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1. Costs in relation to size of Farms.
2. Methods and Objects of Rural Surveys.
3. Problems of Rural Credit.
4. Abolition of Zamindari.

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**THE INDIAN SOCIETY OF AGRICULTURAL ECONOMICS
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To promote the investigation, study and improvement of the economic and social conditions of agriculture and rural life through:—

- (a) periodical conferences for the discussion of problems ;
- (b) the publication of papers, separately or collectively ; or in a periodical which may be issued under the auspices of the Society ;
- (c) co-operation with other institutions having similar objects, such as the International Conference of Agricultural Economists and the Indian Economic Association ; etc.

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ABOLITION OF ZAMINDARI

By

PROF. P. N. DRIVER

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In this paper I would like to point out the implications of the abolition of Zamindari and the need for a proper public policy regarding agricultural reconstruction without which the abolition of Zamindari will give us no concrete results. It is more necessary to discuss this than the need for the abolition of Zamindari which is so obvious that there are no two opinions on this point today.

The main test of the continuance or abolition of Zamindari is its utility or uselessness. I am sure most people agree that not only has it not led to any tangible improvement in our agriculture during the last two centuries but today it is a positively dangerous factor—dangerous from the social, economic, as well as political points of view.

Why Zamindari is Dangerous To-day.

All of us know that there were certain political, economic, and social reasons which led to the introduction of Zamindari by Lord Cornwallis. We also know the supreme error in his thought which falsified his hopes. But whatever the past, the continuance of the system actually goes against the interests of our national governments and of the country in general. May I repeat what is well known, namely, that far from creating stability and prosperity among the cultivators it has destroyed the very foundations of agricultural prosperity through its concomitant evils of (a) sub-infeudation, (b) rack-renting, (c) prevention of any possible change in technique and methods of cultivation, (d) opposition to even harmless reforms like consolidation, etc.

It is true that the Bengali Permanent Zamindari System has had such great champions as the illustrious Mr. Romesh Chander Dutt who believed that it had saved Bengal from famines for "a period of over a hundred years . . . while loss of life has been lamentable and frequent in every other Province."* But men like Dutt were thinking more of the Permanent Settlement than of the Zamindar and besides, the tragedy of Bengal in recent times and the inability of rents to remain at the same level as land revenue and the consequent exploitation of the peasant as we see today would have forced even Mr. Dutt to revise his views.

The Zamindari system was supposed to save the State much expenditure in revenue collection work. Whilst this appealed to an alien and inefficient administration no modern national administration can afford to lose what the Bengal Government have lost in the form of legitimate revenues. If it is the duty of Government today to spend money on nation building departments we have to see that no part of the money required goes in the pocket of the small class of parasitic landlords. It is a well-known fact that because of this evil "the Government of Bengal has lagged behind the governments of other provinces in initiating and carrying out reforms or social services."† The amount of money spent till recently by the Bengal and U. P. Governments on Education, Health, etc. compared very unfavourably with the amount spent

* See p. 38, "Land Problems in India"—Papers by Mr. R. C. Dutt and others. Natesan and Company.

† P. 6, "Memorandum on Permanent Settlement" by the Bengal Provincial Kisan Sabha to the Land Revenue Commission.

by the Bombay Government while the amount spent on Police was much higher than in many other provinces. No wonder under Zamindari administrations the Police received more attention than Health or Education.

At the time the Zamindari system was introduced by the process of the creation of landlords through the auction-room, it was thought that it would produce a leisured class of outstanding leaders of the community who would be loyal to Government. Far from this it has only created ignorant parasites who are unfit to manage their own estates. If this is strong language it is the echo of the words of Sir John Shore as far back as 1793,* and it is not so strong as the language actually used by some of the impartial English witnesses giving evidence. For example, "the landholders in general were a miserable imbecile set . . . brought up in women's apartment and sunk in sloth and debauchery."† If we talk of the past let us not forget James Mill quoting with approval in his "History", a magistrate in one district who said that the Zamindars not only encouraged and harboured dacoits but frequently partook of the property plundered. As to the creation of a loyal class, if it is accepted that they were not loyal then their existence even in the past could not be justified on this score whereas if it is shown that they *were* loyal then their existence can hardly be justified today.

