

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

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*Proceedings of the Madras Government, Revenue Department,
8th May 1865.*

No. 118. Read the following Proceedings of the Board of Revenue, dated 23rd April 1864,
No. 2,457.

Read the following letter from the Collector of Nellore, dated Krishnapatnam, 24th March 1864,
No. 72:—

1. I have the honor to acknowledge the receipt of the Board's Proceedings of the 5th, No. 1,373, and state I shall be happy to supply the information called for in the first five paragraphs, so far as available, should the request conveyed in my letter of the 24th ultimo, be acceded to.

2. It is possible to enunciate principles, but not calculate an assessment, and compare the results of different systems, when there is neither survey nor classification.

3. In the 3rd paragraph of their Proceedings under acknowledgment, the Board call for an assessment, that the cultivator shall be able to pay every year *without difficulty*, whatever may be his "actual mode of dealing with, or of using his land." And this, I beg to state, I shall be unable to supply under any circumstances.

4. And it is further only right in respect to other requirements conveyed in the next paragraph, that I should at once similarly state the information called for, is what I am not prepared to furnish under present circumstances. I am thinking of offering a prize for the best essay on "Rotation crops in India;" and I shall be happy to submit the information thus obtained for the consideration of the Board. But at present, I could give a few hints on the subject, and as regards inducing the Ryots to adopt views so developed, that the main point, a small knowledge of the principles of political economy is sufficient to shew is a question not of scientific principles but of markets. Probably for a time little progress will be made in the direction of rotation. The price of stock must rise before the mangel wurgel, rape, and turnips, of India come into play. Perhaps it may be otherwise. I hope it may. Only it is to be remembered that stock here does not form an important item of food and arguments founded *as regards consumption*, on English results must be carefully considered.

5. In the 6th paragraph the Board bring the discussion into narrower limits, and urging that the assessment having been fixed hitherto on the average of the grains in general "consumption," the principle was the same as that advocated by me in regard to rotation. I beg, on the contrary, to observe that herein lies the whole difference. In my opinion, it is the average of *production* that must be specially attended to.

6. Whilst the grounds on which I have given an opinion in respect to the productive powers of the land in this District and the present working of our agricultural cycle, as regards fallows, I further beg to state are simply the information received from the Ryots and Tahsildars, &c. I have no recorded information to go on, and am wholly unable to supply the precise details the Board apparently think me possessed of. Fallows depend not only on the soil, but what is put back into it.

7. In the 8th to the 14th paragraphs, the Board argue against an assessment fixed on the average of production with reference to cost of production and the influences so exerted, which the Board observe is a difficulty that could only be met by a "combination of the Ryots," or a forced rotation. The Board repeat the argument in the 18th paragraph in the A B C shape, and give it as their opinion that it is impossible to keep up the price of each species of produce

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"to the required standard" by legitimate means, to which I might simply reply, I am very glad of it. We have had enough of coercive measures. But the system does not rest on negative merits. When I demurred to an average founded on consumption being lumped with averages founded on production, I by no means lost sight of the part "consumption" must play in all questions like the present. And I beg the Board to consider whether the requirements of man must not be taken into consideration in every question affecting the production or consumption of the fruits of the earth, in which case, more rates must be added to complete the scale.

8. I do not think, if we wished, we could keep up the price of particular products. But I do think, though grain be grown cheaper, it is not likely to become an article of human food, and though we cannot adjust prices, prices will adjust themselves.

9. In one respect, there must always be a weak point in the system I advocate, so long as there is any land unoccupied. A rise in prices, with unoccupied land to be taken up, must form a class of outsiders, and swell the killed and wounded when prices fall. But to suppose that such a class can come into dangerous competition with those who cultivate on sound principles, is to suppose that land is inexhaustible, and agriculture not understood at home.

10. And indeed in paragraph 20 such a view might be held compatible with the language used by the Board. When they talk of "should he (the Ryot) please to leave it fallow," as if leaving his land fallow were a point for the Ryot to *please* himself upon, and not an essential to the return which, he may not be sufficiently well informed to know, is due as much to the time the land was recovering its strength as when the crop was growing.

11. But in the 26th paragraph the Board justly observe that the question at issue is a "light assessment." It is not what the Ryot thinks, or what the market rates may do as regards "mean rates" of a *assessment*, but the necessity for a "light" assessment that has produced this discussion. And I urge the necessity for recognizing fallows and pasture, and rotation of crops, &c., because, otherwise, the results produced by the Settlement Department must be too high. The Board in paragraph 23 refer to the remarks of Government in 1855, and then refer to the orders of the Home Government, issued subsequently, as *opinions I maintain*. I however beg, to disclaim such opinions; and if the Board will do me the honor of referring to the correspondence they will see throughout I have been most careful to distinguish whose opinions or rather orders I referred to. It is these orders that are the cause, I believe, of all the manipulation that goes on in every Settlement Report I have yet seen. It is always a case of taking from this, and taking from that, to manipulate the Frankenstein that is always too much for them. And as it is these orders, and not the orders of this Government two years previously that must be attended to, I drew attention to the mistake that had been made in supposing that land could always be cropped with the standard grain, and the results. If the assessment be light enough, it is immaterial how it were fixed. But it cannot be light enough, and in accordance to the orders from home, unless we acknowledge, *the same land cannot be cropped yearly with the standard grain*.

