CHAPTER II

THE BACKGROUND OF LAND REVENUE

(2) Recent developments

As part of the background against which the problems of land revenue must be viewed, we may now consider certain developments which have taken place after Independence. Some of these have set new and important tasks to the revenue administrations of the States; others have involved significant changes in the agrarian pattern of the country and, therefore, in the land revenue systems as well.

Integration of princely States

2. Firstly, there has been the integration of the former princely States with India and the merger of their areas, some with Part A States and some into Part B and Part C States. An idea of the magnitude of the change can be had from the fact that as a result of the application of various merger and integration schemes:

(a) 277 States covering an area of 3,27,221 square miles with a population of 67·8 millions have been integrated in Unions of States (Part B States);

(b) 216 States covering an area of 1,08,739 square miles with a population of 19·158 millions have been merged in Provinces (Part A States); and

(c) 61 States covering an area of 63,704 square miles with a population of 6·925 millions have been taken over as centrally administered areas (Part C States).

Measures of land reforms

3. Secondly, several measures of tenure and tenancy reforms have been undertaken by State Governments. The abolition of the intermediaries, the proposed restrictions on individual holdings, and many connected reforms may be said to be designed to make the tiller of the soil the proprietor or near proprietor of his land and to bring him into direct relationship with the State. The tenancy reforms are intended to be complementary to the tenure reforms and aim at giving greater security and additional rights to the tenants.

Postponement of resettlements

4. Thirdly, since the advent of provincial autonomy, settlements of lands were postponed in almost all States for various reasons. Chief among these may be mentioned the unsatisfactory condition of the agricultural economy and the exception taken to the basic assumptions of the system of revision settlements. The result has been that in most cases the previous settlements have now become overdue for revision (*vide* Appendix B). While some States with the zamindari system, where the lands were permanently settled or which had large plantation areas, introduced the agriculture income-tax and realised fairly appreciable revenue from the increase in the agricultural incomes of large land holders, others, where the tenure was ryotwari and big landholders were the exception, neither imposed an agricultural income-tax nor undertook immediately the immense task of revision

of previous assessment. Though, recently, a few of these have adopted the expediency of levying a surcharge on land revenue, the adjustment of land revenue to present-day realisations from land still remains a problem for a majority of the States.

Problems created by merger and integration of princely States

5. For a proper understanding of the effects of the political integration of the former princely States on the Indian land revenue system, it is necessary to examine briefly the present position in these areas in regard to land revenue. In the former princely States, the degree of political and administrative efficiency varied greatly and consequently there was wide diversity in the land revenue systems in those areas. In some States like Hyderabad and Mysore, there was statutory provision for settlements and assessments, but in most other Indian States, past custom and usages determined the revenue payable for the land; survey and settlement operations were taken in hand according to the exigencies of the administration. Even in Hyderabad, there were about 2,000 villages in which original survey and settlement had still to be carried out. In the eight princely States which now form PEPSU, the policy in respect of land revenue was different in different States and there was great disparity not only in rates but also in the standards of assessment. The percentage of assets taken as land revenue varied from one-fourth in some of the States to nearly full in Malerkotla. Some of the princely States now merged in the Unions of Madhya Bharat, Rajasthan and Saurashtra were probably the worst situated in respect of their land revenue systems and administration. So far as Madhya Bharat is concerned, survey and settlement were carried out in Gwalior and Indore, but even there, no uniform policy was followed. Vast unsurveyed areas existed in Alirajpur and Jobat tehsils. At the time of merger, revision settlement had been conducted only in 30 tehsils, *i.e.*, three-eighths of the entire State remained to be surveyed and settled. The basis of assessment was empirical. In Rajasthan, out of a total number of 33,418 villages, only 17,280 villages were settled and cash rents introduced therein. In Jaipur State, the basis of assessment had been the rental income, whereas in the rest of the units the basis of assessment was empirical. In Jagir areas, cash rents were exceptions rather than the rule. The incidence of land revenue in Khalsa areas was light, as it was fixed during a period of low agricultural prices, but in the non-Khalsa villages it was higher by nearly four times. This was due to lack of any laws or regulations governing settlement. In the 200 different States and estates now constituted into Saurashtra, the position about survey and settlement was very unsatisfactory. Survey and settlement in Junagadh were made between 1895—1905; in Bhavnagar, 1923—1928; in Nawanagar, 1899—1916 and in Wadhwan in 1918. In several unsurveyed villages, the former administrations used to collect revenue in terms of crop-share, the object being to get the largest share possible. Even in those villages which were surveyed, the survey was undertaken mainly for the purpose of partitioning the villages. Thus at the time of the formation of Saurashtra, survey had still to be done in 2,200 villages covering an area of about 44 lakhs of acres. In Himachal Pradesh, the various integrating units had their own characteristic systems of land revenue. In some of them the revenue was collected in kind. The incidence was very high, particularly in Chamba and certain parts of Mahasu district.

