Chapter IV

THE PROBLEM OF INDEBTEDNESS

Lending cash and grain to meet the needs of local farmers had long been an essential feature of agriculture in the provinces. Creditors came from all but the poorest strata of rural society: well-to-do peasants acquired an interest in their neighbours' produce through the loan of a few maunds or a few rupees; mahajans (dealer-bankers) lent out a portion of their stocks as a regular part of their trade; and maliks used loans to tighten their control over subordinate cultivators and to enhance their local prestige which was measured in numbers of dependants. The working of the British revenue system created further incentives to borrow, but Government supplied no alternative agency of any significance to provide credit. Quite the reverse: the supply of loans from the Treasury to the rural population contracted under British rule because of the marked decline in takavi advances. Private creditors were therefore free to exploit the increased need for credit, and the provision of loans became indisputably the most profitable area for investment of local capital in the later nineteenth century. The reverse side of the coin was the problem of indebtedness.

The Supply of Local Credit

Contemporary estimates of the number of peasants who resorted to borrowing as a regular source of supply were vague. In the absence of detailed local enquiry into the "question of agricultural indebtedness," such information as was officially recorded on the subject came

1See p. 36 above.
2See pp. 110-118 above and Figure 6.
3Between 1860 and 1900, only one official enquiry into indebtedness was made, prompted by reports of severe distress among cultivators in Oudh in 1868-69 and restricted to that province. The evidence collected in the course of this (cursory) enquiry by the revenue administration was published as "Correspondence Relating to the Indebtedness of Cultivators in Oudh," in Selections from the Records of Government

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from the observations of district officers incidentally in the course of settlement work. Statistics accompanying these observations were little more than arithmetical translations of a general impression: the most frequent estimate—75 to 80 percent of the cultivating body—meant simply the majority.\footnote{See A. H. Harington, “Economic Reform in Rural India: Agricultural Indebtedness,” *Calcutta Review*, LXXVI (1883), 153–181, citing settlement reports and district gazetteers of the NWP and Oudh. In Moradabad (1881) and Agra (1871), for example, the majority of cultivators were said to be indebted—so also in Unao (1867), for seed loans. In Gonda and Pratapgarh (1868), a “large majority” borrowed. In Fatehpur, Sitapur, Kheri, and Fyzabad (1878), 75 percent were said to be indebted; in Sultanpur, Rae Bareli (1868), and Bara Banki (1878), 80 percent. Only in Bareilly, during settlement, was an attempt made to take a rough sample from specific villages; a random sample taken from ninety-three villages showed that the majority of cultivators were indebted for some purpose, and that 66.8 percent borrowed their seed grain.


See, for example, *Bareilly Settlement Report*, p. 55; *Oudh Selections*, 1868–69, p. 64 (Rae Bareli). In Muttra district, a large proportion of the cultivators was reported to borrow or hire ploughs and plough cattle; see *Muttra Settlement Report*, p. 48.}

“Except in masonry wells,” commented R. H. Davies, then Chief Commissioner of Oudh, summing up the results of the 1869 indebtedness enquiry, “little capital is permanently invested in the soil. Cultivators and their families, unlike the *metayers* of Europe, provide their own farming stock, bullocks, ploughs, tools, gear, manure. They are mostly too poor to store seed for the better sorts of produce, or maintain themselves on poorer grains from harvest to harvest ... Therefore they are very generally, though in varying degrees, dependent on extraneous aid ...”\footnote{See A. H. Harington, “Economic Reform in Rural India: Agricultural Indebtedness,” *Calcutta Review*, LXXVI (1883), 153–181, citing settlement reports and district gazetteers of the NWP and Oudh. In Moradabad (1881) and Agra (1871), for example, the majority of cultivators were said to be indebted—so also in Unao (1867), for seed loans. In Gonda and Pratapgarh (1868), a “large majority” borrowed. In Fatehpur, Sitapur, Kheri, and Fyzabad (1878), 75 percent were said to be indebted; in Sultanpur, Rae Bareli (1868), and Bara Banki (1878), 80 percent. Only in Bareilly, during settlement, was an attempt made to take a rough sample from specific villages; a random sample taken from ninety-three villages showed that the majority of cultivators were indebted for some purpose, and that 66.8 percent borrowed their seed grain.


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district, in 1871. A debt once borrowed, especially in circumstances of hardship owing to crop failures, was difficult to clear: A. Young reported from Sultanpur that much of the indebtedness current in 1868 dated back to the bad harvests of 1864-65.

Mahajans, the stereotyped “village creditors” of Government records, made their loans according to recognized—and written—systems of account. The charges reportedly levied by dealers on rabi grain loans in Bareilly, for example, where cultivators’ indebtedness was looked on “as the natural state of affairs,” are set out in Table 4, while local modes of account common in Oudh in 1868-69 are set out in Table 5. Charges were also exacted in advance; daswana and bilsah or kast deductions were common in Oudh. According to the first, Rs. 100 was recorded as the loan, Rs. 90 was paid over to the debtor, and Rs. 100 was to be repaid; the deduction amounted thus to a 10 percent interest charge. According to the second, 2.5 to 6 seers per rupee of recorded debt were deducted in advance, with the actual amount of the deduction determined by the relative fineness or coarseness of the grain.

**TABLE 4**

**CHARGES LEVIED ON RABI GRAIN LOANS IN BAREILLY**

<table>
<thead>
<tr>
<th>Indigenous Term</th>
<th>Amount/Value Borrowed in Kartik (October-November)</th>
<th>Amount/Value Repaid in Jeth (May-June)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deora (1.5 times)</td>
<td>5 maunds</td>
<td>7.5 maunds</td>
</tr>
<tr>
<td>Bhao up siwaia (1.25 times the current prices at harvest)</td>
<td>5 maunds (worth Rs. 10)</td>
<td>Rs. 12.8.0 worth of grain</td>
</tr>
<tr>
<td>No indigenous name given</td>
<td>Rs. 10 worth of grain</td>
<td>Rs. 10 worth of grain calculated at 2.5 seers per rupee lower than market price</td>
</tr>
</tbody>
</table>
| Deora nirikh katke (1.5 times the current price, at harvest) | 5 maunds (worth Rs. 10) | 'Rs. 15 worth of grain (50 percent)

**Source:** Bareilly Settlement Report, p. 55.

*This type of charge was exacted by only a few extortionate zamindars in pargana Aonlah.


*Oudh Selections, 1868–69, pp. 64–65.*

*Bareilly Settlement Report, p. 55.*

10Davies, “Memorandum on . . . the Indebtedness of Cultivators in Oudh,” *Oudh Selections, 1868–69, pp. 72–73.* The literal meaning of *daswana* is “one-tenth”; that of *bilsah* or *kast* is unknown.
TABLE 5
MODES OF ACCOUNT COMMON IN OUDH IN 1868–69

<table>
<thead>
<tr>
<th>Indigenous Term</th>
<th>Borrowed</th>
<th>Amount Entered in Books</th>
<th>Repaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ugahi</td>
<td>Rs. 10</td>
<td>Rs. 11</td>
<td>Rs. 11, in instalments, Re. 1 per month</td>
</tr>
<tr>
<td>Up</td>
<td>1 maund</td>
<td>1.25 maunds</td>
<td>Value of 1.25 maunds repaid in money at 25 percent interest; in case of default, amount to be increased to 5 seers for each rupee unpaid</td>
</tr>
<tr>
<td>Sahogat</td>
<td>1 maund</td>
<td>1 maund</td>
<td>Value of 1 maund at rate of 2 maunds per rupee below current price till debt is satisfied</td>
</tr>
</tbody>
</table>


The range of charges included under the general head of "interest" defied any supposition of the existence of a uniform rate. As in the case of their fruitless search for a rent rate, district officers were baffled as to what might be the principle governing this business of loans. "I know of no rational explanation," E. Thompson reported from Sitapur in 1869,

of the extraordinary difference between the rates of interest prevailing in localities removed perhaps only a few miles from each other and in which, so far as we know, the risks are alike; why in one village the cultivator should pay 50%, and in another 100%, and yet there is nothing unusual in this. The rate of interest on mortgage of landed property in parts of Sitapur was for many years fixed by the same inexorable custom at 37½% p.a. without limitation as to amount, while in others no more interest could in any case be claimed than 50% on the original loan, the security in both cases being the same. These great discrepancies cannot be reconciled by considerations of the disparity of risk, and the variation in the supply of capital for investment. . . .\textsuperscript{11}

As rational an explanation existed, however, for the apparent irrationalities of interest charges as for the variations in "rent"—namely, a creditor's relationship to his debtor, or rather the extent

\textsuperscript{11}E. Thompson, Officiating Commissioner, Sitapur, in *Oudh Selections, 1868–69*, pp. 40–44.
of the debtor’s dependence. The principle on which a creditor operated was not to recover his principal with the profit of added charges for its use but to secure a regular source of income from high charges on money or goods loaned.\(^{13}\) It was his interest to keep his debtor in a state of dependence by means of heavy charges so that he must continue to pay up indefinitely.

The timing of loans and their repayment also worked to the creditor’s advantage. Given the small amounts which in the main constituted a borrower’s seasonal requirements, short-term loans were the norm. Accounts were balanced every six months: kharif loans in the harvest months of Aghan and Pus (November–December), and rabi loans in Jeth (May–June).\(^{13}\) A cultivator borrowed his grain for sowing or to feed his household in the thin months of the year, when stocks were lowest and prices were consequently at their highest level. At the harvest, when his creditor demanded repayment, the situation was reversed: most cultivators had to pay off their dues as soon as their grain was threshed and local markets were therefore glutted with produce. Prices naturally fell, with the result that the cultivator might pay back two or three times the amount of grain originally loaned in order to arrive at its cash value at the time of borrowing.

The comprehensiveness of the borrowing clientele, the wide variety of purposes for which they borrowed, and the fact that deficiencies in some part of the harvest were as frequent as abundance was rare kept creditors in business. The custom by which sons were liable for debts incurred by their fathers, without any express stipulation that inherited wealth should be sufficient to cover the debts inherited, ensured the continuation of payments to the creditor in the event of the death of his original debtor.\(^{14}\) Against these advantages, the creditor had to set his risks: bad debts owing to poor harvests, and impoverished or recalcitrant debtors who might on occasion abscond without payment.

The comprehensiveness of the clientele of borrowers—the majority

\(^{13}\)Compare A. O. Hume’s observation: “They [i.e., moneylenders, prior to British rule] lent money, but only at enormous rates of interest; but this was not unfair as they never hoped even to recover the principal while for such interest they were to get they were dependent on the good will of the debtor, or the rare paternal influence of some superior”; *Agricultural Reform*, pp. 38–39. See also p. 39 above.

\(^{13}\)This timing seems to have been universal in Oudh. See reports of the deputy commissioners, answers to Question 4, in *Oudh Selections*, 1868–69.

\(^{14}\)See *Oudh Selections*, 1868–69, p. 41 (Sitapur); *Kheri Settlement Report*, pp. 17–18; *Unao Settlement Report*, p. 18 (this last relating to zamindari families). On ancestral debt in Hindu law, viz. the Pious Obligation, see p. 221 below.
of peasants who were unwilling or unable to accumulate reserves—was matched by a wide range of creditors—the rural minority who held sufficient stocks from which to make loans. Davies concluded from the 1868-69 enquiries that the suppliers of “extraneous aid” to the majority of Oudh cultivators were most frequently “petty moneylenders,” whose numbers included, however, “not only professional village bankers and bannias, but also many speculative and thriving members of the agricultural classes.”

Reports from Lucknow showed the range of creditors from whom cultivators commonly borrowed. According to H. H. Butts, a talukdar’s relationship with his “tenants” was commonly that of creditor to debtors. J. W. Quinton noted in 1868 that the agriculturists’ “so-called mahajan” was frequently himself a petty zamindar or prosperous cultivator who had managed to save some money which he immediately tried to increase by lending it out to fellow villagers. Meanwhile, in the “agricultural” parganas of Mohanlalganj and Mohan Auras (that is, in parganas distant from Lucknow city), professional moneylenders were said to number more than one to every two villages. The same range of creditors was found elsewhere. Bareilly cultivators, for example, were “more or less in debt to their mahajans or their zamindars or mokudums.”