12. In the preceding paragraphs, I have submitted for the Board's consideration, that, as regards the fruits of the earth, the requirements of the consumer will have a wholesome influence on markets. I have argued that the productive powers of the earth are subject to certain laws, and averages formed on such laws are safe rates of assessment. And as a practical illustration that remissions are not necessary, I beg to refer to the state of this District in which I have never given a Rupee of remission either for fallow or pasture, and at the end of five years have no arrears and a steadily rising area of occupation.

13. The Board leave it with me to shew the fairness of charging the same rate for land whether in tillage or not. I reply, it is fairer all should share in the land on which no payment

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is made, than the few who hold it on Puttah. And in conclusion, I have to express my regret that the Jamabandi has prevented my taking up before the Proceedings under acknowledgment, and state I have applied direct to Government, in continuation of my letter of the 24th February submitted with the Board's Proceedings of the 7th instant, No. 1,429, to enable me to supply the information called for.

1. The Board requested Mr. Dykes to put his scheme into the form of a statement as the most simple way of exhibiting its details. It is in his power to explain at once on what particular kinds of produce he would base the revised assessment (for dry lands), and into what classes and sorts he would divide the land; but with regard to valuations he may assign any that general information leads him to think will be approximately correct. The case will be merely hypothetical, though, if the statement be prepared in the detailed manner indicated in the first five paragraphs of the Board's Proceedings, it will serve clearly to shew the principles on which he desires to work out his plan for assessing the land to the land tax.

2. With regard to paragraph 3, if it is not in his power to commute the Government share into a fixed charge on the land, so that the cultivator shall be able to pay the assessment without difficulty whatever may be the crop grown, &c., it is at all events in his power to explain how far his scheme is calculated to further this object, and so to obviate the defects which, according to his views, attend any attempt to form the rates on standard grain valuations.

3. With regard to paragraph 4, he can report whether the people in his District are now in the habit of cultivating crops in rotation; and if so, what crops, and with what alleged object, though he may not be prepared to give himself more than a few hints as to the actual effect which such rotations really have. He can also reply to the last two points of paragraph 4 in the Board's Proceedings, and can give the information required in paragraph 5.

4. The Board do not understand how the Ryots are to be instructed as to sound systems of rotation by their looking at the markets.* Sound principles on this subject must be learnt from those who study agriculture as a branch of scientific knowledge, and in this country, as in any other, the people need instruction if their practice and right principles are ever to be brought into unison with each other.

5. In paragraph 5, Mr. Dykes has misrepresented the Board's remarks. The Board remarked that the "object" was the same, not the principle. In both cases it was assumed that the Ryots would be better able to pay, &c. But Mr. Dykes advocates taking other crops, dry crops and green crops united, on a principle which was not considered when the Settlement Department attempted to form an average rate on different kinds of grain. In both cases, however, the rates consist of a portion of the produce, though not in both cases of the same kind of produce. It is also obvious that every kind of produce whether dry or green, is grown for consumption.

6. With regard to Mr. Dykes's remarks in paragraphs 7 and 8, the Board observe that in the paragraphs he refers to, they pointed out a difficulty in the way of a certain supposed scheme of assessment. He can scarcely imagine that he has met this point by expressing his satisfaction that prices cannot be kept up by artificial means. If he is of opinion that the question raised by the Board in regard to prices would not affect his scheme, he should state so, and the reasons why. His meaning in the concluding parts of paragraphs 7, 8, and 9 should be more clearly expressed.

7. With reference to his concluding remark in paragraph 10, the Board will reiterate the request which they made at the end of paragraph 7 of their former Proceedings, when adverting to the remark made by Government as to "the use of manure, and a judicious rotation of crops, rendering fallows a rare necessity."

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8. Mr. Dykes in paragraph 11 has erroneously ascribed to the Board a remark that they did not make. The questions really at issue are in what way Mr. Dykes intends to assess the

Paragraph 9.

land so as to make the assessment answer his views; how the system he advocates* can be carried out; how the land used as pasture ought to be assessed so as to admit of a man's holding being "self-contained," and so on. There is no question as to the abstract fact that low rates of taxation are better than high rates. Mr. Dykes has to explain how each class of land may be rated so that the assessment shall be light, and at the same time shall be equably distributed over the country, the people having as just a claim to low rates being equably distributed as high rates. The Board do not see that the general principles to which Mr. Dykes refers in paragraph 12, help him out in answering these questions, nor do they consider that his remark in the last paragraph of his letter, as to its being fairer "that all should share in the land on which no payment is made," is an answer to the question whether it is fair to charge persons for occupied land when not under tillage, the same rate as they are charged with when the land is under tillage. His views on this subject were sought specially with reference to the statement made in one of his letters, that it has been the practice to remit for fallows, "the Ryots being unable to pay for such land the rates applicable to grain crops." The question therefore is what rates will they be able to pay when land is lying fallow? He is incorrect in stating (paragraph 11) that the Board referred to the Orders of the Home Government as "opinions" maintained by Mr. Dykes. Nothing of the kind is to be found in paragraphs 23 or 24, or in any other part of the Board's Proceedings.

