Colonializing Agriculture

The Myth of Punjab Exceptionalism

Mridula Mukherjee

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For Aditya

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Series Editors' Preface

The Sage Series in Modern Indian History is intended to bring together the growing volume of historical studies that share a very broad common historiographic focus.

In the 50 years since independence from colonial rule, research and writing on modern Indian history has given rise to intense debates resulting in the emergence of different schools of thought. Prominent among them are the Cambridge School and the Subaltern School. Some of us at the Jawaharlal Nehru University, along with many colleagues in other parts of the country, have tried to promote teaching and research along somewhat different lines. We have endeavoured to steer clear of colonial stereotypes, nationalist romanticization, sectarian radicalism and rigid and dogmatic approach. We have also discouraged the "flavour of the month" approach, which tries to ape whatever is currently fashionable.

Of course, a good historian is fully aware of contemporary trends in historical writing and of historical work being done elsewhere, and draws heavily on the comparative approach, i.e., the historical study of other societies, states and nations, and on other disciplines, especially economics, political science, sociology and social anthropology. A historian tries to understand the past and make it relevant to the present and the future. History thus also caters to the changing needs of society and social development. A historian is a creature of his or her times, yet a good historian tries to use every tool available to the historian's craft to avoid a conscious bias to get as near the truth as possible.

The approach we have tried to evolve looks sympathetically, though critically, at the Indian national liberation struggle and other popular movements such as those of labour, peasants, lower castes, tribal peoples and women. It also looks at colonialism as a structure and a system, and analyzes changes in economy, society and culture in the colonial context as also in the context of independent India. It focuses on communalism and casteism as major features of modern Indian development. The volumes in the series will tend to reflect this approach as also its changing and developing features. At the broadest plane our approach is committed to the Enlightenment values of rationalism, humanism, democracy and secularism.

The series will consist of well-researched volumes with a wider scope which deal with a significant historiographical aspect even while devoting meticulous attention to detail. They will have a firm empirical grounding based on an exhaustive and rigorous examination of primary sources (including those available in archives in different parts of India and often abroad); collections of private and institutional papers; newspapers and journals (including those in Indian languages); oral testimony; pamphlet literature; and contemporary literary works. The books in this series, while sharing a broad historiographic approach, will invariably have considerable differences in analytical frameworks.

The many problems that hinder academic pursuit in developing societies—e.g., relatively poor library facilities, forcing scholars to run from library to library and city to city and yet not being able to find many of the necessary books; inadequate institutional support within universities; a paucity of research-funding organizations; a relatively underdeveloped publishing industry, and so on—have plagued historical research and writing as well. All this had made it difficult to initiate and sustain efforts at publishing a series along the lines of the Cambridge History series or the history series of some of the best US and European universities.

But the need is there because, in the absence of such an effort, a vast amount of work on Indian history being done in Delhi and other university centres in India as also in British, US, Russian, Japanese, Australian and European universities which shares a common historiographic approach remains scattered and has no "voice". Also, many fine works published by small Indian publishers never reach the libraries and bookshops in India or abroad.

We are acutely aware that one swallow does not make a summer. This series will only mark the beginning of a new attempt at presenting the efforts of scholars to evolve autonomous (but not indigenist) intellectual approaches in modern Indian history.

Bipan Chandra
Mridula Mukherjee
Aditya Mukherjee

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Preface

This book attempts a study of the agrarian economy of Punjab under colonialism. I chose to work on the economic facets of the life of the Punjab peasants because I found that some of the more important questions about peasant politics, the initial focus of interest, could not be answered without a more thorough grasp of the nature of the agrarian economy. Neither the earlier notions of Punjab as "the land of the peasant proprietors", where indebtedness was a result of prosperity and not poverty, nor the newer theories that heralded the rise of the rich peasant, seemed to quite match the peasants' political behaviour. A closer examination of the impact of colonialism on the agrarian economy as a whole, and on the agrarian class structure in particular, thus became imperative. I attempt in this work to delineate the nature of the forces that were buffeting the peasants once they became part of the modern world of colonialism. I examine the nature of the burdens of the peasantry, and the impact of the markets in produce, credit, land and labour. I also analyze the degree to which the peasantry had been differentiated and whether or not this process had led to the emergence of classes or groups capable of and willing to invest in agricultural production. I then compare Punjab with other regions of colonial India, and especially with its supposed "polar opposite", Eastern India, to test the validity of the notion that Punjab deviated sharply from the typical colonial pattern. The Introduction to this volume sets out in greater detail the framework and context of this study of the colonial agrarian economy.

This volume presents one part of a larger study of the political and moral economy of Indian peasants during colonial rule. The other part was recently published as *Peasants in India's Non-Violent Revolution: Practice and Theory* (Sage Series in Modern Indian History–V). Recapitulating the rationale of the larger study and the architecture of the volume already published might be useful for the reader.[1]

[1] The following account is based on the "Introduction" to Mridula Mukherjee, *Peasants in India's Non-Violent Revolution,* 2004, pp. 16–22.

I
The Rationale

Throughout history, peasants have, to put it mildly, been an enigma to those who have tried to deal with them, whether they be monarchs who have tried to govern them or revolutionaries who have tried to lead them; tax-collectors whose job it has been to fleece them or welfare workers who want to get them a better deal; social anthropologists who live with them to know them better or historians who unravel their past to comprehend their present and "imagine" their future.

Their history is simultaneously a story of rebellion and of silent suffering, of collective action and of individualism, of the proverbial peasant guile and the equally proverbial peasant gullibility, of a fierce attachment to home and hearth and of trans-continental migration, of adaptability and stubborn resistance to change, of an urge towards an egalitarian order and the strict observance of hierarchy, of mass conversion to new religions and unbelievable sacrifices to protect the faith of their forefathers, of the best of traditional cultural values and of barbarism, of faithful continuation of centuries-old farming practices and the ready acceptance of new technologies, of abiding by the law and of being notoriously recalcitrant.

These and many other apparent paradoxes in the history of the peasantries of the world are at least partly explained by the very length of the history. The peasantry is, arguably, the oldest "class" in the world. It not only predated but provided the basis for the emergence of the kings, the nobles and the feudal lords, the merchants and the traders. All other social classes are at least a few centuries younger than the peasantry, and the industrial working class almost an infant in comparison.

The sheer longevity of the peasantry's existence makes one sometimes wonder about the possibility of its immortality. While many of those who lived off its labour and rode piggy-back on it through history have been consigned to the pages of history books, the peasantry has demonstrated an uncanny ability for survival. It has defied the logic of economies of scale that capitalism held up to pronounce its sad but inevitable extinction. It has, with equal doggedness, forced socialism to raise it to life from the ashes of its collective farms, kolkhozes and communes. Those who thought they had sung its last requiem are now singing a new tune whose refrain is "the economic viability of the peasant farm", and many of us who denied it any rationality now talk about a "peasant rationality".

Peasants have also shown scant respect for all the sophisticated theories and neat models that have been constructed to explain and predict their behaviour. They have cocked a sly snook at both those who thought their essence was homogeneity and those who differentiated them into petty bourgeois and proletariat and forgot that they were still peasants. "Middle peasants", who were supposed to cultivate with family labour and have nothing to do with the market, were found to be deeply linked to it and, as in India, were even hiring labour. "Rich", "middle" and "poor" peasants are found so often to be playing roles different from those defined for them by Mao Ze Dong or Eric Wolf that one has begun to wonder whether those categories were at all useful. For example, "poor" peasants who were expected because of their class position to be the most militant, if not revolutionary, have often turned out to be the most docile. And "rich" peasants who were relegated to the "reactionary" end of the political spectrum by being called "kulaks" have just as often been found in the leadership of protest movements. Nor have debates about whether their classification into rich, middle and poor should be made on the basis of size of landholding and access to other resources, or on the basis of family income, or on the basis of the position occupied in the structure of agrarian production relations, taken us very far in answering questions about the political and social and even economic behaviour of the peasantry.

The reasons for the failure of the peasants to live up to the grandiose theories or perfect models built for them lies not so much in their "inherent" unpredictability, but possibly in the very flawed nature of the project of model-building. It is arguably unreasonable to expect that a rich and varied history spread over not only many centuries but millennia, over many continents, distilled through many distinct cultures and civilizations, and spanning many epochs, can be encompassed or encapsulated within any one model or theory, no matter how sophisticated or complex it might be.

Is it reasonable, for example, to expect that a model evolved to explain the experience of Muslim residents of a village in Malaysia in the relatively stable 1970s, in the age of television and mass media, of political parties and elections, as has been done recently by James Scott in his *Weapons of the Weak*, can provide an adequate framework for comprehending peasant activity in other situations even in the twentieth century, for example, in the Mexican revolution, in the Chinese revolution, in the Russian Revolution and in our very own national movement? One can understand the necessity for an emphasis on "everyday resistance" as a counter-foil to the obsession with and glorification of the more dramatic and violent moments of peasant protest. It is also possible to sympathize with the view that peasants have often gained little and sometimes lost heavily from participation in the grand events of history. But can this become the basis for, to use the terminology currently in vogue, "privileging everyday resistance" over all other forms of protest and resistance, for all peasants, in all epochs? Further, even if it is accepted that the peasants of Malaysia in the 1970s were no longer under the ideological hegemony of the landlords and the ruling classes, must this lead to an acceptance of a general theory about the ideological and cultural autonomy of the peasantry?