6. In regard to the tenancy laws, the position was no better. There was rack-renting in some of the parts and the ruler or his cadets, jagirdar and inamdar, used to collect rent direct from the cultivators. The landlords exacted several illegal cesses and *abwabs* from the tenants who were even forced to give free labour in some of the backward States. In some of these States, the rulers, zamindars and landlords used to evict tenants from the lands held on lease and cultivated by them for generations, with a view to adding to their own possessions and to avoiding the anticipated effects of land and tenure reforms. This has happened on a large scale in States like PEPSU, Rajasthan, Madhya Bharat and Saurashtra.

Adoption of interim measures

7. The problems created by the diversity of tenures and assessments in the former princely States could not be solved immediately on their integration and reconstitution. The orthodox method of settling the assessments in these areas would have necessitated survey and settlement operations on a large scale which would have taken a very long time to complete. In the meantime, the popular Governments which now administer the reconstituted States could not allow these wide disparities to continue for long. Interim measures, differing in their nature, have, therefore, been adopted by the States to bring about some uniformity in the assessments. These measures can be classified as follows:—

(i) *Adoption of summary resettlement.*—The Rajasthan Government have passed the Land Summary Settlement Act, 1952, which provides for cutting down several processes of regular settlement, such as detailed measurements, soil classification and preparation of maps, etc. It is anticipated that the entire unsettled areas in the State will be settled by this rough-and-ready process within a period of two years and the assessment arrived at thus is to continue till regular settlements are undertaken.

(ii) Ad hoc *settlement.*—In Saurashtra, the crop-share system has already been first converted into *ad hoc* cash assessment on the basis of the average of the last fifteen years' realisations. As this resulted in steep enhancement of revenue in some cases, the assessment was later rationalised by refixing it on the basis of one-fourth and one-fifth of the produce for the dry and irrigated areas respectively.

Similarly, in the State of Himachal Pradesh, the land revenue has been converted from kind into cash on the basis of the average money value of the crop.

(iii) *Levelling of rates.*—In some areas of the former princely States, which have now been merged in Part A States, the assessments were much higher than those prevailing in the neighbouring areas of those States. Certain concessions have therefore been given to such areas by some States. For example, Bombay has provided that when the assessment in the merged areas exceeds that in the adjoining pre-merged part by twenty per cent., the excess over that percentage should be remitted. Some similar action is proposed to be taken in Punjab.

While it was possible to level down the assessment where it was much higher, the States find it difficult to increase the rates in the merged areas when they are much lower. In Madras, for example, the Government have not taken any action to level up assessments in the merged State of Pudukottai.

Similarly, in regard to the protection of tenants' rights, action has been taken by the States concerned not only to prevent the eviction of tenants but also for the restoration of those who were evicted without *bona fide* grounds.

Changes due to land reforms

8. Vast changes have also been brought about by the land reforms, particularly by those relating to the abolition of the intermediaries, which affect about 38 lakhs of such persons and involves a compensation of nearly 400 crores. The system of permanent settlement in Bengal, Bihar and Orissa created a class of intermediaries in these States. Though the permanent settlement was later given up in favour of settlements for a fixed term, the latter also gave rise to the zamindari, malguzari and jagirdari tenures in Northern India. The ryotwari system which had developed in the South was originally intended to establish direct relations between the tiller or the ryot and the State without the intervention of intermediaries. But in course of time, its character was modified and the original cultivators and tenants in effect assumed, in some cases, the aspect of zamindars and rent receivers. It then became necessary to enact measures in these States for the protection of the tenants and, in some instances, for the abolition of the intermediaries. To improve the economic condition of the tenants and to prevent their exploitation, most States have now enacted measures of tenancy reform. An attempt is made below to examine the effect of the different land reforms on different interests like (a) intermediaries, (b) landlords, (c) tenants and (d) landless agricultural labourers:

(a) *Intermediaries.*—Legislation relating to the abolition of intermediaries usually follows a uniform pattern in the sense that it provides for the abolition of intermediaries on payment of compensation. The basis of assessment, rate of compensation and the rules about interim payments and provision for rehabilitation grants, however, differ in different States and are given in detail in Statistical Appendix 1.

