

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No.

1132

Press
Mis.

Back nos 20-21

Dated 26th August 1859.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
from 20th to 26th August 1859.*

No. 20. Read the following letter from W. GREY, Esq., Secretary to the Government of India; to J. D. BOURDILLON, Esq., Secretary to the Government of Fort Saint George; dated Fort William, the 1st August 1859, No. 1550.

I am directed to transmit, for the consideration of His Excellency the Governor in Council, a copy of the Secretary of State's Despatch in the *No. 2, dated 31st December 1858.* Revenue Department, noted in the margin, and to request that the Governor General in Council may be favored with an early communication of the opinions of His Excellency in Council on the questions discussed in the Despatch. If it should appear to His Excellency in Council desirable to consult any of the Officers of the Madras Government upon the Despatch, the Governor General in Council sees no objection to that course being taken, but the great importance and difficulty of the questions submitted for consideration would seem to suggest the expediency of selecting for the purpose a few Officers of mark, rather than of circulating the Despatch for the opinions of the Officers of the Revenue Department generally.

2. With regard to the instructions which are conveyed in the 4th paragraph of the Despatch, and which may be at once acted upon, I am directed to state that those instructions are not understood by the Governor General in Council as dealing with the question of granting lands *in perpetuity* discharged for ever from all demand on account of land revenue, but merely as directing that, under the existing rules for the grant of waste lands, grantees shall be permitted to commute the annual payments stipulated for under those rules, by a single payment at the time of receiving possession of the grant. The question of disposing of waste lands in perpetuity, free of all prospective charge of land revenue, is understood to be left for consideration as a part of the great general question of permitting the land-tax of India to be redeemed. If there were any doubt as to this being the correct construction of the orders contained in the Despatch now forwarded, it would be removed, I am desired to observe, by the tenor of the 4th paragraph of Lord Stanley's subsequent Despatch No. 1, dated the 16th of March, a copy of which was forwarded to you with my letter No. 844 dated the 27th April. I am to add, that the Governor General in Council perceives no objection to extending to existing grantees the permission to commute the annual payments for which they have agreed.

From the Right Honorable Lord STANLEY, Secretary of State for India; to His Excellency the Right Honorable the Governor General of India in Council; dated London, the 31st December 1858, No. 2.

Many applications have been recently addressed to the Court of Directors of the East India Company and to myself, by persons who, either on behalf of themselves or of Companies which they propose to establish, are desirous of obtaining grants of unoccupied land for the purpose of carrying on the cultivation of cotton and of other exportable products for the supply of manufacturers in this country. The replies which have been addressed to these applications have generally been to the effect that, while the Home Authorities desire to extend all proper encouragement to the investment of British Capital in the development of the resources of India, it will be necessary that, in regard to grants of land in any particular localities, the applicants should place themselves in communication with the authority on the spot. They have been further informed that if it should appear on enquiry that there is land at the disposal of Government suited for the required purposes, and that the Local Authorities have no objection to offer to its transfer to the persons applying for it, the Home Authorities will be prepared to authorize the grant of such land in perpetuity, on such reasonable terms, and subject to such conditions as may be agreed on between the Local Government and the applicants or their agents.

2. The matter having been considered by me in Council, I have now to communicate to you the following observations.

3. Most of the applicants are anxious to obtain "a grant of land in fee simple," by which term I understand them to mean a grant of land in perpetuity either gratuitously or in consider-

*Proceedings of the Madras Government Revenue Department,
from 20th to 26th August 1859.*

ation of an immediate payment, under which the land should be for ever discharged from all demand on account of land revenue.