My reservations about a certain kind of methodology adopted in peasant studies are not, I hope, merely a reflection of the historian's well-founded scepticism about model-building in general. Models built on the basis of an analysis of certain kinds of group behaviour may well be useful tools to comprehend the activities of broadly similar groups in broadly similar conditions. It is my contention, however, that it is as possible to question the validity of a model devised to explain the behaviour of, say, multinational industrial entrepreneurs in the late twentieth century, being used to study the early British industrialists of the eighteenth century, as it is to raise doubts about applying to fourteenth-century German or English peasants, or even early or mid-twentieth-century Chinese or Indian peasants, models built around data gathered from Malay peasants of the late twentieth century. A model built around Malay peasants of the 1970s may well be used, however, to understand contemporary Pakistani peasants, because some of the conditions, such as Islam, and limited democracy, are similar. If the Malay model was to be used for India, it would have to be modified to accommodate at least the difference in the cultural codes as well as the imperatives of a vibrant democracy, to name only a few ready examples.

In the long, and mostly unknown, history of the peasantry, and even in the known history of the Indian peasantry, the story that has been narrated here is but a miniscule part, a mere drop in the vast ocean. For that reason, and for the many others already stated, I do not propose to construct any general model of peasant behaviour.

When this study was conceived, Vietnam had ensured that peasants were still being pursued with vehemence by many whose earlier choices as actors and heroes—workers and students—had refused to fit the revolutionary bill. By the time this study has been completed, the directors of revolutionary drama have moved on to new vistas—women, ethnic and racial minorities (or maybe just women of oppressed minorities), "indigenous" people whose environment and lifestyles have been encroached upon, or, in our own version, a combination of those discriminated against on the basis of caste, religion or ethnicity, and gender. It has been completed in the faith that the relevance of academic pursuits is not determined by the "flavour of the month", and also because peasants are still very much around, along with their problems, at least in our part of the world, and still continue to excite considerable debate as subjects and objects of strategies of economic, social and political transformation in the past as well as in the present. Besides, who knows what fate awaits those who have failed to learn the lessons taught by Vietnamese peasants, and have thus run the risk of being taught a lesson or two by the peasants of the world's most ancient civilization. The oldest class in the world may yet have a few surprises in store for the world's youngest Imperialism. Peasants may well be back in fashion in the next Spring Collection.

II
The Architecture

The companion volume, *Peasants in India's Non-Violent Revolution: Practice and Theory*, attempts to make an intervention in the theoretical debates regarding the role of peasants in revolutionary transformations in the modern world. It does so from the vantage point of the Indian anti-colonial national revolution—a revolution based on a strategy of non-violent action in which the central role was assigned to peasants. The non-violent, yet revolutionary, political practice of peasants in the Indian revolution has been largely ignored in these debates because of the automatic (though unjustified) association of revolution with the large-scale use of violence. While this notion of violence as the essential handmaiden of revolution may have been excusable in the days before unarmed millions with candles and roses as weapons swept away non-democratic regimes in Eastern Europe and the Soviet Union, in South Korea, in the Philippines and elsewhere, the time has now come to give non-violent revolution its due, and in this to turn our attention to the principal players, namely peasants. Even James Scott, who has otherwise helped in a major way in turning the spotlight away from the exclusive concentration on violent revolution to the non-violent everyday peasant resistance, does not consider the Indian case as worthy of attention, possibly because, being so overtly *political*, it does not fit into his model, which is of *apolitical* everyday resistance.

The political world of the peasants of Punjab (a major North Indian province), which this book constructs in intricate minutiae, forms the substantial part of the empirical base on which the theoretical and methodological discussion conducted in this study rests. In fact, surprisingly for a region that has occupied centre-stage in the story of Indian agricultural development as well as in the political sphere due to Khalistani militancy, this is the first time that the story of the political movements of the peasants of Punjab in the colonial era is being told.

The narrative has been woven together on the basis of many hitherto unused sources in India and the United Kingdom, which include local, provincial and national level official records, newspapers, pamphlets, posters, private papers and institutional papers. Apart from these more conventional archival sources that are the staple of the historian's craft, I have made extensive use of the oral testimony of political activists and participants. This hitherto largely untapped source proved extremely useful not only for supplementing factual information about movements not adequately documented in written sources, but especially for aspects such as ideology, consciousness, social origins of participants, methods of grass-roots mobilization, etc., on which, inevitably, written sources are far from adequate. Some of the interviews, which are listed in the bibliography, were conducted by me on an individual basis, whereas others were conducted as part of the project headed by Professor Bipan Chandra on "The History of the Indian National Movement", in which I, along with some of my colleagues, have been engaged for the last few years.

The story of political practice in rural Punjab, presented in the first part of this book, takes in its sweep both the heroic struggles as well as the no less important everyday politics of peasants. It tries to capture their profile when they were marching with the nation in big national struggles as well as when they were engaged in local struggles on purely class or peasant issues. It treats with equal attention all those who came to the peasant's door—Akalis, Unionists, nationalists of all hues, whether Gandhians, Congress Socialists, Kirti Communists, CPI Communists or radical intellectuals like Professor Brij Narain. It begins with the historical background which brings the story of peasant protest in the colonial period to 1925. It then traces the efforts towards the establishment of peasant organizations by various political groups and parties and the process of the fashioning of an agenda of peasant demands and action. The story moves on to the Civil Disobedience Movement and the activity of peasants as they march along with the rest of the nation, building new links, learning new methods, absorbing new ideas and gaining a new confidence. It then documents the building of the national-level peasant organization and its impact on the movement in the province. It also highlights the process of ideological radicalization, in which the Congress President, Jawaharlal Nehru, played a crucial role, especially during his election tours. This is followed by the stories of many different struggles—the Amritsar Kisan Morcha, the tenants' struggle in the canal colonies, the Lahore Kisan Morcha—as well as of the everyday politics of the Jullundur peasants, who did not have a "morcha" of their own but were arguably the most politically conscious of all. It also looks at the politics of the agrarian legislation initiated by the Unionist Ministry during this phase (1938–39) which marked the high-watermark of peasant upsurge in the Punjab, as it did in many other provinces. This is followed by a discussion of the years 1939 to 1947, which saw major shifts in the political landscape. The Individual Civil Disobedience movement, the Quit India movement, the Communist Party's People's War line, the post-war political ferment and the tragic partition that divided the nation and the province, all impacted on the peasants. I then take up the story of the princely state of Patiala, in which the peasants fought one of their most long-lasting and powerful struggles, covering the years from 1930 to 1953. The inclusion of Patiala enables a comparative look at peasant movements operating within the very divergent political and state structures of autocratic Patiala and semi-democratic British Punjab, which in turn helps in a delineation of the variables that influence the choice of modes and forms of protest.

Some of the more general aspects of the political experience of the Punjab peasants, such as the relationship between peasants, peasant movements and the national movement, forms of protest and methods of mobilization, social origins of leaders and participants, peasant consciousness, etc., are presented in the second part of the book, so that they can be analyzed alongside the experience of peasants from other parts of India and also form part of the broader historiographical debate.

The book subjects to critical scrutiny a wide range of theoretical models used for analyzing peasant consciousness and behaviour. It is particularly critical of the framework offered by Subaltern Studies, which it subjects to a thorough and elaborate critique. It argues that the concrete political practice of Indian peasants, which it documents in detail, does not match Subaltern theory, especially the notions of autonomous consciousness, subaltern/elite antagonism, privileging of violent resistance as essentially subaltern, etc. While appreciating many of its profound insights, it also questions certain elements of the Marxist understanding of the peasantry, especially with reference to the relationship between class and nation.

In a similar fashion, the work of scholars such as Eric Hobsbawm, Eric Wolf, Jean Chesneaux, Lucien Bianco, James Scott, Theda Skocpol, Theodor Shanin and Barrington Moore, who have made important contributions to peasant historiography, is critically analysed with the objective of sifting out what is useful for the understanding of the Indian case and of questioning those generalizations which are thrown into doubt by the actual practice of Indian peasants. It argues that the actual political practice of the Indian peasants, representing one-sixth of humanity, refuses to fit into the theoretical straitjackets provided for it and demands new theoretical and methodological space, some of which this study has sought to create. It rejects the widely prevalent notion that peasants' consciousness remains traditional even when they indulge in "revolutionary" action, and argues that they can and do indeed acquire, in the Indian case, a modern anti-colonial, democratic and even "class" consciousness.

The discussion on historiography is organized thematically in the second part of the book, which begins with a detailed critique of the Subaltern and Marxist writings on the subject of peasants and anti-colonial nationalism, and argues for an alternative perspective. I then examine the debate around the issues of violence and non-violence, and present a detailed account of the forms of struggle and methods of mobilization adopted by peasants. This is followed by a focus on the relationship between peasants and outsiders and also the social origins of leaders and participants. I then suggest some elements of an alternative framework for analyzing peasant consciousness by means of a close look at the issues which aroused different strata of the peasantry to struggle, and also examine the sources of legitimacy in peasant consciousness. In conclusion, I question the dominant notions about the impossibility of the transformation of the consciousness of peasants and argue that the actual political practice of the Indian peasantry suggests that this transformation is a reality and therefore needs to become a theoretical possibility.

Acknowledgements

Acknowledging the debts accumulated in the course of writing a book is among the more pleasant of the tasks associated with the rituals of publishing, the not so pleasant ones being reading proofs, checking references for the umpteenth time, meeting deadlines, anticipating hostile reviews, and the like. The task is made even more pleasant by the fact that acknowledgement of debts is counted as equal to repayment. In the present instance, my task is made easier by the fact that since this book is in many ways a companion volume to the recently published *Peasants in India's Non-Violent Revolution: Practice and Theory* (2004), I have already had occasion to thank many of those who helped in various ways during the course of the larger project of which the present work is a part. Nevertheless, I wish to use this occasion to express my gratitude to those who contributed in many different ways to the making of this study.