The intermediaries have been allowed to retain such of their private lands as are under their personal cultivation and management. No limit has been fixed for such lands except in Assam and West Bengal. The Assam Act fixes the limit for private land of a proprietor and tenure-holder at 400 bighas (133·3 acres) and 150 bighas (50 acres), respectively, which "may be relaxed in the case of a proprietor or a tenure-holder who has undertaken large-scale farming on a co-operative basis or by the use of power-driven mechanical appliances." In West Bengal, the limit is 25 acres and 33 acres of agricultural land, respectively, for the zamindar and the tenure-holder. The zamindar is allowed to retain fifteen acres of non-agricultural land, in addition. In some States like Rajasthan and Saurashtra, the jagirdars and such other intermediaries, who did not have land for personal cultivation, will be given allotments of land from cultivable waste.

(b) *Landlords.*—The land reforms affect more the type of tenure than the size of the property. Even so, some restrictions have been imposed in this respect as well. The States of Assam and West Bengal have, as indicated above, placed some restrictions on the area of existing holdings. In several other States, ceilings have been imposed on future acquisitions of land. This means that a landholder who has today land below the specified ceiling can in future acquire only that much land which would bring the total area cultivated by him to the level of the ceiling. The maximum for individual holdings varies from State to State. It is 30 acres in Uttar Pradesh, 50 acres in Madhya Bharat and five times the family holding in Hyderabad. Some of the States have imposed limits on the holding of land which a landlord can resume for personal cultivation by ejecting his tenants. The limit is 50 acres in Bombay and Madhya Pradesh, 33 acres in Orissa, 75 acres unirrigated land or 25 acres of irrigated land in Rajasthan, 30 standard acres (50 acres in the case of displaced persons) in Punjab and 8 acres in Uttar Pradesh. Details are given in Appendix C.

(c) *Tenants*: (i) *Tenants other than tenants-at-will.*—While the abolition of zamindari is aimed at bringing the State into direct relation with the actual cultivators of the land, so far it has succeeded only in bringing the tenant-in-chief into direct relationship with the State and the sub-tenants in the former zamindari and jagir areas still continue. In West Bengal, provision has been made for the abolition of intermediaries above *bargadars* but owing to the legal and financial difficulties that arise in the payment of compensation, the relevant provisions will come into effect only when notified by the State Government.

The recent reforms raise the status of the chief tenants and give them greater security. The tenants are also benefited by the abolition of various cesses like 'haks', 'lags' and 'negs' which were previously imposed on the lands. Except in the States of Madras and Assam where the rents of tenants have been reduced to the level of rents in the adjoining ryotwari areas, the rents that the tenants are required to pay to the State are what they had paid previously to the zamindars. To this extent, it can be said that their position has not improved. As regards their rights to the land which they cultivate, in some of the States, they already possessed security of tenure. In the permanently settled areas of Assam, Bihar, Madras and West Bengal, the chief tenants already had the right to transfer their lands. In Uttar Pradesh and Madhya Pradesh where this right of transfer was previously restricted, the chief tenants are given the right on payment of specified amounts of money to Government.

(ii) *Tenants-at-will.*—In regard to tenants-at-will, most of the States have now fixed minimum period of lease, the period generally varying between five and twelve years being renewable for a similar term. Further, practically all the States have fixed the maximum rent payable by a tenant. These rents vary considerably and range between one-sixth to one-half of the gross produce. In some States, the maximum allowed is four to five times the land revenue. The variations between different States are shown in Appendix D.

Some of the States, *viz.*, Bombay, Uttar Pradesh, Madhya Bharat, Hyderabad, and PEPSU, have given certain categories of the tenant a right to purchase his land. In Bombay protected tenants have a right to purchase land provided the land-owner's holding is not reduced below 50 acres. The price of land payable by the tenant is to be determined by the Land Tribunal and is generally to be the average market price. In Uttar Pradesh, the right of purchase of land accrues to sub-tenants after five years of the enforcement of Zamindari Abolition and Land Reforms Act, 1952. The price is to be equal to fifteen times the hereditary rent rates. The tenants in Hyderabad, Madhya Bharat and PEPSU are also given similar rights, though the terms of the purchase price differ in some respects.

(d) *Landless labourer.*—The land reforms undertaken by the States do not apply to landless labourers for the reason that the reforms are related to land. Attempts are, however, made to settle them on land wherever feasible. In the allotment of land taken over from the substantial owners, the newly reclaimed lands and the lands which have been voluntarily surrendered in the *Bhoodan Yagna* movement, preference is generally given to landless labourers.

