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MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

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Not to be folded or roughly handled

No. 154. *PROCEEDINGS OF THE MADRAS GOVERNMENT.*

Dated 8th February 1862, *No.* 240.

Read the following papers :—

No. 155. From W. GREY, Esq., Secretary to the Government of India, (Home Department), to the Secretary to the Government of Fort Saint George, dated Fort William, 7th October 1861, No. 2,035.

SIR,

1. I am directed to transmit a copy of the final Report submitted by Colonel Baird Smith, in connection with the enquiry for which he was deputed to the Famine Districts of the Upper Provinces of the Bengal Presidency in February last, and with reference to the question of fixing permanently the public demand on the land, which is chiefly discussed in paragraphs 62 to 82 of the Report, to state that the Governor General in Council is desirous to be made acquainted with the opinion of His Excellency the Governor of Madras in Council upon the advantages of a Permanent Settlement as applicable to the various Districts of the Madras Presidency.

2. In considering this very important subject, I am desired to request that the Governor in Council will also express his opinion as to the value of a Legislative sanction for Settlements for terms of years in Districts in which His Excellency in Council may not consider the existing Settlements of a character to be made permanent; and that he will state the points to which such legislation, if had recourse to, should extend. The Governor General in Council is disposed to believe that a Settlement under Legislative sanction would be free from many of the objections to which at present temporary Settlements are open, and would greatly improve the tenure of land.

No. 156. MINUTE BY THE HONORABLE THE PRESIDENT.

1. The Governor General in Council having forwarded to this Government a copy of Colonel Baird Smith's report on the famine, of last year, in the Upper Provinces of the Bengal Presidency, has expressed a wish to be made acquainted with the opinion of the Governor in Council on the subject of the advantages of a permanent settlement, as described in certain paragraphs of the abovementioned report, as applicable to the various Districts of the Madras territory.

2. I have, accordingly, read carefully the report in question, and will now proceed to give my opinion of the various proposals submitted by Colonel Smith with relation to the permanency of the Government assessment, and, as coupled with this, the right of redeeming this, by the payment of a sum equivalent to a certain number of years' purchase of the annual assessment.

3. I am disposed to agree with Colonel Baird Smith in many of the inferences which he has drawn from the facts brought under his notice. He has, however, looked at the question with reference principally to the effects which the measures proposed by him may, *possibly*, have on the condition of the agricultural population, while I, in my capacity of Governor, must take a broader and more general view of the action of the changes proposed. I must consider the effect produced, not upon one District only, but upon the Presidency at large, and I must especially consider the effect which, if Colonel Baird Smith's views are carried out, will be produced on the Revenue, for upon the certainty, and due development of this must the maintenance of our power in India mainly depend.

4. With reference then to the first suggestion made by Colonel Baird Smith, that a settlement of the claims of the Government upon the land should be perpetual, I would observe that before any such settlement could be made it would be necessary that the Government should decide, once for all, what proportion the assessment or rent should bear to the produce of the land either gross or net. Having settled this point, it would be necessary to ascertain whether the existing claims upon the Ryots are based upon this proportion.

5. If, without the establishment of these preliminary data, the Government were to determine at once, that the existing demand upon the Ryot should be made permanent, much injustice would be done to individuals, which would, as a matter of course, be redressed; while much would be done to the Government, which represents the mass of the community, which would never be noticed or redressed.

6. Assuming, however, that all these preliminary steps have been taken, and that the assessment on the Ryot is fair and reasonable, there is yet an important point to consider, one indeed most important with relation to the proposed perpetual settlement, and that is, in what commodity shall this rent or assessment be payable, or in other words, shall the tenant or Ryot pay a corn or a money rent.

7. In paragraph 64 of his Report, Colonel Baird Smith talks of the rent as the portion of the net produce hitherto appropriated as Government Revenue, which he puts at 50 per cent. of the *net* produce, but in discussing the question of fixity of public demand he evidently applies this fixity, not to the proportion of the crop, or its estimated amount in measures or weight of grain, but to the existing money value, which, looking to the very marked change which has taken place in the value of money during the last few years, represents a much smaller proportion of the crop. The effect of adopting the existing money value of the crop as the basis of the perpetual settlement, would be to place the tenant in a position to which he has no claim. I assume that a revision has been made of the assessment, that every thing has been done which could be expected from the best landlord,—under such circumstances the tenant can have no right to the collateral advantages which spring out of the gradual cheapening of money, or the alteration of the relation existing between it and produce of various kinds.

8. This is the landlord's fair due, and indeed it is the only means by which he can manage to escape the difficulties arising out of the fixed character of the payments made to him, and the ever varying but steadily increasing price of labor and other commodities.

9. In the case of a Government this would be remedied by the imposition of fresh taxes; but this would in point of fact be equivalent to a system of protection, that is, one portion of the community would be bettered at the expense of the remainder.

10. I do not wish to enter into the question of the relative advantages of direct or indirect taxation generally. I would only observe that, with reference to India, it would be most unwise to sacrifice the Revenue arising from a source so well established and so well understood by the people of India as that of a land or produce assessment, upon the supposition that it may be possible to supply the deficit from other sources; while, then, I should not object to a reduction in the proportion of the crop taken as rent, to such an amount as would leave to the Ryot a fair return for his labor and his capital, and while I should not object to make this proportion a perpetual charge on the land, I should altogether object to a proposal to place a money value upon this proportion of the crop at existing prices, and to make this money value the measure of the rent or assessment to be paid from henceforward.

11. According to Colonel Baird Smith the power to redeem the rent or assessment is a natural and legitimate sequence of a permanent Settlement. I cannot see that this connection is necessary, but this is a point which need not be discussed. I might observe that as I disapprove of a permanent monetary settlement, the question of redemption necessarily falls to the ground; but I am desirous of recording my opinion as adverse to the scheme on several independent grounds, indeed I should object to it even were I inclined to admit the advantage of a permanent monetary assessment.

12. In the first place, I may observe, that the effect of inducing the occupiers of land to invest their capital in purchasing up the assessment, is, in point of fact, to deprive them of the capital which they require to cultivate the land. It will be said, and indeed is constantly said, that in such matters men are the best judges of their own interests, and that unless they expect or can calculate on certain positive advantages as likely to accrue from the expenditure of capital, they will not purchase. This, as all such statements are, is partially true. The man who is intelligent

and educated, who knows the value of money, who is aware of the various profitable uses to which he may turn it, will of course reject that which, held out to him as a boon, would in fact inflict upon him, were he fool enough to avail himself of the offer, a severe injury. But there are many among Englishmen who attach an undue importance to the possession of land; they look to the acquisition of a freehold as conferring a degree of importance in a Colony similar to what it does in England, and they are likely to be deluded into making a purchase which will hamper their operations for years. Colonel Baird Smith admits that few will take advantage of the offer; why then tempt them to do that which their common sense tells them will be injurious? I say injurious, because, as the interest of money may be said to range as high as 10, 15, and 20 per cent., if the Government by appealing to the vanity or weakness of a man's nature leads him to content himself with 5 per cent., he has lost the difference between that and the higher rate of interest, that is, he has not made so profitable an investment of his capital as he might have done.

13. Colonel Baird Smith brings forward the fallacy that it is a matter of indifference whether the Government receives the interest of its capital annually or is paid the amount of the capital itself and has the responsibility of investing it. But, to say nothing of the well established fact that the capital will be more productive if left in the hands of private individuals, a very limited acquaintance with the proceedings of Governments would have proved to him that there is no body entrusted with authority which ought to be intrusted with the expenditure of its capital. The amount of what may be called interest, that is the sum which can annually be drawn from the population, is limited; but if a Government is enabled to raise money by the sale of perpetuities for a few years' purchase, there would be no check upon or limit to its extravagance. Such a permission could not safely be given to a Government which is accountable to a Representative Assembly, much less ought it to be intrusted to one which is practically autocratic.

I therefore object to the proposal that the Ryots, or generally the men who pay an annual assessment to the Government, should be allowed to purchase up that assessment for a certain number of years' purchase, on the grounds that it would be injurious to the payers as well as to the receivers of the assessment.

W. DENISON.

12*th November* 1861.

No. 157. MINUTE BY THE HONORABLE E. MALTBY.

1. Colonel Baird Smith's proposed measure of making the Land Tax permanent, and declaring it only liable to enhancement when Government supplies water by new works of irrigation, has long been the rule in the Ryotwary Districts of this Presidency and has my cordial approval.

2. Our so called Annual Settlements have led to an idea that the Land Tax fluctuates instead of being fixed, but this is an error. It is the charter of our Ryots, and one which they dearly prize, that nothing can be demanded of them in excess of the established assessment except when irrigation is newly supplied. This most valuable principle has produced all the advantages depicted by Colonel Baird Smith, in paragraph 60 and succeeding portions of his second Report, in those of our Districts which are favored with a moderate assessment, such as Canara, Malabar, Tanjore, Cuddapah, &c., and it has given vitality to our Ryotwary system in those Districts, where, notwithstanding the soundness of its principle, it nearly broke down under the grievous disadvantages of an unduly high assessment, cumbersome rules of detail leading to interference and annoyance on the part of the inferior Revenue servants and imperfect land registers.