To Professor Bipan Chandra I owe the original suggestion for researching this subject, as well as the basic framework of the logic of a colonial economy. His own work on colonialism as a distinct social formation, and on colonialism structuring underdevelopment in the colony, greatly influenced this work. The ease with which his own researches spanned economic history, Marxist theory, history of political and economic ideas, studies of mass movements and political leadership, analysis of the nature of the colonial state, were an obvious encouragement to me to attempt to explore and integrate different facets of the lives of the peasants who were the subject of my research. He has also seen this work through its many stages with his customary patience and generous appreciation, combined with occasional admonishment and frank and detailed critique. It has been a privilege to learn from him and work with him.

Aditya's role in this book has been even more significant than in my other writings, which is quite an achievement considering his already high level of participation in my intellectual concerns. His formal training in Economics came in very useful in helping me learn to "read" figures, in computing statistical data and making tables, and in negotiating my way through "marginal productivity" and other tricky concepts. If I have still made some simple economic errors, the responsibility is his alone!

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My family has as always been a source of great strength. My mother, Savitri Shori Mahajan, whose own career as a college lecturer in history came to a sudden end with Partition as she moved from Lahore to Delhi in the summer of 1947, was very involved with my work on her native Punjab. She left us without warning in May 2003 before the manuscript could become a book. My father, the late Dr Vidya Dhar Mahajan, had also taken a great deal of interest in my work, which in many ways was closest to his life, born and brought up, as he was, in a village in Punjab. Besides, his great love for history as a subject meant that he was quite happy with my becoming a historian, even though he tried for a long time not to show it, since it had happened in defiance of his stated preference for a career in administration. My daughter Madhavi, spoilt by the dedication to her in the last book, demands that her name appear on this one as well. On being told that for her name to appear on books, she would have to write them, she wonders why mama can't do the writing and just put her name!

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Mridula Mukherjee

Introduction

It is generally accepted that in the colonial period in India the basic trend in the economy was in the direction of the development of underdevelopment with its attendant features of deindustrialization, forced commercialization, stagnation or decline in per capita agricultural output and in agricultural productivity, accompanied by the intensification of semi-feudal or pre-capitalist agrarian relations (or what are often called semi-feudal semi-colonial agrarian relations). However, one finds that there is a fairly widely-held view that the north-western region, and Punjab in particular, did not fit into this all-India picture.

This impression is partly a result of the inadequate historical treatment of this region which has resulted in a reliance, especially by non-historians and historians of regions other than Punjab, on colonial official studies which, because of the high degree of their sophistication, command a lot of credibility. A good example is Malcolm Darling's classic study, *The Punjab Peasant in Prosperity and Debt*, which gives the impression that Punjab was something of a favoured child of the British government and always managed to get an extra large portion of Imperial favour; that it was a land of peasant proprietors *par excellence* who landed up in debt because of their prosperity and not because of poverty. Darling, it is forgotten, while representing the best within the colonial official tradition, still remained very much within that tradition and shared all its ideological biases and weaknesses. However, the poverty of Punjab historiography is only partly responsible for this notion of the exceptional character of this region. More recent developments in Punjab agriculture and the attempts being made to understand them are also responsible.

For certain specific reasons, the first success of the Green Revolution strategy was witnessed in this area, and naturally attempts to understand this phenomenon and the reasons for its success have been made. A common error is to assume that "many of the conditions for such a transformation" as the Green Revolution "had started developing earlier",[1] in

[1] Neelodri Bhattacharya, "Agricultural Labour and Production: Central and South-East Punjab, 1870–1940," in K.N. Roy et al. (eds), *Essays on the Commercialisation of Indian Agriculture*, Delhi, 1985, p. 151.

the colonial period itself. Rather than seeing colonialism as creating long-term structural constraints (what Daniel Thorner called "built-in depressors") this view sees the colonial experience as a process of partial modernization, creating some of the conditions for capitalist transformation. The problem really begins at this point. While it is certainly necessary to study the past in order to understand contemporary developments as well as the constraints the past imposes on particular strategies of development, it is also important to remember that in history the breaks are often as important as the continuities, and at times may be even more important. The historian may be forgiven for reminding other social scientists that not all roots go way back into the historical past and that it is often a radical and rapid transformation of the social soil which sprouts new growth.

Within historical writing this notion is likely to be strengthened by the recent trend that has developed, largely under the influence of the neo-colonial Cambridge School of historiography (this is also finding adherents among non-Cambridge and radical historians), of seeking to underplay the role of colonialism and the colonial structure in the discussion of modern Indian history in general and the development of agrarian relations in particular.[2] We are increasingly being reminded that it is time we gave up nationalist ideas about the land revenue system, the problems of indebtedness, patterns of landholding, colonial policy towards agriculture, etc., and started looking at other, presumably more basic, aspects of reality such as "structure of rights to land, and resource endowments",[3] cropping patterns, demographic trends, movement of rent and prices, forms of labour, etc. There is an amazing assumption here that the latter phenomena were not themselves critically influenced by the colonial intervention. In any society all aspects such as the structure of rights to land, capacity to develop and utilize the natural resource endowments, population trends and cropping patterns, can only be studied and understood in the context of the particular driving force of that society, the overarching structure within which all such aspects exist and acquire a meaning. In the context of modern Indian history, then, one can say that the attempt to understand any single aspect, however important, of the colonial reality which is not based on an understanding of the colonial structure in India is bound to lead towards a blind alley, or at best to empiricism.

In the case of Punjab this historiographical trend is reflected in the tendency to examine and highlight those specific features of Punjab agriculture which at first glance appear to deviate from the stereotypical colonial pattern, to the exclusion of certain other features which conform more closely to the broad pattern of agrarian developments in the country, as

[2] For a recent example of this neo-colonial trend, see Tirthankar Roy, *The Economic History of India, 1857–1947*, New Delhi, 2000.
[3] *Ibid.*, pp. 107–8.

also the overall long-term tendencies and trends of change. For example, the focus is on the sporadic and scattered spurts in productivity, the relatively large size of ownership as well as operational holdings, the changes in cropping patterns, the increases in the number of agricultural labourers and the mobility of the labour force, the relatively weak hold of the merchant-moneylender and the absence of certain extreme forms of control over the peasant's production such as *dadan*. This focus excludes the increasing tendency towards concentration of land ownership and landlordism, the growth of tenancy on share-cropping terms, the increasing shift from cash to produce rents, the declining average size of holding, the increase in indebtedness and mortgage, the replacement of the merchant-moneylender by the agriculturist moneylender-mortgagee, the absence of sustained increases, and in fact a decline in some areas, in agricultural productivity, and the decline in per capita food availability.

The lack of an integrated, structural perspective combined with the tendency to study select aspects in a disaggregated and static fashion has led to the view that developments in Punjab agriculture did not follow the colonial pattern, that perhaps some kind of self-sustaining agricultural growth was actually occurring, and further, that this growth took the form of some variety of rich peasant capitalist farming. This is also argued for parts of western UP, Gujarat, Maharashtra and Andhra Pradesh. If this is really so, can one argue at all for an overarching colonial structure? If some kinds of long-term self-sustaining capitalist tendencies were emerging and crystallizing, can one at all maintain that the colonial structure in India placed basic constraints on the development of capitalism in agriculture?

At a theoretical level, it can also then be asserted that colonialism did not systematically underdevelop all sectors or regions of the colony, but that some kind of development of some regions actually occurred under colonialism.

Such a perspective is also a product of the tendency to focus on differences at given points of time between the *levels* of income or growth in different regions and to ignore the *rates* of growth or the long-term tendencies or the *direction of change* in the agrarian economy. While it is no doubt entirely possible to prove that at any given point in time some regions such as Punjab exhibit higher levels of per capita output, a better land-man ratio, etc., than some other regions like Bengal, this does not answer the question of the direction in which the Punjab agrarian economy was moving, which may well be the same as that of Bengal.

My attempt in the following pages will be to focus on the structural and long-term tendencies within the agrarian economy of Punjab and to determine the direction of change. I propose to first examine the different facets of this economy, focusing especially on the changes occurring in my period of study, that is, from the 1920s to 1947, in the relations between different social classes, and between them and the government, in the organization of production, in the accumulation and investment of capital, and in levels of productivity. I will then attempt a comparison with the eastern Indian region of Bengal and Bihar in order to see the nature and extent of the similarities and differences and to determine whether the direction of change was similar or whether it deviated basically from the typical colonial pattern.

ONE

Peasants as Tax-Payers

The process of commercialization of agriculture, of the integration of the provincial economy with the world capitalist market, was considerably facilitated by the direct appropriation of agrarian surplus by the state through its system of taxation. Even if rising and high prices of agricultural commodities acted as the "pull" factor for surplus-producers to enter the market, the initial "push" for many subsistence cultivators was certainly provided by the government tax demands. Therefore, the direct appropriation of surplus by the colonial state performed a function different from that of surplus appropriation by the pre-colonial state. The commercialization set in motion by the pre-colonial state when it collected its dues in cash, or when it collected in kind but later converted into cash, was of a local and limited nature.[1] The colonial state, on the other hand, used the system of taxation to secure its basic colonial purposes—maintenance of the colonial administrative and military structure, unilateral transfer of surplus from the colony to the metropolis by way of tribute or drain over the whole colonial period, to provide the money for its "investment" in the purchase of Indian goods to sell abroad in the first stage of colonialism and to secure a sufficient export of foodgrains and raw materials in the second.[2] In this crucial sense, the role performed by direct appropriation of agricultural surplus was specifically "colonial". It was not just a continuation of the old Indian system of land taxation; the "old" system now served a "new" purpose.