Disparities in assessment

9. With the abolition of intermediaries, the question of the rate of land revenue for the individual cultivator's holding has assumed importance (see Appendix E). Excepting in Assam and Madras, the whole class of tenants and the outgoing intermediaries in respect of lands settled with them generally continue to pay the existing rates of rent and the assessment levied at the current rates of assessment. As the rents which were being paid by the cultivators in the pre-abolition period varied for different classes of tenants, this has had the effect of introducing varying rates of land revenue for the same class of land depending on whether it is at present held by the previous intermediary or a particular class of tenant. Also it means that those whose ability to pay is the highest are taxed at the lowest rate—thus the erstwhile proprietor has merely to pay a nominal sum as land revenue, *e.g.*, in case of previous proprietor in Uttar Pradesh "the land is first assessed at occupancy rate, then a deduction of 15 to 30 per cent. is allowed, finally only the land revenue, *i.e.*, about 38 per cent. of the figure thus arrived at is what a zamindar pays to the State for the exceptionally good class of land which he cultivates as his *sir* and *khudkast*".

Tenure reforms

10. The tenure reforms not only relate to the abolition of the zamindari and jagirdari rights but also include the resumption of *inams*. *Inams* are alienations or transfers to individuals, on political considerations or in return for some service, of the entire or part of the rights of Government to cash payment or to rent or revenue of land.

Broadly, the different kinds of *inams* can be classified as follows:—

(1) *Political inams.*—These can be sub-divided into treaty *saranjams*, non-treaty *saranjams* and other political *inams*.

(2) *Personal inams.*—These are *inams* granted to individuals for their meritorious services to the State.

(3) *Devasthan inams.*—These are *inams* granted to support religious institutions like temples, mosques, etc.

(4) *Hereditary inams granted to district officers.*—These include *inams* granted in the old days to district officers like Deshmukhs, Desais, Deshpandes and Amins.

(5) *Inams granted to village servants.*—These include *inams* granted to village servants useful to the community and to Government, *e.g.*, to Patels, Kulkarnis and to carpenters, blacksmiths, *gamots* (priests), *kazis*, *Joshis*, etc.

(6) *Revenue-free grants of land.*—These are usually given to local bodies for educational and charitable purposes, *i.e.*, for construction of hospitals, colleges or other public works from which no profits are derived.

In most States which have undertaken land reforms, the different types of political and personal *inams* have been abolished. In Madhya Pradesh, the State Government have withdrawn the exemption from land revenue of all *inams* (except those in merged areas). Grants are, however, made to religious and charitable institutions either in the shape of money or non-agricultural lands free or on nominal rent. In West Bengal alienation of land revenue is wholly disallowed. In Bombay, with the abolition of intermediaries, the only *inams* that will continue will be religious and charitable *inams* and *inams* for village servants useful to Government.

Administrative machinery

11. The implementation of land reforms was held up for a time because the validity of many of the State Acts pertaining to these reforms was challenged in courts of law and, pending judicial decision, no action to enforce the reforms could be taken by State Governments. Further, the process of elimination of intermediaries was quicker in States like Madhya Pradesh and Uttar Pradesh where adequate revenue and administrative machinery were already in existence than in the permanently settled areas where there was no revenue agency in the villages. The question, therefore, arose as to what agency should be employed by the State for the purpose of collecting land revenue and also for compiling villages records and discharging other administrative functions in the villages. The provisions in this regard fall into two broad categories. Certain States, *e.g.*, Madras and Assam, have entrusted these functions to official agencies, while some others favour the choice of village bodies like Gaon Sabhas, Anchal Sasans, etc., wherever possible.

Factors responsible for postponement of revision

12. Apart from the land revenue problems occsaioned by the integration of the former princely States with the Indian Union and by the various measures of tenure and tenancy reforms introduced by the different States, there have been certain problems arising from the abnormal times through which the country passed during and after the last War. Except in the permanently settled areas, periodical settlements are the very basis of land revenue assessment. Several of the previous settlements became due for

revision during the last twenty years. These have not been taken up for revision, because of the steep fall in prices which occurred in the early 'thirties and later because of inflationary conditions that arose during the war. Further, during and after the War, on account of the vast expansion of administrative activity, the necessary trained personnel to carry out the technical work of settlement of land revenue assessment was also not adequately available. These difficulties seemed to indicate that the old settlement procedure was no longer suitable. In consequence, different State Governments adopted different measures in connection with the assessment and adjustment of land revenue. Some of the measures adopted are described below.