3. The Annual Settlements of the Land Revenue in this Presidency have not, therefore, been held for the purpose of fixing or altering the assessment, but to determine what sum was to be paid to Government by each cultivator for the current year after ascertaining the extent of land in his occupancy, and his ability to pay the full assessment upon it. In consequence of over-assessment lands were continually thrown up after a brief occupation, and remissions had

to be given when produce was deficient or prices were low. Hence these Annual Settlements used to be a long and laborious business, but they have already been greatly shortened by the progress made in modifying the assessment and rectifying the details of our Ryotwary system, and soon they will become a mere formal matter of account as in Canara and Malabar, where a light as well as a fixed assessment has given land such value that it continues in permanent cultivation, and the full assessment due upon it is collected with punctual regularity.

4. The rule which establishes the fixity of the assessment, or in other words declares that the established assessment forms the maximum demand against the land-owner, is found throughout the Records* of our administration. It is contained in the Hookamnamahs, or Rules for the guidance of Collectors, published with the sanction of Government, and supposed infringements of it have formed a ground of action in the Civil Courts.

* For some early instances on the introduction of the Ryotwary system, see Appendix to this Minute.

5. It was also lately quoted† as an insuperable bar to imposing a special duty on the growth of tobacco in this Presidency, when that measure was proposed by the Supreme Government.

† Revenue letter to Government of India, 11th June 1859, No. 774, enclosing letter from Board of Revenue, dated 21st April 1859, No. 1,439.

6. So likewise in the papers connected with the introduction of the present Revenue Survey, the long established principle that a Ryot is entitled to hold his land *so long as* he pays the assessment on it, and that the Government cannot oust him to give the land to another was freely acknowledged.‡ Consequently no increase to the Revenues of the State was looked for under the Survey by any enhancement of the present rates of assessment. On the contrary, Government declared its expectation that the rate of assessment on a given area of land after the Survey would be lower than it is now, and only anticipated an increase to its resources from other causes, viz., the discovery of fraudulent measurements, improper alienations to Inámdárs and concealed cultivation; but more especially from a great extent of waste land being taken into permanent occupancy when the present high assessment was universally modified, and boundaries and titles were made clear.

‡ Revenue Survey Volume, page 17, paragraph 28.
Do. page 240, paragraph 13.

Same Volume, page 455, paragraph 17.

7. The only point upon which any doubt has been felt in declaring the new Survey Assessment permanent, as a maximum demand, is connected with the price of grain. The new Assessment is based, like the old one, on a certain portion of the assumed grain produce converted into a money payment on the average§ prices of several preceding years. A question then arose whether this assessment was to be considered unalterable or was to be revised at short intervals as prices rose or fell. Government inclined to the latter arrangement, and expected to overcome the difficulty of ascertaining the real fluctuations of price by the establishment of public markets.‖ The Revenue Board however¶ pointed out difficulties and recommended a fixed settlement for not less than thirty years. I am myself strongly in favor of a permanent assessment for the following reasons :—

§ In some places this average was struck on the prices of several kinds of grain.

‖ At present the question stands thus : In Extract Minutes Consultation, 15th February 1858, No. 191, paragraph 38, Government ordered it to be notified that the assessment "will be revised after 50 years, if then deemed expedient."—Revenue Survey Volume, page 464.

¶ Revenue Survey Volume, pages 238 and 239 and 437 and 438.

I. Experience has clearly shown that the great essentials to the prosperity of the Ryots are a moderate and fixed assessment, security of possession, and freedom from all interference or annoyance on the part of the Native Revenue servants, by declaring that so long as they pay a known demand and no more they cannot be molested. This end will not be attained if fluctuations of price can enhance the Government demand, especially when the means of ascertaining those fluctuations are so imperfect.

II. It has not yet been found practicable to establish public markets for the purpose of ascertaining the correct prices of grain, and in addition to the obstacles pointed out by the Revenue Board on this head a new instance of the difficulty may be cited. In Tanjore and

Tinnevelly, under the Ooloongoo system, the assessment payable in each year depended on the price of grain, but the evils attendant on such a system have very recently led to its discontinuance. When abolishing the Ooloongoo and substituting a fixed commutation rate founded on the average of several years, Government observed—

Government Order, 22nd July 1859, No. 979, paragraph 4.

"The principle of a grain rent annually commutable at the market price of the year, has at first sight a strong appearance of equity. But in practice it has been found even in more advanced countries, that the tendency of such a system is to diminish the independence of the tenant and with it his steady industry. In this country, where the sources of information as to price are so greatly inferior, the effect is in addition to lead *to extensive fraud and corruption.*"

III. If fluctuations of price are to affect the assessment, then the demand on the Ryots will have to be increased in a year when the price of grain rises, and this operation would be always difficult and productive of heart-burning and mistrust. Even when a rise of price was beyond dispute the Ryots could justly urge in most cases that it was owing *to short crops.* If the assessment remains unaltered, one of these two elements of variation counteracts the other; but as the wise principle has been laid down that no remissions are to be given for short produce under the new and modified assessment, an additional burden would be virtually placed upon the land-owners at a time when they are least prepared for it, if an increase in the price of grain is to raise the assessment.

IV. The evils of our Annual Settlements have been so great in leading to uncertainty, corrupt interference on the part of the Táluq servants, and fraudulent practices, that it is the great object of the Survey to get rid of them by fixing such a moderate assessment as can be paid in all ordinary years. The new assessment is not to be a rent which swallows up the surplus produce after paying the wages of labor and the profits of the agricultural stock employed, but a land tax, which is to leave a surplus or rent to the proprietor. Exact accuracy is therefore declared immaterial in classifying the land and calculating the produce, and the same reasoning urges the fixing of a moderate commutation rate once for all. Else the same necessity will continue for periodical settlements with their uncertainty and evils, and we shall have all those corrupt practices in fixing the price of grain in different ranges of villages, which have just been swept away by the abolition of the Ooloongoo in Tanjore and Tinnevelly.

Revenue Survey Volume, page 17, paragraph 28.

Revenue Survey Volume, pages 8 and 9, paragraphs 13 and 14.

8. These arguments tell most strongly against allowing the assessment to fluctuate *annually* or at short periods with the price of grain. But they seem to me also to have much force against an arrangement for re-adjusting the assessment in reference to the state of the markets at distant intervals of time. Unless the assessment is declared permanent an equal degree of confidence will not be felt, and in consequence capital will not flow as abundantly to the land, and land will not attain the same saleable value. It will also be impracticable to allow the redemption of the Land Tax, should that measure be considered advantageous to the State, nor could the Inám question have been satisfactorily settled by the issue of permanent titles to the holders of enfranchised Inám on the payment of a portion of the old assessment if this obstacle had been allowed to intervene. The importance of this last consideration will be evident when the immense* extent of the Inám lands is recollected, and as no question regarding the fluctuations of price prevented a permanent settlement being made with them, I trust that the same course will be followed with the other lands of the Presidency.

* Memo.—A Statement obtained by me from the Revenue Board shows that the Inám lands equal nearly one-fourth of the assessed area. They comprize six millions of acres, while the assessed area amounts to 26 millions.

9. I express this hope on a full conviction that a moderate land tax, fixed once and for ever, is the surest method of promoting the interests both of the Government and the land-holders. The encouragement thus given to enlarged agricultural operations, the additions to other sources of Revenue which must follow a more extensive and profitable cultivation of the land, and the

economy practicable in establishments under a simple system of administration would, I believe, more than equal any increase in the Land Revenue which Government can expect from a rise in the price of grain. On the other hand, too, a permanent assessment is such a boon that so long as any profit remained the land-owners would bear fluctuations of price below the commutation rate, nor would they in their prosperity be beyond the reach of additional taxation, should pressing occasion arise. An Income Tax which includes incomes derived from rent is now in temporary operation, though it is to be hoped that the need of it will soon pass away. (Since writing these remarks, I have found the course proposed by me strongly advocated in an elaborate despatch from this Government to the Honorable the Court of Directors, dated 5th March 1813, when the Ryotwary system was under consideration, and I would invite attention to paragraphs 130 to 135. The Government observed, "The object which is difficult of attainment, and which requires the first attention is *the augmentation of the general wealth of the country*. It will be alway easy, we conceive, to devise means of drawing a due proportion of that wealth as it increases into the public treasury," and then they argued, most justly in my opinion, that *a fixed* assessment is the mainspring of agricultural enterprize and wealth.) I am thus strongly in favor of a permanent assessment, and by parity of reasoning should prefer a settlement for a term of years to annual settlements.

10. I do not enter into the question of redeeming the Land Tax, since the opinion of this Government is not called for on that point in Mr. Secretary Grey's letter, now under notice.

24th December 1861. E. MALTBY.

APPENDIX.

1. In a Revenue Despatch to Bengal, dated 29th January 1813, the Honorable Court of Directors observe in paragraph 34, "Hence it was also that the Survey Rents in the Ceded Districts, and indeed in most of the other Collectorships in the Peninsula, where the Ryotwary system had been carried into effect, constituted *the maximum* of annual rent to which the cultivator was liable."