9. These remarks on Mr. Dykes's letter will serve to shew how loosely he has replied to the several questions put to him by the Board expressly for the purpose of eliciting from him, in clear detail, the precise nature of the scheme which he advocates, and how desirable it is that he should exhibit this scheme in a figured statement. He is therefore again requested to prepare a statement in the form described.

10. Mr. Dykes will be so good as to make in his statement an allowance for cultivation expenses, and will consider that the Government share in net results should be 50 per cent.

11. Resolved that a copy of these Proceedings be submitted to Government, with reference to the last paragraph of Mr. Dykes's letter, with copy of the Board's Proceedings, dated 5th March 1864, No. 1,373.

No. 119.

ORDER THEREON, 8th May 1865, No. 944.

Land Revenue.

Recorded, with reference to G. O. dated 12th December 1864, No. 2,243.

(Signed) C. G. MASTER,

Under Secretary to Government.

No. 1,373.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 5th March 1864.

Read again Government Orders, dated 24th November 1863, No. 2,118, Revenue Department, and 8th January 1864, No. 30, Revenue Department.

1. In the correspondence included in the above Proceedings of Government Mr. Dykes argues that the land assessment in his District ought to be so fixed as to allow both for a proper rotation of crops and for fallow once in four years; and, secondly, that the assessment ought to provide for pasturage—remarked, with regard to the latter point, that the new Settlement Department has made no provision in other Districts for pasturage.

2. The Government remarked on the first point, that the principle advocated by Mr. Dykes had in fact been recognized by the Settlement Department, though in a more general way than Mr. Dykes proposes, the assessment being based in each of the three Districts for which revised Settlements have been submitted to Government on four different kinds of grain. Mr. Dykes is now requested, first, to explain on what particular kinds of produce he would propose to base the revised assessment for each class of dry land in Nellore, supposing the number of classes to be restricted to three or four as he would wish; and, secondly, assuming that the Government share for each kind of produce is 25 per cent. in each class, to show what proportion his proposed rates would bear in each grade to the gross, supposing the assessment to be based on only one kind of produce for all, instead of on the three or four kinds of produce included in the given rotation.

3. In order to place his scheme of assessing the land in a clear form, Mr. Dykes will be so good as to prepare a Statement similar to those prepared by the Settlement Department, showing in columns his several classes, each with its distinctive features, the different kinds of products embraced in the proposed rotation for each class, the average gross produce of each product calculated roughly with reference to any available data, his proposed rates, how the average rate is obtained, and such further particulars as his plan may seem to him to require. The Statement should be so drawn out as to exhibit in detail the mode in which he would propose to commute the Government share in the produce (paragraph 2 of his letter to Government, dated 13th November 1863, No. 28), into a fixed charge on the land, so that on the one hand the Government shall receive its customary revenue, and on the other the cultivator of the land shall be able to pay the assessment every year without difficulty, whatever crop may be grown, or whatever may be the Ryot's actual mode of dealing with, or of using, his land in any given year.

4. He should report separately whether the people cultivate crops in rotation now; if so, what they believe to be the effect of their rotations, and what rotations he would himself propose, stating what prospect he sees of inducing the people to adopt his views on such a point, and how in his own opinion the rotation he may name would act on the land or have a "restorative" effect. He will explain in detail how he

* Vide paragraph 4 of Mr. Dykes's letter to Government, dated 21st December 1863, No. 36.

would fix the assessment on the land so as to provide for pasturage, and so as to effect the last object he had in view when requesting the Government to reconsider their Order, viz., "that a man's holding should be self-contained."

5. He should also state how much land is used for pasturage in the Nellore District, and what is the supposed productive value of land so used compared with the productive value of land in tillage.

6. In the cases referred to by Government, the four kinds of grain on which the assessment was based were not chosen on the ground that they were the most suitable crops to cultivate in succession, on the principle which usually in Europe governs the choice of crops for the rotation system of agriculture. In each case the four kinds of grain entered more than other products into general consumption, and therefore instead of commuting the Government share for a fixed quantity in one kind of grain only, it was deemed a better plan to form an average rate out of the Government share in each kind. Mr. Dykes proposes to form an average from the Government share in other kinds of produce more suitable for a sound system of rotation; but otherwise his object and that with which the Settlement Department has based the assessment on more than one kind of grain are the same. In both cases it is assumed that a Ryot will be better able to pay a fixed charge for his land (whatever may be the crop grown, or whatever may be his system of agriculture) if the charge be a kind of average share, than if the Government share be commuted for a fixed quantity in one kind of grain only.