The provision of agricultural loans was the means par excellence of earning a rapid and sizeable return on capital, as compared with other pursuits. William Crooke, in his report on conditions in parts of Etah district for the Dufferin Enquiry of 1888, listed the regular sources of income of a family of Telis (oilmen). Their traditional occupation of pressing oilseeds brought in an estimated Rs. 100 a year. From their 3 acres 2 roods of cultivated land on which, in the year under report, they grew five crops in the kharif and only one, bejhar, in the rabi, the value of the total outturn was estimated at Rs. 50.6.0. From their capital employed in moneylending, some Rs. 3,500, they were reported to realize an annual income of Rs. 1,200. A mahajan’s family holding 29 acres 6 poles as tenants-at-will sublet (in 1886-87)

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16 Davies, “Memorandum on ... the Indebtedness of Cultivators in Oudh,” Oudh Selections, 1868–69, p. 71.
17 Lucknow Settlement Report, p. 56, and see p. 151 above.
18 J. W. Quinton, Deputy Commissioner, Lucknow, Oudh Selections, 1868–69, p. 10.
19 Lucknow Settlement Report, p. 56.
21 Dufferin Enquiry (Enclosures, NWP and Oudh), pp. 77–78: tehsil Kasganj, mauza Abhaipur, family of Chhote.
23 acres 1 rood and 15 poles, from which they drew a net income, after paying their rent, of Rs. 56. The remaining 5 acres 2 roods and 31 poles, which they cultivated themselves with three kharif crops and two rabi crops, brought in an income of Rs. 79. Their income from moneylending, however, was estimated at Rs. 350 per year.\footnote{Ibid, tehsil Etah, family of Bijai.}

In the same district, a Thakur family lived off the combined resources of zamindari, cultivation, and moneylending. The family’s sir holding was 81 acres; added to this were another 17 acres which were held under occupancy tenancy in the name of the wife in another village belonging to another zamindar. Theirs was a typical multiple holding. The family’s earnings from cultivation over this large area were, in the year under report, some Rs. 1,231—the value of the outturn of seven kharif and seven rabi crops. From moneylending, their annual income came to some Rs. 750 on a capital of Rs. 2,000.\footnote{Ibid., pp. 53–54, tehsil Kasganj, mauza Abhaipur, family of Narayan Singh.} Of all potential creditors, a talukdar or zamindar occupied the strongest and most profitable position. To the income from his charges over his mahal were added the charges on his loans. Most important, his jurisdiction as talukdar or zamindar over subordinate cultivators provided him with greater means of controlling his debtors than were available, for example, to a rich peasant or mahajan. Restrictive principles could govern a mahajan’s accounts with his debtors. Rules existed, for example, against excessive compounding, whereby a debt became invalid once it had risen to more than twice the amount of the principal.\footnote{For legal rules restricting the compounding of debts, see p. 219 below.} But few effective restrictions existed to obstruct the exactions of a strong zamindar-creditor, and few checks could be kept on the debtor’s “account” which seems seldom to have been itemized separately from charges due by him under the head of zamindari.\footnote{A report from Farukhabad district in 1877, for example, stated how moneylending and “rent” accounts were indistinguishable in the zamindars’ records (the patwaris’ papers); see Board of Revenue, NWP, to Government, NWP and Oudh, October 4, 1877, NWP and Oudh, “Revenue Proceedings,” May 1880, Index No. 71, November 3, 1877, Proceeding No. 46. A comment by F. N. Wright in a note on the reh problem in parganas Akrabad and Sikandra Rao, Aligarh district, is instructive: “I have carefully analysed the causes of decrease of rent-roll (where found), and especially the arrears of rent, with the view of ascertaining if they could be directly attributed to the effect of reh. In many instances this was most unmistakably the case, but in others I found that cultivators holding all good land and with no reh in their fields were in arrears; in others, the area affected by reh would be trifling, but arrears heavy; in others, again, the patwari asserted that the heavy arrears were in no way due}
high charge of 50 percent (*deora nirikh katke*) was levied by "a few extortionate zamindars" of pargana Aonlah,\(^{25}\) whilst the local bania creditors could not "screw their debtors too hard for fear of driving them to emigrate to Turai [terai], a safe haven of refuge . . ."\(^{26}\) In Sitapur, as Thompson noted in 1869, peasants were aware of the dangers inherent in borrowing from a zamindar, even where his charges were no higher than a mahajan's. There was no doubt a general idea that zamindars are bound to help their tenants by liberal advances of takavi, but these advances are not popular among cultivators. Many zamindars make advances to their cultivators on the same terms as mahajans and exact the same profits. But peasants prefer money-lenders to landlords: landlords have much greater facilities for realizing the debt to the last farthing than mahajans have. The zamindar would take everything due to him before it left the field, but the mahajan can be indefinitely put off, and if he is quite overbearing the cultivator can leave him for another man. The cultivator borrows from his mahajan hoping to cheat him, but he knows he cannot cheat his landlord.\(^ {27}\)

The regular drain on cultivators' produce in the form of charges which provided the mahajans and maliks—especially the zamindar-creditors—with a sizeable income made it impossible for the cultivators themselves to store up reserves. The conditions under which the vast majority of farmers in the provinces produced their crops year after year were as J. R. Reid described them apropos of Azamgarh district in 1870:

If the rice and rabi crops of the preceding year had been good, the agriculturist has generally grain in his house to feed—from April to the middle or end of August—himself and his family; and if he employs anyone to help in watering his sugar-cane, or in ploughing his land, to pay in kind for the hired labour. He may have rice to use as seed, but is not likely to have seed for the rabi to *reh* (though *reh* was injuring the village), but to the fact that the zamindars mixed up their banking and rent accounts, credited receipts to the former, and showed any balance due under the head of arrears of rent—that is to say, the ordinary condition of indebtedness in which the cultivators usually are was utilized as a means of holding arrears over them and keeping them in the landlord's power." Wright, Settlement Officer, Cawnpore, to Commissioner, Meerut, March 22, 1878, para. 9, in NWP and Oudh, "Revenue Proceedings," June 1879, Index No. 125, December 28, 1878, Proceeding No. 63.

\(^{25}\)Bareilly Settlement Report, pp. 80–81.

\(^{26}\)Ibid., p. 55.

\(^{27}\)Oudh Selections, 1868–69, pp. 35–36. For a classic example of efficient use of takavi by the Begam Sumroo, see pp. 48–49 above. In pargana Fatehabad, Agra district, "village bankers" were reported at settlement to be "proprietors" in much larger numbers than
crops, and will probably have to borrow, in addition to the rabi seed, grain for food during September. When the Bhudawi [early kharif] crops are ready, he is in need of grain for his domestic use, and little or none of his crop will be sold. Though poor eating, it will somehow carry him and his family on till the rice is cut and threshed. Meantime he needs cash to pay the first and second instalments of his rents, and this he borrows. When the rice crop is ready, he perhaps repays part of the money and grain he has borrowed. But rice is a favourite food grain, and it generally sells very cheap at harvest time. Besides the crops must supply food for himself and his family for three or four months at least. The agriculturist therefore parts with as little of his rice-crop as possible. Then comes the sugar-cane season. The price that he gets for his gur [molasses] is set against his old debts for grain and cash and out of it he pays the first of the rabi instalments, and his banker through it realizes debts that have been caused during the past year by marriages, domestic trouble and the like. Out of his rabi grain the cultivator saves as much as he can, but part of it he will have to sell in order to pay the last instalment of his rent, or square his account with his banker . . . ; for grain that he borrows, the agriculturist pays in kind 37%, for cash and grain repaid in cash, he pays interest at 25%. The ordinary run of agriculturists lay by very little. Anything they might from adventitious circumstances—such as exceptionally good harvests, high prices, rent-rates below average—be able to save, they spend in marriages and other petty extravagances. As a rule they live from hand to mouth, and probably always will do so.28

In addition, there was always the problem of shortfalls in the harvest. Reid himself estimated elsewhere that seasonal disorders regularly reduced the Azamgarh farmers' yields by some 25 percent,29 and Quinton had noted earlier in Lucknow how deficiencies in the seasonal outturn erased the hope of any remainder being left to the cultivator once he had met—wholly or only in part—the charges for which he was liable.30

elsewhere in the district and to have far greater control over cultivators "than would be possible if they were unconnected with the land." The statistical statement of landholdings for the pargana showed that these "banker-proprietors" were not Banias, but Brahmans and Thakurs, the dominant landholding castes in the pargana, who held proprietary titles to 21 and 28 percent, respectively, of the zamindaris. See Agra Settlement Report, p. 39, and Transfer Statement F, p. 41.

28J. R. Reid, Settlement Officer, Azamgarh, August 3, 1870, in "Abstract of Replies to Board's Circular AAA, 20 July 1870, on . . . the Payment of the Revenue Instalments [Azamgarh]," in NWP, "Revenue Proceedings," May 1873, Index No. 12, April 6, 1873, Proceeding No. 58.

29See p. 25 above.

30Oudh Selections, 1868–69, pp. 7–9.
Amongst the peasantry throughout the provinces, there were relatively few who combined privileged status—by reason of their kinship or service relationship with the dominant zamindar—with freedom from debt, and who were therefore independent enough to control the distribution of their own produce. Such cultivators were able to sell off only so much of their crops as would clear their liabilities to the zamindar, disposing of the least and most valuable produce at the highest prices and retaining the bulk of their crops—the coarse food grains—for their own consumption or for store, to sell later in the season as need or a shrewd eye for the market might dictate. The vast majority, however, were compelled to pay heavy charges to their zamindars and, at the same time, to sell more of their produce at the harvest time in order to satisfy their creditors: deductions for the repayment of loans reduced the low selling price still further. They were subject to the control of the zamindar with his charges and to that of the creditor with his loans, and could rarely escape from them, least of all when they were one and the same.

Indebtedness and the Expansion of Agriculture

The introduction by Government of measures to ensure the continued development of the agricultural resources of the provinces principally by means of public works resulted inter alia, as we have seen, in greatly increased production of the crops recognized as having the highest market value: indigo, sugar cane, cotton, and the finer grains such as rice, wheat, and barley. This was most noticeable in areas opened up to canal irrigation. The changes in local crop patterns towards the predominance of such crops were greeted with enthusiastic approval by Government officers who saw in them clear indications of progress away from the apparent barbarity of indigenous practices and towards agricultural prosperity. It was assumed that the benefits of rising prices—the fruits of sound expansion—for this category of produce would naturally be available to the “agricultural community,” or at least to that section of it which deserved such benefits as a reward for enterprise and industry.

31The distinction between indebted and unindebted cultivators, crucial in relation to the local distribution of produce, was clearly drawn in the Oudh enquiry of 1868–69. For observations on Lucknow Division, see Oudh Selections, 1868–69, p. 4; Lucknow district, ibid., pp. 7–9; Unao district, ibid., pp. 14–15; Bara Banki district, ibid., p. 20; Sitapur Division, ibid., pp. 23–26; Sultanpur district, ibid., pp. 63–64.

32See pp. 71–74 above. For the extent of the expansion of “valuable” crops in canal-irrigated areas of the NWP, see Figures 2, 3, and 4.
Such expansion was deceptive. Although it had in many cases caused substantial ecological changes, it brought no revolution in the techniques traditionally used by local farmers, and, even more important, it left untouched the local networks of charges and loans which so largely controlled the production and distribution of their crops. The burden of the small farmer’s dependence on his superiors could in no way be relieved by an increase in “valuable” crops. W. S. Robertson warned in a paper published in 1876 that “any actual increase in rice cultivation does not denote a corresponding increase in the welfare of the ryot who, as a rule, has to grow his crops, and the rice one in particular under the pressure of a heavy mortgage.”

Not only were the “valuable” crops commonly grown by means of loans; they were also subject to the heaviest zamindari charges and were graded according to the scale of values ruling in local markets. Sugar cane generally topped the list, followed by indigo, cotton, and tobacco, then by opium and vegetables. Local creditors who already reaped benefits from the reduction in takavi loans by Government and from the increased pressure on zamindars and cultivators to borrow owing to the system of revenue collection were presented with increased opportunities for business in those areas where the cultivation of finer grains and commercial staples had expanded.

Indigo cultivation in the NWP provides a clear case in point. In Farukhabad district, for example, indigo was already extensively cultivated under the stimulus of the Ganges Canal by 1860: in that year the collector estimated that some 50 different indigo concerns operated in the district, totalling some 150 factories with each supplied

33 W. S. Robertson, “Grain and Seeds,” Indian Agriculturist, June 1, 1876, at p. 163.
34 In Bijnour district, the scale of zabti charges (fixed dues, paid in cash) was recorded during settlement as follows:

<table>
<thead>
<tr>
<th>Crop</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar cane</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Cotton</td>
<td>3.12.0</td>
<td>12</td>
</tr>
<tr>
<td>Vegetables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safflower</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Opium</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

See Bijnour Settlement Report, pp. 87–88. For further examples, see Bulandshahr Settlement Report, pp. 5–6.

