka has paid in the past and can pay in future, without detriment to agricultural prosperity. (2) No enhancement should be made unless there has been a rise in prices or there are other reasons like the increase of produce justifying an enhancement. (3) No cultivator should be asked to pay more than one-half the net produce of his field. These principles have worked well and do not call for any radical change. Mr. Elliott, the founder of the Survey Settlement Department in the Baroda State, had proposed a *Varying Bighoti System* which was to be based on the following three factors—rainfall, market rates and the judgment of experts; but it was not found practicable in working. This varying Bighoti is unworkable owing to the extreme difficulty of its working and the undesirable amount of power it will throw into the hands of subordinate officials. The idea of taking assessment in kind in place of cash was mooted in the case of forest tracts like Songad, so as to remove the difficulty which the people of the forest tribes experienced in procuring cash for paying Government dues, but it was not found workable as those people were averse to it being under the clutches of sowcars.

Replies given by Sardar R. N. Ambegaonkar, retired Survey and Settlement Superintendent, Baroda State.

1. I don't accept the general principles laid down in section 107 of the Land Revenue Code. No clear principle is laid down, it contains only vague ideas; and if a reclassification is carried out at the time of the revision settlement all the improvements made by the cultivators at their own cost or labour are naturally taken into account in such reclassification. Consequently, the soil-valuation is raised higher than what it was previous to the revision settlement. This is against what has been laid down in the proviso of section 107.

3. The agricultural assessment should not be based only on the rental value of lands. But the following factors should also be taken into account:—

1. Skill of husbandry.
2. Facility of traffic.
3. Proximity of markets.
4. Prices of agricultural produce.
5. Sale and subletting value of lands.
6. Demand or relinquishment of lands.
7. Ease or difficulty in collection of assessment.
8. Increase or decrease of population in one decade preceding a settlement.
9. Condition of the people.

These are the chief factors which should determine the assessment of a taluka.

5. I think that no distinction should be made between cultivating and non-cultivating landlords in fixing the assessment.

7. The rental value of lands can be ascertained from the records (Ganwat Pattas) of the non-cultivating landlords or non-agricultural persons, from which 30 per cent. may be deducted for rack-rents, to arrive at the real rental value of lands.

8. I agree.

9. Ten years may be taken into account.

10. I have already said that only the rental value should not be taken into account in fixing the assessment of the State, as the rental value is increased or decreased according to the density or sparseness of the population of a taluka. Sometimes people can afford to pay even rack-rents when land is in great demand.

11. I totally disagree with the principle of fixing the State assessment on the basis of rental value and so I do not propose any percentage for a reasonable maximum.

12. In my opinion, the scheme proposed in Appendix II is impracticable. I give below the following reasons:—

The cost and labour of finding out the average gross produce of each and every field would be so great that it would not be worth the amount spent on making experiments. Again I am not certain whether the real gross produce can be ascertained even after spending a large amount of money. For this very reason the Governments of Madras and Bombay had given up this process.

Suppose there are three similar fields adjoining each other, the classification value of which being 8 annas. One belongs to a Patidar, the second to a Dharala Koli and the third to a Dhanka. The Patidar would naturally prefer to grow a cotton crop in his field, the Dharala Koli would like to grow Kodra, and Dhanka would grow Bawta as it serves for his favourite meal. The charge on each field, here, would differ according to the proposal made in Appendix II. The Patidar, then, would complain that his field though similar to his neighbours is taxed at a higher rate than theirs.

Thus I think that to arrive at a real net produce of each and every field is impracticable.

13. The present maximum limits of enhancement at revision settlement may be adhered to in undeveloped talukas inhabited by unskilful and backward classes. In fully developed talukas no increase should be made more than ten per cent. and that too on reasons of increase in the prices of agricultural produce. But improvements made by the State at a great cost such as the construction of railways or successful irrigational projects, may be charged according to the benefits derived by the people.

15. I am of opinion that the present normal period of settlement may remain in undeveloped talukas, and in fully developed talukas it may be raised to 40 or 50 years.

17. I think there is no objection to the appointment of a Standing Advisory Committee consisting of officials and non-officials, provided non-cultivating landlords form at least half the number of the non-official members. The proviso is necessary, because in case of difference of opinion between official and non-official members in arriving at a standard rate, the records of these landlords would be useful to some extent.

18. Improvements made by a cultivator at his own expense and labour may not be taxed; but if he receives the benefits of improvement made by the Government such as drainage-projects or bunding deep revines, etc., then he is liable to be taxed.

19. I have nothing further to suggest, as some of my replies include the required suggestions.

Note by Mr. S. V. Mukerjee, Suba, Baroda State.

I propose to take the questions in groups and give my views regarding the subject matter comprised in each group.