Of course, in other respects too, the system of government taxation of agriculture was quite different from the one it replaced. Though the British

[1] See, for example, H.K. Trevaskis, *The Land of the Five Rivers*, 1928, pp. 315–16; Himadri Banerjee, *Agrarian Society of the Punjab, 1849–1901*, New Delhi, 1982, p. 52.

[2] See Irfan Habib, "Colonisation of the Indian Economy", *Social Scientist*, 32, and Bipan Chandra, "Colonialism, Stages of Colonialism and the Colonial State", *Journal of Contemporary Asia*, 10, 3, 1980.

claimed that their system was more "humane" and less harsh than Ranjit Singh's and that they took a smaller share of the produce, the evidence does not support their claim. While under Ranjit Singh the cultivator may have paid a higher proportion of his produce annually, even amounting to one-half, this was a proportion of his actual produce in each year, and while the proportion remained the same, the actual amount paid varied from year to year according to the level of production.[3] Under the British system, which took shape after the annexation of Punjab in 1849, this was changed to a fixed cash assessment valid for a number of years. The change was by no means an unqualified blessing, as many officials tended to argue. In fact, John Lawrence, the man who laid the basis of the revenue system of colonial Punjab, clearly recognized this. To quote:[4]

> We must also recollect that it is more advantageous for a poor man to pay, in a series of years, a large amount in kind, than a more moderate one converted into money. To him is not of so much importance the actual amount as the manner and time of payment. In an abundant year, though highly taxed, he can spare it without distress; while in an unproductive season, as he has scanty crops, so he is called on to give little. He has neither the trouble nor the expense of conveying his produce to a distant market; nor is he ever called on, by a premature demand, to forestall his crops. The variations of seasons, the accidents of storms, and other misfortunes ... are thus alleviated.

Thorburn, the Punjab official who pioneered the critique of the legal and revenue system of the British, also believed that pressure on the cultivator was elastic under the Sikhs, revenue corresponded with each season's yield, and as a consequence the cultivator was left with enough to carry on and debt was kept in bounds. The increasing indebtedness under the British, he felt, showed the mistake of fixity of assessment and of the assumption that an average of good and bad years was a correct method of arriving at an assessment.[5]

[3] The most widely prevalent method of assessment under Ranjit Singh, who ruled till 1839, was *batai*, that is, a share of the actual crop after it was harvested. Only slightly less prevalent than *batai* was *kankut*, that is, a share based on the appraisal of the standing crop. These two systems covered, according to one estimate, about four-fifths of the area under Ranjit Singh's control and the government's share of the crop could vary from one-eighth to one-half, depending on the quality of the crop and the soil, though it was usually on the higher side. Commercially valuable crops like cotton, indigo, sugarcane, tobacco, etc., payed *zabt* or cash rates of assessment. Indu Banga, *Agrarian System of the Sikhs*, New Delhi, 1978, pp. 88–92.

[4] Quoted from John Lawrence's report on the pargana of Rewari in Gurgaon District in *District Gazetteer* (henceforth *DG*) *Gurgaon*, 1910, p. 178.

[5] S.S. Thorburn, *Musalmans and Moneylenders in the Punjab*, Delhi, 1983, reprint (first published, 1886), especially chapters 6 and 11. Also see Trevaskis, *The Land of the Five Rivers*, pp. 188, 259.

This was also confirmed by conditions in Dera Ghazi Khan District where it was found at the end of the nineteenth century that "in the numerous villages in which the revenue is collected in kind by the Biloch Chiefs to whom it is assigned, alienations are much less common than in villages under a cash assessment ...".[6] Objections had also been raised by contemporary British officers to this change to a fixed assessment.[7]

Besides, many of the initial British settlements were fixed so high that they could not be sustained for long. There were instances of peasants who gave up their lands rather than accept the high demands. Consequently, many settlements had to be scaled down drastically, not once but several times, but not before they had caused considerable damage.[8]

[6] *DG Dera Ghazi Khan*, 1893–97, p. 91. In the canal colonies where a fluctuating system of assessment was adopted initially to take care of the vagaries of canal water supply, cultivators repeatedly scuttled attempts by the government to shift to a fixed assessment, clearly showing their preference for the fluctuating assessment. See Imran Ali, *The Punjab Under Imperialism*, Delhi, 1989, pp. 169–75.

[7] See S.S. Bal, *British Policy Towards the Punjab, 1844–49*, Calcutta, 1971, pp. 124–35.

[8] It was generally accepted that many early settlements were so heavy that many proprietors and occupancy tenants surrendered their holdings altogether. See, for example, *Settlement Report* (henceforth *SR*) *Karnal–Ambala*, 1891, p. 70, *SR Ambala*, 1893, p. 27. In Multan District, the first two summary settlements of 1850 and 1853–54 broke down very soon and the first regular settlement of 1857–60 reduced the land revenue by 16 per cent. *SR Multan*, 1901, p. 7; Board of Economic Inquiry, Punjab (BEIP), *An Economic Survey of Durrana Langana in Multan District*, pp. 110–11. Similarly, in Rawalpindi District, the first settlements were so heavy that they had to be scaled down in subsequent revisions. *DG Rawalpindi*, 1907, p. 208; BEIP, *An Inquiry into Mortgages of Agricultural Land in the Pothwar Assessment Circle of the Rawalpindi District in the Punjab*, p. v. In village Gijhi in Rohtak, the summary settlements from 1816 to 1839 were so heavy that the owners could not pay the demand at all and it had to be contracted out to two landowners of another village. The First Regular settlement of 1840 reduced the demand from Rs 2,190 to Rs 1,485, that is, by about one-third. BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 85–86. In village Naggal in Ambala District, the revenue demand which was fixed at Rs 1,350 in the first two summary settlements of 1843 and 1846, and at Rs 1,375 in the third summary settlement of 1847 was reduced to Rs 850 in the First Regular Settlement of 1853 and further to Rs 775 in the Second Regular Settlement of 1887. As a consequence of the early settlements, the tract had been completely deserted. BEIP, *An Economic Survey of Naggal in Ambala District*, pp. 60–62. In village Gaggar Bhana in Amritsar District, the revenue for the village was first fixed at Rs 3,200 in 1847. It was reduced at subsequent summary settlements to Rs 2,450, then to Rs 2,120, and again to Rs 1,972. At the First Regular Settlement of 1864–65, it had to be brought down further to Rs 1,700, thereby involving a reduction of about 50 per cent on the initial demand. The original owners had refused to be responsible for the high demand and were replaced by others. BEIP, *An Economic Survey of Gaggar Bhana in Amritsar District*, pp. 75–76. In Dera Ghazi Khan District, the first summary settlement made in 1849–50 fixed the revenue demand at Rs 438,970. This proved too high, and landowners began to desert their lands, so the demand had to be reduced in 1854 to Rs 348,815 and in 1859–60 to the even lower sum of Rs 318,061. *SR Dera Ghazi Khan*, 1916. For further details, see Banerjee, *Agrarian Society of the Punjab*, pp. 80–82; J. Lindauer and S. Singh, *Land Taxation and Indian*

Having done away with the inbuilt safeguards that the earlier pre-British system had against bad seasons, etc., the new system failed to evolve other alternatives to deal with the problem. Though in theory remissions could be made when production fell below the normal, officials tended to be very rigid and miserly in granting such remissions even in extreme circumstances.[9] In many areas, the origins of heavy indebtedness were clearly traceable to years of scarcity in which the government demands had continued to be realized without mercy.[10]

I
The Burden of Land Revenue

By the twentieth century, most British officials admitted that early British revenue history was marked by a high rate of demand and rigidity in collection. But, they contended, things were different now and the burden of government taxes had become very light and had ceased to be a factor

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Economic Development, New Delhi, 1979, pp. 48, 209–10; Trevaskis, *The Land of the Five Rivers*, pp. 259–61; P.H.M. van den Dungen, *The Punjab Tradition: Influence and Authority in Nineteenth Century India*, London, 1972, pp. 32, 48. Besides, as more produce was brought on to the market as a consequence of the land revenue demand than the localized market could consume, prices of wheat declined and further eroded the capacity to pay the cash demand and increased the burden of the land revenue demand. Lindauer and Singh, *Land Taxation*, p. 146. Trevaskis also points out that the fall in prices and lack of rainfall following the early settlements, combined with their inelastic and cash nature, cancelled the benefits of the reduction of the demand. Trevaskis, *The Land of the Five Rivers*, p. 259.

9 For example, the settlement officer was very critical of the revenue mismanagement of certain circles of the Pipli and Jagadhari tehsils in Ambala District. After noting that in the famine of 1868–69, Rs 4,334 were suspended in Jagadhari and Rs 2,400 in Pipli, he comments: "Considering how widespread the distress was, and how long it lasted, so petty a measure can have done little good in the latter tehsil." He also notes that in the famine of 1877–79 no suspensions or remissions were made. The same story was repeated in the Indri Tehsil in Karnal. *SR Karnal–Ambala*, 1891, pp. 18–20. In Rohtak as well, the revenue was collected in full in the famine of 1877–78 "despite the urgent need of relief". *DG Rohtak*, 1910, p. 109. In Gurgaon, during the famine of 1877–78, new "assessments were introduced with effect from kharif 1877, and as the new demand in spite of the almost total failure of the crops of both harvests was rigidly collected, great distress was caused". *DG Gurgaon*, 1910, p. 156. Also see Lindauer and Singh, *Land Taxation*, pp. 48, 209–10.