4. I am aware that the extent of land absolutely at the disposal of the Government in India, in which no rights either of proprietorship or of occupancy are known either to exist at present, or to have existed in former times, and consequently liable to be again put forward, is extremely limited. In such districts as the Dehra Dhoon, Assam, the Sunderbunds, Kumaon, Gurhwal, and others similarly situated, where large tracts of unreclaimed land are to be found absolutely at the disposal of the State, rules have already been promulgated, under which settlers can obtain allotments on very easy conditions, and for long terms of years; but in no case, I apprehend, extending to a grant in perpetuity. In such cases I desire that you will take such steps as may seem to you expedient for the purpose of permitting grantees to commute the annual payments stipulated for under the rules (after a specified term of rent-free occupancy) for a fixed sum per acre to be paid on receiving possession of the grant. In all other respects, and particularly in regard to the conditions which provide for a certain proportion of the land to be cleared and brought under cultivation within specified periods, the rules will of course remain unaltered. You will report to me the course which you propose to follow, in carrying out these instructions.

5. In their despatch of the 6th May (No. 6) 1857, paragraph, 14, the Court of Directors, in reviewing the measures proposed to be adopted on introducing an improved system of revenue administration into the districts assigned to us by the Nizam under the treaty of 1853, informed you that, had the territory been entirely at their disposal, they would have had no objection (considering the large extent of unoccupied land, to the proprietorship of which there were apparently no claimants) to sanction, as an experiment, "the alienation in perpetuity to any persons of substance and respectability, of land belonging to the Government, upon condition of the application of a certain amount of capital to the cultivation of the most valuable products of the soil," although the Court at the same time expressed an opinion that easy terms of long lease, such as for a period of twenty or thirty years might be sufficient at present to attract British Capitalists. It does not appear that the Court's suggestion has yet received our attention, and I now desire that you will take it into your consideration.

6. It appears to me that the question of granting unoccupied lands in perpetuity, discharged from all demand for land revenue on the part of the State, is intimately connected with another question which has of late attracted much attention in this country, viz. the expediency of permitting the proprietors of estates, subject to the payment of revenue, to redeem the land-tax by the immediate payment of a sum of equivalent value. In those parts of India which are under perpetual settlement, such as Bengal and the Northern Circars (so far as the estates originally permanently settled have not lapsed to Government, and are now under Khas management) the difficulty of arriving at a satisfactory decision will be the least experienced. It is obvious that if a Zemindar bound to pay in perpetuity a fixed jumma of a certain amount per annum, is permitted to redeem that obligation by the payment of an immediate equivalent for existing tenures and rights of occupancy being of course in no way injuriously affected by the transaction) and that the amount so paid is applied to the extinction of debt, the Government remains in precisely the same financial position, the balance of its receipts and charges being unaltered. The process in this case is simply the extinction of a perpetual annuity by the payment of its value in a simple sum; but in estimating that value, it must be borne in mind that, while the perpetual annuity is of fixed amount, liable neither to increase nor diminution, interest on the public debt, which may be extinguished by the transaction, is of a fluctuating character, and that the charge on the State on its account may hereafter be reduced by various financial arrangements.

7. But the political results of such a change cannot be overlooked. The fortunes of the Zemindar, who has been allowed to extinguish his fixed annual liabilities by a single payment from thenceforth, still more intimately connected than they are at present with those of the British Government. The immunity from taxation which he is enabled under our rule to claim, which no native conqueror could be expected to recognize, renders his loyalty a matter of self-interest. He is attached to the cause of order by a tie similar to, and not less

*Proceedings of the Madras Government, Revenue Department,
from 20th to 26th August 1859.*

strong than that which binds the fund-holder of a European State. This is no slight advantage, and may fairly be held to counterbalance some inconveniences of detail, which may arise in effecting an arrangement such as is here suggested.