2. The Madras Government in their Revenue letter to Court of Directors, dated 12th August 1814, when replying to the Court's orders to carry out a *permanent* Ryotwary Settlement state in paragraph 6 :—

Independently of the general interest excited by the character of its author (Colonel Munro), his paper dated 15th August 1807, claims notice as containing the only project of a Ryotwar permanent Settlement. To that paper your Honorable Court's Despatch makes a marked reference, and we accordingly feel ourselves at liberty to regard the project which it contains as the *permanent Settlement* which your Honorable Court would wish to introduce. In speaking of the Ryotwar system we, therefore, beg for the sake of accuracy to be understood to mean the system recommended in Colonel Munro's letter of 15th August 1807.

3. In the Revenue Board's elaborate Minute of 5th January 1818, on the land tenures of this Presidency, a comparison is thus drawn in paragraph 140 between the Zamindári and Ryotwary Settlement :—

"The grand difference between this system and the permanent Zamíndári Settlements, was that engagements for the Revenue were entered into by Government with each individual Ryot, instead of with an intermediate hereditary Zamíndár * * * The assessment was *a permanent maximum* assessment fixed on each field."

No. 158. MINUTE BY THE HONORABLE W. MOREHEAD.

1. The only answer that can be made by this Government to the letter addressed to it by Mr. Secretary Gray, must be to the effect, that no change of tenure is called for. As under the Ryotwary system the lands are made over in perpetuity to the Ryots, the Ryot is to all intents and purposes the proprietor of the land; he can sub-let it, and transfer it by gift, sale, or mortgage, and so long as he pays the *fixed* assessment on it, he cannot be ejected by the

Government. No better title, or one more secure, can be given. That it is felt to be secure is practically proved by the fact that Ryots without hesitation dig wells and effect other expensive improvements, satisfied, under the existing Revenue rules, that their permanency of title is secure.

2. The difficulties which our Ryots have had to meet, have been confined to the high rates of assessment and to the evils consequent thereon. These, however, have been almost entirely removed, and with the introduction of lower assessments, the cultivators of this Presidency are now placed in such a position, as to be without any legitimate subject of complaint, and to cause their earnest prayer to be that they may be left in the undisturbed enjoyment of their present privileges.

3. In the remarks made by Mr. Maltby as to the assessment being a final one, and in the wisdom of declaring the money rate a permanent one, I quite concur. I am satisfied that the assessment was intended by Sir T. Munro to be a final one. As such it has been adopted by Government. W. MOREHEAD.

5th January 1862.

Ordered that the following letter be despatched.

No. 159. From J. D. SIM, Esq., Secretary to Government of Fort Saint George, to the Secretary to the Government of India, dated 8th February 1862, No. 241 :—

SIR,

1. I am directed by the Honorable the Governor in Council to acknowledge the receipt of your letter, No. 2,035, requesting his opinion "upon the advantages of a Permanent Settlement as applicable to the various Districts of the Madras Presidency," and "as to the value of a Legislative sanction for terms of years in Districts in which His Excellency in Council may not consider the existing Settlements of a character to be made permanent."

2. I am to premise that by a "Permanent Settlement" this Government understand the Governor General in Council to intend no more than fixing the Land Tax in perpetuity, in other words to bar the Government in all time to come from increasing the assessment on all land brought under that Settlement.

3. The words "Permanent Settlement" are, however, very generally applied to Zemíndáry Settlements, under Regulation XXV of 1802 of the Madras and Regulation 1 of 1793 of the Bengal Code. To any extension of this mode of tenure in this Presidency the Government are wholly opposed, for, among other reasons, the weighty objection, that it alienates from the State all waste land. It is to this source that this Government look for a gradual increase in its Land Revenue, and it is essential that this source of future Revenue should not be lost to the State.

4. This being understood, I am to explain briefly the present state of the land tenure in this Presidency under the prevailing Ryotwary system, to which alone the proposals contained in your letter are applicable.

5. This mode of administration was introduced in 1792 by Colonel Read and was subsequently worked out by Sir Thomas Munro. In 1812 the Home Government ordered it to be generally introduced, and it has since formed the prevalent tenure of this Presidency, the Revenue derived from Zamíndáries being in round numbers half a million sterling, while that drawn from Ryotwary Estates is three and a half millions.

6. There can be no question that one fundamental principle of the Ryotwary system is that the Government demand on the land is fixed for ever.

7. When first settling the Salem District in 1796, Colonel Read issued a Proclamation to the Ryots in which the following rule appears :—

"The Putkut Nellum (or holding) being measured and valued the assessment of every "individual field in it, when at the full rate, is *fixed for ever*, that is to say, the Government "is *never* to require more or receive less, nor you to pay less or more than the present "rate unless when those fields actually "dry" shall hereafter be converted into wet, at the "expense of Government, when the rates will be proportionably raised, according to the con-

" sequent increase of the produce and in like manner *fixed for ever*. But if you carry on such " works at your own expense, plant topes, &c., you may depend on receiving the advantages accru- " ing from these and from every other improvement of your lands, while you continue to pay " the established rates ; those constituting, except in the case above mentioned, the annual demand " upon them, on the part of the Circar *for ever*. Upon these principles you may rent out lands, " which you may raise in value by tillage and manure, at rates greatly exceeding the Circar rates, " if there be a demand for them, while you will continue to pay the fixed rates to the Circar " *for ever*."

8. Similarly in 1802, Sir Thomas Munro when issuing instructions to the Collectors of the Ceded Districts expressed himself as follows :—" When a country has been surveyed, the individual (Ryotwary) supersedes both the village and district settlement. The rent of every field being fixed, each cultivator takes or rejects what he pleases, and the rents of all the fields occupied in the course of the year in any one village form what is called the settlement of that village." Again, in 1806, when explaining the manner in which a Ryotwary Settlement was conducted, he says :—" When a district has been surveyed and the rent of every field permanently fixed, the Kulwar (individual) settlement becomes extremely simple ; for all that is required, is to ascertain what fields are occupied by each Ryot and to enter them, with the fixed rents attached to them, in his patta ; their aggregate, constitutes his rent for the year. *He cannot be called upon for more ;* but he may obtain an abatement, in case of poverty or extraordinary losses. He has the advantage of knowing in the beginning of the season, when he ploughs his land the exact amount of what he is to pay ; he knows the fixed rents of the different fields which he cultivates, and that the demand upon him cannot exceed their total amount ; *he knows the utmost limit of his rent not only for the present, but for every succeeding year ; for it cannot be raised* unless he takes additional land, and he is thereby the better enabled to provide for the regular discharge of his kists, and against the losses of bad by the profits of good seasons." In 1818 the Board of Revenue issued detailed instructions for the general introduction of Ryotwar as ordered by the Home Government. One of the distinguishing characteristics of the system they said was " that the assessment was a permanent maximum rent fixed on each field."

9. At a later period the permanency of the Ryotwary Settlement has on several occasions been acknowledged in unmistakable terms.

10. In the Madras Administration Report of 1855-56, Ryotwary is thus explained : " Under the Ryotwary system every registered holder of land is recognized as its proprietor and " pays direct to Government. He is at liberty to sub-let his property, or to transfer it by gift, sale " or mortgage. He cannot be ejected by Government so long as he pays the *fixed* assessment, and " has the option annually of increasing or diminishing his holding, or of entirely abandoning it. " In unfavorable seasons remissions of assessment are granted for entire or partial loss of produce. " The assessment is fixed in money, and does not vary from year to year, except in those cases " where water is drawn from a Government source of irrigation to convert dry land into wet or " one into two crop land, when an extra rent is paid to Government for the water so appropriated ; " nor is any addition made to the assessment for improvements effected at a Ryot's own expense. " The Ryot, under this system, is virtually a proprietor on a simple and perfect title, and has all " the benefits of a perpetual lease without its responsibilities, inasmuch as he can, at any time, " throw up his lands, but cannot be ejected so long as he pays his dues : he receives assistance in " difficult seasons, and is not responsible for the payment of his neighbours." A similar description of Ryotwary was given to the House of Commons by the Home Government in 1857.*

11. The Revenue Board in 1857, in a report to Government on the new Survey and Settlement, wrote as follows :—" It may not here be out of place to notice that a general opinion " prevails in England that the Bombay Settlement for 30 years secures a far greater permanency " of tenure to the land-holder, than the present Ryotwary tenure of Madras. This is altogether " an error, for a Madras Ryot is able to retain his land *in perpetuity without any increase of* " *assessment*, as long as he continues to fulfil his engagements."

* Return showing under what Tenures, and subject to what Land Tax lands are held under the several Presidencies of India. (Mr. William Ewart) ordered, by the House of Commons, to be printed, 22nd June 1857.

12. In the same year the Government, in a review of the Honorable Mr. Ricketts' report, expressed themselves thus strongly :—" The proprietory right of a Ryot is perfect, and as long as " he pays *the fixed assessment on his land*, he can be ousted by no one ; there is no principle of " Ryotwary management more fixed or better known than this, and the Government deny that " any right can be more strong."

13. It is thus abundantly clear that the distinguishing feature of Ryotwary is the limitation in perpetuity of the demand of the State on the land. The Ryots have thus all the advantages of the Zemíndáry tenure, while the State has a valuable reserve of waste land whence, as cultivation extends, its resources will be augmented so as to meet the increasing demands on its finances which the progress of the country will entail. And in practice this leading principle of Ryotwary has never been infringed. The assessments have, as in South Arcot, Bellary, Cuddapah, &c., been reduced, but in no instance have they ever been raised. Nor in the recent pressure for money, has so obvious a source as increasing the land tax been even suggested as being open to the Government.

