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MADRAS RECORD OFFICE.

Government of Madras.

Public works DEPARTMENT.

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Proceedings of the Madras Government, Public Works Department
17th July 1867.

No. 424. Read the following Proceedings of the Government of India, in the Public Works Department, (Irrigation,) dated Simla, 18th June 1867, No. 76 I:—

Permanent Settlement of the Land Revenue of lands affected by Canal Irrigation.

From the Secretary to Government of India, Home Department, to the Secretary to Government of North-Western Provinces, dated 31st May 1867, No. 830.

1. Your letter No. 858, dated 28th September last, on the question of the permanent settlement of the land revenue of lands affected by canal irrigation, was duly considered by the Right Honourable the Governor General in Council, and, with its enclosures, was submitted to Her Majesty's Secretary of State for India

with a Despatch,* of which the copy is herewith forwarded, setting forth the views of His Excellency in Council upon this important matter.

* No. 29, dated 20th November 1866.

2. I am now directed to transmit the orders which have been received in reply from the Secretary of State, No. 15, dated 23rd March 1867, and to communicate the following instructions for the guidance of the Honourable the Lieutenant Governor in giving effect to this Despatch.

3. The principles now laid down for limiting the operation of the permanent settlement of the land revenue, are as follows:—

1st.—No estate shall be permanently settled in which the area actually under cultivation amounts to less than 80 per cent. of the cultivable or *malgoozaree* area.

2nd.—No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next 20 years, and the existing assets of which would thereby be increased in the proportion of 20 per cent.

4. The first condition is a simple reiteration of the rule laid down in Sir Charles Wood's Despatch of the 24th March 1865, paragraph 18. The existing instructions on the subject, ending with the Orders of the Government of India, dated 19th June 1863, are full and complete; and nothing further need be added upon this point.

5. The second condition is framed with the view to obviate loss to the State from the permanent limitation of the Government demand upon estates, the assets of which may hereafter improve in consequence of the extension of canals. Wherever canal irrigation is likely to be extended within the next 20 years, it is ruled that, if thereby the assets of an estate will be increased 20 per cent., such estate shall be subject to temporary, and not to permanent, settlement. The same principle will, of course, apply equally in respect of estates to which canal water already reaches, but in which it is only partially used.

6. In giving effect to this new condition, it will be necessary to consider separately, (1), the case of tracts under the influence of existing canals, or of branches in actual course of completion; and (2), tracts where no canal or branch of a canal now runs, but in which it is contemplated to construct such a work.

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7. *First*, then, where canals already exist, His Excellency in Council remarks that the course to be followed is comparatively simple.

8. As proposed in the Despatch of the Government of India, to the Secretary of State, dated 20th November last, paragraph 14, the Irrigation Department will, in the first instance, furnish the Settlement Officer with a map, accompanied, if necessary, by an explanatory statement, in which will be shown, as nearly as can be estimated, the extent of area to which the canal, when fully developed, is expected to supply the means of irrigation. In doing this, he will take into account all branches or subsidiary channels in course, or under orders, of construction. If there is any part of the project likely to be carried out, but in respect of which the Canal Officer has not sufficient materials for indicating the precise limits within which it will be operative, he will explain the circumstance, at the same time giving as close a description as he is able of the area likely to be affected by the projected extension; and such area will be treated as falling under the second class contemplated in the 6th paragraph.

9. The Settlement Officer having received the map and statement of the Canal Officer, will prepare therefrom a complete list of estates falling within the anticipated limits of canal irrigation. He will then examine, in respect of each such estate whether, on an approximate but careful estimate, it already enjoys the benefit of irrigation either from the canal, wells, or other sources, up to the prescribed limit; that is to say, whether or not there is reasonable ground for believing that the assets will be increased 20 per cent. by the extended use of canal water. Where the condition is fulfilled, the estate (if otherwise qualified) will be recommended for permanent assessment. Where the condition is not fulfilled, that is, where there exists clear ground for expecting that the assets will be increased 20 per cent. by the extension of canal irrigation, the Settlement Officer will exclude the estate from perpetual assessment, and treat it in the same manner as if the prescribed limit of cultivation had not been attained. Where the Settlement Officer has not the means for determining, of his own knowledge, the extent to which canal irrigation may eventually reach, he will send the village map (showing field boundaries) to the Canal Officer, and the Canal Officer, from the record of levels in the Irrigation Department, and from his own knowledge of the contour and slope of the country, will be in a position to estimate and mark off upon the village map, with approximate accuracy, the limits of the area likely to come under the influence of canal irrigation. The Settlement Officer, after comparing this return with the area already watered from the canal, or from wells, or otherwise, and with the general resources of the estate, will now be able to determine with tolerable certainty whether or not the canal is likely to increase the assets hereafter 20 per cent., and he will classify the estate accordingly, as either for permanent or for temporary settlement, in the manner already explained. The grounds of his determination in either event must be fully given in the Village Statements Nos. II. and III.

10. The grounds assumed by the Settlement Officers for expected increase of assets from extended canal irrigation must, of course, be to a great extent conjectural; but they are nevertheless to be deduced with the utmost possible care, and they are to be based always upon reasonable probability. An estate otherwise fitted for permanent assessment is not to be excluded on mere suspicion that, at

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some future time, the assets may improve. There must be clear and specific foundation for the hope of increase, and definite ground for believing that the enhancement will reach to 20 per cent. of the existing assets.

11. In respect of villages falling within tracts likely to be affected by some canal project, of which the requisite details (as supposed at the close of paragraph 8) cannot yet be supplied, the Settlement Officer will refrain from proposing a permanent settlement, excepting where the proportion of land already under well or other irrigation may form fair ground for the belief that the assets would not be increased by any canal project 20 per cent., and where, consequently, he is warranted in recommending a perpetual assessment. Wherever tracts are excluded from permanent settlement on the above-mentioned grounds, the reason should be fully explained in the general Settlement Report.

12. In reporting his proceedings, the Settlement Officer will, along with the prescribed statements, supply lists of villages excluded from permanent settlement under the operation of the present orders, distinguishing in separate Registers, (1,) those villages which have been excluded under paragraph 9, because they are not irrigated up to the prescribed standard from existing works; and (2,) those villages which would have been proposed for permanent assessment, but for the expectation of an extension of some canal or branch, as supposed in the preceding paragraph, or but for the instructions of Government under the second head following in respect of future projects. In case there should hereafter be ground for believing that such project will not be carried into effect, then this latter class of villages could at any time be proposed for permanent settlement in perpetuity upon the terms already concluded.

13. *Second*, there remains for consideration such tracts as may not be affected by any existing work, or by any branch of a work under construction, but "to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next 20 years."

14. His Excellency in Council observes that it is not to be expected that Settlement Officers will have any official information regarding projects of this character other than what may be communicated to them by the Government. Unless, therefore, they may have received an authoritative instruction on the subject, they will frame their assessments in respect of perpetuity of assessment, without any reference to schemes of this nature.