8. In the larger portion of India, where the settlement of the land revenue is made for limited periods, the difficulties attending such a measure, as the redemption of the land tax, appear to me to be much less easily encountered. The settlements which have been concluded in the North-West Provinces, and in portions of Bombay, and which are now commenced in the Presidency of Madras, provide for a revision of the money amount payable to the State, in commutation of the Government share of the net proceeds of the land, after the expiration of a period of thirty years, so that if from whatever cause, the relation between the value of silver and that of agricultural produce should be found to have changed, the opportunity is afforded, from time to time, of re-adjusting the pecuniary demand on the cultivators of the soil, without adding to their burdens, or sacrificing the just dues of the State. This consideration appears to me to be most important, especially in a country like India, where so large a proportion of the public income has from time immemorial been derived from the share reserved to Government, of the produce of the land. Under such circumstances, the permission to redeem the land-tax can operate only in so far as the people may avail themselves of such permission as a permanent settlement of the land-tax at its present amount. The basis of calculation for the redemption can only be the rate of assessment now actually paid; and the redemption being once effected, the State is for ever precluded, whatever change of circumstances may hereafter take place, from participating in the advantages which, there is every reason to hope and anticipate, will follow the measures which are now in active progress for improving the administration, and for developing the material resources of the country. Weighing these difficulties on the one hand, but remembering on the other the importance of affording all possible encouragement to the employment of British capital, skill, and enterprise, in the development of the material resources of India, I commend to your earnest and early consideration the important questions treated in this Despatch; but I particularly request that in any suggestions or recommendations which you may submit to me, you will be especially careful not to confine them to such as may be calculated for the exclusive advantage of European settlers, and which cannot be equally participated in by the agricultural community generally.

Ordered that the following reply be despatched.

No. 21. From J. D. BOURDILLON, Esq., Secretary to Government, Fort St. George; to W. GREY, Esq., Secretary to the Government of India; dated 25th August 1859, No. 1132.

I have the honor to acknowledge your letter of the 1st instant, transmitting copy of a Dispatch from the Secretary of State dated December 31st 1858, on the subject of the redemption of the land tax in India, and requesting the opinion of this Government on the matter.

2. I am directed to state in reply that the careful attention of this Government has recently been given to the subject thus propounded, and to transmit for the information of the Government of India, copy of an order passed on the 5th instant, which contains their views on the question of the proposed redemption as applied to the general land revenue of India (para. 2), as well as of the extent to which in their opinion it may beneficially be acted on in relation to certain limited portions of the land revenue. I am directed to mention that it was a consideration of the necessity and advantage of strengthening the tenure of land in certain cases, which brought the subject under deliberation, but that the Government were guided and encouraged in the views which they adopted by the opinions expressed in Lord Stanley's Dispatch now received, a copy of which was communicated with Mr. Chapman's letter of June 2nd, No. 1104.

3. Adverting to the second paragraph of your letter, I am desired to observe that in this Presidency the land held for a term of years is very limited, viz. that taken by European settlers or by natives from the low country, on the Nilgiri and Shervaroy Hills. Such land is held for thirty years in the former case and for twenty-one years in the latter, except building land on the Nilgiris which is held for ninety nine years. In every case, however, the assess-

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from 20th to 26th August 1859.*

ment on the land is so high that it could not be raised, without entirely setting aside the established rule of Ryotwar Settlements not to tax improvements made by the holder of land. The land in question therefore must be regarded, for all practical purposes, as held on a permanent tenure subject to the payment of the assessment or quit-rent. This being the case, if the tax on this land was to be redeemed at all, it must be redeemed in perpetuity, not less than on the other lands included in the order, all which are held on a permanent tenure. And the Governor in Council continues of opinion that this operation, limited as the order limits it, will be of great benefit to the public; and that the trifling sacrifice of current revenue which it will eventually entail will be much more than compensated to the Government indirectly, through the stimulus to improvement in various ways which will be created by the security of tenure.

4. I am further directed to explain that the redemption price was fixed at twenty years purchase of the quit-rent, because that amount will somewhat more than extinguish debt equal to the quit-rent. In this particular the analogy of the law in England was followed.

No. 2.

FROM

THE RIGHT HON'BLE LORD STANLEY,
Secy. of State for India,

TO

HIS EXCELLENCY THE RIGHT HON'BLE THE GOVR. GENL. OF
INDIA IN COUNCIL.

MY LORD,

Dated London, the 31st December 1858.

REVENUE.

