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In the first from the Impe to the capital of the Division of the District a unit of Indian cities and town of India. The ings, and dra tillage of the s

In England but the countr and cottages, and security e it is otherwis coast of Madr gated in clos centre of the

and rapine have imposed on the mass of the Indian people the gregarious habits of the ant. The mass of thickly crowded dwellings, moulded from the earth of the plain in which they stand, and threaded by narrow and tortuous lanes, is, indeed, strangely suggestive of an ant-heap. The suggestion is enhanced by the fact that the village is usually super-imposed on a mound, which the casual traveller is apt to suppose to be some natural hillock, chosen by the villagers for the purpose of better drainage or defence. In this,

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However, he is usually mistaken, for the mound is commonly composed from the debris of dwellings, many of which had crumbled to dust before the art of writing was known or history had dawned. When wolves still howled where Notre Dame and St. Pauls now stand, and the very names of Athens or Rome were unheard of, here lived and toiled on these sites the remote ancestors of the villagers who tenant them today. It is with some feeling of reverence that the western parvenu should view these populous mounds, and know himself to be but a creature of yesterday. Nearly nine-tenths of the people of India live in such villages which number 728,605 with an average population of 364.

To an Englishman the word 'village' suggests merely the church and the houses which cluster round it. In Anglo-Indian terminology it signifies rather what the Englishman would express by the word 'parish.' It includes the cultivated lands and, often, some commonage, which surround the hamlet. It is from these surrounding lands that the subsistence of the villagers is drawn. But unlike the English parish, the villages do not cover the face of the whole country. There are tracts which are waste or covered with jungle, very largely the property of Government, which are not included within the area of any village.

It is from the produce raised on the fields by the villagers, that revenues have been drawn which have enabled a succession of conquerors to rear kingdoms and empires in India. Their thrones have always depended upon the continuance of their ability to collect these revenues. By immemorial tradition the ruler has been entitled to a portion of the grain heaps collected in the village when harvesting is done.

Thus Sir John Malcolm quotes the Mahabharata as alluding to the origin of kings: 'Mankind' (says the author) were continually opposing each other, and they at last went to

Brahma to ask him to appoint a king over them. Manu was directed to be their king. He replied, "I fear a sinful action: government is arduous, especially among everliving men." They said, "Fear not; you will receive a recompense:—of beasts a fiftieth part, and also of gold, and we will give you a tenth of the corn, increasing your store," &c. Manu (chap. vii. 127-130) says: 'Of cattle, of gems, of gold and silver, added each year to the capital stock (the king's share is) a fiftieth part of grain an eighth part or a sixth or a twelfth, according to the difference of the soil and the labour necessary to cultivate it.' In chap. XV. 118, it is admitted that the share may be raised to one-fourth of the crops at a time of urgent necessity, as in war or invasion; and so the tax on the mercantile classes may be raised. It was noticed that in Alexander's time the cultivators were already contributing one-fourth of the grain. In the great southern Hindu Kingdom of Bijanagar or Vijayanagar (which lasted till the middle of the sixteenth century), the Minister Vidyaranya declared that a king who took more than one-sixth shall be deemed impious in this world, and shall be cast into hell-flames in the next.<sup>1</sup>

From the many allusions in books, it seems probable that, as long as the old kingdoms were at peace, the traditional sixth was adhered to. The king had no expanding administrations nor demands like those on a modern government; and as long as the revenue share came in regularly, and as it was moderately increased by increase of cultivation and by the other tolls and dues which the king levied, he had no great temptation to raise the share, at any rate formally and openly. But there always comes a time when invasion and war and other difficulties disturb affairs; and in later days we shall find Hindu kingdoms, no less than others, raising the revenue freely.<sup>1</sup>

The learned author then adds in a note:

It should be remembered with reference to the supposed moderation of the one-sixth, that it really represented little more than a charge for the royal 'privy purse.' No public works, no army, and no police had to be maintained out of it. The army, was supported by the estates on the feudal system, and so with the police as far as there was any distinct from the military force. And when the great tanks, bathing places, and other works which are now looked on with just admiration as showing the wealth, power and wisdom of the old kings, were made, it was chiefly by unpaid labour, or at least by labour fed with food taken from the neighbourhood. All this cannot be ignored in comparing the modern system with the ancient.<sup>2</sup>

That ancient Hindu code, the laws of Manu, prescribes that one-twelfth, one-eighth or even one-quarter of each heap may be taken according to the necessities of the King. Akbar is stated

<sup>1</sup> Land systems of British India, by B. H. Baden Powell p. 264.

<sup>2</sup> *Ibid* p. 266.

to have taken one-third or one-quarter, and the Marathas in their insatiable greed appropriated up to a half. The maxim of a Muhammadan lawyer is quoted to the effect that 'there shall be left for every man who cultivates his lands as much as he requires for his own support till the next crop be reaped, and that of his family and for seed. This much shall be left to him: What remains is land tax and shall go to the public treasury.'<sup>1</sup>

"It is unnecessary, however, to go into further detail, because, whatever was the early practice and whatever its causes and its duration, it is quite certain, as Campbell remarks, that in later times the practice in all States—a practice that can be traced back before the end of the seventeenth century, at any rate—was to take a half of the grain in some cases and in places where money assessments were levied, as much as could be got without driving the raiyats to abscond into the jungle, and by the carefully elastic mode of exaction which the old rulers were so clever in applying."<sup>2</sup>

Such was the view adopted by the Mughal Emperors and reduced to a system by Akbar the Great. His principal reform consisted in fixing the revenue on each holding for a period of years, but subject to revision from time to time, so as to let the cultivator know where he stood, and also in converting the revenue where possible from a payment in kind into a cash rent. This clearly implied that the state was the real owner of the soil and the revenue derived by the state was not a tax but a rent. For this purpose a cadastral survey was made and a doomsday book compiled like that which William the Conqueror compiled for England. The officers, through whose agency these surveys and records were framed, were the patwaris or village accountants supervised by kanungos in charge of a larger area called the pargana.

The collection of the revenues was doubtless farmed out to contractors; but at least there were data by which the exactions of

<sup>1</sup> Report on the settlement of the Begum Sumroo's Pergunnahs, 1840. *North-Western Provinces Revenue Reporter*, Vol. II, 1874. (Quoted *Imperial Gazetteer of India*, Vol. iv, p. 220.)

<sup>2</sup> Land systems of British India by B. H. Baden Powell. Vol. I, p. 264.

the revenue farmers could be checked, so long as the authority of the Central Government at Agra or Delhi remained effective.

As a matter of fact, in the best days of Mughal rule, moderation and control over collecting officers were duly observed; but no ruler ever dreamt that he might not from time to time (as he chose—there was no other principle) revise the assessment. Good rulers did so by a formal measurement and moderate additions. Indifferent rulers did so by the easier expedient of merely adding on 'cesses' (known in revenue language as 'hubb' and 'abwab'). Bad rulers simply bargained with farmers for fixed sums, thus both compelling and encouraging the farmer to raise the assessment on the cultivators, or, in other words, delegating to the farmer the proper functions of the State officer in revising assessments. 1

As the Mughal power decayed, the survey and records became obsolete and the worst evils of revenue farming became rampant. The revenues of districts or even provinces were presented to favourites, or else to conciliate dangerous satraps. It was in accordance with this practice that rights to collect revenue in Bengal were conceded to the British East India Company, and also to Clive in person. The extension of British Dominion has everywhere meant an assumption of the right to collect the revenues and finally of the Mughal claim to the general ownership of the land.