15. But when a district is under settlement, it will be the duty of the local Government to obtain from the Chief Engineer of Irrigation a specific report on the likelihood of new works of irrigation being carried out in the district within the next 20 years, and on the bounds within which such works, if executed, would probably extend the means of irrigation. After duly weighing this report, should there be, in the opinion of the Lieutenant Governor, any definite likelihood of the nature supposed, the Government must instruct the Revenue authorities to refrain from proposing a permanent settlement within the tract of country which it is anticipated will come under the influence of the expected new irrigational agency. But His Excellency in Council would impress upon His Honour that the "likelihood" of works of this nature is not to be construed in a vague and indeterminate sense. There must be the reasonable probability of a specific project being introduced;

and without the precise and definite expectation that a given work will be carried into execution, the Government will not interpose to prohibit a permanent assessment.

16. At a more advanced stage, a further responsibility is imposed on the Government. When the settlement has been formed and reported, and has come before the Government for final orders, it cannot even then be confirmed in perpetuity, if, at the time being, an irrigational work is, in the opinion of the Governor General in Council, likely within the next 20 years to enhance the assets. Thus the confirming authority must be in possession of the views at the time of the Governor General in Council on the likelihood of the construction of new works. This, of course, does not necessarily imply that the settlement itself should be reported to the Governor General in Council. But it is evidently expedient upon other grounds that no settlement, limiting in perpetuity the demand of Government, and thus affecting the permanent resources of the State, should be finally concluded without the knowledge and sanction of the Supreme Government. While the Lieutenant Governor will, therefore, continue, as heretofore, to sanction temporary settlements, His Honour will report for the confirmation of the Government of India all assessments proposed in perpetuity; and the Government of India will then take the opportunity of considering, in the Department of Public Works, the probability of any new works of irrigation.

17. In order to render this check effective, it is important that no action should be taken by Settlement Officers compromising, or appearing to compromise, the Government to a permanent settlement. It is true that the standard form of the "engagement" runs in terms implying that the assessment is subject to the sanction of the superior authorities. Yet this stipulation may not obviate the impression among the proprietors, that the settlement (even if the assessment were altered by superior authority) is to be in perpetuity; and such notion will be the more natural when, as is generally the case, a considerable interval has elapsed between the formation of the settlement, and the period when it comes under the review of Government.

18. It is important then, that there should be nothing in the form of engagement to encourage the idea that the superior authorities have not the fullest power of interposing to limit the terms of the settlement.

19. With this view it will be expedient that, wherever a Settlement Officer may propose an assessment in perpetuity, the form of engagement shall be indefinite as to time. The engagement for temporary assessments should still, as heretofore, specify the term for which the settlement is concluded, since it is important in this case that the proprietor should know the exact length of his contract. But in the engagement for settlements intended to be permanent, there will be no mention of any term, and it will be explained to those concerned, that it rests with the Government to determine whether or not the concession of a permanent settlement shall be made in their behalf, and that they will be duly informed on this point hereafter.

20. It appears to the Governor General in Council that the simplest mode of carrying this system into effect will be that, when the settlement of any district or pergunnah, or part of a district or pergunnah, shall have been confirmed by the

Governor General in Council as perpetual, sunnuds should be issued to that effect by the local Government. These would be engrossed separately for each mehal, and would simply specify that the Governor General in Council has sanctioned the settlement of such an estate at such a sum for ever; and they would bear the seal and signature of the Lieutenant Governor, or of the Secretary to Government. In the case of villages bordering on rivers, it would be necessary to add that the addition of any culturable lands caused by fluvial action would render the mehal liable to increased assessment on account of such lands.

21. The Governor General in Council is disposed to think that this would be sufficient without the enactment of any new law on the subject. The obligation would be complete as against the Government; and it is the Government alone, which, having the arbitrary power of fixing at pleasure the amount of assessment, is concerned in creating the obligation.

22. Looking to previous enactments, His Excellency in Council observes that Act VIII of 1846 was passed with the view of securing uniformity in the term for which the settlements in the several districts of the North-Western Provinces should run. Section 4 enacts that, on the expiration of the term, any proprietor might give notice that he desired to relinquish his lease; and Section 5 prescribes that, in default of such notice, proprietors should be bound by the terms of the expired settlement.

23. But under the course above proposed for permanent settlements, the proprietor will lodge with the Settlement Officer an engagement to pay the determined assessment without any limitation of time, and it does not, therefore, appear that any law would be necessary to make the engagement have a perpetual force.

24. This point, however, is open to the consideration of His Honour the Lieutenant Governor. If any further obligation be deemed necessary on the part of the proprietor, it could be secured either by taking a fresh engagement from him in perpetuity on the issue of the Government sunnud, or by an express enactment. Should His Honour be of opinion that anything farther of this nature is required, it will be open to the Government, North-Western Provinces, to bring the subject again under the consideration of His Excellency in Council.

25. In applying the new rule now promulgated to settlements already concluded conditionally under an engagement of perpetuity, His Honour the Lieutenant Governor will cause these settlements to be reviewed. But it only is in very clear and urgent cases that a settlement so concluded in perpetuity should, under the operation of the principle now laid down, be made temporary. His Excellency in Council remarks that, in some districts, settlements of this nature have already been for some considerable time in operation, and expectations have been naturally raised of a permanent assessment, which ought not lightly to be set aside. In respect of contemplated projects for new irrigational works, or the extension of existing ones, it will be for the consideration of His Honour, in the Department of Public Works, to consider what shall be held as coming within the condition now laid down by the Secretary of State. It is merely necessary here to allude to the project of the Furruckabad extension of the Ganges Canal, and, possibly, to the Deobund extension, and to the suggested supplementary work from the Jumna at Delhi. This subject will be farther considered, as may be found expedient, by His Excellency in Council in the Department of Public Works.

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26. In conclusion, I am to add that His Excellency in Council trusts that the great work now in progress under the direction of the Lieutenant Governor, may not unnecessarily be checked by any narrow construction of the conditions which Her Majesty's Government have seen fit for the security of the imperial revenue to impose; and that, while these conditions must be implicitly and loyally obeyed, His Excellency in Council will support His Honour and the local authorities in the exercise of a fair and liberal discretion in carrying them into effect.

From the Government of India, to the Secretary of State for India, dated 20th November 1866, No. 29.

1. We duly received the Despatch of the Earl de Grey and Ripon, No. 17, dated 17th March last, on the principles to be observed in the permanent settlement of estates affected by canal irrigation. Before coming to a decision on this important question, we deemed it advisable to call for the opinion of the Lieutenant Governor, North-Western Provinces, after consultation with the chief Revenue and Canal authorities under his control. This we have now received; and we forward a copy of the Despatch from the Government, North-Western Provinces, and of its enclosures, for your Lordship's consideration.

2. It will be remembered that Her Majesty's Government coincided with our view, that the assessments of the permanent settlement were to be framed on the general principle of taking half the assets, however created; and that no demand in the shape of an acreage rate, or special charge, should hereafter be imposed on the landlords for additional lands brought under irrigation, beyond the ordinary water-rate charged by the Canal authorities.

3. It is obvious, however, that, under this system, the assets of an estate not open to canal irrigation at the time of settlement, might be greatly increased at any future period by canal water being led into it; and that, if such settlement be made permanent, inequality of assessment, and loss to Government, will be the result. It was, therefore, proposed by Lord de Grey and Ripon to exclude from the permanent settlement estates, "the assets of which would, when canal irrigation shall have been carried to the full extent at present contemplated, exceed, in the opinion of the Officers of the Settlement and Irrigation departments, the existing assets in a proportion exceeding 20 per cent.," the rule being based on the analogy of that which requires as a condition of permanent assessment that four-fifths of the culturable area be under cultivation.