MANY applications have been recently addressed to the Court of Directors of the East India Company and to myself, by persons who, either on behalf of themselves or of Companies which they propose to establish, are desirous of obtaining grants of unoccupied land for the purpose of carrying on the cultivation of cotton and of other exportable products for the supply of manufacturers in this country. The replies which have been addressed to these applications have generally been to the effect that, while the Home Authorities desire to extend all proper encouragement to the investment of British Capital in the development of the resources of India, it will be necessary that, in regard to grants of land in any particular localities, the applicants should place themselves in communication with the authorities on the spot. They have been further informed that if it should appear on enquiry that there is land at the disposal of Government suited for the required purposes, and that the Local Authorities have no objection to offer to its transfer to the persons applying for it, the Home Authorities will be prepared to authorize the grant of such land in perpetuity, on such reasonable terms, and subject to such conditions as may be agreed on between the Local Government and the applicants or their agents.

2. The matter having been considered by me in Council, I have now to communicate to you the following observations:

3. Most of the applicants are anxious to obtain "a grant of land in fee simple," by which term I understand them to mean a grant of land in perpetuity either gratuitously or in consideration of an immediate payment, under which the land should be for ever discharged from all demand on account of land revenue.

4. I am aware that the extent of land absolutely at the disposal of the Government in India, in which no rights either of proprietorship or of occupancy are known either to exist at present, or to have existed in former times, and consequently liable to be again put forward, is extremely limited. In such districts as the Dehra Dhooon, Assam, the Sunderbunds, Kumaon, Gurhwal, and others similarly situated, where large tracts of unreclaimed land are to be found absolutely

at the disposal of the State, rules have already been promulgated, under which settlers can obtain allotments on very easy conditions, and for long terms of years; but in no case, I apprehend, extending to a grant in perpetuity. In such cases I desire that you will take such steps as may seem to you expedient for the purpose of permitting grantees to commute the annual payments stipulated for under the rules (after a specified term of rent-free occupancy) for a fixed sum per acre to be paid on receiving possession of the grant. In all other respects, and particularly in regard to the conditions which provide for a certain proportion of the land to be cleared and brought under cultivation within specified periods, the rules will of course remain unaltered. You will report to me the course which you propose to follow, in carrying out these instructions.

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6. It appears to me that the question of granting unoccupied lands in perpetuity, discharged from all demand for land revenue on the part of the State, is intimately connected with another question which has of late attracted much attention in this country, *viz.* the expediency of permitting the proprietors of Estates, subject to the payment of revenue, to redeem the land-tax by the immediate payment of a sum of equivalent value. In those parts of India which are under perpetual settlement, such as Bengal and the Northern Circars (so far as the Estates originally permanently settled have not lapsed to Government, and are now under Khas management) the difficulty of arriving at a satisfactory decision will be the least experienced. It is obvious that if a Zemindar bound to pay in perpetuity a fixed jumma of a certain amount per annum, is permitted to redeem that obligation by the payment of an immediate equivalent (all existing tenures and rights of occupancy being of course in no way injuriously affected by the transaction) and that the amount so paid is applied to the extinction of debt, the Government remains in precisely the same financial position, the balance of its receipts and charges being unaltered. The

process in this case is simply the extinction of a perpetual annuity by the payment of its value in a simple sum; but in estimating that value, it must be borne in mind that, while the perpetual annuity is of fixed amount, liable neither to increase nor diminution, the interest on the public debt, which may be extinguished by the transaction, is of a fluctuating character, and that the charge on the State on its account may hereafter be reduced by judicious financial arrangements.

7. But the political results of such a change cannot be overlooked. The fortunes of the Zemindar, who has been allowed to extinguish his fixed annual liabilities by a single payment are, from thenceforth, still more intimately connected than they are at present with those of the British Government. The immunity from taxation which he is enabled under our rule to claim, and which no native conqueror could be expected to recognize, renders his loyalty a matter of prudence and self interest. He is attached to the cause of order by a tie similar to, and not less strong than that which binds the fund-holder of a European State. This is no slight advantage, and may fairly be held to counterbalance some inconveniences of detail, which may arise in effecting an arrangement such as is here suggested.