We find that in modern times, all Native States claimed, and still claim, to be de facto owners of every acre of soil in their States, and have taken as much land-revenue as they could get without seriously starving the people. 2...It will be found that, in spite of the weight of law-books and commentaries, we shall end, in India, with finding that, as already stated, the King or the State claimed to be the only owner or landlord of all land. At least that certainly had come to pass by the end of the eighteenth century. 3...Certainly, however, the Governments of that time did, and the native governments of the present day do, make a claim to be landlords of all land—but they should rather base such a claim on conquest and the disorders of later times, than on any of these ancient authorities. Putting aside the obvious mistake about 'ancient usage' it is hardly possible that Mr. James Grant, and Colonel Munro, and many others, could have been mistaken about the fact that in their time all governments did claim to be land-owners; and, as I said, it is quite certain that the Nizam and other rulers make the same claim now. 4

1 Ibid page 268.

2 Ibid page 246.

3 Ibid page 226.

4 Ibid page 231.

With reference to the extent to which these claims were adopted by the British Government, Baden Powell remarks—

I think, on the whole, what was meant by the various declarations in the Regulations and elsewhere, was this; that the Government claimed to succeed to the *de facto* position of the preceding ruler only so far as to use the position (not to its full logical extent but) as a *locus standi* for redistributing, conferring and recognizing rights on a new basis.

And the outcome of the action taken by the Government was this—that it at once recognized certain rights in private individuals, and only retained such rights for itself as were necessary.

The power to make this distribution was no doubt based on the *de facto* power of the Government to dispose of all land.

I may exhibit the main features of the disposition of landed rights made by Government under five heads.

- (1) Government used its own eminent claim as a starting point from which to recognize or confer definite titles in the land, in favour of persons or communities that it deemed entitled.
- (2) It retained the unquestionable right of the State to all waste lands, exhibiting however the greatest tenderness to all possible rights either of property or of user, that might exist in such lands when proposed to be sold or granted away. This right it exercised for the public benefit, either leasing or selling land to cultivators or to capitalists for special treatment; thus encouraging the introduction of tea, coffee, cinchona and other valuable staples. Or it used the right as the basis for constituting State Forests for the public benefit, or for establishing Government buildings, farms, grazing grounds, and the like.
- (3) It retained useful subsidiary rights—such as minerals, or the right to water in lakes and streams. In some cases it has granted these away, but all later laws reserve such rights.
- (4) It retained the right of escheat; and of course to dispose of estates forfeited for crime, rebellion &c.
- (5) It reserved the right necessary for the security of its income (a right which was never theoretically doubtful from the earliest times) of regarding all land as in a manner hypothecated as security for the land revenue. This hypothecation necessarily implies or includes a right of sale in case the revenue is in arrears.

After Government has so distinctly conferred proprietary rights in land, any later use of the term 'universal landlord' as applied to Government, can only be in the nature of a metaphor, or with reference to the ultimate claim of Government alluded to in the last paragraph or that which arises in case of a failure of heirs.

cultivator requires for his support, that cultivator is in a position to sub-let it to some other husband man who will pay that difference for the right to live on it. The value of its products may be enhanced by a variety of conditions beyond the control of the cultivator or owner. The enforcement of law and effective protection by the state, such as was afforded by the Mughal Empire and the British administration, are cases in point. The growth of a city affording a market in the neighbourhood of the land is another. And apart from all these factors there must be a general growth in the cash value of the produce because, while the population of the world continues to increase, the area of its soil remains fixed. In any case the true economic rent of land is not due to the efforts of the cultivator or owner. It is of the nature of unearned increment due to the forces of nature and the efforts of the community as a whole. The argument, therefore, is that this unearned increment should enure to the benefit, not of the individual cultivator or owner, but to the community as a whole. The followers of Henry George have urged that this unearned increment will suffice to meet all the public expenses, if reserved to the state, which will therefore be relieved from the necessity of imposing taxes properly so called. The school of economists holding these doctrines has been given the inappropriate name of single-taxers. Their real doctrine is that no taxes at all would be needed, if rent, and the increase in rent, were reserved to the service of the community which creates it. Whether from the name of the American thinker who first developed these doctrines, or from that of their greatest practical exponent, Mr. Lloyd George, they may with convenience be referred to as the "Georgian principle."

Had Henry George lived and propounded these doctrines a century earlier, they would probably have exercised from the outset a

determining influence on the history of the revenue system in India. Rarely has the Government of an old and populous country been so well situated as the British administration was in the eighteenth century to claim the ownership of all the land and the public right to the gradual increase in the value of the rent it yielded. It inherited that claim from the Mughal Empire, and it also had, as an example to be followed, the system of Akbar, whereby a fresh valuation of the rent could be made from time to time, and the increase thereof could be realized for the service of the state.

If throughout India the land were re-valued once in every thirty years, if the true rent was ascertained, and if that amount, subject only to fair commission paid to intermediary collectors, accrued to the community at large, the ideals of Henry George would be nearer to realization in this ancient country even than in newer communities, to which they are *prima facie* more easily applicable. It might even have proved that the whole public cost of an administration so economical as that of India might have been met from the growing value of rent without resort to taxation in the true sense of the word.

Such were the possibilities, had they been foreseen, of a just distribution of the public burdens, when, in the time of Warren Hastings and his successor Lord Cornwallis the British East India Company found itself entitled, by virtue of a direct grant from the Mughal Empire, to the public revenues of Bengal, Behar and Orissa. The subsequent treatment of those revenues by the Company was influenced by two dominating factors.

I. In the course of one hundred and fifty years of disorder the surveys and records initiated by Akbar had practically disappeared. At that time, moreover, the Company had no trained staff at its disposal competent to frame such records anew.



II. In the second place the only system of land-tenure known to the Company and its officers was that established in England. The English landlord was then regarded as the backbone of the British constitution. The country gentleman, by virtue of his influence as a landlord, enhanced by his official position of justice of the peace, was the main stay of public order and administration in his own countryside. From the income he drew he was expected to make improvements in the holdings of his tenants, and from the land he kept in his own hands to set an example of enlightened and progressive cultivation.

When the Company's officials addressed themselves to the task of collecting the land revenues of Bengal, they found that the zamindars or tax-farmers were the persons who had been liable for the payments to the government, and were, indeed, the only agency through which the revenue could be collected. Superficially the position claimed by the zamindars resembled that of the English landlords. The Company's staff, who knew more about trade than land-tenures, were in numbers as well as in training unequal to the task of compiling the elaborate data necessary to enable a collection to be made from the cultivators themselves. They, therefore, confined themselves to the task of determining with the aid of the Kanungos,—

I. Who were the zamindars responsible for the revenue of each locality.

II. How much revenue that locality was capable of realizing as judged by recent collections. At first these assessments were revised every ten years, and the zamindars were made responsible to the Company for 90 per cent. of the assessment, ten per cent. being left to them as commission. It is a point always to be

remembered that the assessments which preceded the permanent settlement of Bengal were not based upon any surveys or record of rights.

The policy of recognizing the zamindars in Bengal was never in question. John Shore advised it no less than Cornwallis himself. The only point in dispute between Cornwallis and his able and experienced lieutenant was as to the expediency of the periodic revisions of the amounts for which the zamindars were to be made responsible. Contrary to the views of Shore, the argument in favour of putting the zamindars in the same position as the English landlords prevailed. The Directors agreed with the arguments of Cornwallis that the payments of the zamindars should be permanently fixed on the basis of the assessment of 1793.

The proclamation, after reciting that the Governor-General in Council had been empowered by the Court of Directors to 'declare the jumma which has been or may be assessed upon their lands ... fixed for ever' went on to say: The Governor-General in Council accordingly declares to the zamindars, independent taluqdars, and other actual proprietors of land with or on behalf of whom a Settlement has been completed, that at the expiration of the term of the Settlement (ten years) no alteration will be made in the assessment which they have respectively engaged to pay, but that they and their heirs and lawful successors will be allowed to hold their estates at such assessment for ever.<sup>1</sup>

This meant the conversion of their liability to the state for the true rent, less a commission representing the cost of collection, to a quit rent or fixed tax on land similar to that imposed on English estates. They would thus become landlords in the true sense of the term, and the gradual increment of rent would then accrue to their own profit instead of to that of the public purse.