4. The Reports now submitted for your Lordship's consideration are, upon the whole, adverse to this proposal; the opinion of the Lieutenant Governor is very decidedly so.

5. The view urged by the Sudder Board of Revenue at Allahabad requires special discussion. Premising that it has been enjoined authoritatively that 80 per cent. of an estate must be under cultivation to qualify it for permanent assessment, and that a corresponding ratio has now been proposed by the late Secretary of State in respect of canal irrigation, they recommend that the principle be extended and generalized, and that a like rule be applied to every class of possible improvements. Thus, by means of wells, embankments, drainage, water-courses, manure, location of cultivators, &c., the value of any estate may be

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improved till it reaches the maximum or extreme potential limit of excellence. The Board's plan is that the Settlement Officer shall fix this potential limit on a consideration of all possible future improvements for each estate as it comes under settlement; and if, at the time being, the estate has not reached to within 20 per cent. of such limit, then the privilege of a permanent settlement shall be refused. The Board think that, if the general principle were thus broadly laid down, the necessity for any special rule, in reference to canal irrigation, would be superseded.

6. But we are of opinion that there would be grave objection to any plan of this kind. It would be a matter of extreme difficulty to establish any practical standard of possible improvement that might be accomplished by means of skilled labour and capital: the process would be purely theoretical; and the up-shot matter of mere opinion or conjecture. We should strongly object to the benefits of a permanent settlement being curtailed and neutralized upon such loose and vague grounds.

7. But the leading objection to any such scheme is, that it would remove from the grand measure in contemplation the very class of properties it is calculated chiefly to benefit. Where estates have reached, or nearly reached, the limit of possible improvement, there the motives created by a permanent limitation of the Government demand are not needed, or are needed but in a very inferior degree. It is with the express object of stimulating the investment of capital, and the application of skill and labour in landed improvement, that it has been proposed to make the assessment permanent. True, a certain measure of development is required as a preliminary to this concession; and reasonably so, for otherwise the finances would unduly suffer. This principle has been recognized from the

* Regulation IX., 1805, Sections 7 and 24. The permanent settlement then proposed was to have been restricted to "such lands as shall be in a state of cultivation sufficiently advanced to render it proper to fix the assessment on the same in perpetuity."

period when the measure was first proposed for the North-Western Provinces.* But such a limitation is very different from the principle advocated by the Board—a principle that would altogether circumscribe the action of the permanent settle-

ment, and strip it of the chief value and merit to which it lays claim. To adopt such a measure would be virtually to recede from the promise already held out of a permanent assessment.

8. There is, however, a broad and clear distinction between improvements of the general character above adverted to, and the improvement occasioned by canals. It is the object of the permanent settlement, in leaving the enhanced profit raised by the skill, exertion, and capital of the occupant entirely in his hands, to create the most powerful incentive to the progress and prosperity of the country. But in the case of canal irrigation, the benefit is created without any application of skill exertion, or capital on the part of the occupant. The water is brought to his door; the value of his fields is enhanced by virtue of the labour, skill, and capital of others.

9. Improvement from canal irrigation is, therefore, entirely different from improvements made by the agricultural population. Of the former, "the profits are in no sense, or in a very limited sense, the result of expenditure of capital by

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the proprietor. It is the capital of the community which has produced these results;

† Minute by Mr. Muir, dated 5th December 1861, paragraph 63. See also Note at p. 16 of the same Minute.

and the community at large, that is the State, is entitled to share in the profits.†

Canal irrigation, then, is not one of the improvements which the permanent

settlement is intended to create; and in so far the argument for a permanent limitation of assessment will not apply to enhanced profits expected from its extension.

10. The only point open to discussion is, whether it would be expedient to enforce the right of the State to share in such profits; whether, in point of fact, we could do so without infringing the essential principles of a permanent settlement; or whether we should not rather unsettle the expectations of the people, introduce an element of uncertainty inconsistent with the absolute fixity of the land revenue, and so mar the measure.

11. We presume that there will be, at this stage of the discussion, no disposition to reconsider the decision we have already arrived at with the sanction of Her Majesty's Government, negating any attempt to recoup the Government in

† See the Honourable Mr. Drummond's Minute, dated 30th June 1865, and his present Minute, paragraph 13. And Mr. Muir's Note, dated 16th May 1865, pages 10, et seq.; also, paragraphs 73, et seq., of Minute, dated 5th December 1861, quoted above.

its prospective loss of revenue, by a special acreage rate or charge upon the landlord.‡ There remains, then, for inquiry only the proposal contained in Lord de Gray's Despatch, to remove from permanent assessment all estates which, when

canal irrigation shall have been carried to the full extent now contemplated, may be expected to have their assets increased thereby more than 20 per cent.

12. If this principle be limited to such tracts as will certainly, or with reasonable likelihood, within a definite period, come under the influence of canal irrigation, we do not apprehend injury or harm from its application, and it will certainly, to some extent, guard the financial interests of Government, and promote uniformity of assessment. But the expression made use of in Lord de Grey's Despatch, "full extent now contemplated," is vague; and if, thereby, it is the intention to extend the principle to projects in mere contemplation,—if the bare possibility of a region being, at some future period, visited by an intended canal, or some new branch of an existing canal, be regarded a sufficient reason for withholding permanence of assessment, then we concur wholly with the Lieutenant Governor that the proposed limitation will prove injurious, and to a very material extent (so far as the Doab is concerned) abrogate the boon already held out of a permanent land revenue assessment.

13. We would submit for your Lordship's consideration that the analogy of the rule for waste lands, which apparently suggested the present proposal, is not altogether apt and complete. With waste land, the point is easily ascertained; it is only necessary to consult the record of measurement to determine whether four-fifths of the assessable area is already under cultivation; and whether, according to the rule, the estate is qualified for permanent settlement or not. With irrigation, the case is entirely different. Where the system of Rajbahuas (subsidiary water-courses) is complete, or under early orders for completion, there the expected enhancement may be matter of approximate estimate. But where a work is con-

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templated, but not yet laid out, it would be hardly possible to say what areas are likely to come under irrigation. It would be necessary to exclude whole tracts; and that upon a basis contingent and conjectural. The financial results involved are shown by the Lieutenant Governor to be altogether disproportionate to the injury, and disappointment thus entailed.

14. But if, as we have suggested above in the opening sentence of paragraph 12, the measure be limited in its operation, we think that it might unobjectionably, and with some advantage, be carried out in the following manner. It would, in the first place, devolve upon the Irrigation Department to indicate, upon a large District or Pergunnah map, the limits to which canal irrigation will certainly, or with reasonable probability, extend within a given period, say five or six years. The Settlement Officer would then prepare a list of estates falling within the line of canal irrigation. From this he would strike out all estates which from his own knowledge were, on an approximate estimate irrigated either from wells or canal water, up to the standard indicated in the Despatch under reply. Of the remainder, he would send the village maps (showing field boundaries) to the Canal Officer, who, from scientific survey and knowledge of the canal levels and slope of the country, would be able to estimate and mark off on the village maps the area likely to come under the influence of canal irrigation. Comparing this with the area of each estate already watered from wells, and its general resources, the Settlement Officer would now be in a position to say, with tolerable certainty, whether the canal was likely to increase the assets by more than 20 per cent., and whether there should, under the proposed rule, be a permanent settlement or not.