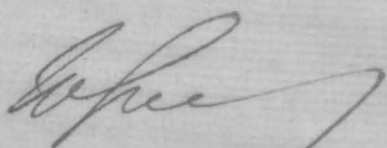
8. In the larger portion of India, where the settlement of the land revenue is made for limited periods, the difficulties attending such a measure, as the redemption of the land-tax, appear to me to be much less easily encountered. The settlements which have been concluded in the North-West Provinces, and in portions of Bombay, and which are now commenced in the Presidency of Madras, provide for a revision of the money amount payable to the State, in commutation of the Government share of the net proceeds of the land, after the expiration of a period of thirty years, so that if, from whatever cause, the relation between the value of silver and that of agricultural produce should be found to have changed, the opportunity is afforded, from time to time, of re-adjusting the pecuniary demand on the cultivators of the soil, without adding to their burdens, or sacrificing the just dues of the State. This consideration appears to me to be most important, especially in a country like India, where so large a proportion of the public income has from time immemorial been derived from the share reserved to Government, of the produce of the land. Under such circumstances, the permission to redeem the land-tax can operate only in so far as the people may avail themselves of such permission as a permanent settlement of the land-tax at its present amount. The basis of calculation for the redemption can only be the rate of assessment now actually paid; and the redemption being once effected, the State is for ever precluded, whatever change of circumstances may hereafter take place, from participating in the advantages which, there is every reason to hope and anticipate, will follow the measures which are now in active progress for improving the administration, and for developing the material resources of the country. Weighing these difficulties on the one hand, but remembering on the other the

(4)

importance of affording all possible encouragement to the employment of British capital, skill, and enterprise, in the development of the material resources of India, I commend to your earnest and early consideration the important questions treated in this Despatch; but I particularly request that in any suggestions or recommendations which you may submit to me, you will be especially careful not to confine them to such as may be calculated for the exclusive advantage of European settlers, and which cannot be equally participated in by the agricultural community generally.

I have, &c.,
(Signed) STANLEY,
Secretary of State for India.

(True copy)



Secy. to the Govt. of India.

Exd.—M. A. Mendes.

FROM

No. 1550.
W. GREY, ESQUIRE,
Secy. to the Govt. of India,

TO

The Secretary to Govt. of Fort St. George

SIR,

Dated Fort Milla—the 1st August 1859.

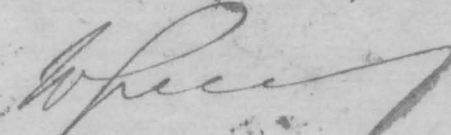
HOME DEPT. I AM directed to transmit, for the consideration of *His Excellency the Governor in Council*, a copy of the Secretary of State's Despatch No. 2, dated 31st December 1858. in the Revenue Department, noted in the margin, and to request that the Governor General in Council may be favored with an early communication of the opinions of *His Excellency in Council* on the questions discussed in the Despatch. If it should appear to *His Excellency in Council* desirable to consult any of the Officers of the Madras Government upon the Despatch, the Governor General in Council sees no objection to that course being taken, but the great importance and difficulty of the questions submitted for consideration would seem to suggest the expediency of selecting for the purpose a few Officers of mark, rather than of circulating the Despatch for the opinions of the Officers of the Revenue Department generally.

2. With regard to the instructions which are conveyed in the 4th paragraph of the Despatch, and which may be at once acted upon, I am directed to state that those instructions are not understood by the Governor General in Council as dealing with the question of granting lands *in perpetuity* discharged for ever from all demand on account of land revenue, but merely as directing that, under the existing rules for the grant of waste lands, grantees shall be permitted to commute the annual payments stipulated for under those rules, by a single payment at the time of receiving possession of the grant. The question of disposing of waste lands in perpetuity, free of all prospective charge of land revenue, is understood to be left for consideration as a part of the great general question of permitting the land-tax of India to be redeemed. If there were any doubt as to this being the correct construction of the orders contained in the Despatch now forwarded, it would be removed, I am desired to observe, by the tenor of the 4th paragraph of Lord Stanley's subsequent Despatch No. 1, dated the 16th of March, a copy of which was forwarded to you with my letter No. 844 dated the 27th April. I am to add, that the Governor General in Council perceives no objection to extending to existing grantees the permission to commute the annual payments for which they have agreed.