35 See pp. 110–118 above, and compare Figure 6 with Figures 7, 8, and 9.
36 See pp. 156–160 above.
by 25 to 30 villages. Both seed and dye were sent from Farukhabad "in large quantities" to the Punjab, Rajputana, Central India, and Calcutta.\textsuperscript{37}

Purchasers of plant, seed, or gaud (partially manufactured indigo) contracted with cultivators or, more commonly, with their zamindars for maximum security, for each season's supplies. Each transaction was governed by a satta (contract) drawn up by the gomasha (the purchaser's agent) before witnesses, who were generally servants attached to the local indigo factory. The terms of the satta established the area to be sown with indigo, the quality of plant, seed, or gaud to be delivered by the contractor, and the rate at which he was to be paid. The sum agreed in the satta as the full value of the indigo was commonly paid over to the contractor in advance, though payment by instalments according to the various stages in cultivation was not unknown. The contractor received all or the most substantial part of his advance payment in January and paid over 1 percent of the amount (sattawan, according to the terms of the satta) on receipt as a charge to the gomasha. The remainder was his, theoretically, to dispose of as he wished; the only condition stipulated in the contract was that he should cultivate or ensure the cultivation of indigo on the specified area of his holding from April to June. Supervision was entrusted by the factories' agents to peons—called sephis in this context. On the average, they numbered some eight to a factory. Since they received no special payment by way of dasturi (officially recognized charges), they invariably lived at the cultivator's expense when inspecting his indigo plots.\textsuperscript{38}

Four seers of indigo seed per bigha were required for a good average outturn, ranging from fifteen to thirty maunds of plant. This would

\textsuperscript{37}C. R. Lindsay, Collector, Farukhabad, to Officiating Commissioner, Agra, August 18, 1860, in NWP, "Revenue Proceedings," April 27, 1861, Index No. 196, September 8, 1860, Proceeding No. 30. Lindsay's note included no statistics corroborating his impressions of the extent of indigo cultivation in 1860. Statistics provided by the settlement survey, however, in the early 1870s gave the total cropped area of the district as 1,242,620 acres, of which 477,578 acres were estimated as under kharif crops with indigo occupying a total area of 31,156 acres. Four parganas had less than 100 acres under indigo; a further four had between 100 and 1,000 acres; a further four had between 1,000 and 2,000; and only one had between 2,000 and 4,000. Three parganas had over 4,000 acres under indigo. See "Statement of Crops Grown During the Year of Measurement [survey year not specified] by Parganas," Farukhabad Settlement Report, p. 11. Note the value of indigo, in relation to its proportion to the total cropped area.

\textsuperscript{38}C. R. Lindsay, in NWP, "Revenue Proceedings," April 27, 1861, Index No. 196, September 8, 1860, Proceeding No. 30.
THE PROBLEM OF INDEBTEDNESS

give between fifteen and twenty seers of gaud together with one maund of seed. The average net profit (costs deducted) per bigha to a cultivator who contracted to grow indigo was estimated by C. R. Lindsay, the Collector of Farukhabad, at a mere rupee, where he was advanced Rs. 15 for every 100 maunds of plant he was bound to deliver, and no more than a rupee and a half where Rs. 20 was paid for every 100 maunds. So much for the cultivator. The purchaser was in a better position: Lindsay estimated his profits at some Rs. 20 per maund of gaud and Rs. 45 per maund of manufactured indigo.

Given these minute profits of cultivation, it may well be asked why farmers contracted to grow indigo. The answer to this lies in the time at which indigo advances were paid. As P. C. Wheeler candidly explained when commenting on indigo cultivation in Jaunpur district in the 1870s, “Indigo planting is pursued, like so many other industries, by taking advantage of other people’s necessities. The planter’s object is to procure so much plant. This is effected by advancing money to zamindars and tenants when they need it.”

With these cash advances paid in January, cultivators could clear the charges due to their zamindars, and the latter, in turn, could meet their revenue obligations—the cultivators’ payments falling due before crops could in most cases be marketed. The advance offered by indigo purchasers in January was, consequently, “a temptation not to be resisted,” as Lindsay observed in 1860. Predictably, the majority of cultivators in the indigo-growing districts—the lower castes of Kurmis and Kachhis—found the advances irresistible, in spite of the meagre remuneration. The produce of these cultivators was subject to heavy charges, unrelieved by any reductions on account of privileged status. (Lindsay drew attention to the fact that the high-caste Brahman and Thakur farmers in Farukhabad took to indigo cultivation “only occasionally.”

Even the few rupees’ profit from indigo had to be paid over in meeting these charges, and the cultivators accumulated nothing.


40C. R. Lindsay, cited above, n. 37. It is not stated whether the expenses of entertaining sepani-inspectors were included in “costs deducted.”


42C. R. Lindsay, cited above, n. 37.

43Ibid.
The service provided by indigo contracts in meeting obligations created by the temporary settlements in the NWP goes far to explain the relatively peaceful history of indigo cultivation, particularly in the Doab, when compared with the riotous affairs earlier in permanently settled Bengal, where no such regular dependence compelled acceptance of the institution and where the matter was rather one of zamindars’ and planters’ attempts to force their will on cultivators.\textsuperscript{44} In 1860, the collector of Mainpuri emphasized that in his district indigo cultivation was indeed “highly popular with zamindars and ryots,” unattended by breaches of the peace, and explicitly ascribed this “in great measure to the value set, and the use made, of the indigo advances for paying the rabi instalments of the revenue.”\textsuperscript{45} In his report in the same year from Cawnpore, G. E. Lance also dwelt on the voluntary nature of the indigo “bargains,” which were found to cause no trouble to civil, revenue or criminal authorities.\textsuperscript{46} Significantly, where zamindars seem to have held effective control over the production of indigo—in parganas Aonlah and Crore of Bareilly district, for example—it was reported to be unpopular. There, the zamindars owned the “small native factories” which had sprung up in the two parganas during the years of the settlement survey and controlled their cultivators by loaning indigo seed at the extortionate charge of 1.25 maunds per maund advanced.\textsuperscript{47}

In parts of Aligarh district, other problems arose for indigo growers, stemming from the combination of the control of production by local zamindars and the disastrous effects of canal irrigation. In the late 1870s, extensive indigo cultivation was reported in the district: the official estimate, admitted to be short of the actual figure, was 29,013 acres. Under the stimulus of the Ganges Canal, the country was by this time “studded with indigo factories”—some 171 in all and mostly controlled by local zamindars.\textsuperscript{48} As a direct consequence of excessive distribution of canal water, the irrigated areas of parganas Akrabad and Sikandra Rao had already become badly infected by reh.\textsuperscript{49} The situation was serious enough to warrant a recommendation

\textsuperscript{44}On this aspect of indigo cultivation in Bengal, see B. Chowdhury, \textit{Growth of Commercial Agriculture}, especially pp. 190–192.


\textsuperscript{46}G. E. Lance, cited above, n. 39.

\textsuperscript{47}{\textit{Bareilly Settlement Report}, pp. 98–99.}

\textsuperscript{48}{\textit{Aligarh Settlement Report}, p. 37.}

\textsuperscript{49}On the connection of canals with the increase of reh, see pp. 76–79 above, and Appendix 5.
by the executive engineer to stop the supply of canal water to thirteen
selected villages where the spread of reh appeared most damaging.
But both cultivators and zamindars of those villages had come to
depend on indigo advances as a regular source of income: stoppage
of the canal water supply would bring ruin. What was Government
do to? Should it close the canal to limit the deterioration of the land,
and reduce the zamindars' revenue liability accordingly? Enquiries,
however, showed that the zamindars, fed regularly by the cultivators'
indigo payments, were in no way willing to reduce their "rents"
on a scale corresponding to the proposed reduction in revenue.
Government's final recommendation was that the canal should be
closed for one year, whilst the collector or his assistant should be
invested with a settlement officer's powers to adjust the revenue
demand and, titularly, the "rents" in the selected tracts. 50 But since
Government had no power to compel zamindars to reduce their
charges, it had no means of protecting the cultivators in such a situa-
tion. No action could be taken on the district officers' reports.

The focus of Government zeal in promoting the expansion of crops
which it believed to be essential for agricultural prosperity was not
indigo but sugar cane. The cultivation of sugar cane had long been
associated in the provinces with first-class soil conditions exploited
by skilled and industrious farmers. 51 The complicated processes of
local sugar manufacturing, both of gur (molasses) and khand (refined
sugar), and the trade in these products provided considerable oppor-
tunities for employment and not merely to the cultivators themselves.
The spirit of agricultural industry so manifestly expressed in the
sugar trade of the provinces was early encouraged by Government
with "liberality and perseverance." 52 The Crown continued the
Company's work on a wider scale. While the canal developments in
the Doab provided some stimulus to increased cultivation, the con-
struction of a network of road and rail communications—particularly
by the Oudh and Rohilkhand Railway Company 53—provided the

50 For the correspondence on the problem of Aktrad and Sikandra Rao, see NWP
and Oudh, "Revenue Proceedings," May 1880, Index Nos. 100–106, May 22, 1880,
Proceedings Nos. 17–23. The executive engineer also recommended takavi advances
to be made directly to cultivators to enable them to sink wells for an alternative
source of irrigation. Ibid., Index No. 109, Proceeding No. 20. On the procedural
problem of takavi loans to cultivators, see pp. 112–118 above.

51 For sugar cane as a traditional index of top-class cultivation, see p. 32 above.
For its method of cultivation, see p. 22 above.

52 Moradabad Settlement Report, p. 44.

53 For the dates of construction of lines, by sections, see Appendix 7.
established and flourishing controllers of sugar growing, manufac-
turing, and trading in Rohilkhand with new incentives in the form of
opportunities for large-scale distribution.

The kolhus (sugar mills) and khandsaris (small-scale refiners)
rapidly multiplied in response. A. M. Markham recorded some 4,821
kolhus in Bijnour during his settlement survey in the early 1870s—on
the average, 1 kolhu to every 9.5 acres of cane.\textsuperscript{56} In Bareilly district,
the number of khandsaris had increased from 174 in 1848 to 561 in
1872—that is, by more than 300 percent. This, in the official view, was
clear evidence of the “generally remunerative character of the trade.”\textsuperscript{55}

But to whom was it remunerative? The long period of cultivation
and of manufacture, from the crushing of the cane for the extraction
of ras (juice), to the boiling of ras for gur, and in refining khand,
required not only machinery but time to work it. The greater propor-
tion of cultivators could neither afford the initial cost of machines nor
wait so long (some three months from cane-crushing to the boiling
of the gur) for a return on their crop.\textsuperscript{58} Most sugar, therefore, was
grown on advances. In Bareilly, these were provided by the owners
of khandsaris, who were more often than not the local zamindars.\textsuperscript{57}
In Pilibhit, all “castes and creeds, ... whoever has sufficient capital,”
were reported to be in the business.\textsuperscript{58} In Shahjahanpur, owners of
bels (small factories for the manufacture of gur) controlled the district’s
sugar production by a notoriously extortionate system of advances
which tied cultivators firmly to their local bel.\textsuperscript{59} Here again, cultivators
benefited little from increased production. As Reid commented in
the official resolution on Moens’ Bareilly Settlement Report, “it is to be
feared that the portion of the value filtering into the tenants’ hands is
comparatively small. The crop is usually grown on advances by sugar-
refiners ... When (as often) the refiner is also the landlord, or is
supported in his dealings by the landlord, the tenant, who has opened
up an advance account with the refiner is in an unequal struggle.
He has no option left but to sell his ras at a price considerably below
the rate at which, when it is ready, it might be sold by him for cash in
the market.”\textsuperscript{60}

\textsuperscript{54}Bijnour Settlement Report, p. 75.
\textsuperscript{55}Bareilly Settlement Report, p. 94.
\textsuperscript{56}For details of sugar-making in north-western districts, see Moradabad Settlement
\textsuperscript{57}Bareilly Settlement Report, pp. 94–95.
\textsuperscript{58}Pilibhit Settlement Report, p. 10.
\textsuperscript{59}Shahjahanpur Settlement Report, p. xvi.
\textsuperscript{60}NWP Revenue Department, “Resolution,” January 29, 1883, Bareilly Settlement
from the controlled sale of his cane crop? Once again, the timing of advances provided a service, albeit a costly one. Bargaining between purchaser and grower began in Jeth (May–June) in Rohilkhand, and was usually concluded in Kuar (September–October), prior to the cutting of the cane. This was convenient to cultivators for the payment of their kharif dues. As with indigo, advances for sugar-growing proved irresistible for the regular remittance of rent charges.\footnote{Bareilly Settlement Report, pp. 94–95.} Again, the cultivator could keep little or nothing of his earnings since no sooner did he receive the advance than he paid all or most of it over to his zamindar.