From these funds, as Cornwallis believed, they would effect improvements on their estates in the spirit of a good English landlord. They would further be interested as a class to support

<sup>1</sup> Ibid, page 400.

the government which had made this settlement; for the real permanence of the settlement would largely depend upon the government which made it. Identified by their interests with the government they would act as centres of authority in their own district, and would aid the government in preserving order and in enforcing law. - The vast enhancement in the value of rents, which was destined to take place was not foreseen.

By this decision the freehold title was practically alienated by the state and vested in the zamindars who were by origin the agents of the government for the purpose of collecting the rents. This system, known by the name of the permanent settlement, has been applied to five-sixths of the land in Bengal, Behar and Orissa, to one-eighth of Assam, to one-tenth of the United Provinces and to one quarter of Madras, which together represent one-fifth of the total area of British India and include the richest part of that area. The result is that this 20 per cent. of the area of British India yields only sixteen per cent of its total revenues from land. The relation of the revenue to the rent has now fallen from over 90 per cent to less than 25 per cent.

The effect on one particular district, Faridpur, is best stated in the words of the district officer.

'The land tax is a legacy of the Permanent Settlement and has never been varied for over 120 years. When originally imposed it nominally represented 91 per cent of the rent paid by the cultivators of the soil, the remaining 9 per cent. being retained by the agents who collected the rent. There seems reasons to believe, however, that it really represented a much smaller proportion of the rent and that the land-owners who collected it retained a much larger proportion than was intended. In any

‘ case the effect of the Permanent Settlement was to convert tax-  
‘ collectors into landlords and to assure to them the natural  
‘ increase in value which peace and growing prosperity and popu-  
‘ lation would confer upon the land had the Permanent Settle-  
‘ ment not been effected the whole of this increase would have  
‘ become land-tax payable to the Central Government; it now goes  
‘ to the landlords, who have thereby secured about 2,400,000  
‘ rupees or £160,000, their profits from the land having increased  
‘ six-fold since the Permanent Settlement was concluded, while  
‘ the land tax remains at the same figure, £40,000, at which it was  
‘ fixed 120 years ago.’<sup>1</sup>

Ten years ago the loss to the public revenues was estimated at 9 crores of rupees at least or about £6,000,000. That loss has either to be met by tax-payers other than the zamindars, or the people of India must forego benefits in the shape, either of education, or of some other service to the extent of £6,000,000 per annum.

The social benefits reaped by the permanent settlement have not been commensurate with the hopes entertained by Lord Cornwallis. To a certain extent the larger zamindars have supported the existing fabric of Government, and have acted as pillars of law and order. On the other hand Government has been forced to intervene to protect the tenant against the landlord. As in Ireland a series of laws have been passed on the subject. Applied to a people by nature litigious these laws have led to a mass of litigation which ever increases—and a consequent growth in the number of lawyers. Not merely the substance of the people, but the energy which might be devoted to increasing that substance, is wasted on law-suits.

<sup>1</sup> The Economic Life of a Bengal District, A Study by J. C., Jack pp. 115-6.

Since the share in the produce of land due to the Government was fixed, the rent obtainable by the landlords has largely increased. But the value of the improvements affected by them on their land has been negligible.

For one thing the funds available for improvements, instead of remaining in the hands of a single landlord responsible for making improvements on one estate, have largely been subdivided. 'A Bengal record-of-rights is in itself a totally different and infinitely more formidable document than anything of its kind elsewhere.' (The United Provinces for instance).

Referring to the difficulty of recording these sub-divisions, the Bengal District Administration Committee, which reported in 1914, goes on to say—

The original ownership of the village has in many cases been split into a bewildering maze of vertical and horizontal sub-divisions that require a skilled agency to trace out and record. Where proprietary tenure are quite commonly found seven and eight deep and in some cases 12, 15 or even 17 tenure holders are recorded one below the other, where each of these strata of proprietorship is divided up among equally numerous sharers; where a single proprietor very frequently holds tenures in several of these strata; and where finally most of the tenure holders are absentees and not continuously represented in the village; here is a state of things in the face of which an agency like that in the United Provinces and Central Provinces would be entirely helpless.<sup>1</sup>

These subinfeudations were the direct result of the British settlement. Under Mughal rule the tax-farmers' rights were not so firmly established as to be capable of sale. No one would buy them. But no sooner were the zamindars recognised and registered by the Company than their rights became negotiable. They discovered they had property which could be sold for cash. And people with money to invest were willing to buy, because they found that the rights purchased were really enforceable in the courts established

<sup>1</sup> Report of the Bengal District Administration Committee 1913-14, page 70.

under British rule. It is a tragic fact that an immense impetus has been given to the habit of litigation by the efficacy and purity of British justice.

The result was that many of the zamindars, finding how easy it has become to raise money by sale, developed extravagant habits. Then the increase in the value of their rights, which followed the permanent settlement, enabled them to sell a share of their income, while still retaining the rest. A zamindar would sell for a lump sum the right to collect the rents of his estates subject to an obligation on the part of the purchaser to pay the seller and his heirs a fixed sum per annum. Thus while retaining a fixed rentcharge he sold the right to the further increment. Then as the value of the increment grew the purchaser was able to repeat the process by retaining a fixed rent charge and selling to a third party the right to the balance and the future increment. The object of these sales was not merely to raise money for marriage and other ceremonies, but also to pay the cost of litigation. The result is that the rights to land are now divided into a series of strata, which are often as many as seven or eight and in some cases double those numbers. The Hindu custom whereby members of a family continue to share in one inherited property operates to divide each layer of rights by a number of horizontal divisions. The accounting and legal machinery necessary to work such a complication of rights in practice eats up money which ought to go back into the land.

Where Cornwallis hoped to make one landlord responsible for improvement of the estate, the general result has been so to divide the control and responsibility as to destroy it.

The system has thus tended to multiply rent chargers, who live on the produce of land without doing anything by their labour to

increase it. These rent chargers, divorced from the habit of tillage, have increased more rapidly than the rents upon which they subsist. They constitute the class known in Bengal as the *bhadralok*, whose growing impoverishment has lately been enhanced by the rise in prices. Largely drawn from the scholarly castes, the Brahmins and Kayasths, they have destined their sons for the clerical professions, more especially for government service and the law. Hence the demand for English education. The policy of government has encouraged this tendency. Had government thought from the outset of fitting the people for the various and rapidly changing conditions of life their administration might have contributed more in the end to moral and political as well as to material progress. They thought rather of implanting in India the kind of literary culture familiar to graduates of Oxford and Cambridge in the days of Macaulay. But this educational ideal, such as it was, was largely obscured and distorted by a desire to make the system subserve an administrative purpose. From the first the system was designed largely for the purpose of training young men for the public service. The only utilitarian purpose they kept in view was a dangerously narrow one. As in England itself the rulers of India were slow to foresee that times were at hand when nations must fail in the race unless they are trained for the place in the state which they are called upon to fill. If the millions of India were to wake from their long sleep and compete in the race, it was necessary that their youth should be trained to agriculture and industry no less than to official life.