15. We submit, however, that it would be more in analogy with the rule for waste lands, if the proportion were fixed at one-fourth, or 25 per cent. The condition in case of waste is, that 80 per cent. shall be cultivated, leaving a margin of 20 per cent. (or one-fourth of the existing area of cultivation) for future improvement.

16. Where estates are, under the above rule, excluded from permanent settlement, it might be advisable to limit the engagement to 10 or 15 years; within which period the expectations of the Irrigation and Revenue Officers, as to extended use of canal water would, no doubt, be realized.

17. Such is a general outline of the rules which we submit for your Lordship's consideration. We should greatly deplore any arrangement calculated to limit largely the bounds to which the permanent settlement would otherwise extend. When we consider, on the one hand, the great social and political benefits to be looked for from a permanent settlement in the North-Western Provinces, and on the other, the revenue which Government will save by no longer having to incur the cost of periodical survey and assessments, and by the results of the larger application of industry and capital that must materially mitigate the pressure of famine in years of drought, we do not doubt that, even in a financial point of view, the measure will prove advantageous to the Government. Having now held these Provinces upwards of 60 years, we have ample means for effecting a fair and equitable assessment of the land revenue in perpetuity; and we earnestly trust that no conditions may be imposed to shackle this great work, or mar its success.

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From the Secretary of State for India, to the Government of India, dated 23rd March 1867, No. 15.

1. I have considered in Council the Despatch from your Excellency in Council, dated the 20th November last (No. 29), on the subject of the permanent settlement of estates affected, or liable to be hereafter affected, by canal irrigation.

2. In Lord de Grey's despatch of the 17th March 1866 (No. 17), it was proposed that a rule should be laid down, excluding from permanent settlement all estates "the assets of which would, when canal irrigation shall have been carried to the full extent at present contemplated, exceed, in the opinion of the Officers of the Settlement and Irrigation departments, the existing assets in a proportion exceeding 20 per cent."

3. The Board of Revenue at Allahabad desire to generalize the terms of this rule so far as to extend it to exclude from permanent settlement all estates "the assets of which have not reached 80 per cent. of the amount which they are susceptible of attaining under a full development of the available means of cultivation and irrigation." Such a rule would, as your Excellency observes, exclude from settlement all estates which, "by means of wells, embankments, water-courses, manure, location of cultivators, &c.," and, still more, by extension of the facilities of railway communication, had not reached the "maximum or potential limit of excellence," and would, as it appears to me, indefinitely postpone the time when, in the case of the great majority of estates, any permanent settlement could be permitted.

4. The Lieutenant Governor of the North-Western Provinces would, on the other hand, withdraw all restrictive rules (retaining only, I presume, the rule which requires that 80 per cent. of the cultivable area shall be under actual cultivation before a permanent settlement shall be granted), and considers that, "as a measure of large and enlightened policy, the permanent settlement of these Provinces should be carried out unhampered by further conditions."

5. Your Excellency in Council is of opinion that the rule prescribed by Earl de Grey, "if limited to such tracts as will certainly, or with reasonable likelihood, within a definite period, come under the influence of canal irrigation," would not cause "injury or harm from its application," and would, "certainly to some extent guard the financial interests of Government, and promote uniformity of assessment." Your Excellency, however, seems to think that the terms used by Lord de Grey, "when canal irrigation shall have been carried out to the full extent at present contemplated," should be construed to apply only to lands to which "canal irrigation will certainly, or within reasonable probability, extend within a given period, say five or six years." In regard to such lands, you propose "to limit the engagement to 10 or 15 years," within which period the expectations of the Irrigation and Revenue Officers, as to extended use of canal water, would, no doubt, be realized."

6. I have very carefully considered in Council the various documents which have been placed before me, and after giving full weight to the varying, and, indeed, conflicting, opinions of the high authorities who have recorded their views on the subject, I have now to convey to you the final decision of Her Majesty's Government.

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7. In consenting to a permanent settlement of the land revenue at the present time, Her Majesty's Government are advisedly making a great financial sacrifice in favour of the proprietors of land. They are giving up the prospect of a large future revenue which might have been made available for the promotion of objects of general utility, and might have rendered it possible to dispense with other forms of taxation. This sacrifice they are prepared to make in consideration of the great importance of connecting the interests of the proprietors of the land with the stability of the British Government. It is right, however, that I should point out that the advantages now conferred upon the landholders are far greater than those contemplated in former times, and especially that they are quite beyond the scope of the expectations held out when Lord Cornwallis originally formed a similar settlement in Bengal and Behar. The assessment made by Lord Cornwallis left rather less than one-tenth of the rental to the Zemindar. The present assessment will leave him one-half; and, in addition to this, one-fifth of the cultivable land, if at present uncultivated, is to be allowed to remain free of assessment for ever. Moreover, this settlement, instead of being granted (as was the case in Bengal and Behar) at a time of extreme depression and impoverishment, is granted at a time of unparalleled hopefulness for all kinds of industry in India, when the demand for every kind of produce is rapidly increasing, and the price rising, and when railways and other forms of enterprise are beginning to develop the vast resources of the country, and to add to the wealth of all classes, and most especially to that of those connected with the land.

8. Under these circumstances, it does not appear to be either necessary or reasonable that the Government, as trustees for the whole body of the people, should confer upon the landholder, in addition to the other benefits which I have pointed out, the whole of the great increase in the value of his land which will certainly result from the extension of irrigation, without making any reservation on behalf of the public interest. The only feasible mode of making such reservation appears to be to withhold the permanent settlement in cases where irrigation is likely to be effected within a reasonable period; and it is with this view that my predecessors have laid down the rules now under consideration. In the justice of the principle on which those rules are founded, I entirely concur. It only now remains to define the period for which it will be right to defer the permanent settlement for lands capable of profitable irrigation, but not yet irrigated. I am of opinion that this period should be not less than 20 years. Great injustice and inequality would result from the adoption of a shorter period; for the projects of irrigation which are now in their infancy will probably receive a large development in the course of the time I have mentioned; and it would be unfair to enforce the claims of the State upon lands which may be irrigated within the next few years, leaving the estates to which the same boon may be extended a little later entirely free from it. Such a course, besides being unfair, would probably tend to retard the extension of irrigation, by making it the interest of the landholder that it should be deferred till his assessment has been completed.

9. I have, therefore, to desire that the following rules may be observed before estates in the North-Western Provinces, or elsewhere, are admitted to permanent settlement, viz.:—

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- 1st.—No estate shall be permanently settled in which the actual cultivation amounts to less than 80 per cent. of the cultivable or malgoozaree area; and
- 2nd.—No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next 20 years, and the existing assets of which would thereby be increased in the proportion of 20 per cent.

No. 831.

Endorsed by Government of India, Home Department.

Copy forwarded to the Public Works Department.

ORDER.—Ordered that copies of these papers be forwarded to the Governments of Madras, Bombay, Bengal, the N. W. P., and the Punjab. Chief Commissioner of the Central Provinces. *ments and Administrations marginally noted, in the Public Works Department, Irrigation Branch, for information.*

(Signed) W. McCLEERY, C. E., *Offg. Asst. Secy.,*
For Secy. to the Govt. of India.

No. 425.