If contemporary estimates were sound—and in this respect there seems little reason to doubt them—the local market value of sugar in the districts where it was most extensively cultivated, that is, in Rohilkhand, bordered on the prodigious. In Bareilly, for example, Moens recorded some 50,078 acres under sugar cane in the year of his survey: a mere 5.7 percent of the cultivated area of the district. The approximate value of the crop, however, which was given in the official review of Moens’ report nearly ten years after its publication, was quoted at Rs. 31 lakhs (calculated on the basis of Moens’ acreage statistics). This was nearly twice the district’s assumed rental and four times its annual revenue demand.\footnote{Ibid., p. 94.} The proportion of total zamindari charges in the Rohilkhand districts paid by means of the proceeds from the cane crop was consequently very high. Markham estimated that sugar cane covered a mere 7 percent of the cultivated area of Bijnour district—or 14 percent if the area kept fallow for the next season’s plantings were allowed for—but accounted for some 36 percent of the gross rental. The entire range of rabi crops, on the other hand, was sown on some 37 percent of the cultivated area but accounted collectively for only 28 percent of the gross rental.\footnote{Bijnour Settlement Report, p. 75.}

Cultivators rarely shared in the trading of gur and khand, which was chiefly the business of a multitude of commercial agents. Manufacturers—including zamindars who owned bels or khandarsaris—commonly sold their products to traders in the larger commercial centres situated at road and rail junctions; they in turn exported it south and west by train or by cart. The small number of cultivators who processed their own gur sold it to beoparis, itinerant petty dealers, who in turn sold their stocks at local markets to the agents of more
substantial trading concerns.\textsuperscript{64} Each trader at each stage in the passage of the product through the district took his commission fixed at a percentage on the value of the commodity. Prices fluctuated with the seasons but measures existed to lessen trading risks. In Burragaon, Shahjahanpur district, a “\textit{khatunti} system” operated to ensure some profit for the manufacturer and the dealer except where gross climatic disorders caused a near-total failure of the crop. The prices of all agricultural produce for the area were fixed by agreement between local traders, zamindars, and cultivators at an annual assemblage in a central market.\textsuperscript{65} Since the majority of cultivators produced their sugar crop by means of advances provided by the traders and zamindars, they had little alternative but to accept the terms agreed on by the controlling minority.

Of the “valuable” crops grown on a large scale in the provinces in the later nineteenth century, cotton was the least stable index of prosperity. The successful cultivation of the plant undoubtedly matched up to contemporary official standards for industrious and progressive agriculture: it demanded good soil—preferably \textit{dumat} or loam—and careful watering and weeding. The frequency of disorders in the kharif seasons, to which cotton was especially vulnerable, meant however that success was more rarely obtained and never over as wide an area as it was in the case of indigo and sugar cane.\textsuperscript{66} The problems posed by climatic irregularities were not in themselves insuperable, given the existence of promising soil conditions, skilled farmers, and, most important, a regular incentive to overcome them. In the few districts where cotton was grown extensively—most notably in Muttra even prior to the opening of the Agra Canal in 1874\textsuperscript{67}—the incentive was provided once more by advances. “The exportation of cotton is one of the largest sources of income in this district,” G. E. Watson, the Collector, reported in 1873. “Agents are sent up from Allahabad and Mirzapore, who make advances on the crop even before it is harvested. This ready sale is, I believe, one of the principal reasons for the greatly extended cultivation of the crop . . . This year,

\textsuperscript{64}For details of the Rohilkhand sugar trade, see \textit{Moradabad Settlement Report}, p. 48.
\textsuperscript{65}Shahjahanpur Settlement Report, pp. xviii, xx-xxi.
\textsuperscript{66}For details on the consistently disappointing outturn of the cotton crop for the NWP as a whole, see \textit{NWP Reports on the Actual Outturn of the Cotton Crop}, 1869–70, 1872–73, 1873–74. For the failure of Government-sponsored experiments in improved cotton production, see p. 102 above.
\textsuperscript{67}See pp. 71 72 above.
as last, the Government demand due on the autumn harvest was paid principally from the proceeds of this crop." Consistent expansion was prevented by the instability of available markets for the provinces' cotton output. Cotton exports from British India rose from 563,000 bales (of 400 pounds each) in 1860 to 1,848,000 in 1866 but dropped to 1,064,000 by 1870. At the outbreak of the American Civil War, European textile entrepreneurs had turned in desperation to India in the hope of securing an adequate alternative source of supply. Their experiences during the next five years showed clearly the insurmountable obstacles which prevented them from establishing control over the supply of agricultural produce and the utter impossibility of direct investment of European capital in local agriculture. It was the systems of advances and the endless convolutions of commercial agencies through which all marketable produce was distributed which reduced the entrepreneurs' expectations to uncomprehending despair: "In many parts of the cotton districts, there are very unusual and singular difficulties, which arise out of a strange state of society, and which counteract the ordinary effect of the habitual motives of human action," sighed the _Economist_, in reviewing a series of letters exposing the problems of the Indian cotton trade. The discovery of a far more convenient source of supply in Egypt cut short the agonies of the merchants and fed their urgent needs, with the consequence that the powerful stimulus of the export market for the Indian product was and remained substantially diminished. On the home markets, instability resulted from the importation of Manchester-processed yarns and from fluctuations in the purchasing power of the cotton traders' rural clientele, which varied from season to season according to the outturn of their crops. These problems remained unrelieved throughout the period.

_The Grain Trade_

In contrast to the suddenness of the cotton boom, the export trade in food grains expanded slowly and at a steady pace. The stimulus here

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70 "On the Best Practical Method of Augmenting the Culture of Cotton in India," _Economist_, October 4, 1862, at p. 1094.
71 For details of the cotton boom and the history of Indian cotton exports in the nineteenth century, see p. 102 above. The British colony of Fiji experienced at the
was not provided by any overriding urgency on the part of European entrepreneurs in search of immediate supplies but by the gradual development of public works. While the canals stimulated the production of finer food grains on an unprecedented scale, railways and roads provided wider opportunities for distribution both within the districts of the provinces and outside their borders. Exports of grain from the provinces to Europe were not made on a large scale before the mid-1870s. The entrepreneurs from abroad were in no way interested in repeating the experiences of the cotton merchants, and they made no significant attempt to establish a footing in the territory ruled by local agricultural and commercial interests; rather, they tapped the sources of supply which the indigenous trading networks offered them: "The majority of cultivators are not brought into contact with European purchasers." It was left to the local Bania to acquire the cultivators' grain in the first instance, and any communication between the regional agents of the European grain-trading concerns and the growers—concerning, say, specific requirements of the buyers as regards types of staples—was entrusted to the "kanungo and patwari staff," which for the most part consisted of servants of the zamindars and talukdars.

Agents of the European grain-exporting companies were based in the great marts and banking centres of the provinces. In 1860-61, Colonel Baird Smith ranked Mirzapur and Farukhabad first amongst the provinces' markets, with Lucknow, Allahabad, Cawnpore, and Agra in second place. Both Benares and Muttra were also considered important as seats of large indigenous banking firms. Beyond these, and beyond the great road, rail, and river junctions which supplied them, trading networks intersected the districts, connecting up local marts and bazars. While Moradabad district, for example, grew into an important thoroughfare of trade between Rohilkhand and the Doab, Punjab, and Rajasthan districts to the south-west under the stimulus of the Oudh and Rohilkhand Railway, its local grain-trading patterns same time a similar boom, followed by slump, owing to similar causes. See Evelyn Stokes, "The Fiji Cotton Boom in the Eighteen-Sixties," New Zealand Journal of History, II, 2 October 1968, 165-177.


"Ibid.

For further details on the problem of patwaris as subordinate Government officials, see pp. 246-252 below.

R. Baird Smith, "Report", p. 3.
with its immediate neighbours seem to have persisted. This trade followed the seasons. Since in districts to the south of Moradabad, crops ripened a full month earlier, there was “an ebb and flow” in the movement of the staple coarse food grains of the cultivating population, that is, in the movement of “articles of almost universal production and consumption; ... barley will thus be brought up in large quantities [to Moradabad] early in March, to be repaid in April ...”\textsuperscript{76}

Grain was merely one item—usually the largest—of the aggregate imports and exports of a district. Azamgarh’s list of principal imports included, according to Reid, English cloth and yarn, cotton, silk, dried tobacco, salt, metals and hardware, and leather, in addition to staple and export grains (rice, for example)—all purchased chiefly with the proceeds from local sugar products, indigo, opium, and country cloth.\textsuperscript{77} A sizeable “commercial community” dealt in these commodities. According to the 1872 census for Azamgarh, the number of adult males (of 15 years and over) engaged in commerce was 9,840 or 2.17 percent of the adult male population of the district, excluding a further 5,768 (1.27 percent) employed in transport of commodities.\textsuperscript{78} These figures were admittedly only a rough guide, since many besides members of hereditary merchant castes took some part in trade—all those who had carts, pack animals, or sufficient reserves and time to do so—while all persons registered as belonging to trading castes did not necessarily follow this occupation. In trade, as in agriculture, many participants were working on borrowed capital or as brokers; the number of wealthy traders who owned all their capital was said to be small. Estimation of the volume of local trade was hazardous: no figures were available to Reid of the quantity let alone the value of imported commodities; no statement could be drawn up of the earnings of agents.\textsuperscript{79}

Local distribution focused on small commercial towns which usually had a resident population of bankers (who made loans to agriculturists), a few cloth dealers, money-changers, small grain dealers, artisans, and cultivators with holdings and interests in the neighbourhood. The size of the town and the complexity of its dealings both locally and with larger centres determined the number of markets held per week. Bahadurganj, for example, in Ghaziipur district lay on

\textsuperscript{76}Moradabad Settlement Report, p. 18.
\textsuperscript{77}Azamgarh Settlement Report, pp. 159–161.
\textsuperscript{78}1872 census returns, cited by J. R. Reid. ibid. The total number of persons registered as members of banking and trading castes in the districts was 36,243.
\textsuperscript{79}Reid. ibid.
the Chhoti Sarju River, a principal trade route from Azamgarh to Patna, and was linked by road also with Ghazipur and Mahomadabad. Special bazars were held there twice weekly (in addition to the usual daily markets) and were attended by large numbers of the rural population from six to eight miles around and by itinerant traders. Peasants procured their supplies at these markets, but seldom brought cash to pay for them. The common practice seems to have been for them to bring in their produce—grain, oilseeds, and vegetables—and to sell it to certain dealers and buy from others what they required with the proceeds. Or they would exchange their grain, valued at the current market rate (less deductions, if they owed charges to the dealers) for oil, salt, cloth, and tobacco. 80

The development of new and distant markets for food grains distorted the old seasonal rhythms of the grain trade. In Bundelkhand, changes in the early 1860s amounted to a complete reversal of direction. In 1864, J. P. Stratton, the Political Assistant stationed at Nowgong, observed that whereas formerly grain had come up through the district from Saugor, Jubbulpore, and Narbada and had passed on to the British districts to the north, the traffic now came down from Banda, Hamirpur, and Cawnpore, through Bundelkhand to the south. What had caused this? Stratton explained that better markets for the grain of Saugor and Narbada were now to be found in the south rather than the north; response to these new attractions had led to Bundelkhand’s having to draw some of its grain supplies of late from the Doab. He suggested a number of reasons for the rise of better markets to the south: recent deficiencies in the harvests of “various southern districts”; extensive cultivation of cotton in the Deccan taking up former grain land; a similar situation in Malwa owing to the increase in opium cultivation; and extensive public works in the Deccan. “All these events combining either to diminish production or enhance price or both, they have raised prices in Malwa and the Deccan and thus attracted Narbada grain to those marts.” 81

80 Ghazipur Settlement Report, pp. 106–107. In pargana Zahurabad alone, markets included Bahadurganj, with a population of 5,007 (according to the 1881 census), two other small towns with a few resident Baniyas and indigo and sugar factories, and eleven minor markets. Three of these last functioned four times a week, three twice a week, and four once a week. For a survey of market facilities in all parganas, see ibid., pp. 94–112. Numerous centres for small-scale local trading seem to have been the rule in other districts. See, for example, Lucknow Settlement Report, p. 39; Fatehpur Settlement Report, pp. 7–8; Bareilly Settlement Report, pp. 58–59.