7. It is also assumed that the assessment, if it be fixed on a moderate scale, can be paid, whether the land be cultivated or not. The Government remark on this point that the Settlement Department had allowed for fallows as well as for vicissitudes of seasons, &c.;* and that, "as far as the revenue is concerned," it is the same thing whether the land is allowed to be retained fallow free of assessment "as often as a proper system of agriculture may actually require," or whether the assessment is fixed on a moderate scale with reference to this necessity. Mr. Dykes has already expressed an opinion that a fallow is needed every four years; but with reference to the concluding remark made by Government on this point,† he should explain the grounds on which he considers that a fallow is required so frequently as once in four years.

8. Mr. Dykes believes that a fixed rate of assessment, equivalent to a fixed quantity in grain, must interfere with the cultivation of other products. The Board will not dispute the correctness of this opinion; but whether a fixed money rate professedly representing an average between the Government shares in green crops and the Government share in grain crops, or whether an average rate based on the Government share in grain crops only, is not open to the same kind of objection has yet to be proved.

9. "By the ancient law of the country, the ruling power is entitled to a certain proportion of the annual produce in every bugah."‡ This share in the annual produce (amounting under the Mahomedan Government to one-half and under the Hindoo Government to one-sixth) was formerly collected in kind, and was of course liable to fluctuation, as to its annual gross amount, with every variation in the annual crop. In the course of time the Government share in the annual produce has been commuted for a fixed quantity, and this fixed share in kind for its equivalent in money.

10. It is now proposed to convert this fixed charge into an average rate, or a mean proportion of the Government shares in different kinds of produce, in order to obviate the objection which exists to commuting a fluctuating share for a fixed quantity in one kind of grain only; viz. that a fixed charge thus formed cannot represent the same proportional charge in inferior crops.

Different crops.	Total produce per acre Madras Measures.	Government share 25 per cent.	Commutation price per garce of 3,200 Measures.	Money rate at commutation prices.
1	2	3	4	5
Raghy	M. M. 1,200	M. M. 300	Rs. 66	Rs. A. P. 6 3 0
Cholum	800	200	84	5 4 0
Cumbao	600	150	60	2 13 0
Average				4 12 0

Thus, if the three kinds of produce entered in the Statement exhibited in the margin should be cultivated in succession on an acre of land, and the Government share in each, at 25 per cent. should range, when converted into a fixed quantity and a money rate, from Rupees 6-3-0 to Rupees 2-13-0, it is assumed that the Ryot would be better able to pay as a fixed annual charge a mean (Rupees 4-12-0) between these different shares, than to pay a fixed charge equivalent to the value of the Government share in the superior grain only (Raghy.) At the end of the three years the Ryot's aggregate payments would be equal in amount to a tax of 25 per cent. separately levied on each crop. The Government would therefore receive its fair proportional share for each crop grown; while the Ryot, by reason of his being charged a mean rate, would be able to grow different kinds of crops, each charged with its due share, instead of all crops alike being subject to one uniform charge equivalent to a fixed quantity in the superior kind of produce.

11. It is however obvious that this plan of assessing the land pre-supposes that the Ryots will be able to obtain for each kind of produce the same price which each would bring if separately taxed. For each share (each amounting to a different value, corresponding with the greater or the less productiveness of the crop entered in the rotation) has an assigned money value, by means of which the mean money rate is formed. If therefore the Ryot should be unable to obtain this price, the so-called mean rate, though less (at the assumed commutation prices) than a share of 25 per cent. in the most productive of the three kinds of grain would cease to be a mean rate, and would, in fact, be open to the same kind of objection as that to which a fixed money rate equivalent to a fixed quantity in the standard grain is liable, viz., that it fails to represent an equal proportional share in crops which are not of equal productive value, or, in other words, crops which cannot be raised each at the same cost of production, because different kinds of produce yield to the same quantity of labor unequal returns.

12. The same kind of condition is equally implied when a fixed quantity in the standard grain is commuted for a money rate; but in that case the land-owner is secured an adequate price to indemnify him for all expenses including the tax, on the principle that the tax is an item in the necessary cost at which the stated produce is raised and brought to market, and that none of the purchasing class can obtain the required supply if he will not pay this necessary cost. The price of any commodity being regulated, as a general rule, by the cost at which it can be produced.

13. In the other case, none of the separate crops is subject at the time it is raised to a charge of 25 per cent. as a part of its necessary cost; for the annual charge on the land is only a mean in the supposed 25 per cent. share in three different kinds of produce. The price therefore of each, if left to adjust itself to the actual cost on the principle referred to above, would differ more or less from the price which by the proposed mode of assessment each crop ought to bring. Each crop would in fact bring a price commensurate with the cost at which it was raised, inclusive of the tax charged on the land in the year it was grown (that is, the mean rate,) and as each crop differs in productive value, the single fixed charge, though called a mean, would, from its unequally representing the proper Government share in the respective crops be open, to the kind of objection referred to above paragraph 10.