10 "... the inelasticity which characterized the moderate land revenue demand of the British rendered it certain that sooner or later a bad season would come when the cultivator would be unable to pay his land revenue. He was thus compelled to borrow, and once indebted he would be lucky if he ever escaped out of the clutches of the moneylender." The 1860s saw a series of disastrous famines that pushed the peasantry into debt to meet their revenue liabilities and consumption needs. Trevaskis, *The Land of the Five Rivers*, p. 314. And, of course, S.S. Thorburn, the man who pioneered the investigation and publicization of the Punjab peasants' indebtedness in the 1870s and 1880s, was clearly of the view that inelasticity of

of any significance in the peasant's life. Their argument was based on the rise in the prices of agricultural commodities, which had supposedly reduced the burden of a revenue demand often assessed on the basis of lower prices. For final proof of the argument, colonial officials pointed to the visible dramatic increase in the value of land as reflected in its sale price and mortgage value. It was the reduction in the government's share of the produce, they argued, that was responsible for the increase in the value of the land. The traditional Indian rulers took so large a portion of the produce that land had no market value; the British, by limiting their share, had endowed land with a market value; so the argument ran.[11]

The reality of government taxation of agriculture, however, did not quite conform to the ideology of officialdom. I have argued at length in Chapter 3 that the rise in land values could not be explained by the rise in agricultural prices, leave alone by the alleged reduction in government demands. Rise in land values was therefore no proof of the lightness of the government demand. In order to assess the significance of government taxation for the peasant, we need to look more closely at the actual incidence of the tax demands and what kind of proportion they bore to the peasant's income.

First, Table 1.1, column 5, which gives the incidence of land revenue at constant prices (1913–14) from 1906–07 to 1938–39 shows that there is no consistent trend of decline in the incidence of land revenue per acre in the twentieth century. And in the period 1929–39, the incidence of land revenue had stabilized at a substantially higher level compared to the earlier period.

Second, Table 1.1, column 3 demonstrates that even in the pre-Depression years, the proportion that land revenue bore to net assets (the term used in official records) or net income was considerable. Of the 23 years between 1906–07 and 1929–30 for which the data is available, in 12 years or for more than half the years the proportion stood above 20 per cent. For five of the remaining years it stood between 15 and 20 per cent, for two it was between 10 and 15 per cent and only in the four years from 1918–19 to 1921–22 did the proportion come down to between 5 and 10 per cent.

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the land revenue system was the major cause of debt. S.S. Thorburn, *Musalmans and Money-lenders*, chapters 6 and 11. Also see Banerjee, *Agrarian Society of the Punjab*, pp. 86–87; Lindauer and Singh, *Land Taxation*, pp. 18, 48; Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 172, 219–20; H. Calvert, *The Wealth and Welfare of the Punjab*, Lahore, 1936, p. 259.

[11] See, for example, *Punjab Revenue Department Proceedings*, October, 1932, No. 1, IOR P/11987; and Calvert, *Wealth and Welfare*, pp. 215–16. In the nineteenth century, too, the increase in the value of land was seen as a proof of the lightness of the revenue demand. van den Dungen, *The Punjab Tradition*, p. 65. The official argument is also uncritically repeated in N.G. Barrier, "The Formulation and Enactment of the Punjab Alienation of Land Bill", *The Punjab Past and Present*, Vol. XIII–I, April 1979, pp. 193–94.

Table 1.1
Net Income and Land Tax in British Punjab: Provincial Figures (1906–07 to 1938–39)

	Column 1		Column 2		Column 3	Column 4		Column 5
	Net income (including return to family labour)		Land tax collections		Land tax collections as per cent of net income	Net income after payment of land tax		Incidence of land tax per acre at 1913–14 prices
Year	Total Rs (Million)	Per acre (Rs)	Total Rs (Million)	Per acre (Rs)	(Rs)	Total Rs (Million)	Per acre (Rs)	(Rs)
1906–07	100.60		32.72		32.53	67.88		1.09
1907–08	173.62		27.58		15.89	146.04		1.11
1908–09	178.81		34.93		19.54	143.88		0.77
1909–10	141.83		36.44		25.69	105.39		0.93
1910–11	161.97	5.75	36.89	1.31	22.78	125.08	4.44	0.93
1911–12	166.02	5.94	38.09	1.36	22.94	127.93	4.58	1.05
1912–13	151.37	5.41	40.89	1.46	27.01	110.48	3.95	1.39
1913–14	115.20	4.15	42.28	1.52	36.70	73.20	2.63	1.71
1914–15	236.01	8.59	45.05	1.64	19.09	190.96	6.95	1.41
1915–16	212.34	7.65	43.33	1.56	20.41	169.01	6.09	1.61
1916–17	112.71	4.02	47.69	1.70	42.31	65.02	2.32	1.37
1917–18	220.04	7.51	47.76	1.65	21.71	172.28	5.96	1.34
1918–19	656.38	22.59	44.60	1.54	6.80	611.78	15.79	1.06
1919–20	681.88	23.46	50.09	1.74	7.35	631.79	21.70	1.00
1920–21	631.92	21.85	45.63	1.58	7.22	586.29	20.27	0.87
1921–22	785.86	27.27	54.39	1.89	6.92	731.47	25.38	0.94
1922–23	248.98	8.67	57.66	2.01	23.16	191.32	6.66	1.54
1923–24	282.40	9.76	58.07	2.01	20.56	224.33	7.75	1.53
1924–25	427.53	14.49	58.15	1.97	13.60	369.38	12.52	1.17
1925–26	495.87	16.61	58.71	1.97	11.84	437.16	14.68	1.22
1926–27	395.34	13.24	59.35	1.99	15.01	335.99	11.25	1.35
1927–28	359.13	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1928–29	380.92	12.81	58.72	1.98	15.42	322.20	10.83	1.30
1929–30	220.31	7.35	57.43	1.91	26.07	162.88	5.92	1.72
1930–31	–123.38	–4.10	43.02	1.43	25.85*	–166.40	–5.53	2.85
1931–32	–101.11	–3.32	53.41	1.75	34.52*	–154.52	–5.07	2.51
1932–33	36.50	1.19	54.13	1.78	148.30	–16.91	–0.59	2.21
1933–34	–163.67	–5.34	56.67	1.85	25.73*	–220.34	–7.19	2.64
1934–35	–46.37	–1.51	54.78	1.78	54.11*	–101.15	–3.29	2.48
1935–36	–13.04	–0.42	58.49	1.89	81.82*	–71.53	–2.31	2.35
1936–37	49.83	1.61	57.88	1.87	116.16	–8.05	–0.26	1.95
1937–38	110.65	3.58	57.80	1.87	52.24	52.85	1.71	1.59
1938–39	64.91	2.10	51.30	1.66	79.03	13.61	0.44	2.36

Source: Computed from Lindauer and Singh, *Land Taxation*, Table 2.2, 6.9, and H-11.
Note: *The figures marked with an asterisk are percentages of the net loss incurred after payment of land tax, that is, column 2 as percentage of column 4, and not column 2 as percentage of column 1 as in the case of other figures in this column. The purpose is to show what proportion land tax contributed to the net loss incurred in these years.

In the Depression years, it is of course clear that land revenue was a crushing burden. As shown by Table 1.1, Columns 1, 2, and 4, in five of the seven years from 1930–31 to 1936–37 the net income was negative and land revenue only added to the net loss. The figures marked with an asterisk in Column 3 show that the proportion which land revenue contributed to the net loss shown in Column 4 varied between 25 and 80 per cent. In the remaining two years, land revenue was over 100 per cent of the net income (see Table 1.1, Column 3) and ensured that, even when the net income was otherwise slightly positive, land revenue payments turned it into a net loss, thus greatly aggravating the crisis caused by the fall in prices. In the two post-Depression years as well, land revenue constituted 52.24 and 79.03 per cent of the net income or net assets.

It must be noted that the definition of net income or net assets used in Table 1.1 and also in Table 1.2 is gross income (or total value of crops) minus costs of cultivation. The costs of cultivation do not include wages of family labour used on the farm—the net income or net assets is all that the cultivator gets for his ownership of land and labour of cultivation. From this, he must pay the land revenue and bear all other expenses of consumption, etc. Net assets or net income is not the same as net profits, that is, what is available after the expenses of reproduction of the peasant family have been accounted for.

Thus we find that land revenue was a very high proportion of the net income as defined earlier. If we were to calculate net income not the way it is done in Tables 1.1 and 1.2, that is, the way the government defined it, but the way it should be done, that is, by also deducting the cost of minimum subsistence necessary for the reproduction of the peasant family, we would find that land revenue would either consume almost the entire surplus or would be larger than the surplus and thus cut into consumption.

Since it is very difficult, with the given data, to arrive at an accurate estimate of what would be the minimum subsistence requirements of a peasant family, we will make a rough estimate in order to indicate the range of the possibilities rather than the precise proportions. One such estimate available to us is contained in the District Gazetteer of Ferozepore of 1915 which tells us that "roughly the expenses of an ordinary zamindar may be put at Rs 10 per annum on account of clothes and Rs 6 for shoes, while his food will cost about Rs 4 or 5 per mensem; an ordinary labourer's budget would be about Rs 4 for food per mensem and Rs 4 or 5 for clothes and Rs 4 for shoes per annum ...."[12]

Suppose we calculate the family subsistence requirements on the basis of the expenses of the ordinary agricultural labourer, and we assume that

[12] *DG Ferozepore*, 1915, p. 195.