81 J. P. Stratton to Agent to Governor-General for Central India, June 11, 1864, in NWP, “Revenue Proceedings,” September 24, 1864, Index No. 53, Proceeding No. 18.
The enormous extension of communications further north, in the provinces proper, meant greater access to the higher-priced export markets. Inevitably, with this extension, price levels at the larger trading depots rose. By 1882, the Board of Revenue thought it "hardly necessary to notice that the equalization of prices in the provinces was becoming more and more apparent." Equalization, that is, at high rates, for "it is only in a few outlying tracts that low prices still prevail for some time immediately following the date of the harvest." Whilst districts still far from the major lines of communication preserved considerable stocks, local storage of grain elsewhere was said by the same year to have "greatly fallen into disuse." Bulk stores at railway stations, road junctions, and ghats (landing places) on the navigable rivers were now becoming the centres of regional accumulation.

"It is probable that any sudden extra demand for export is met chiefly by drawing on the surplus store of the province in hand from previous years," the secretary to the financial commissioner of Punjab noted in 1879; "but it may also be met to some extent by a decreased local consumption, consequent on the rise in price which a demand for export causes." Officials in the NWP and Oudh were similarly cautious in accounting for the source of supply of the increasing exports. Government's role was to observe the passage of trade and collect its dues. It was slow to set about the basic task of calculating the volume of the regional traffic in food grains. "Except on such channels as the East Indian Railway and the Ganges Canal, and at such points as the customs' hedge and the bridges over the great rivers, and the octroi barriers of the principal towns, there is no

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82 NWP Revenue Administration Report, 1881-82, p. 6. Compare the observation seven years later: "With the extension of railway communications in Rohilkhand, the prevalence of low prices may be said to have come to an end." Ibid., 1888–89, p. 6. A. B. Patterson, Settlement Officer, Fatehpur, was similarly convinced of the efficacy of railway development—"the great export trade to Europe provides a security against any possible return to low prices"; Fatehpur Settlement Report, p. 47.

83 NWP Revenue Administration Report, 1881–82, p. 6. Compare Shahjahanpur Settlement Report, p. xiii: due to the railway "grain is exported south to a much greater extent than before."

84 Chandausi junction, for example, in Moradabad district, on the Oudh and Rohilkhand Railway. According to E. B. Alexander, who noticed a large quantity of wheat being carted at the end of October to the railway station for export to Rajputana, grain was often kept in store at centres like Chandausi for "a long time." Moradabad Settlement Report, p. 57.

machinery existing for the registration of trade," Frederick Henvey noted in his report on the scarcity of 1868-69 and 1870; "... accordingly, for a general view of the exports and imports, as well as the internal traffic, dependence must be placed in great measure upon the conjectural estimates of tehsildars." The situation did not change rapidly. Although great stress was laid by Sir John Strachey on the prime duty of the new Department of Agriculture for the provinces, established in 1874, to collect statistics of production and distribution, no system of trade registration was in force till 1877. The system then implemented was admitted at the outset to be imperfect, and remained defective throughout the period.

If overall patterns of trade movements could be gauged only in the most approximate fashion, local statistics were even more inadequate. A. F. Millett in discussing the exports and imports of Fyzabad district—said to act as an emporium for eastern Oudh—gave the aggregate value of exports for one year (unspecific) in the late 1870s as Rs. 4,864,074 and of imports as Rs. 1,979,768. But, he promptly added, "It appears that the official returns do not accurately represent either the one or the other; they only indicate the course of river trade at marts within the district boundary, and the internal trade by road or river with other parts of Oudh is not given ..." Millett despaired: "The actual exports of the district cannot be determined; its large population probably consumes most of the produce."

The calculation of prices was also beset with uncertainties. It was officially recognized that the passage of the product from the cultivator to the local dealer and on to the commercial centres entailed a number of transactions, each governed by its price "rate." Village prices were held to differ according to the relative distance between the

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89 See p. 101 above.
88 An adequate statistical series for trade in staple food grains cannot be compiled from the official NWP and Oudh trade reports. Trade registration posts multiplied from year to year; frontier divisions within which statistics were officially collected were altered from time to time; figures for one year's road but six months' rail traffic were combined in the same entry; figures of quantity sometimes alternate with those for (estimated) value. The trade figures given in *Oudh Revenue Administration Report, 1872–73*, Statement XXV, are identical with those in *Oudh Revenue Administration Report, 1871–72*, Statement XXIV. The Report for 1873–74 contained no statistical statement, while the Report for 1874–75 included neither a statistical statement nor a descriptive account in the text.
88 *Fyzabad Settlement Report*, p. 28. G. B. Maconochie made similar observations in Unao in the 1860s. No data as regards exports and imports were available from which reliable figures could be obtained; *Unao Settlement Report*, p. 20.
village and the nearest market town: Moens maintained that Bareilly village prices were, on the average, about two to three seers per rupee below the market "rate." These local prices were in turn divided officially into two categories: harvest or threshing-floor "rates" and bazar or local dealers' "rates." As with rents, the estimation of any viable rate which governed local prices proved to be a problem. Harvest "rates" covered a multitude of individual transactions, governed by the precise relation of purchaser to seller and the extent of the latter's obligations to the former. W. C. Benett's remark, apropos of Gonda prices, that it was always extremely laborious and in some places impossible to ascertain correctly what price the "corn factor" (corn dealer) pays the cultivator on the threshing floor is therefore by no means surprising. This is true also of Markham's finding that the recorded threshing-floor "rates" were fictitious—that they were "to a great extent pro forma rates, fixed on to facilitate settlements among sharers, etc., and with an eye to the entries of rent to be made in the village papers." Here again, it had become impossible for officers to detect genuinely fraudulent practices. For Benett, the arduousness of disentangling actual prices was restricted to the harvest category in Gonda. "Retail prices in the bazar," he declared, "may be discovered at once." Others, however, encountered difficulty here too. F. N. Wright, for one, was thwarted in his wish "to show the prices at which the grain-dealers sold back the grain to the cultivators at seed time, when it would be at its highest price," since he could not gather sufficient information to tabulate them. The problems of enquiry into grain transactions were complicated still further by the imposition of the Licence Tax. E. B. Alexander commented that because of this tax traders in Moradabad had become suspicious of all enquiries as to their business and that "the information they give us is so utterly misleading that it is extremely hard to give any accurate account of trade dealings." These difficulties precluded

90Bareilly Settlement Report, p. 81. For an early twentieth-century all-India survey of local grain prices in relation to distance from major market centres, see Th. Engelbrecht, Die Feldfrüchte Indiens, price maps, Figures 1-16; price tables, pp. 60-111, Tables 1-12.

91Gonda Settlement Report, pp. 77-78.

92A. M. Markham, Settlement Officer, Bijnour, to Commissioner, Rohilkhand, January 23, 1871, in NWP, "Revenue Proceedings," September 2, 1871, Index No. 12, July 29, 1871, Proceeding No. 38.

93Gonda Settlement Report, p. 78.

94Cawnpore Settlement Report, p. 58.

95Moradabad Settlement Report, pp. 56 57.
any sound estimate of dealers’ profits. Benett’s conjectures on this score are perhaps instructive. From a comparison of bazar prices (culled from Banias’ books) with field prices (conjectured), he hazarded the conclusion that, in Utrala and Gonda, the profits of a corn factor were little more than 27 percent—but, he added, there was also a differential in types of grains and areas: in Gonda investments in oilseeds paid 40 percent while in Utrala they paid 20 percent. What, therefore, is the reader to assume the corn factor’s profits to have been? The difficulties in compiling the most basic information of this kind also made any valid comparison of local price conditions impossible, since each officer collected what information he could, when, where, and how he could, making full use of his discretionary powers. No uniform method could be imposed at the local level, and the divergence could be extreme. For Cawnpore district, two totally different sets of statistics were offered for the same periods—1814-1836, 1840-1856, and 1859-1877. These periods were selected so as to avoid distortion owing to severe irregularities occurring in the intervening years. The explanation for the discrepancy was that W. S. Halsey’s list, compiled earlier in the revision of settlement, had neglected to rule out the special influence of Cawnpore city over the prices of produce in the neighbourhood, whereas Wright’s list had taken this anomaly into account. S. O. B. Ridsdale offered detailed statements of prices for each pargana of Etah district; these, however, were averages struck from Banias’ books in three principal marts of parganas Sahawar, Karsana, and Azamnagar, and from zamindars’ as well as Banias’ books in four principal marts of pargana Sirpura. Bazar “rates” were listed for Mainpuri district for the period 1815-1871, but the rates quoted were not derived from Mainpuri records since no district bazar rates for the whole period were in fact available and such fragments as were procurable could not be relied on. What was given therefore were the averages of rates current in Agra bazar for the periods 1815-1840 and 1857-1871. Since no details from Agra were available for the period 1840-1857, the settlement officers “were obliged to substitute Muttra rates for that interval.” This was asserted to matter little inasmuch as rates in Agra and Muttra “are

96Gonda Settlement Report, p. 78.
97For F. N. Wright’s comments on W. S. Halsey’s errors, see Cawnpore Settlement Report, p. 59.
98Etah Settlement Report, p. 100.
99Ibid., p. 86.
100Ibid., p. 120.
and have been always almost identical." Further confusions were added by variations in local weights and measures. Alexander commented that although the figures he had taken for prices for Moradabad district from the pargana rent-rate reports were the most accurate obtainable, "the perpetual confusion which occurs in all these early returns between the different seers and the kucha and pucka maunds renders it impossible to rely much on them." 

Given the impossibility of making accurate calculations, Government officers could offer only the most general estimates in reporting the rise in local prices during the past settlements (approximately 1840-1870). Their conclusions in the main ranged between 25 and 50 percent by way of a permanent rise in the prices of staple produce. Prices had always risen inevitably whenever harvests were deficient, but the tendency had formerly been—so far as is known—for them to fall on the subsequent occurrence of better seasons. While deficient harvests continued to push prices up, increasing exports of agricultural produce kept them from falling back to old levels when outturns improved. Prices fell noticeably only when exports diminished, as happened for example during the course of 1889-90.

101 Mainpuri Settlement Report, p. 70.
102 Moradabad Settlement Report, p. 61.
103 The increase in prices of agricultural produce between 1840 and 1870 for Etawah, for example, was estimated at 40 percent (Etawah Settlement Report, pp. 55-56); for Fatehpur, 25 percent (Fatehpur Settlement Report, pp. 46-47); for Mainpuri, 47 percent (Mainpuri Settlement Report, pp. 72-73); for Muttra, 50 percent (Muttra Settlement Report, Canal Tract, p. 76); for Etah, an average of pargana estimates, 60 percent (Etah Settlement Report, cited above in notes 98, 99, 100); for Moradabad, 60 percent in gur, 70 percent in edible grains (Moradabad Settlement Report, p. 61); for Farukhabad, 300 (sic) percent ("Resolution," Farukhabad Settlement Report, pp. 2-3). For Oudh by 1872 C. W. McMinn quoted an average rise of 20 percent since 1858; Introduction, pp. 189-190.
104 According to the Commissioner of Agra Division and "native" opinion, for example in 1886-87 the "late sudden rise" in grain prices was owing to deficient harvests of the preceding three years; see NWP Revenue Administration Report, 1886-87, p. 4. Prices in Jhansi Division in 1888-89 were reported to be high—the "natural consequence" of bad harvests; see ibid., 1888-89, pp. 5-6. For the frequency of poor harvests in the period 1864-65 to 1884-85, see Figure 1.
105 Prices in 1887-88 were reported to be considerably higher than in 1886-87 (in which they had also exceeded markedly those of the preceding year). The continuing rise was generally attributed to deficient harvests of previous years, an indifferent kharif outturn, and larger exportations. See NWP Revenue Administration Report, 1887-88, pp. 5-6. S. M. Moens was informed, "frequently," by leading grain merchants of Bareilly that "provided internal peace is maintained, they never expect the average wheat price on a series of years to fall again below 25 Bareilly seers the Rupee" (formerly a sign of impending scarcity); Bareilly Settlement Report, pp. 60-61.
106 As reported in "up-country" districts, diminished exports tended to keep the
and again in 1892-93. The marked fall in the value of silver, which was widely commented on by the early 1870s, also contributed to maintain this upward trend in prices. “Bullion [in payment for raw materials exported] has been poured into the Indian empire at the rate of £1,500,000 p.a. for the last ten years, 1862-71,” C. W. McMinn reported. “Whether . . . an advantage or not, the fact remains that prices must rise . . .”