Practical Problems and the Need for a Public Policy.

But whilst the case for the abolition of Zamindari is overwhelmingly strong and needs no special emphasis in a world where property in land is more of a social function than a private right, the practical problems involved in the process of its abolition are many and the replacing of the system by something definitely better and progressive has not yet become clear to our political parties.

One of the most difficult of the problems facing us on which we must give a lead is what should we do *after* the Zamindari system is abolished? Whilst the abolition of landlordism is not bad as the *first step* in our future programme of agricultural reconstruction, the second step has to be contemplated now. In fact it is better to think of the second step before taking the first for where should or will the abolition of Zamindari lead us to? In this many of our Provincial governments have shown a dangerous silence.

Peasant Proprietorship and Capitalist Farming No Solution.

Personally I do not want Zamindar King Stork to be replaced by the Peasant-Proprietor King Log. If our chief object in abolishing Zamindari is to establish a progressive and profitable agriculture and if it be true that the chief obstacle in the way of such profitable agriculture is not only the faulty system of land control and ownership but also the small size of our average cultivated holdings then surely we must think of something better than Peasant Proprietorships. I am convinced that in a country like ours where land is limited but population is not, the system of Peasant-Proprietors will bring about no change. Such a system would work well perhaps and could be supported if we had an unlimited amount of land. The futility of having innumerable small holdings of peasant proprietors should not make us feel that we may have instead a system of capitalist farming. This idea of substituting a system of full-fledged proprietorship of substantial capitalist cultivators is even more futile than the previous one.

Shri Sampuranand's Idea of Nationalisation.

I think those who are now contemplating the abolition of Zamindari should make-up their minds as to the relative advantages of Co-operative and Collective Farming. It is significant to note that in U.P. the Hon. Shri Sampuranand has definitely

* See Sir John Shore, "Zamindari Settlement", (page 133).

† Mr. R. D. Mangles.

expressed himself in favour of nationalisation of land.* Unfortunately what he wants by this is just state ownership of land which for sake of convenience is farmed out to tenants paying an annual rental. But though this in itself is not very radical even on a general point like this there is no unanimity among the different Provincial Congress Governments. There are many who cling pathetically to the idea of private property in land without knowing how to solve the problem.

Co-operative Farming.

One solution which appeals to many to-day is the idea of Co-operative Farming. Its appeal lies in the fact that it can give us the advantage of big agricultural holdings without the abolition of private property in land. Whilst in theory there is no solution better than this, I do not think we can afford to be very optimistic about this excellent theoretical panacea. In the first place we do not seem to have the right social atmosphere in our villages. Co-operation requires considerable homogeneity in population which is quite different from the present atmosphere of disunity due to caste and religious differences. Literacy, and absence of organisations (like the Danish Peoples' High Schools) to teach our farmers the true gospel of Co-operation as a substitute for their petty party politics are other serious defects. I am afraid in spite of all my enthusiasm for co-operation I must say that unless we remove all the causes of the failure of co-operation in *other fields* which have been operating during the last 40 years it would be rash to predict success for co-operative farming.

Collective Farming as Successor of Zamindarism.

If actual success is to be regarded as the criterion of the good of a remedy then there is much to be said in favour of collective farming. It is often forgotten that whilst co-operative farming is in an experimental stage and has not been tried extensively anywhere, collective farming has given concrete results and has been tried with apparent success in one of the biggest countries in the world. We should not oppose it simply because it means the abolition of the rights of private property in land. It is surprising how even a writer of the eminence of Radhakamal Mukerjee dismisses its possibilities by saying, "The sense of private property inherent in the peasant proprietor and the tenant cannot favour the introduction of collective farms"† In the face of starvation no one can continue to admire private property. When a proprietor points out his small plot and says, "This is my land", whereas really he ought to have said, "This is my grave", the time may be regarded as having come for a radical change.

The Problem of Private Property and Collectivisation.