14. Had matters been left in this position, the Government would now have had merely to report that the Ryotwary proprietors of this Presidency already possessed the advantages which the Governor General in Council appears willing to concede, although these were not secured to them under Legislative sanction.

15. But in 1855 when the Survey and Settlement now in progress were introduced, an important modification was made in the tenure of land.

16. The object of these operations was to revise the assessments, which were generally too high. In order to give the Ryot in all cases a valuable proprietory interest in the soil, and to induce extended cultivation, 30 per cent. of the gross produce, carefully computed in the manner prescribed, was to be " taken as the *maximum of the Government demand*," and it was thought that 25 per cent. would be the average. The Government were of opinion that the assessment should be fixed in grain for a term of 50 years, and that the commuted value of the latter should be periodically adjusted every 7 or 10 years, according to its average money value in those periods. The Home Government objected to this arrangement, and gave the preference to an assessment in money, unalterable for 30 years. The subject was further discussed by the Government, who ultimately decided that the assessment should be revised after 50 years, if then deemed expedient. This decision however has not as yet been authoritatively intimated to the people.

17. It will thus be seen that while the leading characteristic of Ryotwary tenure is the permanency of the assessment, the revised assessments now being introduced are subject to revision after 50 years.

18. The alternatives proposed in your letter under reply have received the careful consideration of Government, and I am to state briefly the conclusions at which they have arrived.

19. His Excellency the Governor is favorable to the imposition of a permanent grain rent, but would reserve to Government the power of periodically determining the money value of that rent, if at any future time a material alteration in the value of money should render such a measure expedient.

20. The Honorable Members of Council, on the other hand, support the old Ryotwary principle of a permanent money assessment, that is to say an assessment based on a certain portion of the crop, and converted into a money payment at a fair commutation rate fixed once and for ever.

21. I am to request attention to the Minutes which accompany this letter and contain the views of the President and Members of Council.

22. The Government are not in favor of settlements under Legislative sanction for terms of years. Such settlements would hamper the Government without materially improving the position of the Ryot, and it would be better both for the State and the people either that the settlements should be in perpetuity, or that the Government should have the power at any time of acting as the exigencies of the State may require. The Government would not alter the assessment, except under the pressure of necessity, and that necessity might occur in the course of the series of years fixed by Law for the unalterable duration of the settlement.

Letter to the Govt of India No 2410 8-2-62

Private

The Govr Genl in Council having forwarded to the Govt a copy of Col Baird Smith's report on the Jamna plant year in the upper Provinces of the Bengal Presidency, has expressed a wish to be made acquainted with the opinion of the Govr in Council on the subject of the advisability of a permanent settlement, as described in certain paragraphs of the above mentioned Report, as applicable to the various districts of the Madras territory. I have accordingly read carefully the Report in question, and will now proceed to give my opinion of the various proposals submitted by Col Smith with relation to the permanent settlement of the Govt assessment, and as coupled with this, the right of redeeming this by the payment of a sum equivalent to a certain number of years purchase of the annual assessment. I am disposed to agree with Col Baird Smith in many of his inferences which he has drawn from the facts

brought under his notice he has however looked at the question with reference principally to the effects which the measures proposed by him may possibly have on the condition of the Agricultural Population which I, in my capacity of Governor, must take a broad and more general view of the action of the changes proposed. I must consider the effect produced, not upon one class strictly only, but upon the Presidency at large, and I must especially consider the effect which, if Col Baird Smith's views are carried out, will be produced on the Revenue, from upon the certainty & due development of that, must the maintenance of our power in India mainly depend.

With reference then to the first suggestion made by Col Baird Smith that a ~~the settlement of the~~ settlement of the claims of the Govt upon the land should be perpetual. I would observe that before any such settlement could be made it would be necessary that the Govt

should decide once for all, what proportion the assessment or Rent should bear to the produce of the Land either Soft or net - having settled this point, it would be necessary to ascertain whether the existing claims upon the Ryots are based upon this proportion - or upon this & without the establishment of these preliminary data, the Govt were to decide at once, that the existing demand upon the Ryot should be made permanent ~~here~~ much injustice would be done to individuals, which would, as a matter of course, be redressed, while much would be done to the Govt which represents the Body of the Community, which would never be noticed or redressed. -

Assuming however that all these preliminary steps have been taken, and that the assessment on the Ryot is fair & reasonable there is yet an important point to consider, one indeed most important with relation to the proposed perpetual settlement, & that is, on what Commodity

shall the Rent or Assessment be payable - or in other words shall the tenant or Ryot pay a corn or a money Rent:-

In paragraph 6th of his Report Col. Baird Smith talks of the Rent as the portion of the net produce hitherto appropriated as Govt Revenue which he puts at 50 per cent of the net produce, but in discussing the question of fixity of public demand he evidently applies the fixity not to the proportion of the crop, or the estimated amount in measure or weight of grain, but to the existing money value, which, looking to the very marked change which has taken place in the value of money during the last few years, represents a much smaller proportion of the crop - the effect of adopting the existing money value of the crop as the basis of the perpetual settlement would be to place the Tenant in a position to which he has no claim - I assume that a revision has been made of the assessment, that every thing has been done which could be expected from the best Landlord, under such circumstances, the Tenant can have no right to the collateral advantages which spring out of the natural cheapness

Canada

journey. & the alienation of the relation existing between the produce of various kinds - for this is the landlords part due and indeed the only means by which he can manage to escape the difficulties arising out of the fixed character of the payments made to him, the men receiving, but steadily increasing prices for other commodities - - In the case of a Government this would be remedied by the imposition of taxes, but this would in fact be equivalent to a system of protection - that is one portion of the community would be compelled at the expense of the remainder - I do not wish to enter into the question of the relation of direct to indirect taxation generally - I would only observe that in reference to India, it would be most unwise to sacrifice the Revenue arising from a source so well established, and so well understood by the people of India as that of a land or produce assessment, upon the supposition that it may be possible to supply the deficit from other sources -

While this Labourdent objects to a reduction in the proportion of this Rent taken as Rent, he cannot conceive, or would have to the Rent a fair return for his labour & his Capital, and while Labourdent objects to make this proportion a perpetual charge with the land Schmalz objects to a proposal to place a money value upon the proportion of this Crop at ordinary prices, and to make this money value the measure of the Rent or assessment to be paid from time to time forward.

According to Col' Baird Smith the power to redeem the Rent or assessment is a natural & legitimate sequence of a permanent settlement - I cannot see that this connection is necessary - but this is a point which need not be discussed. I might observe that as I disapprove of a permanent, money settlement the question of redemption necessarily falls to the ground - but I am desirous of recording my opinion as adverse to this scheme on several independent grounds - indeed I should object to it even were I inclined to adopt the adventure of a permanent money assessment - In the first place I may observe that the effect of reducing the assessment of Land to meet this Capital in purchasing up the assessment, is, as pointed out, to deprive them of the Capital which they require to cultivate the land - it will be said, and indeed I am told, that in matters mean as the best judges of their own interests and that under this expectation or calculation certain positive advantages are likely to accrue from the expenditure of Capital, they will not purchase - this, at all such statements are, is partially true - the man who is intelligent & educated, who knows the value of money, who is aware of his various profitable uses to which he may turn it, will of course reject that which, held out to him as a boon, would in fact inflict upon him, as he feels, except to avail himself of the offer, a severe injury - but then as many Englishmen who

attach an undue importance
to the prospect of land - they
look to the acquisition of
freehold as conferring a degree
of importance in a colony
similar to what it does
England and they are likely
to be deluded into making
a purchase which will have
=pen this operation for years -
Col' Baud Smith admits
that few will take advantage
of this offer, why then tempt
them to do that which their
common sense tells them
will be injurious - I say
injurious because as the
interest of money may be
said to range as high as 10
15 & 20 per cent, if the Govt
by appealing to this source
of wealth which Nature has given them to con=
=tract himself with five
per cent, he has lost the
difference between that
& the higher rate of interest
that is, he has not made to
profitable an investment
of his Capital as he might
have done -
Col' Baud Smith brings for=
=ward the fallacy that it
is a matter of indifference
whether the Govt receives
the Interest of its Capital
annually or is paid the
amount of the Capital
itself, and has the sen=
=sibility to mention it

Isaac

10

but to say nothing of the well
established fact that the
Capital will be more productive
of profit in the hands of private
individuals, a very limited
appreciation with the pro=
=ceedings of Governments
would have proved to him
that there is no body con=
=trusted with Authority
which ought to be intrusted
with the expenditure of
the Capital - the amount
of what may be called interest
that is the sum which can
annually be drawn from
the population is limited.
but a Govt is enabled
to raise money by this take
& spend it for a few
years purchase there would
be no check upon or limit
to its extravagance - and
a permission could not
safely be given to a Govt
which is accountable to
a representative Assembly
must let ought it to be
intrusted to one which is
practically autocratic -
Therefore object to the proposal
that the Public generally
the men who pay an
annual assessment to
the Govt should be allowed
to purchase up that assess
for a certain number of years
purchase on the grounds

5

that steps could be improved
to the passengers as well as to
the receivers of the dispatches

Mr Dennison

2-1-97.

