



**"R.C. DUTT AND COLONIAL ECONOMY\$ AN INTERPRETATION IN
AGRICULTURAL PERSPECTIVE"**

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India in the eighteenth century was a great manufacturing as well as a great agricultural country and the products of the Indian loom were supplied to the markets of Asia and of Europe. It is, unfortunately true that the East Company and the British Parliament, following the selfish commercial policy of a hundred years ago, discouraged India manufactures in the early years of British rule in order to encourage the rising manufactures of England. Their fixed policy, pursued during the last decades of the eighteenth century and the first decades of the nineteenth, was to make India subservient to the industries of Great Britain, and to make the Indian people grow raw produce only, in order to supply material for the looms and manufactories of Great Britain. This policy was pursued with unwavering resolution and with fatal success; orders were sent out, to force Indian artisans to work in the company's factories; commercial residents were legally vested with extensive powers over villages and communities of Indian weavers; prohibitive tariffs excluded Indian silk and cotton goods from England; English goods were admitted into Indian free of duty or on payment of a nominal duty.¹

Agriculture is now virtually the only remaining source of national wealth in India, and four-fifths of the Indian people depend on agriculture. But the land tax levied by the British



Government is not only excessive, but, what it worse, it is fluctuating and uncertain in many provinces. In England, the land tax was between one Shilling and four Shilling in the Pound, i.e., between 5 and 20 per cent, of the rental, during a hundred years before 1798, when it was made perpetual and redeemable by William Pitt. In Bengal the Land Tax was fixed at over 90 per cent of the rental, and in Northern India at over 80 per cent, of the rental between 1793 and 1882. It is true that the British Government only followed the precedent of the previous Mahomedan rulers who also claimed an enormous Land Tax. But the difference was this, that what the Mohemmadan rulers claimed they could never fully realize; what the British rulers of Bengal, in the last year of rigour. The last Mahomedan ruler of Bengal, in the last year of his administration (1764), realized a land revenue of 817,553; within thirty years of British rulers realised a land revenue of 2,680,000 in the same province.² In 1802 the Nawab of Qudh ceded Allahabad and some other rich districts in northern India to the British Government. The land revenue which had been claimed by the Nawab in these ceded districts was 1,352,347; the land revenue which was claimed by the British rulers within three years of the session was 1,682,306.³ In Madras, the Land Tax first imposed by the East India Company was one-half the gross product of the land! In Bombay, the land revenue of the territory conquered from the Mahrattas in 1817 was 800,000 in the year of the conquest; it was raised to 1,500,000 within a few years of British rule; and it has been continuously raised since. ‘No Native Prince demands the rent which we do,’ wrote Bishop Heber in 1826, after travelling all through India, and visiting British and Native States. ‘A Land Tax like that which now exists in India,’ wrote



Colonel Briggs in 1830, ‘professing to absorb the whole of the landlord’s rent, was never known under any Government in Europe or Asia.’⁴

The people of Bengal and of northern India gradually obtained some relief from the heavy land assessment of the early years of British rule. In Bengal the assessment was made permanent; and as it has not been raised with the extension of cultivation, it now bears (including Road and Public Work cesses, which have been since imposed on the rental) a ratio of about 35 per cent, on the rental. In Northern India the assessment was not made permanent, but it was reduced to slightly over 50 per cent., including all cesses, in 1855. But new cesses were added, calculations were made, not on the current, but on the prospective rental, until the tax rose to close upon 60 per cent, on the rental.⁵

In Madras and Bombay things are even worse. There the Land Tax is paid generally by the cultivators of the soil, there being, in most parts of those provinces, no intervening landlords. The British Government declared its intention in 1864 of realizing as Land Tax about one-half of the economic rent.⁶ But what the British Government does take as Land Tax at the present day sometimes approximates to the whole of economic rent, leaving the cultivators little beyond the wages of their labour and the profits of their agricultural stock. The Land Tax is revised once every thirty years; the cultivators does not know on what grounds it is enhanced; he has to submit to each renewed assessment, or to leave his ancestral fields and perish. This uncertainty of the Land Tax paralyses agriculture, prevents saving, and keeps the tiller of the soil in a state of poverty and indebtedness.⁷



It appears from the facts stated above that the Land Tax in India is not only heavy and uncertain, but that the very principle on which it is raised is different from the principle of taxation in all well-administered countries. In such countries the State promotes the accumulation of wealth, helps the people to put money into their pockets, likes to see them prosperous and rich, and then demands a small share of their earnings for the expenses of the State. In India the State virtually interferes with the accumulation of wealth from the soil, intercepts the incomes and gains of the tillers, and generally adds to its land revenue demand at each recurring settlement, leaving the cultivators permanently poor. In England, in Germany, in the United States, in France and other countries, the State widens the income of the people, extends their markets, open out new sources of wealth, identifies itself with the nation, grows richer with the nation. In India, the State has fostered no new industries and revived no old industries for the people; on the other hand, it intervenes at each recurring land settlement to take what it considers its share out of the produce of the soil. Each new settlement in Bombay and in Madras is regarded by the people as a wrangle between them and the State as to how much the former will keep and how much the latter will take. It is wrangle decided without any clear limits fixed by the law – a wrangle in which the opinion of the revenue officials is final, and there is no appeal to judges or Land Courts. The revenue increase and the people remain destitute.

Romesh Chandra considered land assessment, except in the permanently settled areas, excessive and uncertain. Excessive land tax, he argued, impeded agriculture and the prosperity



of the people. He discovered a direct link between excessive land tax and recurring famines and found ‘the remedy in fixing equitable limits to the state demand from the soil’. His five *Open Letters* to Lord Curzon and again his reply to the Viceroy’s famous resolution on land revenue (16th Jan. 1902) reveal his deep understanding of the land revenue problems and related agrarian questions of his times.⁸ Viewed from the standpoint of a nationalist historian, his basic assumptions on land revenue, except his occasional outbursts over permanent settlement, appear to be sound.⁹ His five basic assumptions were as follows: (i) where the state received ‘and revenue through landlords, and revenue was not permanently settled, he pleaded that the state demand be limited to one-half the rental, (ii) where state received land revenue direct from cultivators the rate be limited to a maximum of one-fifth the gross produce of the soil, (iii) increase of price be made the sole ground of enhancement at the time of settlement, (iv) Thirty year rule of settlement be followed where assessment was temporary, (v) that no cesses be imposed on the rental of the land except for purposes directly benefiting the land and that it must not exceed 6¼ % on the rental in any province of India.



REFERENCE:

1. R.C. Dutt,, *The Economic History of India*, vol. II, Delhi, 1902, p. VI
2. *Ibid.* , p. VII
3. *Ibid.*
4. *Ibid.*
5. Bipan Chandra, *The Rise and Growth of Economic Nationalism in India*, 1966, New Delhi, p. 211
6. *Ibid.* p 214
7. R.C. Dutt, *Open Letter to Lord Curzon*, Calcutta, 1904, pp. 78-80
8. *Ibid.*
9. *Ibid.*