14. Prices might be kept above their natural level, if the Ryots could enter into a general combination for that purpose, a view of the case that need not be discussed. Or, if the people

could be *compelled* to follow any given rotation system, as, for instance, a four—course of three crops and one bare fallow for every field,* the three associated products would be raised at a kind of *joint* cost, the fixed annual tax forming a component item in that cost, and the price at which each kind of produce could then be sold must be a price sufficient in the aggregate to cover the sum of the expenses incurred in bringing to market the three united products, including as part of that expense the four years' assessment. In that case a fixed annual rate would really be an average tax. But in practice such a mode of assessing the land is of course impossible, though apparently it is the only one in which a tax laid on the land in the shape of a uniform fixed charge could be made to affect all kinds of produce alike.

15. In England the mode by which, under the Commutation Act, the average value of tithes is commuted for fixed quantities of corn was open to the same kind of objection which Mr. Dykes now raises to charging the land in this country with a fixed quantity of the standard grain. Thus Mr. McCulloch, writing on this subject, remarks: "Hitherto the commutation has, on the whole, worked very favorably. It is conceivable, however, that the tithe charge, being fixed in quantities of wheat and other grain, may become a serious obstacle to the conversion of the land on which it is laid to pasturage, or to the culture of crops other than corn. But if such difficulties should really occur to any considerable extent, the system may be modified so as to avert or mitigate their influence. It is always better to deal with contingencies of this sort

† Treatise on the Principles and Practical influence of Taxation, 3rd Edition, page 193. "when they arise, and when their real operation is known, than to attempt to anticipate them by a priori arrangements."†

16. The precise method by which tithes were commuted was to ascertain the average value of the tithes at any place according to the prices which the produce taken as tithe had brought in the nearest markets during the seven years ending with 1835; to convert this value, divided into three equal parts, into equivalent quantities of wheat barley and oats at the average prices of the Kingdom during the same seven years' term, and to make the quantities of corn thus obtained a fixed rent-charge on the land, convertible into money at the prices of the day (the current average prices of the Kingdom.) In this country, it is necessary to make a grain valuation of the land as the first step towards ascertaining the Government share, while the fixed money charge is intended to represent (according to the system followed by the new Settlement) a sort of mixed quantity, viz., first a share in the net (so-called from its being the residue after deducting certain cultivation expenses); and

‡ "Taking the grain value commutation prices and calculation of cultivation expenses given above, and deducting from the full gross produce one-sixth, as proposed in paragraph 67, we may ascertain, as nearly as it is possible to do so, the net produce, and from a combined consideration of both gross and net arrive at fair money rates." Extract from Mr. R. E. Master's report to Mr. Newill, Director of Revenue Settlement, dated 12th October 1860, No. 87, paragraph 113.

secondly, a share, to some extent, in the gross produce.† The two processes thus described are very dissimilar in their respective details; but in both cases the fixed charge, when once formed and laid on the land, is more favorable to those who receive than to those who have to pay; for just as a fixed charge (in quantities of corn) might in England represent some proportion different from one-tenth in crops other than corn, or to one-tenth of a field's productive value when laid for pasture, so the fixed money charge in this country, from its failing to represent a uniform share in the produce, when the land is not employed in the culture of the standard grain, may prove a serious obstacle to the culture of other kinds of crops, &c.

17. The defects of the Commutation Act have not been found so serious in practice as to call for any actual attempt at a remedy. The great improvements made of late years in England in agricultural operations have doubtless tended to reduce the real burden of the fixed charge substituted for a tithe, so that this charge can in general be paid without difficulty however the land may be employed; but in such a poor country as this, where the whole system of agriculture

is in a primitive state; or, in any country where the produce is liable to a much larger proportional tax than one-tenth, as in India, if the two-tenths, the three-tenths, or, as it may be, the five-tenths forming the revenue, are commuted for a fixed money charge, it may be impossible to collect such a charge in all years alike, or impossible for the people to prosper under such a system of taxation. Mr. Dykes has very earnestly protested against imposing on the wide extent of pasturage existing in his District the same high rate as land supposed to produce grain, is charged with; but his mode of meeting the objections which exist to such a course may not be a practicable one. Nor may it be practicable to provide for fallows as he proposes.

* Letter to the Board, dated 6th July 1863, No. 212, paragraph 4.

18. He explains* that the usual practice has been to remit for fallow, and to allow the Ryots to occupy land for pasturage at a reduced rate (in certain proportions to the land under tillage), the Ryots being unable to pay for such land the rates applicable to grain crops. In this way "we have endeavoured to meet the difficulties arising from the error that was committed in the early days of our rule." It now rests with Mr. Dykes to show how the Ryots can be fairly charged the same rates for land whether in tillage or not, if, as the Board have supposed, it is impossible to charge the land with average rates, or fixed rates which would really represent an average of the Government share in each individual crop. The Board recapitulate the argument to show that this supposition is reasonable.

A. The price of agricultural produce is proportional to the cost at which it is raised, including the land tax, or Government share in the produce, as a necessary item in that cost. B. When a fixed quantity in any one kind of produce is commuted for a money charge on the land, the produce in question commands a price sufficient to cover the cost at which it is raised including the tax.