Whilst we should not continue worship private property in land as a large number of us seem to be doing we should guard against undue haste and take all possible precautions. The need for caution is indeed as great as the need for the abolition of private holdings. The illiterate peasant's love of property is a strong factor. The peasant who for years tries to save money to buy a plot of land usually prefers to suffer untold hardships and even to sink into barbarism rather than give up his plot. This is the view of Stalin himself who has made it clear that he anticipated the success of collectivisation in Russia largely because of the *absence* of private ownership of land in that country. "Precisely because there is no private ownership of land in our country, our peasants do not display that slavish attachment to the land which is observed among the peasants in the West"‡. Stalin himself has made it clear that

* Writing in the columns of the "Hindustan," Lucknow.

† P. 86, "Land Problems of India."

‡ "Problems of Agrarian Policy in the U.S.S.R." Speech by Stalin, dated 27th December, 1929.

where there is private ownership of land in capitalist countries, "great circumspection is needed there".

The best precaution we can take as a preliminary to the introduction of collective farming is to introduce it in the first place in areas where nobody will be deprived of his rights to land. As we know one of the most urgent problems facing us is to bring land into cultivation. We are told that there is shortage of land in India, and not much spare land suitable for cultivation is available. It should not be forgotten that the same kind of argument was used in Russia but with the help of collectivisation millions of hectares of free land which were formerly supposed to be uncultivable were brought under cultivation. Here is an opportunity for us in India to begin our experiments in collectivisation. We will be killing 2 or 3 birds with one stone. Without depriving any peasant of his private property we shall be solving the problem of shortage of cultivable land, and at the same time show by concrete example what *can* be achieved. Land which is ordinarily uncultivable to-day by our small peasants equipped with their primitive implements can be made cultivable with the help of the combined labour of thousands of men equipped with the best possible equipment. We must not forget that at present we have more than 100 million acres of land which have been marked as "culturable waste".*

Collectivisation and Industrialisation.

A very important thing to remember is that if we accept collectivisation we must accept full-fledged Industrialisation, for, the ultimate success of collectivisation, considered from the point of view of the peasants' psychology, depends on industrialisation. Followers of Mr. Prakasam in Madras should therefore oppose collectivisation if they are serious. It is true that we can have collective farms in their embryonic stage using only the peasant farm implements. But in the long run, according to LENIN himself, "the task of moulding the small farmer, of remoulding his whole psychology and habits is a task of generations. Only the material basis, technique, the employment of tractors and machines in agriculture on a mass scale, can solve this problem in relation to the small farmer".†

The Implications of Abolition of Zamindari.

Coming now to the implications of the abolition of Zamindari we should not forget that the abolition creates several serious practical problems of which the following are most important:—

- (1) Payment of Compensation.
- (2) Differentiation between small and big Zamindars and their future position.
- (3) Rehabilitation of former lawful landlords reduced to the position of tenants to-day.
- (4) The problem of the Agricultural Labourer.
- (5) The general problem of land redistribution, tenure and taxation.

The Question of Compensation.

The question of compensation is vitally important because of its financial as well as its inherently revolutionary significance. Should we refuse to pay compensation as in some other countries? If not, how shall we pay it? On the one side we have the view that no compensation should be paid because, (a) the Zamindars have no real claim to the land, (b) they have also no moral claim to compensation in view of what

* See p. 4, "Food and Irrigation Problems" by Rao Bahadur N. S. Joshi.

† Lenin, "Collected Works." Russian Edition, Vol. XXVI, p. 239, Stalin (Moscow Edition, 1945).

they have got from the land in the past, (c) compensation has not been paid in all the countries and, therefore, there is good precedent for this and (d) payment of compensation will be too heavy a burden for this country.

There is no doubt whatsoever that a large number of the Zamindari estates of to-day were created by the stroke of a pen, or through auction-room methods, and are not based on real right to the land. The origin of many can be traced to immoral cheating, forgery, corruption and even dacoity.* This fact is so well-known and there is such overwhelming evidence that I shall make no attempt to prove it here.