Generally speaking there is little or no demand on the part of private employers for the products of the educational system. Technical education has been attempted, but on lines so theoretical

that "it has provided no Indian employes for the great local industries of Calcutta, and a notoriously large number of its students take up employment for which their special training is of little use—Institutions which at vast expense teach a more advanced theory than the pupil will ever have occasion to use in practice, unfit him for the employment he is likely to obtain."<sup>1</sup> It will thus be seen that the permanent settlement has encouraged the growth of a large class who, turning their backs on agriculture, and having neither the capital nor the training for industry, have eagerly sought employment in Government service and the clerical professions. The system of education has failed to equip them for other employments with the result that many of them drift into want and even crime. As in the 17th and 18th centuries in Europe youths of birth and breeding took to the road, so in modern Bengal it is educated youths who are driven to dacoity. And, as the Committee found, the system of education creates a positive distaste for agriculture.<sup>2</sup> Independent evidence in support of these views appears in the course of the minute study of the district of Faridpur made by the Collector, Mr. J.C. Jack, to which reference has already been made.

"Only a few of the village lads go to school and village schools are very primitive institutions. There is no prejudice against learning, but even the most careless observer must notice the tendency of lads who have gone to school to refuse to work in the field and to despise their unlettered fathers. Elementary education may be a very blessed thing but it would seem that in an agricultural country it needs to be universal if it is not to prove a curse."

Even more convincing is the following testimony recorded in a letter from a Bengal student to his teacher in the year 1916.

"I left the place for another village some 11 miles away. The distance I walked without any umbrella in the scorching sun. That village is proverbially poor in sanitary conditions, almost every year suffering from Malaria, Cholera and other bad diseases. The recent malarial attack carried away many poor souls. During my visit the village, generally speaking,

<sup>1</sup> Report of the Bengal District Administrative Committee. Pages 178, 185.

<sup>2</sup> Ibid p. 175.



was keeping good health. My object of going to it was to talk to the villagers of the usefulness of quinine medicine, although the only antidote of malaria, people carefully avoid making use of. I thought two days would be sufficient for the purpose. I usually used to catch hold of 8 or 10 men either in a sitting house or under a tree, and in the course of conversation about rural topics explain the powerful efficacy of the drug. Many have consented to try. What I discovered to my utter delight was this that they would be all frank with you only if you condescend to put aside your academic airs. They are very good fellows. One day while I was talking about the benefits of education, one elderly man very emphatically and justly too made the following remark which I shall never forget. "Babu, we are poor. We must cultivate for our bread, literary education makes boys hate manual labour. Just see the boys of our village. The son of our Mondal reads in the School. His father works so hard in the field, but he never *breaks a straw*. If our children after getting education (primary) do not work with us, we shall certainly cease to live". The statement is extremely funny, nevertheless true. On enquiry I learn there were some 5 boys of that type. I then very strongly felt it to be my duty to stay a few days more and if I could leave things better. From that day I began to work in the field along with the cultivators. You know our parents are very fond of smoking their hookahs. I used to go to the field and relieve one man so that he could smoke. The offer that I made was never unwelcome. Sometimes many men would stand round the land to see working at the plough. I enjoyed so much. This I did in the morning. In the noon, I contrived to gather the schoolboys, and spoke to them. They were very much impressed. In the afternoon I used to plant brinjal and other season plants, and water those already planted. After a day's experiment I saw some signs of change. Those boys gradually joined and afterwards they hardly allowed me to do anything they doing all. On the last day but one of my stay there, I was ploughing and a thorn ran deep into my toe which swelled and made me unable to walk. I took it to be a warning to return to my studies. The letter is long though you have no time to read. Excuse if I tire you."

The general result has been a steady growth of unrest in Bengal. The failure of Government to cope with it is ascribed to two principal causes. The first of these is a want of touch between government officers and the people. In districts not permanently settled the duty of checking and revising the revenue records is the principal agency in bringing Collectors and their subordinates into touch with the people themselves. In Bengal the villagers see little or nothing of government officers other than the police. Government is thus visible to them mainly in its aspect of repression, and administrative officers know too little of the people they rule. As a record of rights

is now in process of construction this particular defect is perhaps on the way to be remedied.

A second reason is that, for want of the revenue which the permanent settlement has absorbed, the increase of government officers has not kept pace with the growth of the population. One district contains upwards of 4,500,000 souls, and seven others contain more than 2,000,000. The Government of Bengal, meanwhile, was long hovering on the verge of bankruptcy, and want of funds, due to the permanent settlement, has stood in the way of reform. And yet, as Mr. Jack shows in his careful study, Bengal, as judged by his own district, is one of the most lightly taxed communities in the world.

Incidentally it must be observed that the loss of revenue involved by the permanent settlement is equally divided between Bengal and the Government of India. Bengal, therefore, contributes less than its share to the national expenses, and the deficit falls, of course, on those parts of India to which the permanent settlement has not been applied. In these remarks there is no suggestion that the permanent settlement can now be altered. If the growing needs of the public are to be met and a fairer adjustment of burdens is to be made, it must be through the income tax.

No excuse need be offered for giving these particulars in the course of a chapter dealing with revenue, for they serve to illustrate the intimate relation between social conditions and the revenue system. That relation is nowhere more close than in India, and goes far towards justifying the use of the word "revenue" to denote "general administration."

So far as one-fifth part of British India is concerned the opportunity presented by Indian conditions of realizing the Georgian

principle has been definitely closed. But the evil results of the permanent settlement were slow to develop. Till far on in the 19th century, the experiment was regarded as a proved success; and in 1862 Sir Charles Wood ordered its application to India at large. So great were the difficulties encountered that these orders were delayed in execution. Meantime, the evil results of the system began to appear. The inherent inequity to the general tax-payer of alienating the unearned increment of rent began to be realized, and in 1883 the orders of Sir Charles Wood were definitely cancelled by Lord Ripon.

Such was the history of the first attempts of British administration in Bengal to settle the land-revenues, and such were its consequences. When, however, in the earlier decades of the nineteenth century, the Company began to grapple with the same problem in others parts of India, it was then equipped with an able and experienced staff of administrators. The British administration was thus in a position to revive the best features of Akbar's system, and to add to it others which were a further improvement. Akbar had aimed at converting a share in the grain heap into a cash payment based on a share of the gross produce. The British Government adhered to the principle of collecting the revenue in cash instead of in kind, but based the assessment on a calculation of the 'net assets' or profits of cultivation, that is to say the rent which a free-holder could obtain by letting the land. But these rents were not levied on improvements made by the owner or cultivator. The rent was, in fact, based upon what Americans call the prairie value of the land.

In Madras Sir Thomas Munro developed the idea of surveying the districts, and also of dealing direct with the cultivators. In 1807 he converted the Directors to his views. The result was the

system, known as the raiyatwari settlement. The fields were surveyed, the soils classified, and the assessment determined in accordance with the size of the field and the value of the soil. The ruling prices of crops raised on the fields are also taken into account. It is in accordance with a rise in these prices that the valuations are revised at the periodic assessments. The revenue, which as we shall see is now only about 50 per cent of the valuation, is collected from the cultivators themselves direct by the Government officials.

We may now examine in greater detail the development of the system in the United Provinces—the special subject of this inquiry, omitting any reference to the peculiar conditions of Oudh.

Generally speaking the position of the zamindars was recognized as in Bengal. In villages where no zamindar could be found, the resident or more permanent cultivators were amalgamated under a system of joint ownership. In the place of a zamindar a kind of corporation was established, and this system is now largely typical of northern India. But the settlement was never made permanent as in Bengal, and was subject to revision from time to time, and that revision was based upon accurate surveys and records of rights. The following note from the hand of an expert will serve to show the manner in which these surveys were made:—

In 1822 the first steps were taken towards securing a satisfactory record of rights in the land. The position of the hereditary collectors of the State demand (the zamindars, as they had come to be called) had by this time been recognized. The villages were surveyed and the maps showed every field in every village, while each plot was numbered. A series of registers was prepared to link up with the map, and the name of the zamindar, and of every actual cultivator, with details of the plots in his holding, his rent and so forth, was recorded. These maps and registers form the basis of the now elaborate system of land records, and they are maintained on much the same lines in all the provinces of British India. In most provinces the maps and the registers forming the "record of rights" are kept up to date by the patwaris (or similar officials under another name) under the general control of the officer in charge of the district (the Collector or Deputy Commissioner) and at intervals generally (though not necessarily)

when a revision of the land revenue assessment is contemplated, the maps and registers are also completely revised and overhauled.