I have the honor to be,

SIR,

Your most obedient servant,



Secy. to the Govt. of India.

Exd.—M. A. Mendes.

R. D.

N^o 1132

To

The Secretary to the
Government of India

Sir,

I have the honor
to acknowledge your
letter of the 1st Instant,
transmitting copy of a
despatch from the
Secretary of State dated
December 31st 1859, on the
subject of the resump-
tion of the land tax
in India, and request-
ing the opinion of
this Govt on the
matter.

2. I am directed
to state in reply
that the careful
attention of this Govt

thought we were to have
the opinion of the Board
of Revenue on this subject?

W

W

P. Con. 17th Aug 1859 & 1.3.44
1st July 1859 & 2.38.39

Chief
Office 26

Revenue 1859
20th July 26-2 Aug

1503

From the Secretary to
the Govt of India.

Dated 1st Aug 1859

1st Aug 1859

Forwarded for opinion
copy of a despatch from
the Secretary of State on
about commencing the
survey of payments for
land into one sum.

1st Aug 1859

1st Aug 1859

1st Aug 1859

1st Aug 1859

has recently been given
to the subject thus
propounded, and to
transmit for the in-
formation of the Govt
of India, copy of an
order passed on the
5th instant, which con-
tains their views on
the question of the
proposed redemption
as applied to the
general land revenue
of India. (para 2), as
well as of the extent
to which in their opi-
nion it may benefi-
cially be acted on in
relation to certain
limited portions of
the land revenue.

I am directed to men-
tion that it was
consideration of the
necessity and advantage
of

of strengthening the
tenure of land in cer-
tain cases, which brought
the subject under
^{deliberation}
~~consideration~~ of the
Govt, but that they
were guided and en-
couraged in the view
which they adopted
by the opinion ex-
pressed in Lord Stanley's
despatch now re-
ceived, a copy of which
was communicated
with Mr. Chapman's
letter of June 2, 1860.
3. Inverting to
the second paragraph
of your letter, I am
desirous to observe that
in this Presidency
the land held for a
term of years is very
limited, viz. that taken
by European settlers

or by natives from the
low country, on the
Miziri and Cheruway
Hills. Such land is
held for thirty years in the former case & for twenty
except building land one year in the latter,
on the Miziris which
is held for ninety
nine years. In every
case, however, the
assessment on the
land is so high that
it could not be raised
without entirely
setting aside the
established rule
of Ryotwar settlements
not to tax improve-
ments made by the
holder of land. The
land in question
therefore must be
excluded, for all pro-
cessual purposes, as held
an

on a permanent ten-
ure, subject to the
payment of the ap-
-ment or quit rent.
This being the case,
~~it is clear that if~~
if the tax on this land
was to be redeemed at
all, it must be redee-
-ed in perpetuity,
not less than on the
other lands included
in the order, all of
which are held on
a permanent tenure.
And the Governor in
Council continues
of opinion that this
operation, limited as
the order limits it,
will be of great bene-
-fit to the Public,
and that the trifling
sacrifice of current
revenue which it

will eventually en-
hail will be much
more than compen-
sated to the fact in-
directly, through the
stimulus to improve-
ment in various
ways which will
be created by the
security of tenure.

H. I am further
directed to explain
that the redemption
price was fixed at
twenty years pur-
chase of the quit
rent, because that
amount will some-
what more than ex-
tinguish debt equal
to the quit rent.
In this particular
the analogy of the
law

law in England
was followed.

Forb. St. Geo. 25 Aug. 1859

Forb.

23/2/76
1-10-81
9-6-92
5-6-93
10-94
14/10/12
22-11-04
20/1-08
16-6-16
4/3/18

Revenue 1859 Dept.
Pro. of Govt. 26th August

No 1132.

To the Secretary to the
Govt. of India.
D^y 25th Augt. 1859.

From the Govt. of India, D^y 19th Octr
1861 C. N^o 2541

1132 7/25-8-59

Opinion of this Govt. on
the subject of redemption of
Land Tax in India, reported.

No 20 + 21.