ORDER THEREON, 17th July 1867, No. 2,119.

IRRIGATION, No. 25.

Ordered to be recorded.

(True Extract.)

(Signed) CHARLES A. ORR, Colonel, R. E.,
Secretary to Government.

Exd. S. T. Augustin.

No. I.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
IRRIGATION.

SIMLA, JUNE 18, 1867.

Permanent Settlement of the Land Revenue of lands affected by Canal Irrigation.

Read :—

No. 830, dated 31st May, 1867.

From—E. C. BAYLEY, Esq., Secy. to Govt. of India, Home Dept.,
To—Secretary to Government of N. W. Provinces.

Your letter No. 858, dated 28th September last, on the question of the permanent settlement of the land revenue of lands affected by canal irrigation, was duly considered by the Right Hon'ble the Governor General in Council, and, with its enclosures, was submitted to Her Majesty's Secretary of State for India with a Despatch,* of which the copy is herewith forwarded, setting forth the views of His Excellency in Council upon this important matter.

2. I am now directed to transmit the orders which have been received in reply from the Secretary of State, No. 15, dated 23rd March 1867, and to communicate the following instructions for the guidance of the Hon'ble the Lieutenant Governor in giving effect to this Despatch.

3. The principles now laid down for limiting the operation of the permanent settlement of the land revenue, are as follows :—

1st.—No estate shall be permanently settled in which the area actually under cultivation amounts to less than 80 per cent. of the culturable or malgoozaree area.

2nd.—No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next 20 years, and the existing assets of which would thereby be increased in the proportion of 20 per cent.

4. The first condition is a simple reiteration of the rule laid down in Sir Charles Wood's Despatch of the 24th March 1865, para. 18. The existing instructions on the subject, ending with the orders of the Government of India, dated 19th June 1863, are full and complete; and nothing further need be added upon this point.

5. The second condition is framed with the view to obviate loss to the State from the permanent limitation of the Government demand upon estates, the assets of which may hereafter improve in consequence of the extension of canals. Wherever canal irrigation is likely to be extended within the next 20 years, it is ruled that, if thereby the assets of an estate will be increased 20 per cent., such estate shall be subject to temporary, and not to permanent, settlement. The same principle will, of course, apply equally in respect of estates to which canal water already reaches, but in which it is only partially used.

6. In giving effect to this new condition, it will be necessary to consider separately, (1), the case of tracts under the influence of existing canals, or of branches in actual course of completion; and (2), tracts where no canal or branch of a canal now runs, but in which it is contemplated to construct such a work.

7. First, then, where canals already exist, His Excellency in Council remarks that the course to be followed is comparatively simple.

8. As proposed in the Despatch of the Government of India, to the Secretary of State, dated 20th November last, para. 14, the Irrigation Department will, in the first instance, furnish the Settlement Officer with a map, accompanied, if necessary, by an explanatory statement, in which will be shown, as nearly as can be estimated, the extent of area to which the canal, when fully developed, is expected to supply the means of irrigation. In doing this, he will take into account all branches or subsidiary channels in course, or under orders, of

construction. If there is any part of the project likely to be carried out, but in respect of which the Canal Officer has not sufficient materials for indicating the precise limits within which it will be operative, he will explain the circumstance, at the same time giving as close a description as he is able of the area likely to be affected by the projected extension; and such area will be treated as falling under the second class contemplated in the 6th para.

9. The Settlement Officer having received the map and statement of the Canal Officer, will prepare therefrom a complete list of estates falling within the anticipated limits of canal irrigation. He will then examine, in respect of each such estate whether, on an approximate but careful estimate, it already enjoys the benefit of irrigation either from the canal, wells, or other sources, up to the prescribed limit; that is to say, whether or not there is reasonable ground for believing that the assets will be increased 20 per cent. by the extended use of canal water. Where the condition is fulfilled, the estate (if otherwise qualified) will be recommended for permanent assessment. Where the condition is not fulfilled, that is, where there exists clear ground for expecting that the assets will be increased 20 per cent. by the extension of canal irrigation, the Settlement Officer will exclude the estate from perpetual assessment, and treat it in the same manner as if the prescribed limit of cultivation had not been attained. Where the Settlement Officer has not the means for determining, of his own knowledge, the extent to which canal irrigation may eventually reach, he will send the village map (showing field boundaries) to the Canal Officer, and the Canal Officer, from the record of levels in the Irrigation Department, and from his own knowledge of the contour and slope of the country, will be in a position to estimate and mark off upon the village map, with approximate accuracy, the limits of the area likely to come under the influence of canal irrigation. The Settlement Officer, after comparing this return with the area already watered from the canal, or from wells, or otherwise, and with the general resources of the estate, will now be able to determine with tolerable certainty whether or not the canal is likely to increase the assets hereafter 20 per cent., and he will classify the estate accordingly, as either for permanent or for temporary settlement, in the manner already explained. The grounds of his determination in either event must be fully given in the Village Statements Nos. II. and III.

10. The grounds assumed by the Settlement Officers for expected increase of assets from extended canal irrigation must, of course, be to a great extent conjectural; but they are nevertheless to be deduced with the utmost possible care, and they are to be based always upon reasonable probability. An estate otherwise fitted for permanent assessment is not to be excluded on mere suspicion that, at some future time, the assets may improve. There must be clear and specific foundation for the hope of increase, and definite ground for believing that the enhancement will reach to 20 per cent. of the existing assets.

11. In respect of villages falling within tracts likely to be affected by some canal project, of which the requisite details (as supposed at the close of para. 8) cannot yet be supplied, the Settlement Officer will refrain from proposing a permanent settlement, excepting where the proportion of land already under well or other irrigation may form fair ground for the belief that the assets would not be increased by any canal project 20 per cent., and where, consequently, he is warranted in recommending a perpetual assessment. Wherever tracts are excluded from permanent settlement on the above-mentioned grounds, the reason should be fully explained in the general Settlement Report.

12. In reporting his proceedings, the Settlement Officer will, along with the prescribed statements, supply lists of villages excluded from permanent settlement under the operation of the present orders, distinguishing in separate Registers, (1), those villages which have been excluded under para. 9, because they are not irrigated up to the prescribed standard assessment, but for the expectation of an extension of some canal or branch, as supposed in the preceding paragraph, or but for the instructions of Government under the second heading in respect of future projects. In case there should hereafter be ground for believing that such project will not be carried into effect, then this latter class of villages could at any time be proposed for permanent settlement in perpetuity upon the terms already concluded.

13. *Second*, there remains for consideration such tracts as may not be affected by any existing work, or by any branch of a work under construction, but "to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next 20 years."

14. His Excellency in Council observes that it is not to be expected that Settlement Officers will have any official information regarding projects of this character other than what may be communicated to them by the Government. Unless, therefore, they may have received an authoritative instruction on the subject, they will frame their assessments in respect of perpetuity of assessment, without any reference to schemes of this nature.

15. But when a District is under settlement, it will be the duty of the Local Government to obtain from the Chief Engineer of Irrigation a specific report on the likelihood of new works of irrigation being carried out in the District within the next 20 years, and on the bounds within which such works, if executed, would probably extend the means of

irrigation. After duly weighing this report, should there be, in the opinion of the Lieutenant Governor, any definite likelihood of the nature supposed, the Government must instruct the Revenue Authorities to refrain from proposing a permanent settlement within the tract of country which it is anticipated will come under the influence of the expected new irrigational agency. But His Excellency in Council would impress upon His Honour that the "likelihood" of works of this nature is not to be construed in a vague and indeterminate sense. There must be the reasonable probability of a specific project being introduced; and without the precise and definite expectation that a given work will be carried into execution, the Government will not interpose to prohibit a permanent assessment.