The earliest assessments had been more or less continuations of the Mughal methods, and were based chiefly on such public accounts as were available: but in any case they were estimates of the cash value of the share of the crops due to the State, and were revised at intervals of 3 to 5 years. In Upper India, however, hereditary zamindars were not always found and in that case engagements to pay the revenue assessed were taken from the established cultivators in the village, on joint responsibility and such men in that way obtained a title similar to that of the zamindars.

At the present day communities of this sort contribute a large share of the land revenue.

In 1822, by the same Regulation which initiated the record of rights, the basis of the assessment was changed, an attempt being made to calculate the gross profits of cultivation by deducting the wages of labour and the interest on capital from the value of the crop, the revenue to be assessed at a fixed share of the gross profits. But this process not unnaturally proved too elaborate to be workable and it was finally abandoned in 1833 in favour of a system which has endured in its main outlines until the present day. Instead of making estimates of crop and cost of cultivation, the valuation of the land is now made on a consideration of the rents actually paid by the cultivator (and recorded in the record of rights) to the zamindar. The process of assessment in its latest development under this system is briefly as follows. Similar villages are grouped in assessment "circles," plots of similar soil in them are grouped in soil-classes, and *rent-rates* for each class of soil in each circle are deduced from the rents paid on a modern scale by substantial tenants. These rates are used for the valuation of unrented land, e.g., the fields held by the zamindars in their own cultivation or granted by them without rent (or at a favoured rate of rent) to relatives, family priests, village servants and so forth. From the sum of the tenants' rents the valuation of unrented land, and the income from uncultivated products such as grass, reeds and wild trees, or the fish in the lakes and streams, deductions are made by way of allowance for improvements effected at the zamindar's expense and for the exceptional costliness of the zamindar's own cultivation. (His social position usually prevents him from working with his own hands like the humbler tenant). The result is the "net assets" of which the fixed share, nominally half, formerly more, but in practice now less, is the land revenue assessed by the "Settlement Officer." The re-assessment or settlement occurs now at intervals generally of 30 years.

Incidentally during the last 40 or 50 years the rent-rates adopted by the Settlement Officer have been used not only to value unrented fields but also to enhance tenants' rents which are seriously inadequate when judged by modern standards. There are classes of tenants whose rents, owing to legal restrictions, cannot be easily enhanced, and there are some zamindars who are content not to attempt to enhance their tenants' rents between settlements, so that a considerable portion of the actual rents remain stagnant and do not respond to the increases in rental values which generally occur in the long intervals of 30 years. Such rents can be, and generally are,

raised by the Settlement Officer, and while the increment of course goes in the first instance to the zamindar it is included in the "net assets" and is thus partially secured to the State.

This account of modern methods only applies in full to those parts of the United Provinces which are not permanently settled. In the "ryotwari" tracts (chiefly in the Madras and Bombay Presidencies) the actual cultivator and the owner are the same person and there is little actual rent to guide the Settlement Officer. While, therefore, villages and soils are classified much in the same way as in the U.P., the assessment is determined by the direct application of a *revenue-rate*, which has to be fixed on theoretical considerations, such as the estimated yield of crops or a rise in prices or improvement in communications or irrigation effected at the expense of the State.

In permanently settled tracts the settlement dates from 1793 or shortly after and of course is not liable to revision; but provision is usually made for revisions of the record of rights in them, and to some extent for fixing the cultivators' rents.

In the Punjab, where village communities in parts are much more common than zamindars, and mere tenants are few, the Settlement Officer has still partial recourse to produce estimates in order to determine a fair valuation of the assets.

Over four-fifths of British India a periodic revision of assessments has been maintained, which enables some portion of the unearned increment to be recovered in relief of general taxation. The revision is usually effected once in a generation, that is to say, in 30 years. None the less a progressive departure from the principle of reserving the unearned increment to the state has been made. On the valuations current in the year 1812 Government decided to levy only 90 per cent, thus leaving a margin of 10 per cent in favour of the person liable to Government for the rent. Since 1812 the proportion of the "net assets" taken by Government has been steadily reduced. In 1822 it was lowered to 80 per cent, in 1832 to 72½ per cent, in 1849 to 66¾ and in 1855 to 50 per cent. A discretion has now been given to Provincial Governments to fix the revenue at from 55 to 45 per cent of the valuations. In practice, the revenue is often assessed at a much lower figure.

But this is not all. In recent years the value of agricultural produce has risen so rapidly that Government has shrunk from making a corresponding increase in the assessments.

The reasons for this hesitation may be seen by taking an imaginary case. Let us take a property the rental of which was valued in the year 1880 at Rs. 400/-. Of this valuation 50 per cent, or Rs. 200 would be payable to Government as revenue. That and no more would continue to be payable till 1910 when the land came up once more for revaluation.

In the meantime the value of rents might have risen to Rs. 1000 and might have been realised by the zamindar raising his rents against the cultivator. Thus in 1910 the zamindar would be realising Rs. 1000 out of which Rs. 200 only would be due to Government, leaving him a net income of Rs. 800. In 1910 his land would be revalued at Rs. 1000 of which 50 per cent, or Rs. 500, would be due to Government. His private income would thus at one stroke be reduced from Rs. 800 to Rs. 500 or by  $37\frac{1}{2}$  per cent.

The Revenue Department of the Government of India has therefore instructed the Provincial government that, without their special sanction, no revision of assessments shall have the effect of raising the aggregate revenue of a district by more than  $33\frac{1}{3}$  per cent.

As to the manner in which effect is given to these instructions there is some conflict of evidence. Some officers hold that they are ordered to write down the valuation to a figure which will avoid an increase of the revenue assessment by more than  $33\frac{1}{3}$  per cent. Others maintain that there is no tampering with valuations, but the result is secured by reducing the proportion of them taken as revenue. To take the example quoted, one school

maintain that the valuation is written down from Rs. 1000 to Rs. 900. The zamindar would thus have to pay only Rs. 450 to Government; but as he is really deriving Rs. 1000, not Rs. 900, from the rents, he would retain a private income of Rs. 550. This is a less crushing reduction of his income than if the full admissible half assessment had been taken. The other school declare that the result is really arrived at by maintaining the figure at the real valuation indicated by the rents, namely Rs. 1000, and reducing the share taken as revenue from 50 to 45 per cent. He would thus pay Rs. 450 in revenue and retain Rs. 550 as his private income.

The precise method however by which these reductions of revenue are made is immaterial. The fact that in many cases they have been reduced to 45 per cent or even lower, is not in dispute.

In addition to revenue taken by Government is a cess equal to an additional 10 per cent, on the revenue collected. This cess however is merely a consolidation of a number of extras levied for local purposes, and is devoted to such purposes exclusively. This percentage is added to the revenue and collected at the same time. The most striking departure from Georgian principles, however, has been made in the cases where land in the neighbourhood of growing towns has been diverted from cultivation to be used as sites for houses, factories or shops. It is in these very cases that the fact of unearned increment is least in question. The moment that agricultural land comes within reach of a growing town, the rents obtainable increase by leaps and bounds. Here it is quite beyond dispute that the increment of values is not due to the efforts of the owner or cultivator.

Land when so diverted from cultivation to more profitable uses seems to have been treated in different ways. Some revenue autho-



rities have kept the land on the records, and have assessed it for revenue at the highest agricultural rates ruling in the neighbourhood. Others have taken the view that land revenue is simply a tax on tillage, so that, when land ceases to be used for agricultural purposes, it ceases to be liable to land tax at all. The fortunate owner has thus been exempted from land taxation at the moment when his rentals are increasing by many hundreds per cent.