Who could benefit? “The rise in prices might reasonably be expected to have affected the condition of the people very materially,” Alexander commented as regards Moradabad, “but,” he added, “it is better to defer consideration of this point.” Since, as we have seen, only a minority of cultivators disposed of their produce free of obligations to local Bania or booparis, the upward climb in prices could benefit but a few producers directly by bringing them a better return on their crops. In the bargain between purchaser and cultivator which the harvest prices represented, “the grip of the purchaser [Bania- or zamindar-creditor] on the seller . . . is a very tight one,” the settlement officers commented with regard to the situation in Mainpuri, which was typical of the districts as a whole. “In fixing the harvest prices, the grain-dealer, who is the purchaser, has generally the best of it. Therefore, on a general rise in market rates, harvest prices, although they will not remain stationary, will not increase in the same proportion.” A. H. Harington noted how the common phenomenon of the combination, in one person, of moneylender and grain dealer—“the simple system [sic] of rural economy is entirely based on the dealings of this man”—prevented the borrowing ryot, a similarly common phenomenon, from getting a fair price for his produce. In Muttra the combination was seen at its most

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107 Prices of food grains were reported to be easing, in 1892-93, as compared with several years past. Coarser grains became, temporarily, comparatively cheap in most parts of the NWP owing inter alia to “a falling-off in the foreign export trade” and the fact that heavy rainfall during threshing made the grain unfit for storage. See NWP and Oudh Revenue Administration Report, 1892-93, p. 5.

108 McMinn, Introduction, p. 189. For a contemporary summary of the question of depreciation in the 1870s, see Harington, “Corn in Egypt,” Pioneer (June 1876), as cited by Harington, “Economic Reform in Rural India,” Calcutta Review, LXXX (1885), 445. According to Harington, basic data essential for calculating the average extent of depreciation had never been collected.


110 Mainpuri Settlement Report, pp. 73-74.

111 “Economic Reform in Rural India,” Calcutta Review, LXXX (1885), 436.
formidable: these men constituted a grain-dealing “guild or fraternity, to which not only no outsider not of the caste can get admittance, but which monopolizes the moneylending or banking trade.” A rise in market prices could not filter through to producers subject to their control, for the members of this guild, “be they Baniyas or zamindars, can compel the producer, who lives solely by the advances they give him, to bring his produce to their shops and prevent him getting the full open market value for his goods. The cultivator is therefore not only crippled by the heavy interest he has to pay, but also by the low prices he is compelled to take for his produce.” Moreover, with the rise in prices, indebtedness could be seen not merely to persist but to grow. Alan Cadell observed in the Muzaffarnagar canal tract how, “greatly as the agricultural community has prospered in recent years” (mid-1870s), indebtedness had in fact increased, since old habits of borrowing were further encouraged by improved credit and lower interest rates, which were the direct consequences of an overall rise in the prices of agricultural produce. Throughout the provinces, the granaries of talukdars, zamindars, privileged peasants, and mahajans were stocked by the produce paid over by the peasants in remitting their seasonal charges. The most the majority of cultivators could hope for by way of benefits from price increases was some easing of the pressures of local control.

“Unimproved” tracts in which no large-scale public works had been constructed shared along with “improved” districts in the general rise in prices, but the result here was that existing inequalities in the distribution of wealth from trade were aggravated. Take the case of Bijnour. The price of wheat in markets lying on or near major lines of communication—the rivers—might well have doubled or quadrupled within the space of a few years by the late 1870s, enriching local mahajans and zamindars, especially those who continued to claim bazar dues. But internal communications in Bijnour remained poor. The existence of only a few roads meant that the majority of minor rivers in the district were never bridged. Cultivators living “on the other side of an impassable stream” or impeded by the lack of a direct road from reaching the flourishing markets could not take advantage of their benefits. While the costs of imported commodities

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114 See, for example, the description given by “Xenophon, Duab” in “The Last Rubee and Khureef,” *Indian Agriculturist*, October 1, 1876, p. 284.
116 Observations by Officiating Senior Member, Board of Revenue, NWP, in NWP Revenue Department, “Resolution,” 1880, *Bijnour Settlement Report*, p. 3.
they needed for daily use—such as salt, spices, and household utensils—had risen, cultivators in the district’s hinterland had no corresponding increase in the proceeds from the sale of their produce with which to meet them.

By 1892, the cultivators’ predicament as a result of the increasing stimuli applied to local markets was obvious. W. E. Neale, then Commissioner of Agra Division, observed that prices which were “slowly rising, first of all in the luxuries [sic] of life, such as ghi, wheat, oil, firewood, horses and cattle,” would be “ultimately followed by an appreciable dearness in the millets and other staple food of the vast agricultural and labouring population.” Elsewhere Neale’s gloomy predictions had already become reality. In Hardoi district, settlement returns on grain prices from Madhoganj, the principal mart, showed that in the late 1870s kharif staples—jowar and bajra—were “often sold to the poor by the grain-dealers at prices actually exceeding the rates at which the wealthy purchase wheat.” Although the admitted unreliability of such returns ruled out precise and detailed calculations, the conclusion seemed indisputable to the officials: “the broad fact remains . . . that the food of the poor is increasing in price with greater rapidity than the food of the rich.”

The expansion in “valuable” crops directly contributed to the problem. Bareilly was one of the few districts where wheat, prior to the great developments in the export trade, was commonly grown by cultivators for food. The price of this staple was said to have risen between 1859 and the revision of the settlement because, inter alia, of the “increased area as compared with former years devoted to the cultivation of sugar-cane and cotton, and the consequent comparative diminution of the area devoted to food-grains.” In the canal-irrigated districts, enormous increases were reported by the mid-1870s in the export rabi staples: in 1873-74 alone, the area under wheat was increased by 39,225 acres and that under barley by 25,555 acres. The area under pulses, the prime source of vegetable protein for the rural population,

118 *NWP and Oudh Revenue Administration Report*, 1891–92, p. 6. Compare the situation reported in Basti district in 1888–89. “The rise in prices makes it impossible for the cultivator to get sufficient food whereas prior to the increase in exporting facilities, he kept his grain and had it in store for an unfavourable season.” The Board of Revenue, however, was “not prepared to endorse the view that the cultivator has been a loser by the extension of railway communication and the consequent rise in prices. His former thrift is perhaps somewhat overstated.” *NWP and Oudh Revenue Administration Report*, 1888–89, pp. 5–6.


118 *Bareilly Settlement Report*, p. 60.
registered a decrease in that year of some 9,000 acres.\textsuperscript{110}

It was not only the cultivator’s diet which was affected to his detriment by the attractions the grain trade offered his purchaser-creditors. His supplies of seed grain could be similarly jeopardized. W. S. Robertson, in a note published in the \textit{Indian Agriculturist} in 1876, explained how “extortionate moneylenders,” to whom most ryots were in debt, “compel their unfortunate victims not only to sell under compulsion at their own prices, but to purchase some inferior grain for seed. Thus inferior qualities of grain are gradually being diffused over the land, to the serious detriment of rice in particular, from the fact of this being the more expensive grain, and most in demand for exportation.”\textsuperscript{120}

\begin{quote}
Government and the
\textbf{Problem of Indebtedness}
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Local society, as Moens noted in Bareilly, tended to accept persistent borrowing as the natural state of things—cultivators even considered it prestigious to keep a running account with the Bania for a sizeable sum.\textsuperscript{121} Official opinion, on the other hand, deplored the peasants’ indebtedness and saw in it—not without reason—the fount of all local evils. A. O. Hume’s view, characteristically dramatic, was representative of current opinion on the problem: “Wherever we turn, we find agriculturists burdened with debts running on at enormous rates of interest. In some districts, even provinces, the evil is all-absorbing—a whole population of paupers, hopelessly meshed in the webs of usurers.”\textsuperscript{122}

The problem was not viewed solely as an index of peasant pauperization. There was also the far from unimportant question of the moneylender’s interception of legitimate profits of Government. Robert Knight accused Government of resigning its just claims to the \textit{sahukar} (moneylender) and thereby strengthening the latter’s position

\textsuperscript{110} \textit{NWP Revenue Administration Report}, 1873–74, para. 14. The increases in Etawah district alone that year were recorded as 19,507 acres for wheat (over 50 percent above the 1872–73 figure) and 12,257 for barley (nearly 50 percent above the 1872–73 figure).
\textsuperscript{120}“Grain and Seeds,” \textit{Indian Agriculturist}, June 1, 1876, at p. 163.
\textsuperscript{121}Bareilly Settlement Report, p. 55.
\textsuperscript{122}Hume, \textit{Agricultural Reform}, p. 36. Hume attributed this condition pre-eminently to the “ruinous system of civil litigation” introduced by the British. On landlord and tenant litigation, see pp. 152–153 above. On litigation generally, see Chapter V below.
to the detriment of his agriculturist clients. In an article published in 1871, Knight expostulated that “by lowering the assessment [from 66 2/3 to 50 percent, the new revised proportion of ‘rental assets’ to be taken by Government] we simply enrich the sowkar [sahukar]; for what we abandon as rent he takes as interest.” Knight therefore recommended loftily that the creditor-middleman be removed, and he preached to Government the advantages offered by a serious study of the Book of Genesis: “for we believe that the Scriptures, though not teaching political science dogmatically, do nevertheless contain very striking examples of political wisdom.” Instructions for ending the iniquities of the interception of profits, and the consequent evils for the agricultural population, were to be found in the story of Joseph who, by advancing grain to cultivators in time of severe scarcity on the condition of regular payment of one-fifth of their produce to the state, gained total control over agricultural production, which ruled out any danger of interference by “private creditors.” Knight urged that since “the revolution made 3,500 years ago in Egypt by the young and inspired Hebrew minister was suggested to him by Divine wisdom, Government should pay attention to this historic expedient.”

The Government of India and the local administrations of the NWP and Oudh were in no position to be confident of a viable analogy between themselves and Pharaoh. Their problem was one not merely of responsibility but also of cost. Hume estimated that “the native mofussil capital employed in usury [for British India as a whole] is believed to be more than three-fold that employed in trade. By no means could the amount of the latter be more than doubled for many years, so that for a long time two-thirds at least of the capital now employed in moneylending in the mofussil must continue to be so employed.”

123See pp. 123-124 above.
124“Corn in Egypt,” Indian Economist, April 15, 1871, at p. 234. The article discussed a question raised (by A. H. Harington) in the columns of the Pioneer under the head “Corn in Egypt,” viz.: “Is it creditable to a landlord that his rent is paid regularly by a debt-ridden tenantry with money borrowed at 37 1/2%?” -- a question provoked by the current debate over the adjustment of revenue kists, on which see pp. 155-160 above.
125Knight, ibid., p. 235. He believed the state might well appropriate three-fifths of the rental with nothing but advantage to all classes. Less would benefit only the malguzar and sahukar, at the expense of the state and the ryot.
126Hume, Agricultural Reform, p. 46. “Native” capital was never solicited for contribution to the massive investment in the provinces’ public works (see pp. 64-66
Official statistical estimates of the volume of debt throughout the provinces were as vague as those of the numbers of debtors. Even under heads of account which seemed most significant to observing revenue officers—chiefly the rent payments—no specific information could be assembled. Harington commented in 1883 on the “extraordinary lack of data for estimating the probable proportion between rent and advances.”\textsuperscript{127} In 1869, C. A. Elliott had conjectured that throughout the NWP some £10,000,000 total value were borrowed annually by “agriculturists for seed, food grains, rent, revenue, clothing and other expenses.”\textsuperscript{128} Enquiries made by J. S. Mackintosh, Secretary to the NWP Board of Revenue, to “many European and native officers” led him to conclude that “not less than the rent paid or payable for the land [that is, an estimated sum of twice the land revenue demand] was borrowed yearly for the cultivation of it.”