It is also true that the moral claim to compensation is destroyed by the illegal exactions of the Zamindars in many parts of India. I find that in Bengal alone the total money obtained by the Zamindars in violation of the spirit of the Permanent Settlement during the last 200 years far exceeds the present total rural debt of the whole country. Professor Radhakamal Mukerjee has shown that whilst the original amount for which the settlement was made was just "a little more than three crores of rupees" and in 1900 it was certainly not more than 4 crores for the Permanently and Temporarily Settled estates as well as the *Khasmahals*, the Zamindars obtained from the cultivators as much as $16\frac{1}{2}$ crores of rupees.† This means that instead of taking only 40 lakhs as their own dues they pocketed as much as $12\frac{1}{2}$ crores of rupees which comes to Rs. 1,800 crores if calculated for a century and a half. When it is remembered that our total rural debt for the *whole* country could not have been more than 300 crores of rupees in 1900 the seriousness of this can well be imagined. During a debate on the Tenancy Act in the Bengal Assembly in 1937 three different speakers assessed the total rental of Bengal at 29 crores, 30 crores and 26 crores of rupees respectively. Corresponding figures for U.P. are easily available. There, while the total rentals increased by more than 60 per cent. from 12,11 lakhs in 1898 to 1940 lakhs of rupees in 1930 the land revenue paid increased only by about 13 per cent. from 619 lakhs to 7,07 lakhs.‡

The question of compensation however cannot be viewed from point of view of justice and moral claims only. Even if we make it a question of bare justice let us not forget that we have to think of Zamindari as an All India question and here we should not ignore the present-day owners of land. Besides a large part of the increase in the rentals even in Bengal and U.P. has been due to the process of subinfeudation, and other complicated causes. We cannot afford to forget also the revolutionary significance of the problem. However tempting it may be to think of successful liquidation of landed estates by a revolt of the masses, we cannot afford to forget that violence can come from the landowners just as much as the other way about if our legislatures learn to talk without our executives having learnt to act strongly. Besides will a public opinion so attached to private property as our own be likely to support extreme measures?

The decision to pay compensation does not, however, end our difficulties. We will have to evolve practical schemes. The following schemes have been suggested already in provinces like U.P. and Bengal where the problem has received good attention :

- (1) Compensation according to market value.
- (2) Compensation according to cost of collection of revenue.

* Mr. Ajit Prasad Jain writes : " I warn the landlords . . . not to insist too much on the past, lest they should find that their great-great-grand father or great-great-great grandfather was a dacoit or a highwayman or a corrupt official or a court jester, or a cheat or a forger." (The Hindustan, Lucknow).

† P. 305, " Land Problems of India," Longmans Green & Co., 1933.

‡ Report of U. P. Provincial Congress Committee, 1931.

- (3) Compensation according to a certain percentage (about 10%) of present total *rent* collections.
- (4) Compensation amounting to 10 to 15 times the net profit to the Zamindars from their landed interests.
- (5) Compensation according to 10 to 15 times the *legitimate share* of the profits of the Zamindar. This share to be decided upon, and to be a certain percentage of the total net profits, which should then be capitalised at 10 to 15 times its value.

Payment according to market value is out of the question of course. Payment according to cost of collection of revenue depends upon what percentage should be regarded as the cost.* No. (3) has been suggested by Shri Sampuranand† No. (4) has been proposed by the Bengal Land Revenue Commission who think that on the basis of compensation at 15 times the net profit the present income of Zamindars in Bengal was likely to be reduced by one half.‡ No. (5) has been suggested by Mr. Nasir Ahmad Khan who thinks that capitalisation at 15 times of, say about 15% of the total *rent* collections would be enough.

The determination of the present-day profits of the Zamindars is an important part of our work. But I do not think it would be possible to capitalise the entire profit at 15 times without great financial trouble. The Bengal Famine Commission rightly points out that this would mean for Bengal alone about 137 crores of rupees which, "is very nearly equal to the total capital outlay on all irrigation works carried out in British India up to end of the year 1932-33 and the sum represents only the cost of acquisition in one province"§ It should be clear to all that if we want to abolish zamindari quickly we will have to be less liberal than what the Bengal Land Revenue Commission has suggested. We will be forced to ignore the difficulties about the reduction of the present income of the proprietors to much less than half or even a quarter if we want to make any progress whatsoever. In order to reduce the financial burden we may have to ignore completely certain classes of zamindars. This may require two things. A careful inquiry into the origin of the big Zamindaris in Bengal and elsewhere shows that where the facts clearly prove the justice of the step no compensation at all need be paid. Likewise a large number of small zamindars will have to be absorbed where necessary without compensation. Whilst their number is very large, the compensation that each of them will get will be very small, hence compensation will be a burden to us without being much of a blessing to them. If compensation has to be paid to these men we will have to see that it is not re-invested in land by the purchase of occupancy holdings which, in the absence of a regular scheme for nationalisation or collectivisation, may create a new form of landlordism.

