

Department of Economics
Year: III, Semester: 06
Course: EC 306: Economic History of India
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Book Reference:

1. G. Khusal: "Economic History of India 1757-1966"
2. Debesh Mukherjee: "Indian Economic History"

Permanent Settlement

Warren Hastings has expressed the view in 1772 that settlement with the zamindars was the only way out of the chaos into which the company's revenue (administration) had fallen. He was in favour of settlement for a fairly long period. Philip Francis was in favour of making the Zamindari settlement unalterable for all time. Both agreed that the traditional zamindars were the natural leaders of the local communities in which they lived and that outsiders would not be inclined to protect the interests of the ryots to the same extent as the zamindars would do.

After the experiments of the five-yearly and shorter settlements, most of the company's officials came around to this view. Lord Cornwallis came to India as Governor-General in 1786 with specific instructions to give effect to this policy. He himself also believed that only by making a once-for-all settlement with the zamindars regarding the land revenue could the company's limited administrative resources in India be freed for other and more important tasks

Cornwallis was interested only in securing a guaranteed income for the company. He also wanted land to pass into the hands of the more vigorous commercial classes of the country who would then spare no resources to bring the wastelands into cultivation and thus would usher in an agricultural revolution in the country in the same way as British landlords were doing in England.

The Permanent Settlement (PS) was announced in 1793. The revenue demand on Zamindars was fixed at 9/10th of the rent which they were assured to collect. The Zamindars were made liable for the punctual payment of their installments of revenue into the company's treasury. Any failure to discharge their obligation would immediately result in the sale of such portions of their estate and would be necessary for the realization of their dues. To enable the zamindar to collect his dues from the ryot he was armed by Regulation VII of 1799 with the powers of putting his tenants in a lock-up for non-payments and selling off their personal chattels for the realization of arrears of rents.

There was no record of the right to which the ryot would turn in case of enhancement of rent or eviction. Lord Cornwallis's idea that zamindars could be made to grant a written "Patta", clearly stating the terms of tenure, to every cultivator was far from being realized. The extraction of zamindars became in most cases entirely arbitrary. Sometimes the zamindars might relegate the right of rent collection to subordinate agents who would then impose their own assessment on the

ryot. Because of the system of sales for default, Zamindars continued to change hands even under the PS.

At one time it was contemplated that the benefit of permanence in tenurial conditions would be extended to the actual cultivators. The years following the introduction of PS saw an upsurge in population and demand for land, in such a situation it was hardly practicable to secure fixity of tenure and permanent rental demand for all class of tenants.

The PS involved the sacrifice of the state's claim to a future increase in the value of agricultural production. The system led to channeling of the surpluses from land into the hands of the relatively small class of landlords and to that extent created conditions favorable for raising the level of private investment. The number of people sharing in the rental income from land, however, increased as the year passed. Subinfeudation of the estate came to be commonly accepted practice with almost all classes of landlords.

The actual cultivator was not in the least benefitted. He continued to suffer from the same insecurities and harshness of treatment which has been his lot since his customary right began to go by default in the great social and political confusion of the times. In fact, as traditional zamindars began to lose their property and landed estate passed into the hands of the commercial classes, rock renting of the cultivators increased. Since default by the zamindar was not condoned by the company, the zamindar was not in a position to grant remissions to the ryot even when the ryot's circumstances called for such remission.

As prices of crops and rental values of agriculture land shot up in the early years of the 19th century the zamindar found it convenient to arrange for rent to be collected through intermediaries. The latter would hold estates under a zamindar him a fixed rent but would be left free to make it up for themselves by imposing higher rents on the ryots. This process of sub infeudation went to extreme lengths in some permanently settled areas as rental values, determined by market forces, continually rose. Investment in Zamindaries and other intermediary rights became more sought after than investment in commercial and industrial ventures since the former yielded a certain income while income from later was uncertain.

Further readings:

Trithankar Roy: "Economic History of India 1857-1947", Oxford, 3rd edition

G. Khusal: "Economic History of India 1757-1966" Kalyani Publishers; 2nd edition

Debesh Mukherjee: "Indian Economic History" New Central Book Agency; 3rd Revised edition.

Dhires Bhattacharyya. "Concise Economic History of India,