Mackintosh’s own view as expressed in a personal communication to Harington was that the amount borrowed in an ordinary year was nearer £15,000,000 than £10,000,000, and that in a year of severe distress this rose to between £20,000,000 and £30,000,000 and was probably nearer the latter.\textsuperscript{129} Harington’s own calculations of the “probable magnitude of the financial part of the business”—the capital required annually for loans—provided an estimate that some £19,000,000 would be regularly involved per year.\textsuperscript{130} The Government land revenue then stood at some £20,000,000 for British India. Harington asked whether the state could furnish the amount needed for loans, and, if it were so able, should it “buy up the creditors” or leave “the enterprise to private capitalists”?\textsuperscript{131}

Government could not afford to contemplate such a radical overthrow of existing conditions as would be necessitated by the replacement of the machinery which existed—even that portion of it run by mahajans—for the supply of credit to agriculturists. The chief above), nor was any other area for large-scale, productive, and systematic investment opened up for it.

\textsuperscript{127} “Economic Reform in Rural India,” \textit{Calcutta Review}, I.XXVI (1883), 164.

\textsuperscript{128} \textit{Revenue Reporter}, IV 11 (1869), 84, cited by Harington, \textit{ibid}.

\textsuperscript{129} \textit{Ibid}. Harington gives no exact date for Mackintosh’s enquiry.

\textsuperscript{130} \textit{Ibid}. , p. 162. Harington’s calculations were as follows. One-half the gross produce he assumed to be equivalent to the maximum amount borrowed, which would be equal to one-and-one-half times the cultivator’s rent. Two-fifths of the cultivators of the seven temporarily settled provinces would pay, he assumed, two-fifths of the gross rental of those districts and consequently one-fifth of the land revenue, assuming the rental stood at twice the land revenue.

\textsuperscript{131} \textit{Ibid}. , p. 166.
commissioner of Oudh had asked for recommendations by district officers in the course of the 1869 enquiry into indebtedness as to how the cultivator’s state of dependence on extraneous aid might be improved. In their replies the district officers were almost unanimously of the opinion that “no direct interference can advantageously be exercised by the administration,” an opinion in which the chief commissioner concurred. If Government not only refused to interfere with a landlord’s activities but even gave him specific legal protection in recognizing his power of enhancement of rent and distrain of tenants’ goods on default of rent payments, how then could Government legitimately obstruct the moneylender in the pursuit of the profits of his trade?

Practically speaking, since both the realization of land revenue and the zamindars’ collection of their charges were heavily dependent on the timely assistance of “the mahajan,” it was inconceivable that Government should interfere with what was in fact its vital source of supply. Nor could it disturb “the mahajan” in his role as universal provider, faute de mieux, to the cultivating population. However deplorable the profiteering of creditors might seem, official opinion was resigned to admitting that “with all his faults, the village banker has been and probably will continue to be a useful member of the agricultural community. He finds much of the capital with which the cultivating system of the country is worked and advances it on little better security than the agricultural labourer’s verbal promise, the fulfilment of which depends on the seasons.” Patrick Carnegy’s official statement in 1868 for the Oudh enquiry made the position, and the dilemma, of Government abundantly clear: “... anything

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132 Oudh Selections, 1868–69, p. 3.
133 Davies, “Memorandum on the ... Indebtedness of Cultivators in Oudh,” Oudh Selections, 1868–69, p. 74.
134 For a statement of the problem of the mahajan’s dealings and Government control, see the observations of E. Thompson, Officiating Commissioner, Sitapur, in Oudh Selections, 1868–69, pp. 39–40. The policy of non-interference early found its clearest expression in the repeal of the Usury Laws by Act XXVIII, 1855. For a discussion of this legislation and its problems, see pp. 217–220.
135 W. P. Harrison, Assistant Commissioner, Pratabgarh, in Oudh Selections, 1868–69, pp. 68–69. See also A. B. Patterson in Fatehpur Settlement Report, p. 12.
136 NWP Revenue Department. “Resolution,” 1883, Allahabad Settlement Report, p. 8 (and see text of Report, p. 48). See also Bareilly Settlement Report, p. 81, and Sir John Strachey’s eloquent observation, “Moneylenders are obviously as necessary to the Indian agriculturist as the seed which he sows, or as the rain which falls from heaven to water his fields,” quoted by Harington, “Economic Reform in Rural India,” Calcutta Review, LXXVI (1889), 153 (headnote).
like official interference in the interests of the cultivator would only lead to ill-will between him and the mahajan, who often stands between him and starvation. However much, therefore, the Officiating Commissioner [Carnegy] might like to see the position of the cultivator improved, he is of the opinion that, in the interests of the latter . . . the less we interfere the better.”

The welfare of the cultivator was, after all, the landlord's responsibility.

Scarcity years, in pushing prices beyond the high levels which had become the norm beginning in the early 1870s and beyond even those recorded for famine years in the past, brought a scramble for the profits of local trade in food grains. “Besides the regular traders, men of all sorts embarked in it who had or could raise any capital, jewellers and cloth dealers pledging their stocks, even their wives' jewels, to engage in the business and import grain.” But failure in the kharif could bring no profit to local cultivators. As June and July wore on and little or no rain fell, the threat of imminent scarcity drove up prices of all available stocks of grain. Farmers could not benefit as they had nothing now to sell, having long before disposed of the greater part of their outturn from the previous rabi to meet their obligations. At most, they kept back sufficient for a few months' food. By September, local stocks were drained, and cultivators could only buy or borrow their seed and food at prices which rocketed to famine levels.

The breakdown in the local supply of grain which became apparent on the occurrence of severe scarcity was no isolated happening but the consequence of years of rising prices combined with uneven yields. The danger as far as Government's awareness of the deteriorating condition of the rural population was concerned lay, as McMinn remarked, “in the slowness of Indian starvation and the absence of outward indications of the approach of famine.” The threat of poor outturns had subtle and damaging consequences for the majority of cultivators in that it led creditors to refuse further advances. As

137 Oudh Selections, 1868–69, p. 48.
138 McMinn, for example, noted how “at present [early 1870s] when a good harvest is reported all over India, the price of wheat is higher in Lucknow than it was in the NWP during the 1837–38 famine.” Introduction, p. 189.
139 Meerut district, NWP Revenue Administration Report, 1876–77, pp. 6–7.
140 Ibid. For the agriculturist's problems in his role as consumer, see NWP and Oudh Revenue Administration Report, 1889–90, p. 4.
141 Introduction, p. 187.
C. J. Daniell commented on the situation in Jhansi in August 1877, "Whenever little or no crop is sown, or when the sown crop is endangered by drought, bania close their money bags and refuse food or its equivalent. The people are then thrown on their own resources (nil, in so many cases)." This problem was in no way confined to Jhansi. Elsewhere in the provinces during the scarcity of 1877 large stocks accumulated from previous good seasons were in the hands of the zamindars and dealers; throughout the summer, as the gross deterioration in the kharif conditions became more and more apparent, a brisk exportation persisted nevertheless. But the kharif failure induced creditors to turn away their cultivator clients from fear that their diminishing stocks might not be replenished in that season. It was in their interest to withhold loans and thus to drive prices still higher.

Throughout, Government’s policy was to interfere as little and as briefly as possible with the channels of private trade. The modicum of official control believed indispensable in easing straitened circumstances in neighbouring Bihar in 1873, when imports from the NWP on which the area relied were held back owing to the attraction of the famine prices ruling in the provinces, was designed as a temporary measure: such needs should disappear, it was expected, "as means of communication are extended and the wealth of the country increases." The needs, however, persisted, but the control diminished even further, and the principle of non-interference triumphed—as the Famine Commission of 1879 in fact recommended. The seal was set on this policy by the publication of the Famine Code in 1896. Grain continued to flow throughout the provinces (earning Government a handsome profit from freight charges and customs dues), not in response to the distress of cultivators who could neither pay for it nor, in the face of imminent scarcity, borrow it, but as the high

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144 This "control" amounted to a minor reduction in the rates for the carriage of grain by railway. See Agriculture, Revenue and Commerce Department, India, to Government, NWP, February 25, 1875, in NWP, "Revenue Proceedings," March 1875, Index No. 2, March 20, 1875, Proceeding No. 2.
145 *Resolution on the Administration of Famine Relief*, IV, 118.
146 From October 1896 to June 1897, rail-borne imports of grain into the NWP and Oudh totalled 645,628 tons, exports 306,377 tons. "This vast and beneficient trade movement was effected not only without difficulty or apparent effort, but with great pecuniary advantage to the State." *Ibid.*, p. 119.
prices of local famine conditions and the expanding export trade dictated.

When his zamindar or creditor refused to oblige him, what did a cultivator do for grain? He could rob a store, or he could riot; the latter was a frequent occurrence in the "distressed districts" of the Doab during the grain crisis of 1877, for example, and was met by vigorous police measures.\(^{147}\) He could also emigrate; this was a common course of relief for farmers in the Lower Doab and Bundelkhand, who made their way to Malwa when scarcity threatened and returned one or two seasons later.\(^{148}\) He could, on occasion, earn a temporary subsistence wage—for the duration of the most obviously critical period only—on Government relief works. This remedy became more worthless as the century wore on. To cut costs Government entrusted the actual expenditure on schemes of village relief works to the zamindars, with the result that they employed only the able-bodied at starvation wages.\(^{149}\)

The peasantry was subject to the ravages of scarcity years without adequate relief; occasional abundant harvests provided no significant alleviation. The predicament of the impoverished cultivator faced with a fair season's outturn was well known and was aptly summarized by the lieutenant-governor of the NWP himself as early as 1872: "The seed and food borrowed at a high rate have to be repaid by a far larger weight of grain when prices have fallen, and the forced sales to which he is compelled in order to pay rent or revenue lower

\(^{147}\)Government, NWP and Oudh, to Government of India, October 4, 1877, in Government of India, "Famine Proceedings," October 1877, Proceeding No. 14. For details of grain robberies and the consequences meted out to robbers, see D. G. Pitcher, Report on the Scarcity, 1877–1879, pp. 3–5. For details of the steep rise in the rate of incidence of "ordinary crime" in scarcity years, see Henvey, Narrative, pp. 126–127 (1868–69, 1870); see also Resolution on the Administration of Famine Relief, IV, 126 ff.

\(^{148}\)Baird Smith described emigration as the only important relief "adopted by the sufferers" in the famine of 1860–61. Migrants from western districts were estimated to number 120,000, from central districts (i.e., Central and Lower Doab) 255,000, and from eastern districts 500,000; "Report," pp. 36–39. In comparison, emigration in the famine of 1877–78 was reported much reduced, and only from Jhansi Division from the end of July, and Agra Division during August. No figures were given; see NWP Revenue Administration Report, 1876–77, pp. 1–3. The official report in the scarcity of 1896–97 made no reference to emigration. But by this time regular migration of labourers to Assam, Bengal, Bihar, and Bombay had begun in earnest. See p. 275 below.

\(^{149}\)Relief works in Bundelkhand on roads, tanks, wells, and embankments were reported accomplished under the administration of local zamindars at the cost of Rs. 4,800 per 1,000 feet of excavation. See Resolution on the Administration of Famine Relief, IV, 14.
the market price below the level at which the abundant crop would of itself place it ... To the well-to-do farmer, who has grain to sell, high prices bring fortune; to the indebted man, who has to borrow, they are loss and ruin ...”

In 1874-75, Benares Division saw good harvests reaped throughout. Gorakhpur especially “enjoyed a plenty enough to compensate for the scarcity of the year before.” But abundance worked, as of old, against cultivators in clearing their accounts of loans borrowed to tide them over the previous year’s drought. “If they took 1 maund of grain in October 1874, when selling at 20 seers the Rupee,” the Collector, J. J. F. Lumsden, suggested by way of a typical example, “they would have to repay in April or May 1875, the value in grain of Rs. 2, with interest at 25 percent, and as grain was then selling at 30 seers, they would have to give back 1 maund and 35 seers for every maund they borrowed. Considerations such as these must temper to a certain extent the cultivator’s joy at a bumper harvest.”

A. B. Patterson, the Settlement Officer of Fatehpur, reported that the abnormally low prices in pargana Khaga owing to exceptionally good harvests gave cause for anxiety: “many moderate settlements would press severely if low prices recurred on a par with those of 1850-1857, or April-November, 1876.” For low prices brought great distress: cultivators “had more grain than they knew what to do with, but money to pay their rents was hardly to be got.”