An actual example may be cited. A large cotton concern required a field in the neighbourhood of a certain town in the United Provinces as a site for a ginning factory. The field was assessed for taxation at Rs. 5. It was leased from the owner at an annual rent of Rs. 300 and the factory was erected. These were the facts with which the settlement officer had to deal. In accordance with recognized practice, he should have removed the land from his roll, on the ground that, as it was no longer subject to cultivation, it ceased to be subject to the land tax. He availed himself, however, of the fact that it was technically outside the municipal limits, and kept it on his roll at a rental of Rs. 20, the highest in the neighbourhood paid on any class of agricultural land. But had the field been within the municipal area, it would then and there have vanished from the roll and have ceased to be liable for the land tax.

It is not uninteresting to trace the process which has led to these startling results. The Mughal Empire claimed the ultimate ownership in land. In virtue of that right it conceded the cultivator no more than the means of bare subsistence. - All that was over and above that margin was claimed by the state, and for practical purposes the rent due to the state was fixed at one-third or one-quarter of the gross produce.

The British administration claimed to inherit these rights. The basis upon which the rent was fixed was charged from one-third or

one-quarter of the gross produce to the annual rent obtainable in the open market. The amount of this rent to be actually levied was first fixed at 90 per cent, and then reduced by successive stages to 45 per cent. In the meantime the custom developed of calling it a tax, and the revenues from land may be described as a rent which Government has drifted into treating as a tax on agriculture. On the other hand two features have been preserved which seem clearly to mark the land revenues as being of the nature of a rent rather than of a tax.

I. The proportion of net assets, to be taken by Government as revenue, is not determined by statute, nor even discussed in the legislature. The successive reductions from 90 to less than 50 per cent. have been ordered by the Government of India in its executive capacity. Now the essence of tax is that it is levied in accordance with a statute, in terms of which the amount leviable can be settled to the uttermost farthing in the law courts. If Government desire to exact 100 per cent. of the net assets no law-court could intervene.

II. The assessment made by the settlement officer is presented to the person liable for the revenue, whether zamindar or raiyat, in the form of a bargain. He may take it or leave it, and if he elects to reject the assessment proposed, his rights are passed to another, and the previous holder is compensated out of the proceeds. His tenure is thus distinctly of the nature of a tenant right.

The system, taken as a whole, is thus characteristic of a rent rather than of a tax. The highest authorities on the subject are disposed to treat the distinction between a rent and a tax as purely academic. But the two things are vitally different, in the East as well as in the West. While persistently handling the revenues as a rent, Government has drifted into thinking of

them as a tax on tillage. The natural result has been that when land ceased to be used for agriculture, it ceased to be charged for revenue. Land which had suddenly acquired colossal values as urban property was thus at the next assessment freed from liability for the payment of any rent to the state in virtue of its position as ultimate owner. The policy is defended on the ground that urban and industrial rents are now subject to income tax. But income tax is a mere fraction of the rental created when land is diverted from tillage to building sites.

If, by means of increased tariffs, by the investment of capital encouraged by the state, and by the public construction of railways and roads, a rapid industrial development is to be fostered and great towns are called into existence, the public claim to the increment created on industrial and urban sites is of growing importance. It is a fund which can properly be reserved for meeting the expenses of town planning, for providing open spaces, and generally preventing the growth of slum conditions which have fastened like ulcers on modern civilization. If industrial development on a large scale is to mean the growth of such conditions in India, the task of maintaining order under any system of government may well be rendered impossible. Slum conditions are easy to prevent but almost impossible to cure. The enormous increase in the value of land at the moment when it is diverted from agricultural to industrial and urban uses provides the funds for preventing the growth of future hot beds of vice and disease just when they are most needed. The recent expansion of cities in India, and its effect on adjacent land values, is leading Government to give the subject its serious consideration.

The manner in which the income tax is levied is a further example of the results of treating a rent as a tax. Theoretically

a tax on income is the soundest of all taxes. In practice the chief objection to it arises from the difficulty of ascertaining the income of large classes of tax-payers and nowhere is this difficulty greater than in India. It is indeed notorious that business men are often in the habit of keeping two sets of books, one secret, reflecting the real extent of their transactions, and another for the benefit of the revenue officers. On the incomes derived from agricultural land evasion is more difficult, because they are the subject of records in the hands of Government; and yet these incomes were selected for total exemption from the income tax, on the ground that the land was taxed already. In fact such incomes<sup>1</sup> consisted of commission paid by the State to individuals for administering the land and for collecting or realising the rents. A reduction in the commission granted might have been alleged as a reason for exemption from income tax. But in fact the commission has been largely and steadily increased. In 1907 it was calculated that throughout British India Government was taking no more than 50 per cent of the net assets, or 5½ per cent of the gross produce.<sup>2</sup> It must now be taking considerably less and it is not in question that in feudatory states a much higher proportion is collected by the rulers. From the following table published in 1907 the effect of these reductions on the general tax payer is apparent.

Proportion borne by the land revenue to:—	1870 per cent.	1880 per cent.	1890 per cent.	1900 per cent.
The gross income of the State.	39.0	29.5	28.0	23.2
Taxation proper.	43.9	41.6	40.8	38.6

<sup>1</sup> i.e. The incomes of the landlords. The income of the tenant cultivator is not even a commission; but of course the number of tenants whose income would be over the income-tax minimum is relatively small.

<sup>2</sup> Imperial Gazetteer vol. iv p. 216.

As a larger proportion of the unearned increment from land is abandoned to individuals, so is a larger proportion of the public expenses transferred to the shoulders of the general tax-payer. The individuals who profit by the increment abandoned by the state belong to different classes in different parts of India. In Northern India as in Bengal, Government has largely recognized the claims of the taluqdars and zamindars to an interest in collecting the rents. Recognition of this class, as the persons to whom Government looks for the payment of land revenue, has practically established their position as landlords, subject to periodic revision of the amounts due from them to the Government. The re-valuation of the land every 30 years has operated against such an increase of subinfeudations as developed under the permanent settlement. But clearly an increasing proportion of the rent has been abandoned in favour of the zamindars. In 1812 a commission of 10 per cent. was considered sufficient to compensate zamindars for the cost of collection. This commission has now been raised to about 50 per cent. of a much larger valuation. It is obvious therefore that the bulk of this increment accrues to the benefit of the zamindars. In the parts of India where raiyatwari obtains it must have gone to the cultivators.

Wherever the zamindars have been recognized, attempts have been made to protect the interests of cultivators by tenancy laws, and as in Bengal these laws have led to an ever-increasing volume of litigation. The smallest cases are heard by assistant Collectors of the 2nd Class, larger cases by assistant Collectors of the 1st Class; some appeals go to the Collector, the Commissioner and finally to the Board of Revenue, according to the amount involved, others to the District Judge and in second appeal to the High Court. Broadly speaking, all appeals which involve a question of proprietary

right or of jurisdiction go to the Civil Court and not to the Commissioner ; so do all appeals in suits for arrears of rent amounting to over Rs. 100. With all these appeals it is difficult, with the best of intentions, to eliminate the advantage of wealthier suitors who can afford to carry their cases from court to court. None the less zamindars as a class would prefer a more summary system which ensured final decisions at the initial stage. A steady growth in the number of lawyers is a necessary result of the present system.

The practice of recognizing the claims of the hereditary tax collector and administrator of the land, and of placing him in the position of a landlord has prevailed in Bengal and in Northern India. In these parts of India the zamindari system is the rule, though in Northern India the zamindar is usually subject to a periodic revision and enhancement of the revenue due from him to the state. All this was done with the deliberate intention of creating a landed gentry disposed to maintain the existing order and competent to aid in doing so by reason of the influence which each of them wielded amongst their own tenants.