16. At a more advanced stage, a further responsibility is imposed on the Government. When the settlement has been formed and reported, and has come before the Government for final orders, it cannot even then be confirmed in perpetuity, if, at the time being, an irrigational work is, in the opinion of the Governor General in Council, likely within the next 20 years to enhance the assets. Thus the confirming authority must be in possession of the views at the time of the Governor General in Council on the likelihood of the construction of new works. This, of course, does not necessarily imply that the settlement itself should be reported to the Governor General in Council. But it is evidently expedient upon other grounds that no settlement, limiting in perpetuity the demand of Government, and thus affecting the permanent resources of the State, should be finally concluded without the knowledge and sanction of the Supreme Government. While the Lieutenant Governor will, therefore, continue, as heretofore, to sanction temporary settlements, His Honour will report for the confirmation of the Government of India all assessments proposed in perpetuity; and the Government of India will then take the opportunity of considering, in the Department of Public Works, the probability of any new works of irrigation.

17. In order to render this check effective, it is important that no action should be taken by Settlement Officers compromising, or appearing to compromise, the Government to a permanent settlement. It is true that the standard form of the "engagement" runs in terms implying that the assessment is subject to the sanction of the superior authorities. Yet this stipulation may not obviate the impression among the proprietors, that the settlement (even if the assessment were altered by superior authority) is to be in perpetuity; and such notion will be the more natural when, as is generally the case, a considerable interval has elapsed between the formation of the settlement, and the period when it comes under the review of Government.

18. It is important, then, that there should be nothing in the form of engagement to encourage the idea that the superior authorities have not the fullest power of interposing to limit the terms of the settlement.

19. With this view, it will be expedient that, wherever a Settlement Officer may propose an assessment in perpetuity, the form of engagement shall be indefinite as to time. The engagement for temporary assessments should still, as heretofore, specify the term for which the settlement is concluded, since it is important in this case that the proprietor should know the exact length of his contract. But in the engagement for settlements intended to be permanent, there will be no mention of any term, and it will be explained to those concerned, that it rests with the Government to determine whether or not the concession of a permanent settlement shall be made in their behalf, and that they will be duly informed on this point hereafter.

20. It appears to the Governor General in Council that the simplest mode of carrying this system into effect will be that, when the settlement of any district or pergunnah, or part of a district or pergunnah, shall have been confirmed by the Governor General in Council as perpetual, sunnuds should be issued to that effect by the Local Government. These would be engrossed separately for each mehal, and would simply specify that the Governor General in Council had sanctioned the settlement of such an estate at such a sum for ever; and they would bear the seal and signature of the Lieutenant Governor, or of the Secretary to Government. In the case of villages bordering on rivers, it would be necessary to add that the addition of any culturable lands caused by fluvial action would render the mehal liable to increased assessment on account of such lands.

21. The Governor General in Council is disposed to think that this would be sufficient without the enactment of any new law on the subject. The obligation would be complete as against the Government; and it is the Government alone, which, having the arbitrary power of fixing at pleasure the amount of assessment, is concerned in creating the obligation.

22. Looking to previous enactments, His Excellency in Council observes that Act VIII of 1846 was passed with the view of securing uniformity in the term for which the settlements in the several Districts of the North Western Provinces should run. Section 4 enacts that, on the expiration of the term, any proprietor might give notice that he desired to relinquish his lease; and Section 5 prescribes that, in default of such notice, proprietors should be bound by the terms of the expired settlement.

23. But under the course above proposed for permanent settlements, the proprietor will lodge with the Settlement Officer an engagement to pay the determined assessment without any limitation of time, and it does not, therefore, appear that any law would be necessary to make the engagement have a perpetual force.

24. This point, however, is open to the consideration of His Honour the Lieutenant Governor. If any further obligation be deemed necessary on the part of the proprietor, it could be secured either by taking a fresh engagement from him in perpetuity on the issue of the Government sunnud, or by an express enactment. Should His Honour be of opinion that anything farther of this nature is required, it will be open to the Government, North Western Provinces, to bring the subject again under the consideration of His Excellency in Council.

25. In applying the new rule now promulgated to settlements already concluded conditionally under an engagement of perpetuity, His Honour the Lieutenant Governor will cause these settlements to be reviewed. But it only is in very clear and urgent cases that a settlement so concluded in perpetuity should, under the operation of the principle now laid down, be made temporary. His Excellency in Council remarks that, in some districts, settlements of this nature have already been for some considerable time in operation, and expectations have been naturally raised of a permanent assessment, which ought not lightly to be set aside. In respect of contemplated projects for new irrigational works, or the extension of existing ones, it will be for the consideration of His Honour, in the Department of Public Works, to consider what shall be held as coming within the condition now laid down by the Secretary of State. It is merely necessary here to allude to the project of the Farruckabad extension of the Ganges Canal, and, possibly, to the Deobund extension, and to the suggested supplementary work from the Jumna at Delhi. This subject will be farther considered, as may be found expedient, by His Excellency in Council in the Department of Public Works.

26. In conclusion, I am to add that His Excellency in Council trusts that the great work now in progress under the direction of the Lieutenant Governor, may not unnecessarily be checked by any narrow construction of the conditions which Her Majesty's Government have seen fit for the security of the imperial revenue to impose; and that, while these conditions must be implicitly and loyally obeyed, His Excellency in Council will support His Honour and the Local Authorities in the exercise of a fair and liberal discretion in carrying them into effect.

No. 29, dated 20th November, 1863.

From—The Government of India,

To—The Secretary of State for India.

We duly received the Despatch of the Earl de Grey and Ripon, No. 17, dated 17th March last, on the principles to be observed in the permanent settlement of estates affected by canal irrigation. Before coming to a decision on this important question, we deemed it advisable to call for the opinion of the Lieutenant Governor, North Western Provinces, after consultation with the chief Revenue and Canal Authorities under his control. This we have now received; and we forward a copy of the Despatch from the Government, North Western Provinces, and of its enclosures, for your Lordship's consideration.

2. It will be remembered that Her Majesty's Government coincided with our view, that the assessments of the permanent settlement were to be framed on the general principle of taking half the assets, however created; and that no demand in the shape of an acreage rate, or special charge, should hereafter be imposed on the landlords for additional lands brought under irrigation, beyond the ordinary water-rate charged by the Canal Authorities.

3. It is obvious, however, that, under this system, the assets of an estate not open to canal irrigation at the time of settlement, might be greatly increased at any future period by assessment, and loss to Government, will be the result. It was, therefore, proposed by Lord de Grey and Ripon to exclude from the permanent settlement estates, "the assets of which would, when "canal irrigation shall have been carried to the full extent at present contemplated, exceed, in the opinion of the Officers of the Settlement and Irrigation Departments, the existing assets in a proportion exceeding 20 per cent.," the rule being based on the analogy of that which requires as a condition of permanent assessment that four-fifths of the culturable area be under cultivation.