Table 1.2
Land Revenue, Water Rates as Percentage of Net Income and Cost of Cultivation: Selected Holdings in Different Districts of British Punjab (1928–29, 1930–31, 1937–38)

	Column 1 Land revenue as percentage of net income			*Column 2 Land revenue and water rates as percentage of net income*			*Column 3 Land revenue as percentage of cost of cultivation*			*Column 4 Land revenue and water rates as percentage of cost of cultivation*		
	Col. 1A 1928–29	*Col. 1B 1930–31*	*Col. 1C 1937–38*	*Col. 2A 1928–29*	*Col. 2B 1930–31*	*Col. 2C 1937–38*	*Col. 3A 1928–29*	*Col. 3B 1930–31*	*Col. 3C 1937–38*	*Col. 4A 1928–29*	*Col. 4B 1930–31*	*Col. 4C 1937–38*
Jullundur District:												
Holding A	9.91	23.40	26.32				6.18	7.39	10.06			
Holding B	4.97	12.32					9.10	12.43				
Holding C	17.83	34.56*	19.95				6.08	6.31	16.54			
Ludhiana District:												
Holding A	9.94	74.11	15.92				9.74	9.38	12.91			
Holding B	8.91						4.81					
Holding C		54.06*	9.50					5.10	10.53			
Holding D	22.2*						6.70					
Hoshiarpur District:												
Holding A	15.86	26.08	9.05				10.73	8.23	11.60			
Holding B		19.17	31.46					9.15	11.98			
Holding C	33.04						7.46					
Amritsar District:												
Holding A				4.32	57.77					10.33	22.80	
Holding B				4.9						6.41		
Holding C					25.13	12.30					21.06	18.98
Holding D				11.01	39.24					28.09	29.82	

	Col. 1A 1928–29	*Col. 1B 1930–31*	*Col. 1C 1937–38*	*Col. 2A 1928–29*	*Col. 2B 1930–31*	*Col. 2C 1937–38*	*Col. 3A 1928–29*	*Col. 3B 1930–31*	*Col. 3C 1937–38*	*Col. 4A 1928–29*	*Col. 4B 1930–31*	*Col. 4C 1937–38*
Multan District:												
Holding A	22.06	32.44	239.98		47.43	164.39	8.41	8.57	5.50		12.54	8.19
Holding B	17.12	15.6	14.99		22.26	20.79	16.26	9.02	17.50		13.92	26.04
Holding C		21.07	13.06		28.29	21.06		6.83	16.93		10.10	30.10
Rohtak District:												
Holding A	77.26	52.92*					5.94	5.46				
Holding B	7.74	11.76	8.14				5.44	10.52	11.35			
Holding C	24.71						12.63					
Holding D	11.54	38.57	7.79				7.99	9.16	11.09			
Jhelum District:												
Holding A	8.36						12.04					
Holding B	3.75	33.90*	26.11				3.04	6.11	5.16			
Holding C		69.15*	36.88					9.84	19.83			
Holding D	5.80						5.13					
Lyallpur District:												
Holding A		60.56	17.64	30.49	71.48	26.89		24.58	31.62	44.9	40.12	54.37
Holding B		64.66	27.04	40.97	77.29	38.42		16.51	17.40	28.84	30.67	32.44
Holding C (Govt. Farm of 700 acres)			13.67	7.93+	20.34+	22.04			23.88	13.62+	14.75+	42.63
Montgomery District:												
Holding A		18.99		11.97	44.54			6.79		25.40	23.26	
Sargodha District:												
Holding A		49.17	12.86	22.39	64.10	23.36		18.14	14.0	31.64	33.48	28.92

(*Table 1.2 contd*)

(*Table 1.2 contd*)

	Col. 1A 1928–29	*Col. 1B 1930–31*	*Col. 1C 1937–38*	*Col. 2A 1928–29*	*Col. 2B 1930–31*	*Col. 2C 1937–38*	*Col. 3A 1928–29*	*Col. 3B 1930–31*	*Col. 3C 1937–38*	*Col. 4A 1928–29*	*Col. 4B 1930–31*	*Col. 4C 1937–38*
Kangra District:												
Holding A			13.20						22.55			
Holding B			7.57						22.11			
Rawalpindi District:												
Holding A			32.56						13.19			

Source: Computed from BEIP, *Farm Accounts of the Punjab, 1928–29, 1930–31, 1937–38.*

*The figures marked with an asterisk are percentages of the net loss incurred after paying land revenue, and not percentages of net income before paying land revenue as in the case of other figures in this table. The purpose is to show the contribution of land revenue to the net loss.

+The figures marked with a cross are of water rates as percentage of net income and cost of cultivation, and not of land revenue and water rates combined as in the case of other figures in columns 2 and 4.

the peasant family consisted of only three adult members, the minimum required for the annual maintenance of the family comes to Rs 168.[13] Table 1.1 tells us that the net assets per acre in 1914–15 (the year to which the estimates of expenses apply) were Rs 8.59. This means that only a family with 20 acres of land would be able to meet its minimum consumption requirements if it paid no land revenue at all. If land revenue was to be paid, then roughly 24 acres were needed to meet the minimum requirements. In other words, those who owned less than 24 acres (and it is to be noted that 91.9 per cent of landowners owned less than 25 acres of land in the mid-1920s [see Table 4.1]) would be paying the land revenue not from any real net income but by cutting into their consumption, or by not maintaining their capital, or by borrowing, or by using income from other sources.

Let us now take as an example the year 1921–22, which demonstrated the highest figures for net income as defined earlier between 1906 and 1939. We will continue to assume the same figure for consumption requirements even though with the rise in prices this figure would have gone up considerably, at least for food. Even on this basis, we find that roughly 6.5 acres was the minimum needed for the maintenance of the peasant family after paying the land revenue and that all those who held less than that were not paying out of their real net income. These would inevitably include the bulk of the landowners, since 58.8 per cent owned less than 5 acres in the 1920s (see Table 4.1).

Another way of looking at the weight of the land revenue demand is to see what it meant to the peasant in terms of his food costs. The figures for the minimum food requirements we have used here are Rs 4 per month per adult. A family with 5 acres of land in 1914–15 would pay Rs 8.20 (Rs 1.64 × 5) as land revenue. This would be more than two months' food requirements of one adult member of the family. In other words, since a family owning 6.5 acres or less was not likely to produce any surplus at all, payment of land revenue amounted to the cutting of consumption (or consuming capital or borrowing) to the extent of two months' food requirements of an adult.

Table 1.2 which is based on the farm accounts of different holdings scattered over the province enables us to verify whether the provincial level averages of Table 1.1 correspond to the situation at the ground level. Since

[13] The method of calculation is the following:

Annual expense on food at the rate of Rs 4 per month	:	Rs 4 × 12 = Rs 48
Annual expense on clothes	:	Rs 4
Annual expense on shoes	:	Rs 4
Total for one adult	:	Rs 56
Total for three adults	:	Rs 56 × 3 = Rs 168

farm accounts are not available for the earlier years, we have taken three years broadly representative of the pre-Depression (1928–29), Depression (1930–31) and post-Depression (1937–38) situation. While inevitably there is variation from holding to holding, yet the provincial level picture of land revenue accounting for a very substantial proportion of net income does get confirmed in broad terms.[14] Table 1.2 also shows land revenue and water rates as proportion of costs of cultivation and brings out the fact that especially in the canal colonies the proportion that land revenue and water rates bore to costs of cultivation was very high.

Table 1.3 presents the settlement officers' estimates of what proportion land revenue bore to net income on the basis used by them for assessment in different settlements in some parts of the province. The data in Table 1.3 was collected in 1925 by the financial commissioner, Punjab, and in the table "new assessment" refers to the assessment fixed at the beginning of the settlement in force in 1925 and "old assessment" to what was in force at the end of the previous settlement. According to this estimate, under the settlements in force in 1925, roughly between 20 and 40 per cent or an average of about 29 per cent of the net income was taken as land revenue.

Another kind of data is available from the estates of big landowners managed by the courts of wards. These were estates whose management for one reason or another had been taken over by the government for a number of years and put under the charge of some government official. The accounts of these estates showed that in the three years ending 1928–29 in which a total of 147,997 acres of cultivated lands were under the courts of wards, the average annual net income was Rs 797,703 and the land revenue paid was Rs 200,330. Land revenue was thus 25.1 per cent of net income.[15]

The claim to lightness of assessment in Punjab can be examined also by means of a comparison with neighbouring UP. Punjab in 1928, and the UP in 1926, had reduced the maximum limit of assessment of land revenue to 25 and 40 per cent of "net assets" respectively. However, a comparison between the two demonstrated that the Punjab pitch of assessment was, in fact, heavier, though in theory it took less. The catch was in the definition of "net assets". Whereas in the UP "net assets" were calculated on the

[14] The average proportion of land revenue to net income from 1931–32 to 1933–34 in holdings covered by the farm accounts was as follows:

	In well-irrigated tracts	In canal colonies
1931–32	16.0	20.6
1932–33	10.8	18.5
1933–34	20.6	22.5

BEIP, *Farm Accounts in the Punjab, 1933–34*, p. vi.

[15] *Report of the Punjab Provincial Banking Enquiry Committee, 1929–30*, Vol. I, Lahore, 1930, pp. 364–66.