Sliding scale assessment

13. One of the measures adopted was the sliding scale of assessment, an experiment which was tried in the pre-Partition Punjab and is still in operation in Amritsar district. Under it, the maximum rates payable during the currency of a settlement are worked out for each assessment circle, on the basis of commutation prices (*i.e.*, average of the prices prevailing during the previous twenty years); but the assessment at these maximum rates was not collected unless the general price level of the chief staple products of the district during the marketing season of the two preceding harvests was at least as high as the commutation price level. When, however, the price level was lower, proportionate remissions from the maximum rates were granted. In other words, the assessment was based on the relation of the price-levels of the previous two seasons to the commutation price-level adopted for the whole period of the settlement. The prices of the important crops actually obtaining in the tract were ascertained by Government from leading commercial firms and transport and marketing charges deducted therefrom. This gave the average price current in the villages. The crops and the periods selected for the purpose of calculating prices were different in different areas. The crops and the periods taken in the Amritsar district where the system still prevails are as follows:—

Crops	*Periods*
Wheat	15th June to 15th August
Gram	15th June to 15th August
Toria	15th December to 31st January
Rice (unhusked)	1st October to 30th November
Cotton (unginned)	15th September to 31st December

Assessments were then determined by granting remissions over the maximum rates determined at the settlement, in units of five per cent., *i.e.*, reduction in the maximum leviable assessment is made in terms of five per cent., ten per cent., fifteen per cent., etc. The percentage remission was later substituted by remissions in units of half anna. In calculating the remission due for any particular year, the relation of the harvest index figure to the standard index figure is taken into account. In this manner, the land revenue assessment for any year is adjusted to the standard assessment.

Low flat rate of land revenue plus agricultural income-tax (Travancore)

14. In 1946, the State of Travancore made a departure from the usual method of settlements and introduced a uniform levy of fourteen annas per acre of land irrespective of whether it was wet, dry, or garden land and of the tenure in which it was held. While this was the basic assessment, agricultural income-tax was also introduced so that higher agricultural incomes would be called upon to make contribution to the State exchequer in addition to the land revenue payable according to this very nominal assessment. The basic rate of assessment has since been raised to Rs. 1-9-0 per acre. Under this system, there remains no longer any necessity for conducting elaborate surveys and settlements while the introduction of the agricultural income-tax ensures an element of progression in the taxation of incomes from land over a certain level.

Surcharges on land revenue

Some States, which deemed it necessary that at least a part of the increase in agricultural income due to high prices should accrue to them and at the same time found it difficult and also inequitable to take up regular settlements to fix assessments on the basis of abnormal prices, have imposed surcharges on land revenue as an interim measure of taxation. These States are Hyderabad, Punjab and Madras. In Bombay, a proposal to introduce surcharges was put forward in 1952 but was ultimately dropped.

15. In Hyderabad, a surcharge is being levied since 1952 at the rate of two annas per rupee of land revenue on dry land and one anna per rupee of land revenue on irrigated land. The surcharge in this State is thus a flat rate and does not take into account the greater ability to pay on the part of large landholders. In the Punjab, a surcharge has been recently imposed (under an Ordinance promulgated in June 1954) which varies according to the area held. Agriculturists holding lands between five and thirty acres in area are liable to a surcharge of 25 per cent., and those holding lands above thirty acres to a surcharge of 40 per cent. The surcharge is applicable to lands in all districts except those in which revision of settlement is not yet due. In Madras, the surcharge has been levied by an Act passed on 13th May 1954 and the rate varies according to the amount of land revenue paid. No surcharge is leviable on landholders paying less than Rs. 500 as assessment, while those paying an assessment of more than Rs. 500 are liable to pay surcharge on a slab basis at the following rates:—

Amount of assessment	*Surcharge*
1. Rs. 250 of assessment	Nil.
2. From Rs. 251 to Rs. 500 ..	2 annas in the rupee.
3. From Rs. 501 to Rs. 1,000 ..	4 annas in the rupee.
4. Above Rs. 1,000 ..	8 annas in the rupee.

The States of Mysore and Andhra have also similar proposals for the levy of a surcharge on land revenue, but the necessary measures have not yet been enacted.

The Madras Land Revenue Reforms Committee has suggested the levy of a surcharge on commercial crops such as oilseeds, cotton sugarcane etc. and this recommendation is under the consideration of the Madras and Andhra Governments.