C. In like manner, if a fixed charge on the land is intended to represent an average of shares in crops differing in productive value, each crop ought to command in the market its assigned value, in order to make the intended average rate a real mean share.

D. But if, when each crop is grown, the fixed charge on the land is not equivalent to the Government share in each at its assigned value, it is impossible to keep up the price of each to the required standard, unless the Ryots combine for that purpose, or unless they are forced to adopt a fixed rotation of crops, neither of which alternatives can be adopted in practice.

E. Whether therefore the Government share be a high or a low proportion of the gross produce, a fixed charge on the land must continue to represent an unequal proportional share in crops differing in productive value, and will not in any sense be equal to a mean of the shares in such crops.

19. The fixed rent charge now substituted in England for the old fluctuating tithes must be paid whether the land be in tillage or in pasture; and this system, while it secures to the tithe owner fixed payments, subject only to fluctuations in the value of corn, is not, it would seem, very injurious even to the poorest land-owners or tenants† but to suppose that the fixed charge is not in some degree a heavier burden than formerly to such persons in particular would be an obvious mistake. On the whole the Commutation Act works well because the tax is light, and because "tithe has ceased to be an obstacle to improvements and a source of quarrelling and litigation." If in this country it were possible to raise a sufficient revenue from the land by imposing on it fixed money rates equivalent to a tenth share, or less, in the produce, the poorer classes of Ryots, who certainly are in no better position than the poorest English land-owners, might be able to pay such a fixed charge with as much ease as the poorer tenants in England pay their commutation charge.

† McCulloch's Treatise, page 196.

20. The "broad rule" to which Mr. Dykes refers, viz., "that the Ryot shall be free to do what he likes with the land in his Puttah, grow as many crops as he can, and turn it to the best use the seasons allow of," is a good rule for the Ryot, so long as he is really free to do

with his land as he pleases; but if, when he should please to leave it fallow, he is told that the land tax must still be paid, his freedom in the matter may justly appear to him more nominal than real. The kind of freedom which the Ryot covets is freedom from taxation. In like manner, it is no slight advantage to the Ryot to find that the Revenue Officers cannot interfere with himself or his land so long as he pays his assessment; but if, to secure that advantage he has to pay the land tax at seasons when the land can yield him no returns, he may think, and not unreasonably, that the privilege is too dearly purchased. The Ryot ought of course to be exempted from all avoidable interference on the part of the Revenue Officers. On this principle fixed charges have been gradually substituted for the old sharing system, and in many other ways steps have been taken of late years to improve the Administration of the Revenue in the Ryotwar Districts, such steps being designed to lighten the Ryot's burden of taxation. It is impossible to say that the measure now under consideration is advocated exclusively in the Ryot's interests. *Per se* it tends to increase the burden of a fixed tax, though possibly such reductions may be made in the rates as to render a fixed rate payable in all years alike a preferable tax, all things considered, to a heavier rate payable only when a crop is grown. If the low rates here contemplated would fail to bring in a sufficient revenue from the land the difficulty ought to be met in some other way. The Board know of no other way, except it be the old system described by Mr. Dykes, viz., remitting for fallow, and allowing land used for pasturage to be held at "exceptional" rates.

21. The Board have not yet referred to the course which Mr. Dykes desires to follow in making a valuation of the land assessed to the tax. He has correctly described the manner in which a farm, or a single field, is valued in England, when a rent has to be fixed for it. The amount of rent depends on the quantity of produce each is capable of yielding according to any proposed system of agriculture*; but still the rent is simply a payment for the surplus produce the farm or the field will yield after deducting from the whole quantity the farmer's necessary expenses (that is wages and interest on the capital expended by the farmer on his farm); the amount of this surplus, or its equivalent in money, depending on the comparative advantages which the farm or field may have in respect to its natural fertility.

22. The land tax consists of a share taken by Government out of the annual produce† (every kind of produce) though fixed money rates have been gradually substituted for the old sharing system. The share, or portion, thus taken by Government for the use of the State is essentially a tax on a commodity (agricultural produce.) Rent is "the difference between the unequal returns to different parts of the capital employed on the soil." Different soils differ in natural fertility. An equal amount of capital expended on each different soil will not yield equal returns. The difference belongs to the landlord. It is nature's gift, and in no sense a tax. It is true that in England tithe, and in this country the land tax, may each be sometimes termed in ordinary language a rent charge, but neither the one nor the other is rent in the proper sense of that term. The Government, as Mr. Dykes remarks,† imposes "a land tax on all lands without reference to whether they could

"pay a rent." But, in such cases, how could the land be valued for assessment if it possessed no kind of value apart from a rent value? The value must of course in this, as in other cases, be computed by the land's natural productiveness; in other words, by the amount of the crop it is capable of producing, of which crop the Government, when the land is cultivated, is entitled to a share.