Table 1.3
Land Revenue as Percentage of Net Income:
Settlement Officers' Estimates (British Punjab: Different Districts)

	District	*Tehsil or tract*	*Old assessment*	*New assessment*
1	Sheikhupura	Canal irrigated ex-Raya villages	22.5	22.7
		Ex-Khangah Dogran old villages	19.3	29.5
2	Gujranwala	Gujranwala Tehsil	16.7	25
3	Muzaffargarh	All Tehsils	32.3	34.5
4	Shahpur	Lower Jhelum Canal Colony	22.1	31.7
5	Lyallpur	Whole District except Rakh Branch	13.1	19.3
6	Jhang	Lower Chenab Colony	14.7	20.3
7	Hissar	Sirsa Tehsil	13.6	20.4
8	Montgomery	Dipalpur and Pakpattan Tehsils	20.8	31.9
9	Dera Ghazi Khan	All Tehsils	20.8	27.5
10	Multan	–do–	27.1	36
11	Ambala	–do–	10.7	25.1
12	Hissar	All Tehsils except Sirsa Tehsil	24.5	33.3
13	Rohtak	–do–	27.5	34.5
14	Karnal	–do–	30	39.03
15	Ludhiana	–do–	19.5	26.2
16	Ferozepore	–do–	13	19.9
17	Lahore	–do–	14	22
18	Amritsar	–do–	20	25.5
19	Gurdaspur	–do–	28	34
20	Hoshiarpur	–do–	19.5	25.5
21	Jullundur	–do–	16.5	22.5
22	Sialkot	–do–	26	31.5
23	Rawalpindi	–do–	25.05	31
24	Attock	–do–	27	33
25	Jhelum	–do–	27	33.3
26	Mianwali	–do–	26	33

Source: Punjab Revenue (Land Revenue) Department Proceedings, October 1925, Nos. 13–14, Enclosure 1 and 2, IOR P/11505.

basis of existing cash rents under different kinds of tenure, in the Punjab "net assets" of the entire province and of all sections, be they landlords or peasant proprietors, were calculated on the basis of *batai* or share rents, which were very high and were operative on only slightly less than half the total area under cultivation.[16]

The significance of the high proportion of income siphoned away as land tax can only be grasped if it is recalled that over 58.8 per cent of the landowners in 1925 and 63.7 per cent in 1939 owned less than 5 acres each (Table 4.1) and it was from these small incomes that they were expected to

[16] Note dated 4 September 1929 by H.R. Lane, Settlement Commissioner, UP, on a comparison of the new settlement acts of the Punjab and the UP. *Punjab Revenue Department Proceedings*, January 1935, Enclosure to Proceeding No. 44, IOR P/12071.

pay the land revenue. A glance at the figures of net income per acre in Table 1.1, Column 1 will immediately demonstrate that even in the relatively good years a small holding peasant lived on the edge of subsistence, and a tax that represented 10, 20, or 30 per cent of this income could hardly be of no consequence and would inevitably cut into his subsistence. Even for those with medium-sized holdings of 15 or 20 acres, in most years the land tax would tend to destroy any possibility of savings and leave them dependent on credit for necessary expenditure on life-cycle ceremonies like births, deaths and marriages and in lean years when crops failed or prices crashed.

Thus, there does not seem to be much force in the argument that land revenue represented a declining and insignificant part of the peasant's income. Till the end of the nineteenth century, the increase in land revenue had kept pace with and even slightly exceeded the rise in the prices of agricultural produce.[17] For the twentieth century, our evidence (see especially Tables 1.1, 1.2 and 1.3) demonstrates clearly that land revenue was by no means a constantly decreasing proportion of the peasants' income and, except for a brief period of four years from 1918 to 1922, remained at a very high level.

II
Problems with the Method of Assessment

The colonial officials, who argued that land revenue formed a decreasing and insignificant proportion of the landowner's income because of the rising prices of agricultural commodities, assumed that the cultivators' income had increased in proportion to the rise in prices. This assumption was, however, not valid. (I have argued this at length in the first section of Chapter 3).

Settlement officers, too, tended to ignore the whole question of costs of cultivation and its role in determining the land revenue assessment. When enhancements in land revenue demand were made on previous settlements, only the increase in produce prices was taken into consideration and no allowance was made for the increase in costs of cultivation. Nor did the system of assessment include any method of estimating and making an allowance for the return to the labour expended by the landowner and his family.

This basic flaw in assessing what was supposed to be the net assets or net income of the land, of which land revenue was supposed to represent some proportion, was a consequence of the very method of determining

[17] Banerjee, *Agrarian Society of the Punjab*, p. 86, Table 1.

economic rent. Since around 50 per cent of the land in the province was cultivated on tenancy terms, the settlement officers took the actual rents paid on those lands as equal to economic rent or net assets or net income and used these rents as the basis of their assessment.[18] They ignored the fact that these rents were usually closer to rack-rents than to the economic rent.[19] Also, since landlords did not have to bear any significant part of the costs of cultivation, the settlement officers, basing their revenue estimates on landlords' incomes, could afford to ignore altogether the whole question of costs of cultivation.[20]

A hypothetical example will best illustrate how assessment of land revenue on the basis of landlords' net assets was disadvantageous to the self-cultivating peasant proprietor. Let us assume that the value of the total output of a unit of land is Rs 100. The government calculates that the landlord's income on the basis of prevailing 50 per cent or half-share *batai* rents is Rs 50. It then assumes that this is equal to the net assets or net income of that unit of land and assesses the land revenue at a given percentage, say 25 per cent, of those net assets. The land revenue thus comes to Rs 12.50. Now this is the rate of land revenue that has to be paid by all the landowners in the village or area, including the self-cultivating peasant proprietor. Let us assume that the self-cultivating peasant proprietor also gets Rs 100 as the gross value of total output of a unit of land. But what are his net assets, that is, what is the gross value of total output minus the cost of production? (It is necessary to again clarify here that we are not including the minimum subsistence needed for the reproduction of the peasant family in the cost of production; cost of production here means only the actual cost incurred for cultivation.)[21] Table 1.4, Column 4 demonstrates that except for five years when the cost of production was less than 50 per cent of the gross value of total output, for the rest of the period from 1906–07 to 1938–39 the percentage of cost of production to gross value of total output was over 50 per cent and for most of the years it was much higher. Let us

[18] *Report of the Land Revenue Committee, Punjab*, Lahore, 1938 (hereafter *LRCR*), pp. 7–8, 32. Also see, for example, *SR Lahore*, 1912–16, p. 20 and *SR Gurdaspur*, 1892, p. 10.

[19] *Ibid*.

[20] Brij Narain, *The Agricultural Worker and the Punjab Land Revenue Committee*, Lahore, 1939, p. 25.

[21] The Punjab Government had in theory accepted in 1929 the recommendation of the Taxation Enquiry Committee of 1924–25 that net assets or annual value be defined as "gross produce less cost of production, including the value of labour actually expended by the farmer and his family on the holding, and the return for enterprise". Quoted in Brij Narain, *India Before and Since the Crisis*, Allahabad 1939, Vol. 2, p. 596. But in actual practice, settlements in the 1930s continued to be made on the same old basis of landlord's rents which took no notice even of the peasant's cost of production, leave alone making deductions for wages of family labour and return for enterprise. See, for example, *LRCR*, pp. 7–8, 32 and *The Tribune*, 6 October 1935.

Table 1.4
Gross Value of Annual Product and Cost of Cultivation:
British Punjab—Provincial Figures: 1906–07 to 1938–39 (at current prices)

Year	*Column 1* Gross value of annual product (Gross income) (Rs million)	*Column 2* Cost of production (Excluding return to family labour) (Rs million)	*Column 3* Cost of production as percentage of gross value of annual product
1906–07	466.75	366.15	78.45
1907–08	410.15	236.53	57.54
1908–09	676.46	497.65	73.57
1909–10	594.76	452.93	76.15
1910–11	623.08	461.09	74.00
1911–12	550.48	384.46	69.84
1912–13	516.06	364.69	70.67
1913–14	588.04	472.84	80.41
1914–15	777.28	541.27	69.64
1915–16	485.36	273.02	56.25
1916–17	689.15	576.44	83.64
1917–18	860.99	640.95	74.44
1918–19	949.58	293.20	30.88
1919–20	1,261.19	579.31	45.93
1920–21	912.16	280.24	30.72
1921–22	1,385.39	599.53	43.28
1922–23	884.99	636.01	71.87
1923–24	889.54	607.14	68.25
1924–25	960.82	533.29	55.50
1925–26	967.92	472.05	48.77
1926–27	918.99	523.65	56.98
1927–28	799.74	440.61	55.09
1928–29	898.24	517.32	57.59
1929–30	790.19	569.88	72.12
1930–31	396.62	520.00	131.11
1931–32	441.92	543.03	122.88
1932–33	528.25	491.75	93.09
1933–34	447.46	611.13	136.58
1934–35	448.12	494.49	110.35
1935–36	555.37	568.41	102.35
1936–37	694.70	644.87	92.83
1937–38	563.23	452.58	80.35
1938–39	510.04	445.13	87.27

Source: Computed from Lindauer and Singh, *Land Taxation*, Table 6.3

for the moment assume that the cost of production was 60 per cent of the gross value of total output of our unit of land. (In 22 out of the 33 years listed in Table 1.4 it was much greater than 60 per cent but we are deliberately assuming a lower figure.) Our self-cultivating proprietor would then have a net income (without of course making any deduction for the return to his labour) amounting to Rs 100 – Rs 60 = Rs 40. His net income is

Rs 10 less than that of the landlord and the land revenue of Rs 12.50 that he pays is no longer 25 per cent of net income but 31.25 per cent of net income.