4. The Reports now submitted for your Lordship's consideration are, upon the whole, adverse to this proposal; the opinion of the Lieutenant Governor is very decidedly so.

5. The view urged by the Sudder Board of Revenue at Allahabad requires special discussion. Premising that it has been enjoined authoritatively that 80 per cent. of an estate must be under cultivation to qualify it for permanent assessment, and that a corresponding ratio has now been proposed by the late Secretary of State in respect of canal irrigation, they recommend that the principle be extended and generalized, and that a like rule be applied to

every class of possible improvements. Thus, by means of wells, embankments, drainage, water-courses, manure, location of cultivators, &c., the value of any estate may be improved till it reaches the maximum or extreme potential limit of excellence. The Board's plan is that the Settlement Officer shall fix this potential limit on a consideration of all possible future improvements for each estate as it comes under settlement; and if, at the time being, the estate has not reached to within 20 per cent. of such limit, then the privilege of a permanent settlement shall be refused. The Board think that, if the general principle were thus broadly laid down, the necessity for any special rule, in reference to canal irrigation, would be superseded.

6. But we are of opinion that there would be grave objection to any plan of this kind. It would be a matter of extreme difficulty to establish any practical standard of possible improvement that might be accomplished by means of skilled labour and capital: the process would be purely theoretical; and the up-shot matter of mere opinion or conjecture. We should strongly object to the benefits of a permanent settlement being curtailed and neutralized upon such loose and vague grounds.

7. But the leading objection to any such scheme is, that it would remove from the grand measure in contemplation the very class of properties it is calculated chiefly to benefit. Where estates have reached, or nearly reached, the limit of possible improvement, there the motives created by a permanent limitation of the Government demand are not needed, or are needed but in a very inferior degree. It is with the express object of stimulating the investment of capital, and the application of skill and labour in landed improvement, that it has been proposed to make the assessment permanent. True, a certain measure of development is required as a preliminary to this concession; and reasonably so, for otherwise the finances would unduly suffer. This principle has been first proposed for the period when the measure was first proposed for the North Western Provinces.* But such a limitation is very different from the principle advocated by the Board—a principle that would altogether circumscribe the action of the permanent settlement, and strip it of the chief value and merit to which it lays claim. To adopt such a measure would be virtually to recede from the promise already held out of a permanent assessment.

8. There is, however, a broad and clear distinction between improvements of the general character above adverted to, and the improvement occasioned by canals. It is the object of the permanent settlement, in leaving the enhanced profit raised by the skill, exertion, and capital of the occupant entirely in his hands, to create the most powerful incentive to the progress and prosperity of the country. But in the case of canal irrigation, the benefit is created without any application of skill, exertion, or capital on the part of the occupant. The water is brought to his door; the value of his fields is enhanced by virtue of the labour, skill, and capital of others.

9. Improvement from canal irrigation is, therefore, entirely different from improvements made by the agricultural population. Of the former, "the profits are in no sense, or in a very limited sense, the result of expenditure of capital by the proprietor. It is the capital of the community which has produced these results; and the community at large, that is the State, is entitled to share in the profits."† Canal irrigation, then, is not one of the improvements which the permanent settlement is intended to create; and in so far the argument for a permanent limitation of assessment will not apply to enhanced profits expected from its extension.

10. The only point open to discussion is, whether it would be expedient to enforce the right of the State to share in such profits; whether, in point of fact, we could do so without infringing the essential principles of a permanent settlement; or whether we should not rather unsettle the expectations of the people, introduce an element of uncertainty inconsistent with the absolute fixity of the land revenue, and so mar the measure.

11. We presume that there will be, at this stage of the discussion, no disposition to re-consider the decision we have already arrived at with the sanction of Her Majesty's Government, negating any attempt to re-coup the Government in its prospective loss of revenue, by a special acreage rate or charge upon the landlord.* There remains, then, for enquiry only the proposal contained in Lord de Grey's Despatch, to remove from permanent assessment all estates which, when canal irrigation shall have been carried to the full extent now contemplated, may be expected to have their assets increased thereby more than 20 per cent.

12. If this principle be limited to such tracts as will certainly, or with reasonable likelihood, within a definite period, come under the influence of canal irrigation, we do not apprehend injury or harm from its application, and it will certainly, to some extent, guard the financial interests of Government, and promote uniformity of assessment. But the expression made use of in Lord de Grey's Despatch, "full extent now contemplated," is vague; and if

* See the Hon'ble Mr. Drummond's Minute, dated 30th June 1863, and his present Minute, para. 13. And Mr. Muir's Note, dated 10th May 1863, page 10, *et seq.*; also, para. 73 *et seq.*, of Minute, dated 6th December 1861, quoted above.

† Minute by Mr. Muir, dated 6th December 1861, para. 63. See also Note at p. 16 of the same Minute.

thereby, it is the intention to extend the principle to projects in mere contemplation,—if the bare possibility of a region being, at some future period, visited by an intended canal, or some new branch of an existing canal, be regarded a sufficient reason for withholding permanence of assessment, then we concur wholly with the Lieutenant Governor that the proposed limitation will prove injurious, and to a very material extent (so far as the Doab is concerned) abrogate the boon already held out of a permanent land revenue assessment.

13. We would submit for your Lordship's consideration that the analogy of the rule for waste lands, which apparently suggested the present proposal, is not altogether apt and complete. With waste land, the point is easily ascertained; it is only necessary to consult the record of measurement to determine whether four-fifths of the assessable area is already under cultivation; and whether, according to the rule, the estate is qualified for permanent settlement or not. With irrigation, the case is entirely different. Where the system of Rajbhas (subsidiary water-courses) is complete, or under early orders for completion, there the expected enhancement may be matter of approximate estimate. But where a work is contemplated, but not yet laid out, it would be hardly possible to say what areas are likely to come under irrigation. It would be necessary to exclude whole tracts; and that upon a basis contingent and conjectural. The financial results involved are shown by the Lieutenant Governor to be altogether disproportionate to the injury, and disappointment thus entailed.

14. But if, as we have suggested above in the opening sentence of para. 12, the measure be limited in its operation, we think that it might unobjectionably, and with some advantage, be carried out in the following manner. It would, in the first place, devolve upon the Irrigation Department to indicate, upon a large District or Pergunnah map, the limits to which canal irrigation will certainly, or with reasonable probability, extend within a given period, say five or six years. The Settlement Officer would then prepare a list of estates falling within the line of canal irrigation. From this he would strike out all estates which from his own knowledge were, on an approximate estimate, irrigated either from wells or canal water, up to the standard indicated in the Despatch under reply. Of the remainder, he would send the village maps (showing field boundaries) to the Canal Officer, who, from scientific survey and knowledge of the canal levels and slope of the country, would be able to estimate and mark off on the village maps the area likely to come under the influence of canal irrigation. Comparing this with the area of each estate already watered from wells, and its general resources, the Settlement Officer would now be in a position to say, with tolerable certainty, whether the canal was likely to increase the assets by more than 20 per cent., and whether there should, under the proposed rule, be a permanent settlement or not.

15. We submit, however, that it would be more in analogy with the rule for waste lands, if the proportion were fixed at one-fourth, or 25 per cent. The condition in case of waste is, that 80 per cent. shall be cultivated, leaving a margin of 20 per cent. (or one-fourth of the existing area of cultivation) for future improvement.