Rev 1852 Dep't
Proc: of Govt for February 62
No 3677.

Minute by the
Honorable the
President.

Dated
Read 12 Nov 1861.

S.L. Pp. 240-8 Pol.

On the final report
of Col. B. Smith in con-
-nection with the ques-
-tion of fixing perma-
-nently the Public
demand on the land.

N: 756. 155.

1

Read

- Colonel Baird Smith's proposal to make the land tax permanent, & to relieving it only liable to enhancement when Govt supplies water by new works of irrigation, has long been the rule in the Ryotwary districts of this Presidency & has my cordial approval.

- Our so called Annual Settlements have led to an idea that the land tax fluctuates instead of being fixed, but this is an error. It is the charter of our ryots & one which they dearly prize & that nothing can be de-
-manded of them in excess of the es-
-tablished assessment when irrigation is not supplied. This most valuable principle has produced all the advantages depicted by Col Baird Smith in P60 of his 2nd Report and succeeding portions and subsequently in those of our Districts which are favored with a moderate assessment such as Canara, Malabar, Tanjore, Cuddapah & and it has given stability to our Ryotwary system in those districts where, notwithstanding the soundness of its principle it nearly broke down under the previous disadvantages of

an unduly high assessment, cumbersome
rules of detail leading to interference & an-
noyance on the part of the inferior Revenue
servants, and imperfect Land Registers.

- The Annual Settlements of the Land Revenue
in this Presidency have not therefore been held for the purpose of fixing or altering
the Assessment, but to determine
what sum was to be paid
for the current year to Govt by each cultivator
after ascertaining the extent of land
in his occupancy & his ability
to pay the full Assessment
upon it. - In consequence of
Over Assessment lands were
continually thrown up & after a brief occu-
pation, and remissions had to be given
in years when produce was deficient or
prices were low. Hence these Annual
Settlements used to be a long & laborious
business, but they have already been
greatly shortened by the progress made
in modifying the Assessment & rectifying
the details of our Ryotwary system and
soon they will become a mere formality
as well as in
Canara & Malabar, where a light Assessment
has given land such value
that it continues in permanent cultivation
& the full Assessment due upon it is collected
with unexampled regularity. -

- The rule which establishes the fixity of
the Assessment, or in other words declares that
the established Assessment forms the max-
imum demand against the landowner
is found throughout the Records of our
administration. - It is contained in the
Instructions, or Rules for the guidance
of Collectors published with the Sanction of
Govt and supposed infringement of it have
been pleaded as grounds of action in the Civil Courts to bar
[illegible] ground for [illegible]
[illegible] ground for [illegible]
[illegible] the Civil Courts. -
also lately
It was ^ quoted as
an insuperable bar to im-
-posing a special duty on the
growth of tobacco in the Pre-
-sidency when the revenue
proposed by the
Supreme Govt

- So likewise in the papers con-
-nected with the introduction of the
present Revenue Survey, the long es-
-tablished principle that a Ryot is
entitled to hold his land so long as
he pays the Assessment on it & that
the Govt cannot eject him to give the
land to another was freely acknowledged.

Revenue Letter to Govt of India. 11 June/59 No 774 enclosing letter from Board of Revenue, dated 21 April/59 No 1439 -

Revenue Survey Volume
Page 17 Para 28
" 240 - " 13

Q - Was some early instances of the introduction of the Ryotwary system attended with the difficulties he states?

See Minute of Rev. Board	
5 Jany	1818
Para	140
also Rep of Rev. Board	
15 July/57	
No 2400	Q 3

District

Consequently no increase to the revenues of the State was looked for under the Survey by any enhancement of the present rate of assessment. On the contrary Govt declared its expectation that the rate of assessment per acre would be lower. area of land after the Survey than it is now, and only anticipated an increase to its resources from three causes viz- the discovery of fraudulent measurement, improper alienations to Grantees, and concealed cultivation - but more especially from a great extent of waste land being taken into permanent occupancy when the present high assessment was universally modified, and boundaries & titles were made clear. -

Jamai Volume Page 455. Pl7.

- The only point upon which any doubt has been felt in declaring the new Survey assessment permanent, as a maximum demand, is connected with the prices of grain. - The new assessment is based like the old one, on a certain portion of the annual grain produce converted into a money payment on the average price of several preceding years. - A question then arose whether this assessment was to be considered unalterable or was to be revised at short intervals as prices rose or fell. - Govt inclined to the latter arrangement, &c. - jected to overcome the difficulty of ascertaining the real fluctuations of price by the establishment of public markets - # The Revenue Board pointed out difficulties & recommended a fixed settlement for not less than 30 years. I myself strongly prefer a permanent assessment for the following reasons.

1 - Experience has clearly shown that the great essentials to the prosperity of the ryots are a reduced fixed assessment, freedom from all interference & annoyance

* places this was struck prices of several of grain.

the assessment "was to be revised every 30 years." Revenue Survey Volume Page 404.

Survey Volume 239 and 437 & 438

on the part of the Revenue servants, by declaring that so long as they pay a known demand & no more they cannot be molested - This end will not be attained, if fluctuations of price can enhance the fixed demand especially when the means of ascertaining those fluctuations are so imperfect.

II - It has not yet been found practicable to establish public markets for the purpose of ascertaining the correct prices of grain, and in addition to the obstacles difficulties pointed out by the Revenue Board on this head, a new instance of the difficulty may be cited - In Tanjore & Trichinopoly under the Colongoo system the assessment payable in each year depended on the price of grain - but the evils attendant on such a system led to its discontinuance - When abolishing the Colongoo & substituting a fixed commutation rate founded on the average of several years Govt observed

"The principle of a permanent annually commutable at the market-price of the year has at first sight a strong appearance of equity. But in practice it has been found even in more advanced countries that the tendency of such a system is to diminish the independence & industry of the cultivator. In this country where the means of information as to prices are so greatly inferior to the effect of fluctuations would be still more injurious."

Govt Order 22 July 59 No 979 84

III - If fluctuations of price are to affect the Assessment, then the demand on the ryots will have to be increased in a year the price of grain rises - & this when would be a very difficult & productive source of heartburning & mistrust - Even when it was beyond dispute the ryots could afford a rise of price they would be justly upset in most cases that it was owing to short crops - If the Assessment remains unaltered, one of these two effects of variation counteracts the other - but as the wise principle has been laid down so remissions are to be given for short crops all under the new & modified Assessment, it would be virtually placing an additional burden upon landowners at a time when they are least prepared for it, if an increase in the price of grain is to raise the Assessment. -

Revenue Survey Volume Page 17 & 28

IV The evils of our annual settlement have been so great in leading to uncertainty, corrupt interference on the part of the tahsildars & fraudulent practices, that it is the great object of the Survey to get rid of them by fixing such a moderate Assessment as can be paid in all ordinary years. The new Assessment is not to be a

rent which swallows up the surplus produce after paying the wages of labor & the profits of the agricultural stock employed, but a land tax which is to leave a surplus or rent to the proprietor. Exact accuracy is therefore declared impracticable in despising the land & calculating the produce and the same reasoning urges the fixing of a moderate commutation rate once for all. Else the same necessity will continue for periodical settlements with their uncertainty & evils, and we shall have all the worst practices in fixing the prices of grain in different ranges; Tolls which have just been swept away by the abolition of the Colloroon in Tanjore & Trichinopoly.

Revenue Survey Volume Pages 8 & 9 Paras 13 & 14

These arguments tell most strongly against allowing the assessment to fluctuate annually or at short periods with the price of grain. But they seem to me also to have much force against an arrangement for re-adjusting the assessment in reference to the state of the markets at distant intervals of time. Unless the assessment is declared permanent an equal degree of confidence will not be felt and in consequence Capital will not flow as abundantly to the land, and land will not attain the same saleable value. It will also be impracticable to allow the redemption of the land tax should that measure be considered advantageous to the State, nor could the Inam question have been satisfactorily settled by the issue of permanent titles to the holders of unpurchased Inams on the payment of a portion of the old assessment if they should not have been allowed to intervene.

The importance of this last consideration will be evident when the immense extent of the Inam lands is recollected, and as no question regarding the fluctuations of prices prevented a permanent settlement being made with them, I trust that the same course will be followed with the other lands of the Presidency.

I express this hope on a full

Statement obtained from the Rev. Bd. that the Inam lands equal nearly of the assessed area. they comprise 6 millions of acres, while the assessed area amounts to 26 millions

conviction that a ~~fixed~~ moderate land tax, fixed once & for ever is the surest method of promoting the interests both of the Govt & the Landholders.