In the Secretariat meanwhile, it was an acknowledged fact that the actual division of “rental assets” between Government and zamindar differed markedly from the nominal egalitarian proportions of 50 percent on which the revised assessments had been calculated. “It will hardly be denied,” H. S. Reid, Junior Member of the Board of Revenue, admitted in a minute of 1873, “that a rental, equivalent to double the Government demand, is collected only in good years. Assuming the pay of the patwari to be 5 percent on the jama, the zamindar, what with the payment of cesses, expenses of collections, balances of rent and patwaris’ allowances, nets little more (if any

180 Government, NWP, to Board of Revenue, NWP, June 25, 1872, para. 3, NWP Revenue Administration Report, 1870-71. For detailed observations by divisions, see Report, pp. 2-3.

181 NWP Revenue Administration Report, 1874-75, pp. 2-3. The same situation was reported from Ghazipur district, viz. excellent harvest, abundant grain, sufficient food but money scarce--and “rents” therefore were paid with difficulty.

182 Fatehpur Settlement Report, p. 45.
more) than 30 percent of the rental, a clear 50 percent of which goes to Government. The Government will probably gain an increase of 30 to 40 lakhs p.a. [Rs. 3,000,000 to 4,000,000] by the revision of settlement at 50 percent on present, in lieu of 66 percent on old assets."

The zamindars' share was not merely depleted by the regular payment of cesses; it was subject at the same time to the risk of further reductions owing to a wide range of irregular circumstances. Among these were the increased pressure, not to mention the conflict, stemming from excessive numbers dependent on proprietorial claims within the zamindari group; the inability of zamindars, especially the idle aristocrats displaced from service, to turn themselves into industrious landlords; the fact that poor harvests on the one hand leading to unrealizable balances of charges from cultivators, and good harvests on the other resulted in a glut of local markets and the plummeting of grain prices. Government however continued to collect its revenue on the basis of the theoretical distribution of assets; its demand could not be adjusted to allow for the inroad of regular, let alone irregular, charges on zamindars' incomes.

The combination of scientific revenue assessments and untoward circumstances rapidly singled out the prosperous zamindars from the economically incapacitated even within the space of a single pargana. S. N. Martin reported from Muzaffarnagar in 1862 how the assessment (of pargana Muzaffarnagar) had been "unfortunately preceded by several bad years, including those of the mutiny and famine ..." with the result that "the wealthy capitalists have alone been able to hold out but the Bhyachara villages have been greatly depressed ... The zamindars of unirrigated lands have suffered immensely while those proprietors whose estates border on the canal were making, during the last year of distress when grain was selling at 8 seers the Rupee, large but temporary profits ..." All through the district, the old zamindari families of Syuds faced ruin: "though their numbers

153 "Minute on the Patwari's Status and Remuneration," August 8, 1873, in NWP, "Revenue Proceedings," March 1874, Index No. 13, November 8, 1873, Proceeding No. 85. For an enumeration of regular cesses payable to Government, estimated on every Rs. 100 of "rental" theoretically due to the zamindars, see the example, from Jhansi, at p. 136 above (Table 2). For comparable payments collected from Oudh zamindars, see H. C. Irwin, Garden of India, pp. 32–33. Compare the Stracheys' assertion that modernization was achieved without extra charge on the revenue; see p. 2 above.

154 Compare Figure 1 with Figures 7 and 8.

155 Muzaffarnagar Settlement Report, p. 60.
have greatly increased, out of all proportion to the minute quantity of land from which they now draw subsistence, they cannot be induced to curtail expenditure,” Martin observed, “and are deeply involved to the moneylenders.” The predicament of the upper classes, confronted with the consequences their abrupt displacement from service and unable or unwilling to forsake the obligations of their social position and the lure of prestige in order to save the means to meet Government’s demands, was widespread. “What are we to do to live?” a “well-to-do” Thakur asked in the course of a conversation with Wright, the Settlement Officer in Cawnpore district. “Our profession of soldiering is closed to us; some few of us indeed get employment in the forces of the native chiefs, but Ahirs and sweepers fill the ranks of the [British] native army. Chamars are writers in the courts; our caste forbids us to handle the plough.” Wright could find no answer “but that he must either swallow his pride or go to the wall.” The zamindars of Hardoi district to the north-west faced the same alternatives. In the early 1870s, assessments were increased under Government sanction while the settlement officers (who provided the calculations) drew attention to the fact that zamindars were struggling in vain to pay them, their assets having been ravaged by three years of deficient outturns (by 1871) owing to floods and hailstorms. The next year, 1872-73, drought struck the rabi; the following kharif produced a miserable outturn over most of the district; and this was succeeded by another moistureless rabi together with severe frost. Complaints of over-assessment reached the Viceroy’s ear. Lord Northbrook’s subsequent instructions, “to strike off irrecoverable balances, suspend demands too suddenly imposed, and to relieve generally the universal distress in the country,” did not reckon with the scrupulous attentiveness of the local Secretariat to the interests of Government. As a result, suspensions in demand were granted “only to persons in actual distress,” whilst “well-to-do landowners considering themselves aggrieved in the matter of assessment, were left to proceed by petition.” To the south of Cawnpore, the old zamindari families of Fatehpur district faced ruin in 1871 when Government imposed a 10 percent cess for the expenses of local

184 S. N. Martin to G. E. Williams, Commissioner, Meerut, May 22, 1865, Muzaffarnagar Settlement Report, p. 33. It is probable that the increase Martin noted was not absolute, but a relative increase in numbers dependent on zamindari claims.

185 Cawnpore Settlement Report, p. 47.

administration with no account taken of the existing debts of the zamindars nor of the ravaged state of the district following the great drought of 1868-69.¹⁵⁹

Such instances were representative of the risks confronted by the majority of zamindars in both the NWP and Oudh as an inevitable consequence of their obligatory as well as voluntary commitments being perpetually out of step with their means. Abundant harvests, when they occurred, could bring about no adjustment in this position. Like the cultivators, zamindars had necessarily to borrow.

The problem of zamindars’ indebtedness was not confined to the persistence of pressures which encouraged or enforced borrowing. It had in the later nineteenth century an additional dimension in the complicated procedure of the legal transfer of proprietary rights as a consequence of the contracting of debts and the working of the principle of limitation. The title awarded to zamindars under the earliest settlement in the NWP conformed in its incidents with contemporary principles of proprietorship: it was established as both heritable and transferable. Further, insofar as the quantifiable proprietary assets in land to which the title referred were held liable for the payment of the revenue demand, Government declared its right in the case of default to compel the sale of the zamindar’s title to realize its debt, that is, arrears of revenue. Meanwhile, the transferable nature of the title enabled the zamindar to take out legally recognized mortgages on its security. In the course of the nineteenth century, the principle of compulsory sale was extended. It came to cover the acquisition of land, on payment of compensation, for public purposes—the construction of public works.¹⁶⁰ More important, Government’s rights as creditor against its debtor for the satisfaction of its debt were extended in accordance with the principles of equity to private creditors; the civil law in this respect was brought in line with the revenue law by the Code of Civil Procedure.¹⁶¹ The zamindar’s title had been liable to pass to Government and thence to the auction purchaser at revenue sales; now it could pass in addition to his creditor, who might in turn be the auction purchaser.

¹⁵⁹Fatehpur Settlement Report, p. 40. In “ordinary times,” A. B. Patterson believed, the 10 percent cess “would perhaps have been managed without much difficulty.” For further, similar observations, see ibid., pp. 10-11.
¹⁶⁰Act VI, 1857 (acquisition of land for public purposes), amended by Act II, 1861, repealed by Act X, 1870, § 2. On the procedure, especially of valuation, see S. C. Dutt, Compulsory Sales, Lectures II and III.
¹⁶¹Act VIII, 1859, § 205. For the procedure of compulsory sales in execution of a decree, see Dutt, ibid., Lectures IV to VI.
The combination of increased pressures on zamindars and the liberalization of the machinery of compulsory sales for debt resulted in a spate of litigation and alarming statistics of completed transfers. The average annual number of registered sales of immoveable property in the NWP climbed steadily: there were 32,188 between 1878 and 1883, 32,361 between 1883 and 1888, 35,928 between 1888 and 1893.  

Theoretically, the transfer procedure inherited from the Company’s revenue administration fitted neatly into the framework of Government’s intentions to modernize agrarian conditions. It was a cardinal principle of classical political economy that insolvent proprietors must not be permitted to waste away their estates for unproductive purposes; their property must be cleared of its debts (legally termed “encumbrances”) and sold off to a relatively few efficient capitalists who were able to transform a number of broken-down estates into a large-scale, viable economic unit which by judicious investment would become prosperous.  

G. B. Maconochie for one viewed the extensive transfers in Unao district during the revision of settlement with this type of economic optimism. The existing situation of the zamindars appeared hopeless to him. There were on average some ten divided pattis to a single village, with four sharers to each patti. These sharers were all directly affected by their displacement from service following annexation and did not work in the fields. The expenses of hired labour for cultivation had to be found, in addition to their other charges. Their mounting debts seemed to leave no alternative “but that their land must pass into the hands of those with capital, and therefore into the hands of the few.” This seemingly harsh remedy would, Maconochie commented, prove ultimately beneficial to both country and people. The transfer procedure would provide the means for the introduction of wealthy landowners “who can and will for their own sakes, spend money in improving their estates, displacing a pauper proprietary who, without the means of purchasing labour are, in too many instances too proud, or too lazy, to work with their own hands.” The sufferings of impoverished

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162"Note on Land Transfer and Agricultural Indebtedness in India," in Government of India, Selections from Papers on Indebtedness, p. 35. Oudh figures for the same periods were 6,257, 6,672, and 7,075, respectively; ibid.

163For the analogous application of principles of classical political economy to encumbered estates in Ireland, see R. D. C. Black, Economic Thought, especially pp. 35-40, 121, 125-126.

164Unao Settlement Report, pp. 67-68.

165Ibid, p. 18.
zamindari families were seen as the price of modernization. District officers could accept them—yet not without compassion—as the necessary outcome of Government's adherence to its just cause. "Is the healthy circulation of landed property an unmixed evil? Is not the same process, the supplanting of old families by the nouveaux riches, going on elsewhere, wherever civilization is at a high pitch?," Wright demanded in the course of a description of the lamentable state of the Cawnpore zamindars, with whom the British Government had, obligatorily, broken faith in sacrificing their interests in the pursuit of progress.\(^1\) The principle on which the whole machinery of the British Government works is of giving every one his exact due, at the same time exacting rigorously its own rights to the uttermost farthing. Such a principle is directly opposed to that on which old families maintained their status under other Governments. When precise definition of rights did not exist, the strongest was master, and failing other resources, the favour of the ruling authority could raise the beggar of yesterday into the talukdar of today . . ."\(^2\)

Government was not however in a position to be so rigidly consistent as such proclamations implied. Unhappily, the progressive aspirations of economic theory and equitable principles were not backed by suitable means for enforcement, nor, ironically, was it in the interests of Government, in view of its fundamental requirements of political expediency, that it should seek to enforce them. The logical extension of the working of the modernized legal machinery in co-ordination with economic pressures should ideally have resulted in the disintegration of the structure of superior rights over land accompanied by the dispersal of the proprietors from their seats of local power. This preparing of the way for a "capitalist succession" implied in fact an upheaval of revolutionary dimensions, and the collapse of that stratum of society upon which Government depended for its maintenance. Hence, in practice, Government was obliged to correct its forward-looking principles after the conservative fashion of its predecessors. It implemented grace and favour schemes for the relief of insolvent proprietors of influence: kham tehsil management, whereby the management of an estate was taken over temporarily by tehsili staff; the Court-of-Wards caretakership; the Jhansi Encumbered Estates legislation, designed to shore up the zamindars of the most backward district in the provinces; and, lastly, the move in the 1890s towards

\(^1\)Cawnpore Settlement Report, p. 47.
\(^2\)Ibid., p. 46.
restriction of the transfer procedure itself. Meanwhile, the unacknowledged ally of Government was none other than the litigious zamindar. In fighting off the competitors for his position—still, in spite of the cost of mounting pressures, the only means of access to the widest range of local resources—he acted in the political interests of Government. In obstructing the processes of the judicial machinery by seemingly wanton litigation and in frustrating their successful outcome by fraud and physical coercion, he kept his place de facto in society and ensured that the essence of the old order was perpetuated, albeit at a price: the gross distortion of the modernized legal machinery and, often enough, the economic ruin of litigants. This unnatural but inevitable coalition between Government and the litigious zamindars can best be examined by an enquiry into the working of the law, focusing on the central problem of debt and alienations.