It must not be inferred from anything said in the foregoing pages that this policy is regarded as a mistake, apart from the permanent settlement in Bengal. The economic results of the policy have been traced. They are facts which have to be weighed, but economic considerations have often to be overruled by political reasons, a thing which economists are prone to forget. In any case there can now be no more question of disturbing the present rights of the zamindars than of going back on the permanent settlements, wherever they were made.

As noticed above it was due to the personal influence of Sir Thomas Munro that the opposite policy was followed in Madras. Wherever possible the claims of the zamindars were set aside, and the revenue was collected direct from the cultivator or raiyat by Government officials. The result is that 47 per cent. of the land revenue of India is now raised from districts in which the raiyatwari system prevails. In these districts it is the cultivator himself who benefits from the gradual reduction in the proportion of the rent taken by Government to 45 per cent. Where 55 per cent. of the economic rent is left to the cultivators it would clearly be possible for many of them to sub-let and to live on the rents. Under these circumstances the raiyat would become a landlord. The right to sub-let, however, is subject to Government sanction and is carefully controlled. In the raiyatwari districts there is, therefore, no need for land laws regulating rents and relations of landlords and tenants. A mass of litigation is avoided and the consequent growth of the legal profession. The raiyatwari system prevails in Madras, Bombay, Assam and Burma.

The method of collecting the land revenue remains to be noticed. In the permanently settled districts of Bengal the zamindar must pay the revenue due to Government into its treasury by sunset on a certain day, failing which his rights are exposed for public sale forthwith.

Elsewhere the revenue is generally payable in instalments after each crop is reaped according to local conditions. The Tahsildar is usually the officer who actually receives the cash.

Where payments are in default, recovery is effected by attaching the moveables of the defaulter, or the land in respect of which the revenue is due, or other land belonging to the defaulter, or, in

some cases, by arrest. The issue of the writ of attachment is usually effective at once.

Where crops have failed, the revenue is suspended or even remitted. From 1899 to 1902, when famine prevailed, revenue to the value of £1,289,812 was suspended, of which £1,238,937 was finally remitted. Some years later, when famine was more severe, much larger sums were remitted.

The Board of Revenue exercises a general control over commissioners, collectors and their subordinates. It acts as the appellate court for rent and revenue. It manages Government estates, and its Court of Wards, is the biggest zamindar in the Provinces. It is chief revenue authority for excise, and deals with opium and other taxes. In pursuance of these duties the Board tours the provinces, inspects their officers and buildings. By the rural masses it is viewed with almost the same regard as the government, and, in the absence of the Lieutenant-Governor from the province, its senior member would ordinarily expect to act in his place, unless someone else is especially appointed by the Government of India.

From the foregoing sketch it appears that the agricultural produce of land is the main source of revenue in India, and the Government has steadily reduced the demands made on it. As the value of produce has grown, Government has confined itself to taking a smaller and smaller proportion. The result is that, despite the fact that the average wealth of the people of India per head is extremely low, the proportion of that wealth diverted for public purposes is even lower.

Mr. Jack has conclusively shewn that, in comparison with Italy or Japan, the inhabitant of Bengal contributes an exceedingly



small proportion of his substance to the general revenue. In Madras a similar result has been reached by Mr. Galetti.<sup>1</sup> His conclusions are so important that it is well to quote in full the data upon which they are based.

"It is only when we take small similar local units, and eliminate disturbing factors as far as possible and apply practical detailed knowledge and experience, that comparisons between taxation in such distant and different countries can be really illuminating. I will compare the taxation in a single village in the Krishna District with that in a single village in Italy which I know well, and I promise striking results. My figures are official in each case.

"Konatalapalli is a typical upland village in a backward portion of the Krishna District. It has a population of 1,300, and an area of 2,700 acres, of which 2,500 are comprised in holdings. It grows millet on about 1,000 acres, cotton on about 400, pulses on 200 or 300. There are also a few paddy fields. Castor-oil and chillies are grown on small areas. There are some fruit and liquor trees. The population comprises besides the agriculturists only the usual village artizans, a few weavers, and a few persons connected with the liquor trade.

"Torre San Patrizio is a typical upland village in a backward portion of Italy. It has the same population as Konatalapalli, 1,300. The area comprised in holdings is somewhat less, 2,000 acres against 2,500. It grows maize and wheat. Konatalapalli eats its millet and sells its cotton. Torre San Patrizio eats its maize and sells its wheat. Konatalapalli has its oil seeds; Torre San Patrizio its oil-fruit on the olive-trees. Konatalapalli has a few liquor trees, but not many; Torre San Patrizio has a few liquor shrubs (vines), but not many. Pulses are grown as secondary crops in both villages. The population of Torre San Patrizio is all agricultural. There are the usual village artizans. There are no rich proprietors. There are not even weavers as a class apart, but in a few ryots' houses the women work at the loom in the winter. The people of Torre San Patrizio are vegetarians, not from choice but from necessity. They cannot afford to eat meat, nor even eggs. They sell their eggs and their fowls. They cannot afford to eat wheat bread, but eat maize porridge and maize bread, vegetables and fruit, and what the cow produces.

"The soil of Konatalapalli is black regar clay, which grows good crops of millet and cotton. The soil of Torre San Patrizio is light-coloured clay, which grows fair maize and good fodder crops but very poor wheat and vines.

"I shall now draw a comparison between the taxation paid by the peasants of Torre San Patrizio and the ryots of Konatalapalli.

"The Government land revenue is nearly the same in the two villages. It is just over Rs. 3,000 at Konatalapalli, and 4,568 francs=Rs. 2,741 at Torre San Patrizio."

"But when we come to local taxation on land the difference is enormous. It is law in Italy that village panchayats shall not add cesses for their own purposes to Government direct

<sup>1</sup> More Truths about India, issued by the East India Association 1913-14 p. 65.

taxes until they have exhausted every other source of taxation. But Torre San Patrizio has only, apart from akbari, land, houses and cattle to tax. It therefore taxes these, what corresponds with akbari being entirely insufficient.

"Konatalpalli, pays Rs. 250 local cess. Torre San Patrizio pays 1,707 francs Rs. 1,024 to the Taluk Board, and besides this 6,337 francs=Rs. 3,803 to the village panchayat, or a total of nearly Rs. 5,000 cess on the Government land revenue of Rs. 2,741.

"Nor is this all. For the cess is only one of the taxes extracted by the Torre San Patrizio village panchayat from the ryot. The total revenue of the panchayat is Rs. 9,000, or more than three times the Government land revenue of the village.

"The revenue of the Torre San Patrizio panchayat is made up as follows :

CESSES.				Rs.
Cess on Government land tax	...	...	...	3,803
Cess on Government house tax	...	...	...	329
TAXES.				
Cattle	...	...	...	2,671
Family or hearth tax	...	...	...	831
Octroi (chiefly on wine)	...	...	...	706
PROFITS.				
Profits on communal land, houses, oilpress, cemetery, oven license tax	...	...	...	429
CONTRIBUTIONS.				
From Government for schools	...	...	...	159
From Taluk Board for schools	...	...	...	79
				Rs. 9,007

"The cesses, the cattle tax, and the hearth tax, amounting to Rs. 7,634, come straight out of the pockets of the ryots, and are a burden on the land the ryots till, the cattle with which they till it, and the houses they live in. Besides this Rs. 7,634, they have to pay Rs. 2,741 land revenue and Rs. 237 house tax to Government, and Rs. 1,024 land cess and Rs. 106 house cess to the Taluk Board. The land, cattle, and village site of Torre San Patrizio thus bear a burden of Rs. 11,854, while the land, cattle, and village site of Konatalapalli bear a burden of little over Rs. 3,000. Nothing is levied on Konatalapalli cattle, there being no Government forest reserve in the neighbourhood.