23. To convert this share into a fixed charge, it is not absolutely necessary to value the land by the aggregate crops the land is capable of yielding in a given series of years. The first necessary step in commuting a share in kind for a fixed charge is to value the given crop out of which the share has to come. If this fixed charge is to be paid for all years alike, it is then only

that the question already discussed regarding average returns from a series of crops, or, an average money rate equivalent to the Government share in each of the series has to be considered. But even then the required average, being an average of the Government shares in several crops, is not the same thing as rent, or the payment made by a tenant to his landlord for the use of the landholder's land. Hence the remark made by

* Exts. Mins. of Cons., dated 14th August 1855, paragraph 13.

Government in 1855, "the right of Government is not a rent, which consists of all the surplus produce after paying the cost of cultivation and profits of agricultural stock, but a land revenue only." Mr. Dykes, maintains opinions entirely opposed to this view of the case; for, as he puts it, Government professes to take by the land tax, precisely as a landlord would take, "what the cultivator can pay, leaving himself a

† Letter to Board, 10th August 1863, No. 248, paragraph 3.

fair return on his capital laid out†." According to this latter view the whole of the "surplus" is

absorbed by the tax, though it is a well known fact that rents, and often high rents, co-exist in this country with the land tax.

24. Mr. Dykes's mode of valuing the land has some degree of support from the fact that for the new settlement an attempt has been made to assess the land on a combined consideration of both its so called "net" value and its gross productive value. But first, the "net" valuations made for this purpose are not looked upon as at all correct; and, secondly, produce valuations must necessarily form the chief basis of a tax to which every class of land, whether the land is capable of yielding rent or not, must be assessed. The Board therefore have discussed Mr. Dykes's views, on the hypothesis that the Government have a right to a share of the produce in every crop grown, (in accordance with Mr. Dykes's own opinion on that point) and that the Government share, anciently taken in kind, was, in the course of time, commuted for the existing fixed rates.

25. The Government have directed that the rate of allowance to be made in the Nellore District for vicissitudes of season should, with the other questions already referred to, be made the subject of special inquiry. The Board have only to observe on this point that vicissitude of season must be allowed for in computing the average value of any given crop. No kind of produce will give equal returns all seasons alike. An allowance must therefore be made, when estimating the value of a field by its produce, for adverse influences of the seasons. Mr. Dykes should explain what deductions ought to be made from full crops in Nellore on this account, and on what data his opinion is formed.

26. The last point calling for remark is the idea entertained by Mr. Dykes that land used as pasture ought to be so assessed as to admit of a man's holding being "self-contained."† The Board understand Mr. Dykes to mean by this phrase, that the land ought to be formed into

† Letter to Government, dated 21st December 1863, No. 36, paragraph 10.

farms, each containing some land in tillage, some in pasture, and so on; and that this object is to be effected by means of the assessment. They observe on this subject that the land tax ought to be light to prevent its bearing injuriously on the industry of the people. If due attention is paid to this general principle in determining the share to be taken out of the produce as public revenue; and, secondly, if this share be equably distributed over the different survey fields, according to the productive value of each, the Government has fulfilled its part, and must leave the people to their own exertions to add field to field, or to acquire the kind of farms which Mr. Dykes contemplates. His views on this subject are of course to be traced to the same error which led him to think that the land is to be assessed to the land tax precisely on the same principle as land is charged with rent. The Government of this country is, from his point of view, supposed to stand in the place of the English landlord, who, as the owner of a landed estate, divides it into farms, to be let for a rent; whereas, in fact, the Government has a right to a land revenue only, and a proprietary interest in the land itself only so far as the land is in a legal sense a security for that revenue.

Ordered that these Proceedings be sent to the Officiating Director of Revenue Settlement, and to the Collector of Nellore, with the request that each officer will favor the Board with his views on the question referred to in the Government Order.

(A true Copy and Extract.)

(Signed) W. HUDLESTON,
Secretary.

To R. E. Master, Esq., Officiating Director of Revenue Settlement, } with spare copies of the
„ J. W. B. Dykes, Esq., Collector of Nellore, } Government Orders.

Ed. R. H. Lee.

Passing observations on certain Orders of Government on the land assessment and the pasturage of the Nellore District and requesting the views of the Collector and the Officiating Director of Revenue Settlement on certain points.

No. 1,373.

Dated 5th March 1864.

PROCEEDINGS OF THE BOARD OF REVENUE.

No.

1864.

Department.

Rev-1104/64

Examine the Board of Revenue
of Nellore to the land to
be assessed 25th April
1864 11/24/57.

1. The Board requested Mr. Dykes to put his scheme into the form of a statement as the most simple way of exhibiting its details. It is in his power to explain at once on what particular kinds of produce he would base the revised assessment (for dry lands), and into what classes and sorts he would divide the land; but with regard to valuations he may assign any that general information leads him to think will be approximately correct. The case will be merely hypothetical, though, if the statement be prepared in the detailed manner indicated in the first five paragraphs of the Board's Proceedings, it will serve clearly to show the principles on which he desires to work out his plan for assessing the land to the Land tax.