1, 2, 3 and 4. Section 107 of the Bombay Code corresponds to, and is identical in, wording with 80 of our State Code. Such terms as "value of land" and "profits of agriculture" are indeterminate and in view of this circumstance the present principles of assessment are open to serious criticism. Owing to a variety of reasons of which one is that commercial crops like cotton have fetched high prices totally irrespective of their "intrinsic" worth or of their cost of production, land values have appreciated to an extent that has disturbed the hitherto constant relation between the value and the income from land. The variations in the curves of either no longer correspond. Fancy prices paid for land in the Kahnab area, for instance, in this State have no relation to the rent notes passed regarding them. While land values thus show a steep rise, the rental value has risen more or less normally and it therefore remains practically the only safe and reliable test for assessing land. The general principles laid down in the Code are therefore not strictly followed in practice, and it must also be confessed that at least in regard to revision of settlements, the proviso regarding improvements has remained somewhat of a dead letter.

The rental value of land therefore can only be taken as a safe guide. It is known more or less definitely and as it represents the net assets of the farmer per unit of cultivation, he does not grudge to give a share of it to the State. The only difficulty about it is that it takes many forms and that the only form in which it appears in terms of cash and therefore forms a convenient basis for assessment is the form that is not usually adopted amongst the people. For instance, out of an agricultural area of 180,729 bighas assessed at Rs. 4,75,684, only 41,605 bighas or 23 per cent. and assessed at Rs. 1,42,767 or 30 per cent. are sublet on cash rents in Petlad taluka. But by the adoption of the rental value in cash as basis, the community suffers more than the farmer. For the Ganot system prevails only amongst non-cultivating holders of land. In their case the subletting tenants (except jungle tribes and such like, on account of their ignorance and lack of agricultural skill) has the whiphand in bargaining power. To the subletting value actually received by the superior holder, one should add the margin of profit of the ganotia to arrive at the true figure of net assets on the area in question. Again a true farmer saves in numerous little items of "overhead charges" on account of superintendence, the intrusion of middlemen, the wages of labour and so on, which the capitalist farmer of the absentee type has to incur. Thus a system of assessment on cash rentals favours the cultivating tenant more than the non-cultivating. And as these latter are in the minority, this system is rather an aid to the development of a true agricultural class than otherwise.

5 and 6. I would certainly say that the distinction is necessary and should be adopted. As I have shewn above the present settlement system rather favours the one at the expense of the other. In other ways in our Baroda Code, is this distinction kept up. Where occupancy passes from agricultural to non-agricultural classes, we charge a rent. Lands in use as factory sites are specially charged. Non-agricultural use of agricultural land is discouraged and where so made it is subject to special levies and so on. But nowhere, so far as I know, is as yet a distinction made between the two classes in regard to assessment. Obviously such a distinction cannot be stereotyped at a settlement, for lands change hands from year to year. But the Jamabandi Officers should, I think, be empowered to charge special rate (વરિયા ધરુ) of one and half times the assessment where land passes from the cultivating to the non-cultivating holder. It may be that this charging will be open to two objections. It may depreciate, but I think only temporarily, the level of cash rentals. It may secondly lead to much benami possession, but stricter pahani will minimise the evil, and the occasion for mutation of names can always be used for rectifying these subterfuges.

7, 8, 9, 15 and 16. Of these, I consider questions 9 and 15 vital to the issue. If the truth is clearly held that a settlement based equitably on cash rentals taken as a sample for a given area, is to the benefit of the farming classes then the bogie of recurring settlements disappears. It follows that the more frequent the inquests, the more it is to the benefit of the agricultural classes to avail themselves of their agency to redress inequalities wherever perceived. I should suggest ten year settlements will not be a costly or harassing proceeding, if they take the form of sympathetic economic surveys conducted in the full view of the people, and with the full knowledge of their views and objections. A long term settlement serves to stereotype inequalities while they make the people on the one hand ready to resist enhancements and on the other they induce the settlement officer to think it his duty to justify his existence to bring more money to the State and in doing so to get round as best he may the "lions in his path" to quote Mr. Anderson's picturesque phrase.

The people have no objection to a triennial revision of the income tax in this State and would certainly demur to a prolongation of the period. They should not therefore object to a decennial revision in the assessments. Permanent settlement in land has no longer the glamour of old days and politically minded people with any grounding in economics have always realised the iniquity both to the State as well as the tenant class of letting off a wealthy portion of the community from their just burden in land revenue.

As I have already pointed out I maintain that the cash rent as received by the superior holder represents the minimum net profits on the land. Such rent notes are readily available and can be studied and standardised over the period of let us say ten years, excluding abnormal years. It will not be a bad plan to allow the state agency to be used by superior holders on a small commission for the purpose of subletting of lands. I do not think the work will be much and such additional hands required may be met by the commissions received. I think the State will derive some income and also be enabled to have rental data first hand and accurately to serve as their basis of future settlements.

10, 11, 13 and 14. The present maximum of 50 per cent. the rental value and the other safeguards comprised in question 13 are the ryot's charter against rack renting. Mr. Anderson calls these latter lions in the path of a settlement officer conscientiously striving to attain the maximum percentage in his proposals. The rental value is the estimated net profit after deducting the interest on capital and cost of production, etc., on the farmer's land.