Abolition of Zamindari and Taxation Reorganisation

The burden of the abolition of Zamindari through compensation will be so heavy that whatever the scheme we consider for payment of the capitalisation of the net profits of the landlords we will not be able to bring about the abolition without heavy programmes of borrowing and also a complete reorganisation of our taxation. This must necessarily involve the imposition of heavy death duties and taxation of agricultural incomes. The latter measure should apply to taxation of incomes above a fairly high level say Rs. 1500, so that if we assume that the return from land is

* According to the Hon. Sampuranand about 5 per cent. will be enough whereas the Land Revenue Commission Bengal puts it at 18 per cent. of the assets.

† P. 12, "Abolition of Zamindari."

‡ See page 276 of Woodhead Commission Report where this is quoted and discussed.

§ P. 276, Famine Inquiry Commission, Final Report.

roughly five times the land revenue only those cultivators who pay a land revenue of Rs. 300 or over will be taxed. The use of death duties requires a careful examination of the ideas of experts like Rignano, Luigi Einandi, and of the study of inheritance laws of different countries. A heavy programme of borrowing should be avoided as far as possible; hence the possibilities of a system of annuity payments to landlords in lieu of compensation in the form of lump capitalized payments should be thoroughly examined. The slow liquidation of Zamindari interests through the new revenue resources of government may not be so difficult as it appears.

Abolition of Zamindari is useless without vision.

Even at the risk of repetition I should like to mention that the abolition of Zamindari would be of no avail unless we decide correctly on the step *after* its abolition. It would be useless to destroy the Zamindar if his disappearance will not raise the standard of life of the millions of our landless labourers and small cultivators. Today the standard of life of the cultivator in the raiyatwari provinces is not much above that of a tenant cultivator in permanently-settled areas. Similarly the mere act of State acquisition of property will not help us. Even the Government khasmahals are not, for example, centres of great productivity and progress.* As I have shown, we shall have to seriously think of collective farming and we cannot afford to ignore the country's industrialisation as the Madras Government seems to be doing. The problem of land distribution among the millions of our landless labourers and tenant cultivators cannot be left neglected as we have done till to-day. We will have to distribute land so as to create true economic holdings. This requires proper knowledge of economic holdings in different provinces, districts, and talukas. Unfortunately, to-day not even our Agricultural Departments have got the machinery to find out this.

ABOLITION OF ZAMINDARI SYSTEM

By

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The question of ownership and management of land has come to prominence with the re-installation of popular ministries in the Provinces. The election manifestoes of the leading political parties contained a promise to give land to the cultivators by abolishing the zamindari system of land-tenure. Many Governments have committed themselves to undertake the Agrarian Reform and committees have been appointed in various provinces for recommending specific steps to abolish zamindaris and remove the intermediary tenure-holders between the State and the actual cultivator. The main purpose of this measure is to improve the structure of distribution of income in agriculture. Let us examine what shapes abolition of zamindari system can take and what they would imply.

Abolition of the Zamindari System can be interpreted in various ways. It may mean (i) abolition of "Zamindari System of Land Tenure" including/excluding "Zamindari Mahalwari System of Land Tenure"; (ii) elimination of non-cultivating landowners irrespective of the system of land-tenure; (iii) conversion of all cultivating tenants into peasant proprietors by giving them proprietary rights; and (iv) abolition of private ownership of land. Generally, it is in the sense of giving proprietary rights to the tenants that the term of abolition of the zamindari system is used.

1. There are three systems of Land Tenure in India, *viz.*, Zamindari or landlord-estate system, Ryotwari System and Mahalwari or village-estate system. Technically,

* See the official reply of the Bihar Government to the Woodhead Commission, p. 452, Appendix II, Final Report.