The encouragement then, given to agricultural ~~enterprise~~ operations, & the additions to ~~which~~ the revenue which must follow a more extensive & profitable cultivation of the land, and the economy ~~which~~ practicable in establishments under a simple system of administration would, I believe, more than equal any decrease in the Land revenue which Govt can expect from a rise in the price of grain. — On the other hand too a permanent settlement is such a boon that so long as any profit remained the landowners would bear fluctuations of price below the Commutation rate, nor would they in their prosperity be beyond the reach of additional taxation, ~~which~~ increasing with increasing price, — the Income tax which includes incomes derived from rent is now in temporary operation, though it is to be hoped that the need of it will soon pass away. +

+ Since writing these remarks I have found the Commissioners Report by me strongly adverted to in Mr Wingfield's Minute which accompanied Mr Secretary Grey's despatch of 1st March 1861 and I would refer to that Minute & Paras 130 to 135 — the Government of India is fully aware of the importance of the question, & the difficulties of its solution, & would be strongly averse to any measure, & the public treasury & the finances of India would not bear any sudden strain, but a fixed settlement is the ~~same~~ thing I am strongly in favor of, & permanent ~~letters~~ settlement, and by parity of reasoning should prefer a settlement for a term of years to ~~temporary~~ annual settlements.

~~then~~ I do not enter into the question of reducing the land tax, since the opinion of the Govt is not called for in that Journal in Mr Secretary Grey's letter now under notice.

E Thornton

24 Dec. 1861

1897

Appendix

In a Revenue Despatch to Bengal - dated
29 Jany 1813 - the Hon'ble Court of Directors
observe in Para 34 "Hence it was also that
the Survey Rents in the Ceded Districts &
united in most of the other Collectorships
in the Peninsula where the ryotwaree system
had been carried into effect constituted
the maximum of assessment to check the
Collector was liable"

The Madras Govt in their Revenue letter to
Court of Directors dated 12 August 1814, when
replying to the Court's orders to carry out a permanent
Ryotwaree Settlement state in Para 6

"Independently of the general interest excited
by the character of its author (Colonel Mearns)
his paper dated 15 Augt 1807 discusses
as containing the only project of a Ryotwar
permanent Settlement. - To that paper
your Hon'ble Court's despatch makes a
marked reference & we accordingly feel
ourselves at liberty to regard the project
which it contains as the Permanent Settle-
ment which your Hon'ble Court would wish
to introduce - In speaking of the Ryotwar
system we therefore beg for the sake of
accuracy to be understood to mean the
system recommended in Col Munro's paper
letter of 15 Augt 1807

In the Revenue Board's debate Minute
5 Jany 1910 Re the Land tenures of this Presidency, a
comparison is thus drawn in P 140 between the
Zemindary & Ryotwary Settlement

"The grand difference between this system
& the permanent Zemindary Settlement
was that engagements for the revenue were
entered into by Govt with each individual
ryot instead of with an intermediate here
ditary Zemindar - x x x The assessment
was a permanent maximum assessment
fixed on each field".

2-1-97

Revenue 1862 Depart.
Pro: of Govt for February
No. 104.

Minute by Hon: E.
Maltby Esqre.

Dated 24th Decem. 1861.
Received 11th January 1862.

S.L. No. 218-8 Feb.

On Colonel Baird Smith's proposed measure of making the land tax permanent.

10 Foolscap
46 pp Paper

No. 156.

Grain assessment.

In their Sketch of the Revenue Survey & Settlement now in progress,

[illegible] assessment perpetual.

[illegible] itself now & be declared unalterable for 50 years. The

2-1-97

Revenue 1862 Dispatch
Pro: of Govt for February
No. 104

6.

Grain assessments.

In their Sketch of the
new Survey & Settle-
ment now in progress,

a Mortgage, and to long
as he pays the Stipend as
shall meet on it - he can
neither eyelet by the
Govt: - Inhabitant Tithe, or
Rent - the Title to which can be
Given - that it is felt
to be necessary to guard
by Penalty - by Fine Jail
that Rights without Petti
fections - dig walls & steal
other Properties included

Grants Satisfied - under the
Existing Settlement Duly
Held Free Permanency
of Title to Possession
The Possessed Tithe which
is Fixed by Sir Have had to
Grain Rent have been confined
to the Right Value of the
Tithe & the Fair Value
of Rent - Free of Tithe
Tenure Free Lease
almost

assessment perpetual.

itself now & be de-
clared unalterable
for 50 years - The

2-1-97

Revenue 1862 Dispatch.
Pro: of Govt for February
No. 104.

Grain assessment.

6.

In their Sketch of the
new Survey & Settle-
ment I now in progress,

3

[illegible] the distur-
bance any way most of
their present Privileges.

In the remarks made
by the Deputy - as to the
assessment - being a fixed
one - & in the wisdom of
declaring the Money rate
a permanent one & quite
lawful - I entirely [illegible]
that the assessment was
intended by the Legislature

[illegible] assessment perpetual.

it self now & be de-
clared unalterable
for 50 years - The

[illegible] entitled to the distur-
bance any way most of
their present Privileges.

In the remarks made
by the Deputy - as to the
assessment - being a fixed
one - & in the wisdom of
declaring the Money rate
a permanent one & quite
lawful - I entirely agree
that the assessment was
intended by the Legislature
to be
subject
to alteration from time
to time - as circumstances
may require -

I have struck off -
3 Copies of each of the
Memorials presented

2-1-97

Revenue 1862 Depart.
Pro: of Govt for February
No. 104.

6.

Grain assessment.

See their Sketch of the
new Survey & Settle-
ment & now in progress.

[illegible] - 21
Rate at least [illegible] Rs
by Govt [illegible]
W. Markham

[illegible]
assessment perpetual.

Note struck off -
3 Copies of each of the
[illegible]

itself was & he de-
clared unalterable
for 50 years. The

2-1-97

Revenue 1862 Despatch
Pro: of Govt for February
No. 104.

2-1-97

Revenue 1862 Despatch
Pro: of Govt for February.
No. 105.

Minute by Hon:
W. Morehead Esqre.

Dated 5th } January
Received 11th } 1862.

S. C. No. 240 & 241.

On Colonel Baird Smith's proposed measure of making the land tax permanent

No 156. 157.

3 Copies of each of the

Grain assessment.

See their Sketch of the New Survey & Settlement now in progress, the first, after determining that the share of the grass produce to be taken as the first demand should not exceed 30 per cent as the maximum, provided that the assessment should be fixed in terms of so much grain - to be commuted into money at the prices to be determined every seven or ten years on the average of the same period - The grain assessment itself not to be declared unalterable for 50 years - The

To Col
page 12 para 20-21

23-

I think 30 per cent of the gross produce a fair Rent. in England a man is considered to get his Farm on good terms if the Rent is equal to $\frac{1}{5}$ of the Crop produce but the Tenant in England has to pay Tithe - Poor Rate - County Rates, and other local assessments and if these are fairly summed up they will be found to increase the Rent from $\frac{20}{100}$ or $\frac{1}{5}$ to $\frac{30}{100}$ which is the amount proposed to be taken -

JWD

yes

I would make the grain assessment perpetual.

WM

principle as Pars a grain assessment unalterable for 50 years and a commutation price subject to revision every 7 or 10 years, but holding good for the same period.

It was also suggested that the price of each year might be fixed by the average of the preceding seven. So that though it would necessarily vary annually, the variations would be small & be limited either up or down.

—

The Home Govt. objected to this proposal. They preferred an assessment based on the net instead of the gross produce - and thought

The principle adopted by the Tithe Commutation Act in England is the fairest. The price paid for redemption of Tithe is determined by an average of 7 years at the end of say 1860. The average ratio of that year is included in the seven to determine the payment for 1861 while that of 53 is thrown out - but it is doubtful whether the Natives would comprehend the fairness of this (WD)

I have read these and think they are based on a fallacy or on several fallacies - They take no note of the variation in the value of money which is steadily depreciating (WD)

page 65

pars 21-22

His proposal now to make the existing money assessment permanent - the Executive proposes to make both the Money & the grain assessment temporary - I should prefer the grain assessment permanent & the revision at intervals of 10 years - but I prefer the Executive scheme to the permanent money assessment (WD)

that the rates "should be sufficiently moderate to allow for all ordinary fluctuations in the prices of grain and that all needless frequency of alterations in the amount of the payments to should be avoided". They meant by "ordinary assessment to have been determined and converted into money at a fair & moderate rate, he should prefer that the assessment so fixed should be declared unalterable for a term of 30 years (as in Van Dieman's Land & the N. W. Provinces) at the expiration of which period & the two succeeding periods of the grain assessment

shewed and the
rate of its conver
sion in to money
would be subject to
re-adjustment according
to existing
circumstances".

The Home Govt. here
thus in favor of a
money assessment
fixed for 30 years.