Fifty per cent. is an ideal standard. In this State, in Petlad Taluka, *e.g.*, the standard assessment is only about one-fifth of the subletting values. 50 per cent. of this subletting value is not an unfair maximum to look forward to in assessment. This subletting value is the minimum of profits which the non-agriculturist expects. The cultivating tenant on the other hand expects much more, many times more, than this. Otherwise he will not be fool enough to pay 1,000 to 1,500 Rs. per acre. The most favourite form which rent takes is that of crop sharing, and there the kind of crops rules the margin of profits; for, as it is well known, there is a sliding scale in cost of production, the more commercial a crop, the less its cost of production. And thus in a good cotton area, the rent received on this share-basis will amount to somewhere 150 Rs. per acre, where the cash rental in the case of a non-cultivating tenant will amount to 80 Rs. The assessment will be between 6 to 8 Rs. per acre. Thus the State charge on real rent will come to an average rate not much larger than the present income tax levied on non-agriculturists.

I think the lions in the path are necessary. I have already mentioned that the proviso in 80 of our Code is a dead letter. If in addition these safeguards are removed, the ryot will be at the caprice of the settlement officer. Personally I consider the safeguards fair and conceived both in the interests of the State as well as of the ryot.

17. The answer to the question will depend upon what principle the central constitutional machinery is based. If in the Provincial Government, Revenue ceases to be a reserved subject, then I presume the proper procedure should be to bring in a money bill embodying the general features of the revision proposals and get it passed through the legislature. I suppose the Government will first have to take power through a preliminary resolution to undertake revision enquiries in a particular area. If this is done, there is no necessity for a committee of assessors or local amins to advise the settlement officer. I think he should be hampered as little as possible in his investigation. Only he should conduct them in the open, inviting freely people's objections while they are going on. A local advisory committee of course may be given the credit of local knowledge but it has rarely the power to rise above local influences and to declare courageously what is or is not a rightful burden. In Baroda State, where dyarchy or responsible Government is still remote from the scene, it may yet be a feasible plan to take the sense of the Dhara Sabha on the main heads of revision proposals; and the local enquiries may be similarly conducted in the open.

18. As I have already stated, the improvements clause in the Code has been rendered nugatory by the adoption of the rental value as the test of assessment. Its only value lies in the protection it gives to individual khatedars against any special rate being applied to them on account of agricultural improvements made by them; and in that sense, the proviso should be retained.

12. I have reserved to the last my answer to this question. Appendix II only gives a skeleton to Mr. Shivdasani's scheme. It does not mention the provisions required in scarcity or famine year. Nor does it indicate how he proposes to meet the problem of agricultural lands being put to commercial, industrial or other non-agricultural uses. In these circumstances I am unable to state whether his scheme is feasible. But one thing is certain. He thinks a permanent settlement in kind with a decennial revision of price-data will lull the ryot to sleep contentedly. But I beg to think that his optimism is illusory. The agency for the settlement of prices seems also defective, apart from this fact, to proceed on so fluctuating a standard as price data is perilous in the extreme. Mr. Shivdasani's scheme however has this credit that it insists rightly on a comprehensive enquiry into the gross produce of each field. This should have been done long ago. Very rough

estimates are indeed made and that by a most unsatisfactory agency. Standard yields of the different crops in the different soils are a valuable basis for ascertaining the extent of revenue to be realised. At present the Revenue Officers are hampered exceedingly by the want of exact information of this kind. If trustworthy estimates of produce can be produced as Mr. Shivdasani wants, they can be utilised, if not for a permanent settlement in kind, at least for annual annawari of crops.

19. Generally I think the aim of a good revenue policy should be to attach the best type of agriculturists to the land. In that view it may not be out of place to suggest, now that revenue policy in Western India is being reconsidered, the laying of some foundations towards the establishment of something like private property in land. The attachment to the soil is one of the most passionate features of the life of Indian ryots and it will be to the lasting benefit of the State itself if this feeling were recognised and pressed to its service. All holders of Sarkari land should now be given the option of commuting their yearly payment of assessment, to a lump sum equivalent to let us say thirty times the present akar. The same principle may be made to apply to alienated lands. Where this is paid the sum so realised less one year's assessment should be capitalised and put out to interest. Thus this fund should bring a 5 per cent. interest more revenue than the present system of yearly realisations. Where khatedars have so purchased their right to the land by lump payment of this kind, the land tax should cease to operate and these farmers should share with the non-agriculturists the present burden of income tax. At present in view of the yearly recurring charge on the land, the farmers are rightly exempted from the income tax. With this removed there is no reason why all classes of the people except the very poor should not pay income tax equitably. A general policy of commutation such as I have ventured to suggest above will relieve the administration of a costly revenue collecting agency. Much of the irritation and distrust which at present colour the unofficial attitude towards the State may disappear; and the District Officers may be left with the requisite leisure as well as the desire for seeking and promoting local improvements and fostering popular progress.