16. Where estates are, under the above rule, excluded from permanent settlement, it might be advisable to limit the engagement to 10 or 15 years; within which period the expectations of the Irrigation and Revenue Officers, as to extended use of canal water would, no doubt, be realized.

17. Such is a general outline of the rules which we submit for your Lordship's consideration. We should greatly deplore any arrangement calculated to limit largely the bounds to which the permanent settlement would otherwise extend. When we consider, on the one hand, the great social and political benefits to be looked for from a permanent settlement in the North Western Provinces, and on the other, the revenue which Government will save by no longer having to incur the cost of periodical survey and assessments, and by the results of the larger application of industry and capital that must materially mitigate the pressure of famine in years of drought, we do not doubt that, even in a financial point of view, the measure will prove advantageous to the Government. Having now held these Provinces upwards of 60 years, we have ample means for effecting a fair and equitable assessment of the land revenue in perpetuity; and we earnestly trust that no conditions may be imposed to shackle this great work, or mar its success.

No. 15, dated 23rd March, 1867.

From—The Secretary of State for India,

To—The Government of India.

I have considered in Council the Despatch from your Excellency in Council, dated the 20th November last (No. 29), on the subject of the permanent settlement of estates affected, or liable to be hereafter affected, by canal irrigation.

2. In Lord de Grey's Despatch of the 17th March 1866 (No. 17), it was proposed that a rule should be laid down, excluding from permanent settlement all estates "the assets of

which would, when canal irrigation shall have been carried to the full extent at present contemplated, exceed, in the opinion of the Officers of the Settlement and Irrigation Departments, the existing assets in a proportion exceeding 20 per cent."

3. The Board of Revenue at Allahabad desire to generalize the terms of this rule so far as to extend it to exclude from permanent settlement all estates "the assets of which have not reached 80 per cent. of the amount which they are susceptible of attaining under a full development of the available means of cultivation and irrigation." Such a rule would, as your Excellency observes, exclude from settlement all estates which, "by means of wells, embankments, water-courses, manure, location of cultivators, &c.," and, still more, by extension of the facilities of Railway communication, had not reached the "maximum or potential limit of excellence," and would, as it appears to me, indefinitely postpone the time when, in the case of the great majority of estates, any permanent settlement could be permitted.

4. The Lieutenant Governor of the North Western Provinces would, on the other hand, withdraw all restrictive rules (retaining only, I presume, the rule which requires that 80 per cent. of the cultivable area shall be under actual cultivation before a permanent settlement shall be granted), and considers that, "as a measure of large and enlightened policy, the permanent settlement of these Provinces should be carried out unhampered by further conditions."

5. Your Excellency in Council is of opinion that the rule prescribed by Earl de Grey, "if limited to such tracts as will certainly, or with reasonable likelihood, within a definite period, come under the influence of canal irrigation," would not cause "injury or harm from its application," and would, "certainly to some extent guard the financial interests of Government, and promote uniformity of assessment." Your Excellency, however, seems to think that the terms used by Lord de Grey, "when canal irrigation shall have been carried out to the full extent at present contemplated," should be construed to apply only to lands to which "canal irrigation will certainly, or within reasonable probability, extend within a given period, say five or six years." In regard to such lands, you propose "to limit the engagement to 10 or 15 years," within which period the expectations of the Irrigation and Revenue Officers, as to extended use of canal water, would, no doubt, be realized."

6. I have very carefully considered in Council the various documents which have been placed before me, and after giving full weight to the varying, and, indeed, conflicting, opinions of the high authorities who have recorded their views on the subject, I have now to convey to you the final decision of Her Majesty's Government.

7. In consenting to a permanent settlement of the land revenue at the present time, Her Majesty's Government are advisedly making a great financial sacrifice in favour of the proprietors of land. They are giving up the prospect of a large future revenue which might have been made available for the promotion of objects of general utility, and might have rendered it possible to dispense with other forms of taxation. This sacrifice they are prepared to make in consideration of the great importance of connecting the interests of the proprietors to the land with the stability of the British Government. It is right, however, that I should point out that the advantages now conferred upon the landholders are far greater than those contemplated in former times, and especially that they are quite beyond the scope of the expectations held out when Lord Cornwallis originally formed a similar settlement in Bengal and Behar. The assessment made by Lord Cornwallis left rather less than one-tenth of the rental to the Zemindar. The present assessment will leave him one-half; and, in addition to this, one-fifth of the cultivable land, if at present uncultivated, is to be allowed to remain free of assessment for ever. Moreover, this settlement, instead of being granted (as was the case in Bengal and Behar) at a time of extreme depression and impoverishment, is granted at a time of unparalleled hopefulness for all kinds of industry in India, when the demand for every kind of produce is rapidly increasing, and the price rising, and when the railways and other forms of enterprise are beginning to develop the vast resources of the country, and to add to the wealth of all classes, and most especially to that of those connected with the land.

8. Under these circumstances, it does not appear to be either necessary or reasonable that the Government, as trustees for the whole body of the people, should confer upon the landholder, in addition to the other benefits which I have pointed out, the whole of the great increase in the value of his land which will certainly result from the extension of irrigation, without making any reservation on behalf of the public interest. The only feasible mode of making such reservation appears to be to withhold the permanent settlement in cases where irrigation is likely to be effected within a reasonable period; and it is with this view that my predecessors have laid down the rules now under consideration. In the justice of view that my predecessors have founded, I entirely concur. It only now remains to define the principle on which those rules are founded, the permanent settlement for lands capable of the principle on which it will be right to defer the permanent settlement for lands capable of profitable irrigation, but not yet irrigated. I am of opinion that this period should be not less than 20 years. Great injustice and inequality would result from the adoption of a shorter period; for the projects of irrigation which are now in their infancy will probably receive a large development in the course of the time I have mentioned; and it would be unfair to enforce the claims of the State upon lands which may be irrigated within the next

few years, leaving the estates to which the same boon may be extended a little later entirely free from it. Such a course, besides being unfair, would probably tend to retard the extension of irrigation, by making it the interest of the landholder that it should be deferred till his assessment has been completed.

9. I have, therefore, to desire that the following rules may be observed before estates in the North Western Provinces, or elsewhere, are admitted to permanent settlement, viz. :—

1st.—No estate shall be permanently settled in which the actual cultivation amounts to less than 80 per cent. of the cultivable or malgozaree area ; and

2nd.—No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next 20 years, and the existing assets of which would thereby be increased in the proportion of 20 per cent.

No. 831.

Endorsed by Govt. of India, Home Dept.

Copy forwarded to the Public Works Department.

ORDER.—Ordered, that copies of these papers be forwarded to the Governments and Administrations marginally noted, in the Public Works Department, Irrigation Branch, for information.

Governments of Madras, Bombay, Bengal,
the N. W. P., and the Punjab.
Chief Commr. of the Central Provinces.

William Henry C. E., Offg. Asstt. Secy.,
for Secy. to the Govt. of India.

2:12 PM July 1867 03.135

21424-435

Permanent Settlement of the land revenue of
lands affected by canal irrigation.
2149-17 July 1867

W. H. and W. H.

No. 78.1.

Dated SIMLA, June 18, 1867.

Received

17 July 1867.

To

The Secy to Govt.

PUBLIC WORKS DEPARTMENT.

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