These propositions were
forwarded for the
opinion of the Bd. of
Revenue, who while admitting
that it was desirable
when great fluctu-
ations occur in the
basis of assessment,
i.e. the value of the
produce, that a corres-
ponding alteration should
be made in the rates
of assessment, urged
the inexpediency of the

vol
page 239
paras 9-10-11-12

practical difficulties
of adopting such a
course - They pointed
out that if the ad-
justment is to be re-
duced when prices
fall, it must be
increased, when they
rise, which "would
cause very great dis-
satisfaction among
the ryots". They urged
the impossibility, here
of finding out the real
~~prices of the country~~
prices of grain with
sufficient accuracy
for the periodical
revision of the as-
sessment - citing
in illustration of
this - the fact that
even in England
the difficulty of
getting a grain re-
turn in each field

had been found ~~on search that the tithes~~ ~~to be the charge was~~ to speak, that the Tithe Commissioners had given up the attempt, although the Tithe charge was a very trifling demand and exact valuation of the produce of each field was of little consequence ~~The~~ mentioned Pet also ~~attached~~ ~~to~~ the fact that when 3 or 4 years previously the peat fall in prices led to an enquiry ~~into the~~ it was found impossible to trust the various statements of prices, both present, obtained from the Provinces. For these reasons

See page 13 page 240 - numbered 5 following this

Vol page 380

pars 4-5-6-7

to ~~12~~ 21

the Pet prayed to make a part payment & to charge the Rent with the money payment equivalent to the actual value of the part Government may bear. part to establish this right by the Govt to a certain fractional proportion of the Crop - which right the Govt or Commutation at an average price

the Pet were inclined to urge the adoption of the plan of the Tithe for a fixed assessment for 30 years

The Pet of Rent Settlement in his preliminary remarks took notice of the difficulties in the ways of a proper assessment - The assessment on dry land crops are so diversified that the selection of a stable grain would be matter of difficulty There would often be the anomaly of a valuable Cotton root or plain kain garden valued in grain which is never grown - & which might be falling in price & so bring it a claim of remission - while it would produce no

riding - He suggests a mode in which an assessment fixed in money may by vary accordg to fluctuations in the price of grain & agreed with the Ryt that any attempt to enhance the assessment would cause great dissatisfaction among the Ryts - & initiate the permanent character of the Settlement - He further submitted a statement of the prices of Cholum - the staple of Guntoor - during a series of years & shewed the effect of a septennial or decennial revision according & it among prices - for this statement it appears that while during the first decade the average was 37 Rs, in the next it rose to 42. By this plan therefore the Ryt in the 2d decade would have had his produce commuted at 5 Rs less than he was getting for it - In the third decade it would have been commuted at 42 Rs. while he could only have got 36 for it - In one year the price was 11/2 while the average would have been 33/4. During the last years of the current series, the Ryt would have been paying 9 Rs on the average. The Settlement average fixed the same re-

The amen[illegible] man attempts a late and precise of [illegible] in formulation of the recent the Zillah Commr date 3. Wheat-Oats-Barley - how we should have it [illegible] distant and to take mean sum 3, perhaps wd

Sulk. Lastly Mr. Neville
urged that the Lyable
Ji the Commutation
was as pride in
Sudia where the as.
Sessments are high
and a great pro-
portion of the culti-
vators lived from
hand to mouth.

The Pt. in laying
this report before
Pt. alluded to their
previous objections &
added that they
agreed with Mr. Mr.
Neville that a period-
cal revision at stated
intervals would not
necessarily effects
the object of Pt., for
the phases of extreme
variation might be
so short that in
the intervail between
2 periodical revisions

vol p 435
pars 37 to 41

for instance if the
revision were to coincide
the extreme variation
might occur in
the 4th 5th or 6th year
and by the 10th pro-
prietors have settled
themselves down
but at they were at
first, so that at
the very time when
the assessment
might most require
alteration, it would
be unalterable. The
Board significantly
added "the Pt. will
of course be prepared
to raise as well as
decrease the as-
sessment."

The Pt. in holding
order on this report
states that as the first
step in
assessment must
be to ascertain the
grain produce of land

vol page 456
pars 20-21

there can be no difficulty either in ascertaining it & that a single staple has been contemplated by them and finally they ordered that it should be distinctly expressed that the assessments will be revised after 50 years, if then deemed expedient."

Here the matter rests.

L. D.

A.C. 16 Aug 20
C. 30 Aug 11 Aug 1862

v page 464
from 38.

Revenue Department

13 27

No 260.

26

No. 2035

FROM

W. GREY, ESQUIRE,
Secy. to the Govt. of India,

To

The Secretary to the Govt. of Fort St. George

SIR,

Dated Fort William, the 7th October, 1861.

HOME DEPT. I AM directed to transmit a copy of the final Report submitted by Colonel Baird Smith, in connection with the enquiry for which he was deputed to the Famine Districts of the Upper Provinces of the Bengal Presidency in February last, and with reference to the question of fixing permanently the public demand on the land, which is chiefly discussed in paragraphs 62 to 82 of the Report, to state that the Governor General in Council is desirous to be made acquainted with the opinion of His Excellency the Governor of *Madras* in Council upon the advantages of a Permanent Settlement as applicable to the various Districts of the *Madras* Presidency.

2. In considering this very important subject, I am desired to request that the Governor in Council will also express his opinion as to the value of a Legislative sanction for Settlements for terms of years in Districts in which His Excellency in Council may not consider the existing Settlements of a character to be made permanent; and that he will state the points to which such legislation, if had recourse to, should extend. The Governor General in Council is disposed to believe that a Settlement under Legislative sanction would be free from many of the objections to which at present temporary Settlements are open, and would greatly improve the tenure of land.

I have the honor to be,
SIR,
Your most obedient servant,

Secy. to the Govt. of India.

for Stock

Dear Sir

Jan 7 62

Request that the following letter be circulated

For the Secy to the Govt of India

Have entered 8 Jany 1862

L D 28

there can be no di-
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2197.

Government of India
Govt for Fmine 1862
No. 240.

From the Secty to the
Govt of India

Dated 7th Oct 1861
Received 16th Oct

No 2835

Rd. 22nd Feb

Transmitting Copy of final Report submitted by Colonel Baird Smith in connection with certain Enquiries in the Famine Districts of the Upper Provinces of the Bengal Presidency, & requesting to be acquainted with the opinion of Govt on the advantages of a permanent Land Settlement

No 155 157

Rd 16 Jany Ans 20

Rd. 16 Jany Ans 20
C. 30 Nov 61 No 11 Jany 62

Revenue Depart

No 240.

Proceedings of the Madras Government under date the 8th February 1862.

Read the following

Papers

From the Secretary to the Government of India

Transmitting copy of a final Report submitted by Colonel Baird Smith in connection with certain enquiries in the Famine Districts of the Upper Provinces of the Bengal Presidency, and requesting to be acquainted with the opinion of the Madras Govt on the advantages of a permanent Land Settlement.

(Here enter 7th Oct Para 2035)

Minute by the Honble the President

(Here enter 13th Jan Para 4)

Minute by the Honble C. E. Trevelyan Esqr

(Here enter 20th Dec 1861)

Minute by the Honble H. Morehead Esqr

(Here enter 3rd Jany 1862)

Ordered that the following Letter be dispatched

To the Secy to the Govt of India

(Here enter 8th Febry 1862 No 240)

RD 15-21

No. 241-

To The Secretary to the
Govt. of India.—

Sir,

I am directed by the Hon'ble the Gov. to acknowledge the receipt of your letter No. 2035/re-questing his opinion, "upon the advantages of a Permanent Set-tlement as applica-ble to the various districts of the Ma-dras Presidency" and "as to the value of a Legislative sanction for terms of years in

Revenue 1862 Dept.
No. 240.

Read the Madras Govt. Dispatch February 1862.

Relating to the subject on the advantages of a Permanent Land Settlement.

No. 241 of 1862.

2-1-97
17-2-98

57-2 Pgs.

in Districts in which his Excellency in Council may not consider the existing Settlements of a character to be made permanent".—

I am to premise that by a "Permanent Settlement" this Govt. understand the G. G. in C. to intend no more than fixing the Land Tax in perpetuity—in other words to bar the Govt. in all time to come from increasing the assessment on all land brought under that Settlement.—

The words "Permanent Settlement" are however very generally applied to Zamindary Settlements under Reg. XXV of 1802 of the Madras and of the Reg. Bengal Code. To any extension of this mode of tenure in this Presidency the Govt. are wholly opposed for, among other reasons, the weighty objection that it alienates from the State all waste land—It is to this source that this Govt. look for a gradual increase in its land Revenue paid

and it is essential that this source of future revenue should not be lost to the State. —

This being understood I am to explain briefly the present state of the Land Tenure in this Presidency under the prevailing Ryotwary system to which alone the proposals contained in your letter are applicable. —

This mode of Administration was introduced in 1792 by Col. Read and was

present rate unless when those fields actually "dry" shall hereafter be converted into wet - at the expense of Govt. when the rates will be proportionably raised, according to the consequent increase of the produce and in like manner fixed for ever - But if you carry on such works at your own expense, plant topes — you may depend on receiving the advantages accruing from these and from every other improvement of your land

while you continue to pay the established rates; those constituting, except in the case above mentioned, the annual demand upon them, on the part of the Circar for ever. Upon these principles you may rent out lands, which you may raise in value by tillage and manure, at rates greatly exceeding the Circar rates, if there be a demand for them, while you will continue to pay the fixed rates to the Circar forever." —

"Similarly in 1802 Sr Thomas Munro

was subsequently worked out by Sir Thomas Munro. In 1812 the Home Govt ordered it to be generally introduced and it has since formed the prevalent tenure of this Presidency — the revenue derived from Zamindaries being inconsiderable, numbers half a million sterling while that drawn from Ryotwary Estates is 3½ millions. —

There can be no question that one fundamental principle of the Ryotwary system is that the Govt

Govt. demand on the land is fixed for ever.—

When first setting the Salem District in 1796 Colonel Read issued a proclamation to the ryots in which the following rule appears:—

"The Puttut nelum (or holding) being measured and valued the assessment of every individual field in it, when at the full rate, is fixed for ever, that is to say, the Govt. is never to require more or receive less, nor you to pay less or more than the present