"I reckon the gross agricultural income of Torre San Patrizio at Rs. 90,000. This figure is based upon researches extending over twenty years, and is very accurate. For Konatalapalli, I cannot make so accurate an estimate. But the village officers tell me the crop on an acre of cotton is sold at about Rs. 40, and that on an acre of cholam at about Rs. 30. These two products alone, grown on about 400 and 1,000 acres respectively, yield Rs. 46,000 a year gross. Then there are hundreds of acres of pulses and other products, including 50 of wet paddy, and I must also reckon in the milk and other products of the cows and buffaloes, and the profit on cattle-

rearing (for I have included these and many other items in my estimate for Torre San Patrizio), and I do not think a lower estimate than Rs. 70,000 could be made for the total gross agricultural income of Konatalapalli.

"The land at Konatalapalli is selling at Rs. 150 to Rs. 200 an acre. The average at Torre San Patrizio is about Rs. 350 an acre. There are about 2,500 acres at Konatalapalli, 2,000 at Torre San Patrizio. The market value of the land at Torre San Patrizio may therefore be put at 7 lakhs against about Rs. 4,37,500 at Konatalapalli. But it must be remembered that the rate of interest is lower in Europe, and land at Torre San Patrizio is sold at a higher number of years' purchase than in the backward Nandigama Taluk of the Krishna District.

"The number of years' purchase reckoned at Torre San Patrizio is about twenty-five, the sum reckoned as nett income being taken to be what is derived by a resident owner who is not the actual cultivator, but gives the land out on the half-sharing system to actual cultivators. The nett income corresponding with Rs. 350 per acre market value is Rs. 14 per acre. The taxation is Rs. 6 per acre. Therefore public bodies take Rs. 6 out of every Rs. 20 nett income.

"This estimate of Rs. 14 per acre is strikingly confirmed by an examination of private accounts of thirty years. The figures worked out to almost exactly Rs. 14 per acre.

"Accordingly the nett agricultural income of the 2,000 acres at Torre San Patrizio may be put at Rs. 40,000, of which Rs. 12,000 is taken by public bodies, and Rs. 28,000 or about Rs. 22 per head of population left to the ryots; the figure for gross income being Rs. 70 per head.

"At Konatalapalli twenty years is the limit of the number of years' purchase that can be taken. On the same principle the nett income of Konatalapalli is Rs. 8-12 per acre against Rs. 14 per acre at Torre San Patrizio; the total for the 2,500 acres is just under Rs. 22,000 against Rs. 28,000; taxation takes Rs. 3,000 out of Rs. 25,000 against Rs. 12,000 out of Rs. 40,000; the nett income per head of population, after paying taxes, is Rs. 17 against Rs. 22; the gross income per head is Rs. 55 against Rs. 70.

"The nett income is something of a fiction in the case of populations composed chiefly of peasant proprietors. The gross income is perhaps a better test of relative taxable capacity. But it must be pointed out that neither gross nor nett income per head is a fair test until allowance is made for difference in cost of living. I should say this difference would cover the whole excess of Rs. 15 gross income which the Torre San Patrizio peasant apparently enjoys. For I should say that the more costly dwellings and clothes and cattle shelters necessitated by the European climate cost the Italian peasant at least the difference, Rs. 15 per head per annum. The Konatalapalli ryot probably has more to spend on luxuries after providing for food, clothing, and shelter. He certainly does spend more on marriages, jewellery, etc. The Torre San Patrizio population has scarcely any money at all for such indulgences as jewellery. I should say there was at least Rs. 25 worth of jewellery at Konatalapalli for every rupee's worth at Torre San Patrizio. On the other hand, the population is ever so much better housed: there is a protected water supply, the streets are paved and are kept clean and lighted; there are metalled roads to the neighbouring villages; there are a doctor and midwife

paid from the village fund who have to attend all classes gratuitously; all the male and all the female children are taught the elements of learning gratuitously at the village schools; there is hardly any disease, and the mortality is just half what it is at Konatalapalli. Torre San Patrizio also shares the services of a veterinary, of an agricultural expert, and of an engineer, with neighbouring villages.

"Some details of expenditure may be of interest. The payment of debt accounts for Rs. 1,200 per annum, sanitary expenditure for Rs. 2,200, education Rs. 1,500, public works Rs. 630, office and menial establishment Rs. 2,100. For luxuries—maintenance of a rifle-range (Rs. 300), maintenance of a brass band (Rs. 180)—only small sums are provided. Richer villages in Italy maintain opera-houses, allot funds for the celebration of festivals, make the chairman an entertaining allowance, and so on.

"The doctor at Torre San Patrizio gets Rs. 100 a month, plus vaccination and other small allowances; the boys' teacher Rs. 55 a month, and the schoolmistress Rs. 40.

"The public works allotment is only for maintenance. The original construction of buildings and roads was defrayed from loans, which have not yet been completely paid off. There is a special State bank in Italy which makes loans to local bodies. For objects, such as water-supply and school buildings, which the Government has much at heart, the interest on the loans is reduced to 3 per cent, the State paying the difference between this and the market rate of interest. A particular amount of the village land and house cess has to be earmarked and set apart for the service of any loan that may have been taken.

"Another fact which may be of interest is that Torre San Patrizio is not peculiar in raising cesses at such high rates. The total land revenue of Italy was 96 million francs last year. The cesses on this raised by District Boards and village panchayats amounted to no less than 175 million francs. The land cess in Italy is, accordingly, 29 annas in the rupee. Here it is one anna in most districts.

"Another difference that may be noted is that here the land cess increases automatically if the land revenue is increased at a resettlement. In Italy it would not be so increased. The local body determines each year what amount it requires, and fixes the number of additional centimes accordingly. In practice, however, variations are seldom made, because the panchayat's expenses vary very little. In Torre San Patrizio exactly the same amount of land and houses cesses have been levied for the last thirty-four years.

"What are the conclusions to be drawn from all the above facts? I leave that to the reader. I will only observe that all great advances in civilization cost immense sums of money, and that village sanitation and free universal education are quite new things even in Europe, but that no European nation regrets the enormous sacrifices they have involved.

The truth is that the financial policy of the Government of India has been dominated by the maxims of the Manchester school, which

held that the greatest possible amount of wealth should be left to fructify in the pockets of the people. The same maxim has ruled in England, and, as Mr. H. A. L. Fisher, the President of the Board of Education, has shewn in his recent speech, vast sums, instead of 'fructifying', have been spent on drink and other luxuries which can be dispensed with, without any loss to national efficiency. Education meanwhile has been starved, with the result that the British people has been distanced by Germany and several other countries in the race for industrial and general efficiency. In the present war this relative backwardness has brought the whole Commonwealth within an ace of destruction. In India too the money left in the pockets of the people has largely failed to fructify. The temptation to spend it on marriage ceremonies and other forms of festivity has been too strong to resist. Our system has allowed vast sums to be spent on useless litigation—the only occupation which an argumentative people have found a congenial substitute for their earlier feuds and forays. Despite the poverty of India there are vast funds capable of diversion from luxuries to education and the industrial development of the country for any Government which is strong enough to take them. But it is not only the maxims of Manchester which have dominated the British Government in India. It is also the necessities of the situation which were wisely recognized. For, as Lord Cromer was never tired of urging, a great dependency will only submit to a foreign government so long as the rate of taxation is kept exceedingly low. His case is unanswerable; yet the fact remains that, under modern conditions, a low rate of taxation is not consistent with such a measure of progress as will keep the country abreast of others. Still less can a backward country be raised to the average level, without increasing the proportion of its wealth taken for public purposes.