2. With regard to paragraph 3, if it is not in his power to commute the Government share into a fixed charge on the land, so that the cultivator shall be able to pay the assessment without difficulty whatever may be the crop grown, &c., it is at all events in his power to explain how far his scheme is calculated to further this object, and so to obviate the defects which, according to his views, attend any attempt to form the rates on standard grain valuations.

3. With regard to paragraph 4, he can report whether the people in his District are now in the habit of cultivating crops in rotation; and if so, what crops, and with what alleged object, though he may not be prepared to give himself more than a few hints as to the actual effect which such rotations really have. He can also reply to the last two points of paragraph 4 in the Board's Proceedings, and can give the information required in paragraph 5.

4. The Board do not understand how the Ryots are to be instructed as to sound systems of rotation by their looking at the markets.* Sound principles on this subject must be learnt from those who study agriculture as a branch of scientific knowledge, and in this country, as in any other, the people need instruction if their practice and right principles are ever to be brought into unison with each other.

5. In paragraph 5, Mr. Dykes has misrepresented the Board's remarks. The Board remarked that the "object" was the same, not the principle. In both cases it was assumed that the Ryots would be better able to pay, &c. But Mr. Dykes advocates taking other crops, dry crops and green crops united, on a principle which was not considered when the Settlement Department attempted to form an average rate on different kinds of grain. In both cases, however, the rates consist of a portion of the produce, though not in both cases of the same kinds of produce. It is also obvious that every kind of produce whether dry or green, is grown for consumption.

6. With regard to Mr. Dykes's remarks in paragraphs 7 and 8, the Board observed that in the paragraphs he refers to, they pointed out a difficulty in the way of a certain supposed scheme of assessment. He can scarcely imagine that he has met this point by expressing his satisfaction that prices cannot be kept up by artificial means. If he is of opinion that the question raised by the Board in regard to prices would not affect his scheme, he should state so, and the reasons why. His meaning in the concluding parts of paragraphs 7, 8 and 9 should be more clearly expressed.

7. With reference to his concluding remark in paragraph 10, the Board will reiterate the request which they made at the end of paragraph 7 of their former Proceedings, when adverting to the remark made by Government as to "the use of manure, and a judicious rotation of crops, rendering fallows a rare necessity."

8. Mr. Dykes in paragraph 11 has erroneously ascribed to the Board a remark that they did not make. The questions really at issue are in what way Mr. Dykes intends to assess the land so as to make the assessment answer his views; how the system he advocates can be carried out; how the land used as pasture ought to be assessed so as to admit of a man's holding being "self-contained," and so on. There is no question as to the abstract fact that low rates of taxation are better than high rates. Mr. Dykes has to explain how each class of land may be

* Paragraph 4.

rated so that the assessment shall be light, and at the same time shall be equably distributed over the country, the people having as just a claim to low rates being equably distributed as high rates. The Board do not see that the general principles to which Mr. Dykes refers in paragraph 12, help him out in answering these questions, nor do they consider that his remark in the last paragraph of his letter, as to its being fairer "that all should share in the land on which no payment is made," is an answer to the question whether it is fair to charge persons for occupied land when not under tillage, the same rate as they are charged with when the land is under tillage. His views on this subject were sought specially with reference to the statement made in one of his letters, that it has been the practice to remit for fallows, "the Ryots being unable to pay for such land the rates applicable to grain crops." The question therefore is what rates will they be able to pay when land is lying fallow? He is incorrect in stating (paragraph 11) that the Board referred to the Orders of the Home Government as "opinions" maintained by Mr. Dykes. Nothing of the kind is to be found in paragraphs 23 or 24, or in any other part of the Board's Proceedings.

9. These remarks on Mr. Dykes's letter will serve to show how loosely he has replied to the several questions put to him by the Board expressly for the purpose of eliciting from him, in clear detail, the precise nature of the scheme which he advocates, and how desirable it is that he should exhibit this scheme in a figured statement. He is therefore again requested to prepare a statement in the form described.

10. Mr. Dykes will be so good as to make in his statement an allowance for cultivation expenses, and will consider that the Government share in net results should be 50 per cent.

11. Resolved that a copy of these Proceedings be submitted to Government, with reference to the last paragraph of Mr. Dykes's letter, with copy of the Board's Proceedings dated 5th March 1864, No. 1,373.

(A true Copy and Extract.)

Shroton
Secretary.

To J. W. B. Dykes, Esq., Collector of Nellore.

Copy to J. D. Sim, Esq., Secretary to Government, R. D.,

with copy of Board's Proceedings dated 5th March 1864, No. 1,373.

„ to R. E. Master, Esq., Officiating Director of Revenue Settlement.

118-119
14 To the Board of Revenue 29 May

Remarking on Mr Dykes's letter replying to the several questions put regarding the revised assessment and the proper allowance to be made for pasturage, &c., and calling for further information. ...

Rec'd with

Reference 570

118-119

28 May 1864

PROCEEDINGS OF THE BOARD OF REVENUE

No. 1104.

Rev 2 1864

Department

No. 2,457.

Date 23rd April 1864

28 May 1864

2/4