Munro when issuing instructions to the Collectors of the Ceded Districts expressed himself as follows:— "When a country has been surveyed, the individual (Ryotwary) supersedes both the village and pistrict settlt.. The rent of every field being fixed, each Cultivator takes or rejects what he pleases and the rents of all the fields occupied in the course of the year in any one village form what is called the settlement of that village". Again in 1806 when explaining the

the manner in which
a Ryotwary Settlement
was conducted he says.-
"When a district has
been surveyed and
the rent of every field
permanently fixed,
the Kulwar Settlt (individual)
becomes extremely
simple; for all that
is required, is to as-
certain what fields
are occupied by each
ryot and to enter
them, with the fixed
rents attached to them,
in his pottah; their
aggregate, constitutes
his rent for the year.
He cannot be called
upon for more; but he
may obtain an abatement
in case of poverty or
[illegible]

extraordinary [illegible]
has the advantage of
knowing in the beginning
of the season, when he
ploughs his land the
exact amount of what
he is to pay; he knows
the fixed rents of the
different fields which
he cultivates, and that
the demand upon him
cannot exceed their total
amount; he knows the
utmost limit of his
rent not only for the
present, but for every
succeeding year; for
it cannot be raised,
unless he takes ad-
ditional land, and
he is thereby, the better
enabled to provide for
the regular discharge
of his rents, and against
the losses of land by
the

the profits of good seasons.
In 1818 the Board of
Revenue issued detailed
instructions for the ge
neral introduction
of Ryotwar as ordered
by the Home Govt.
One of the distin
guishing charac
teristics of the system
they said was "that
the assessment was
a permanent maxi
mum rent fixed on
each field". In one
important respect
however it was now
modified. The rates
of assessment which
were previously
so high that
they

they were of necessi=
=ty a maximum
up to which the Ry=
=ots actual payments
could only be gra=
=dually brought were
now ordered to be
avoided and mode=
=ration to act to
form thereafter not
the maximum but
the absolute demand=
thus the original de
=sign of Colonel Read
& the recommendations
of Sir Thomas Munro
were carried out
and a permanent
Ryotwary system in=
=troduced.

At a later pe=
=riod the permanen=
=cy of the Ryotwary settle
=ment has on several
occasion

occasions been
acknowledged in
unmistakable terms.

"In the Madras
Administration Report
of 1855/6 Ryotwary
is thus explained.
"Under the Ryotwary
system every regis-
-tered holder of land
is recognized as its
proprietor and pays
direct to Govt. He
is at liberty to sub-let
his property, or to trans-
-fer it by gift, sale
or mortgage. He can-
-not be ejected by
Govt so long as he
pays the fixed assess-
-ment, and has the
option annually of
increasing or dimi-
-nishing his holding,
or of entirely abandon-
-ing it. In unfa-
-vorable seasons
remissions of assess-
-ment are granted
for entire or partial
loss of produce. The
assessment is fixed
in money and does
not vary from year
to year, except in
those cases where
water is drawn from
a Govt source of
irrigation to con-
-vert dry land into
wet or one into
two crop land, when
an extra cent is
paid to Govt for
the water so appro-
-priated; nor is any
addition made to
the

the assessment for improvements effected at a Ryot's own expense. The Ryot, as under this system, is virtually a proprietor on a simple and perfect title, & has all the benefits of a perpetual lease without its responsibilities inasmuch as he can, at any time, throw up his lands, but cannot be ejected so long as he pays his dues: he receives assistance in difficult seasons and is not responsible for the payment of his neighbours."

A similar description by Mr Thornton was given to the House of Commons by the Home Sec. in 1857.

In 1857 the Revenue Board in a report to Government on the new survey and settlement wrote as follows. "It may not here be out of place to notice that a general opinion prevails in England that the Bombay settlement for 30 years secures a far greater permanency of tenure to the landholder, than the present ryotwary tenure of Madras. This is altogether an error, for a Madras ryot is able to retain his land in perpetuity without any increase of assessment, as long as he continues to fulfil his

his engagements!

In the same year the Government on a review of the Honorable Mr Pickett's report expressed themselves thus strongly.

"The proprietory right of a ryot is perfect and as long as he pays the fixed assessment on his land, he can be ousted by no one- there is no principle of Ryotwary menage ment more fixed or better known than this, and the Government deny that any

any right can be more strong"

It is thus abundantly clear that the distinguishing feature of Ryotwary is the limitation in perpetuity of the demand of the State on the land. The Ryots have thus all the advantages of the Zemindary tenure while the State has a valuable reserve of waste land whence, as cultivation extends its resources will

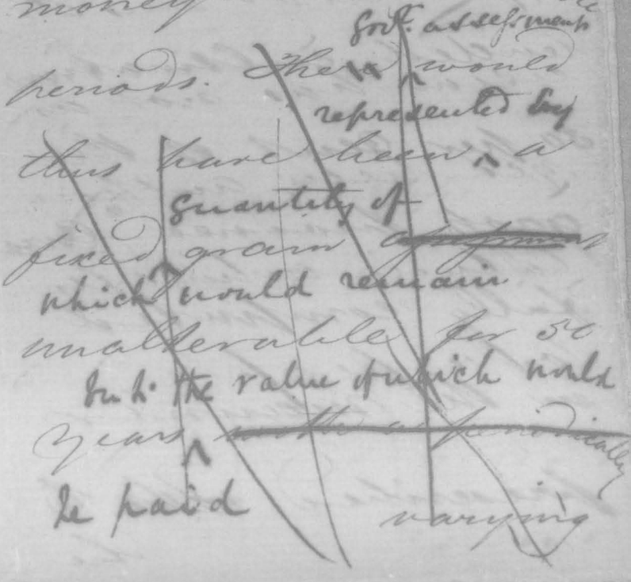
be augmented so as
to meet the increasing
demands on its fi-
nances which the
progress of the coun-
try will entail - and
we practice this
leading principle
of Ryotwary has
never been infringed.
The Assessments have
as in South Arcot,
Bellary, Cuddapah
&c been reduced
but in no in-
stance have they
ever been raised.

nor

Nor amidst all the
recent pressure for
money - has this object
as more in the Last
case ceased from which
the funds could be ob-
tained been resorted
to or even been sug-
gested as being open
to the Government.
Had matters been
left in this position,
the Govt. would now have
had merely to re-
port that the Ryot-
wary proprietors of
this Presidency al-
ready possessed the
advantages which
the Governor General
in Council appears
willing to concede
although not secured
to them under Legis-
lative

tative sanction.

But in 1855 when the survey and settlement now in progress were introduced an important modification was made in the tenure of land. The object of these operations was to revise the assessments which were generally too high. In order to give the Ryot a real proprietary interest in the soil and to induce extended cultivation 30 per cent of the crop produce. Carefully computed in the manner prescribed was to be taken as the maximum of the Government demand: and it was thought that 25 per cent would be the average. The Govt were of opinion that the assessment should be fixed in grain for a term of 30 years and that the commuted value of the latter should be periodically adjusted every 7 or 10 years according to its average money value in those periods. Then would be represented by this hard there a fixed quantity of grain which would remain unalterable for 30 yrs but the value of which would vary



varying ~~conversion~~ to ~~con~~ gold price.

16 The Home Government objected to this arrangement and gave the preference to an apepayment in money, unalterable for 30 years. The subject was further discussed by the Govt who ultimately decided that the apepayment should be revised after 50 years if they deemed expedient. This decision has not as yet been authoritatively intimated to the people.

Permanent apet

It will thus be seen that while the leading characteristic of Ryotwary tenure is the permanency of the apeyment, the revised apepayments now being introduced are subject to revision after 50 years. The alterations proposed in your letter under reply have received the careful consideration of Govt and I am to state briefly the conclusions at which they have arrived.

His Excellency the Governor is favorable

able to the imposition of a permanent grain rent, but would reserve to Government the power of periodically determining the money value of that rent, if at any future time a material alteration in the value of money should render such a measure expedient.

The Honorable Members of Council on the other hand are in favor of a permanent money assessment - that is to say an assessment based on a fixed portion of the crop converted into a money payment at a fair market price struck once & for ever

(4) I am to request attention to the minutes which accompany this letter and contain the views of the President and Members of Council.

The Government are not in favor of settlements under Legislative sanction for terms of years. Such settlements would hamper the Government without materially improving the position of the Ryot. and it would be better both for the state and the people either that the settlements should be in perpetuity or that the Govt should have the power

power at any time of acting as the exigencies of the State may require. The pt. would not alter the assessment, except under the pressure of necessity and ~~of~~ that necessity might occur in the course of the series of years fixed by laws for the unalterable duration of the settlement.

Port St. Geo.
8 Feb/62.

Put in file
of Exhibits
& 12 Feb 62

2-1-97

18-12-23 ✓

4-12-12

9/5/14 ✓

26-1-17 ✓

5-5-24

26.2.24 II ✓

Revenue 1862 Departt
Proc: of Govt for February

No. 241.

To the Secretary to the
Government of
India
Dfd 8 February 1862.

Submitting the opinion
of this Government on the subject
of Permanent Settlement.

No. 160 159.

M.R.O. 14—10,000—21-4-22.