If we assumed a higher figure for costs of cultivation as a percentage of gross value of total output, which on the basis of Table 1.4 would, in fact, be closer to reality than our figure of 60 per cent, we would find that peasant proprietors ended up paying much higher proportions of their net income. In fact, whenever the percentage that cost of cultivation bore to gross value of total output exceeded the percentage that the tenant's income bore to gross value of total output, that is, whenever the peasant proprietor's deductions on account of cost of cultivation exceeded the landlord's deductions on account of tenant's gross income, the peasant proprietor's net income was lower than the net income of the landlord and hence land revenue calculated on the basis of the higher net income of the landlord would be more disadvantageous to the peasant proprietor than if it were assessed on the basis of his actual net income. Table 1.4 clearly shows that in the vast majority of the years under reference, in 22 out of 33 to be exact, the percentage that costs of production bore to gross value of total output was higher than even the highest percentage that the tenant's gross income bore to gross value of total output in any part of the province, that is, if we assumed that the tenant paid only a one-third share of gross produce to the landlord and retained 66 per cent for himself.

If we assume the far more common rate of rent, that is, 50 per cent of gross produce, then of course the proportion that costs of cultivation bore to the gross value of total output would exceed the proportion that tenant's income bore to gross value of total output in 28 out of the 33 years. This also meant that the higher the rents on which the settlement officer based his calculations, the greater the disadvantage to the self-cultivating peasant. In other words, over the whole period covered by Table 1.4, peasant proprietors paid a far higher share as land revenue than they would have if the method of assessment was based on their actual net income. Of course, if the genuine or real net income or net profits of the peasant proprietor were calculated on the basis of also making deductions for the minimum subsistence required for the reproduction of the peasant family, these would be even further away from the landlord's net income and would often be found to be non-existent. No wonder then that the government astutely decided to steer clear of any attempt to rationally calculate the peasant proprietors' net assets or net income!

The difference between the landlord's net income and the peasant proprietor's net income was of course graphically illustrated during the Depression years. The government granted remissions (where it did) taking only the decline in the gross value of total output, that is, the prices of agricultural produce, into account. It ignored the fact that costs of cultivation had remained inelastic and were in most of the Depression years equal to more than the gross value of total output, leading to a net deficit (see Table 1.4, Column 3). Since its calculations were based on landlord's net income or net assets, and this income, because it was not tied up with the costs of cultivation, varied proportionate to the rise or fall of prices, it assumed that the net income of peasant proprietors had also fallen only in proportion to the fall in prices or gross value of total output—an assumption that a comparison of Columns 1 and 3 of Table 1.4 shows to be totally false. This was because the costs of cultivation had not declined much at all and as a proportion of gross value of total output had gone up sharply.

Similarly, when new settlements were made, it was assumed by the settlement officers that the increase in prices of agricultural commodities had automatically resulted in a corresponding increase in net income and land revenue could be correspondingly enhanced. This assumption would be true enough for rent-receiving landlords, but it could only be true for the self-cultivating peasant proprietor if the rate of increase in costs of cultivation was the same as or less than the rate of increase in the agricultural prices or gross value of total output. If this was not the case and the rate of increase of costs of cultivation was higher, then enhancements of land revenue based on increase in agricultural prices would increase the proportion of net income that the self-cultivating proprietor paid as land revenue.

Further, settlement officers based their estimates of the value of production on the average prices of the whole year and not on the prices prevailing at the time of harvest, that is, the actual prices received by the vast majority of cultivators who could hardly afford to hoard their produce for selling at the higher off-season prices.[22] They also tended to assume a level of yield or productivity much higher than the level actually prevailing in the province. Crop experiments carried out under ideal conditions inevitably produced a better result than the ones obtained by ordinary cultivators.[23] Village officials whose incomes were calculated as a proportion

[22] Even in Lyallpur, the most agriculturally advanced district, the practice of holding up produce after harvest to secure a better price was not very common. From Kala Gaddi Thamman, the village surveyed in the district in 1925, it was reported that "*zamindars* have no proper arrangements for storage in their houses and government demands have to be paid after harvest; it is thus generally considered best to dispose of surplus produce soon after it comes in". BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 91. In Jullundur it was noticed that in many cases the land revenue tended to make the cultivator sell his produce at once. Only large and well-to-do medium owners could hold up produce in hope of better prices. BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 169.

[23] "... such experiments would generally be made on land which could at least produce a fair crop, and they thus ignored the considerable areas of land yielding very little crop at all .... In practice, therefore, produce estimates were always found to be in excess of what was considered reasonable on general considerations." Trevaskis, *The Land of the Five Rivers*, p. 264. This complaint was often voiced by peasants. See, for example, the statement made

of the land revenue demand[24] would hardly have any incentive to argue for lower productivity levels.

III
The Land Revenue System and the Small-Holder

Land revenue, since it was in theory a tax on the land and not on the landowners, was levied at a flat rate per acre and was, therefore, a regressive form of taxation. Inevitably, therefore, it was weighted against the small-holding peasant, because obviously while a large landowner could afford to pay a large proportion of his income as tax, a small-holder could not. The system of assessment had no device by which it could discriminate between a large landowner and a petty-holder owning the same kind of land within a revenue estate, that is, the area taken as the unit of assessment and usually consisting of a village or group of villages.[25]

Even assuming that a small-holder got the same income per acre from his land as the big landowner, he was at a clear disadvantage because his total income was very small. But even this assumption of similar income per acre is hardly valid, for the small-holder's fixed costs per unit of cultivation would tend to be much higher than the larger landowner's, who could take advantage of the economies of scale.

Further, small-holders were not able to obtain the benefits of high prices of agricultural commodities, for they often ended up being net buyers rather than sellers of food when their own production did not meet their consumption needs. (This is discussed at length in the first section of Chapter 3.) Also, cash incomes from other occupations such as military service, wage labour at home or abroad, went less far in meeting essential consumption requirements.[26] In such a situation, high prices were a disadvantage rather than an advantage.

The rigidity of land revenue collection, too, was much harder for the small-holder to bear. His petty income ruled out any question of building up reserves for lean years. Therefore, the fact that the failure to pay up the land revenue implied loss of land—his basic factor of production—meant that land revenue was the first charge on his production, even in a bad year, and even consumption requirements had to take second place to it. Indebtedness was, therefore, often the only way out.

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by Ch. Shah Muhammad, Secretary, Settlement Committee, Lyallpur, carried in *The Tribune*, 23 September 1935.

[24] See Land Revenue Rules in Lindauer and Singh, *Land Taxation*, p. 231.

[25] *LRCR*, pp. 168–69.

[26] See, for example, BEIP, *Punjab Villages During the War*, pp. 17–18; *LRCR*, pp. 47–48; Darling, *The Punjab Peasant in Prosperity and Debt*, p. 215. For the significance of non-agricultural incomes, see Chapter 5, this volume.

Besides, it was a recognized feature of land revenue assessments that they tended to be pitched much higher in congested districts with a large proportion of small holders. The reason was that these were inevitably areas of intensive farming, where small-holders struggled to make their tiny plots yield the utmost. And higher yields meant higher rates of land revenue.[27]

The method of enhancement, by which enhancements came into force not gradually but at one stroke at the end of a period of settlement, also caused problems for small-holding peasants who had to suddenly adjust to the new level of taxation. Table 1.3 shows that these enhancements could be quite sharp. Again, the lack of any reserves to fall back upon would make the task very difficult. In many ways, then, the land revenue system placed the small-holder in a no-win situation.

In areas of extreme insecurity of cultivation, where the system of fluctuating assessment allowed for granting of remissions in case of crops not maturing to a certain level, the corruption at the level of the lower officials who had to make the decisions made it difficult for small-holders to derive any substantial advantage from these provisions.[28]

Small-holders, it needs to be emphasized, were not an insignificant proportion of the landowners. In 1939, 63.7 per cent of the landowners owned less than 5 acres of land, and these would all qualify as small-holders. Many among those owning between 5 and 10 acres as well would qualify and these constituted another 16.9 per cent of landowners (see Table 4.1). So when we say that the system of land revenue was weighted against small-holders, we mean that it was weighted against roughly 70 per cent of the landowners.

It also needs to be pointed out that in Punjab under the commonly prevalent system of rent—*batai* or sharecropping usually on half-share basis—agricultural taxes had a direct bearing on tenants as well. In addition to paying the half share of the crop, tenants also paid as rent to the landlord half the land revenue and water rates. In some instances, the landlord took the entire water rate from the tenant, but paid the land revenue himself. The incidence of land revenue thus had a direct bearing on the level of rents (see the third section of Chapter 4). And since the tenant's income from rented land was considerably lower than the owner's income from self-cultivated land (almost the entire cost of cultivation being borne by the tenant and his gross income being half that of the owner-cultivator),

[27] "... the very congestion has forced more intensive systems of cultivation on the people. Congested areas are more highly assessed than those sparsely populated". Written opinion of H. Calvert, *LRCR*, pp. 210–11. For a similar view, also see the *Settlement Manual*, pp. 177, 185.

[28] *LRCR*, p. 55. Even the normal process of a new settlement meant the oppression of a whole body of revenue staff "who preyed on the cultivators" for five to six years. Trevaskis, *The Land of the Five Rivers*, p. 273.

even paying half the taxes was a considerable burden. Again, it should be noted that since nearly half the land of the province was, by 1936–37, cultivated on tenancy terms, and of this 76.1 per cent was on *batai* (Table 4.2), the effect of land revenue was directly felt on the rents and income of a very substantial portion of the cultivated land. Even in terms of numbers, tenants constituted about 30 per cent of the population in 1931 and this number includes only those for whom this was the principal occupation.[29]

IV
A New System

A new system of fluctuating assessment, called the sliding-scale system, was introduced in 1935 to counter the mounting criticism of inflexibility of the existing system. This system took as its basis a standard set of maximum prices, based on prices of the last 20 years, and fixed a corresponding set of maximum revenue rates. When prices remained below these "commutation prices", revenue rates would be correspondingly reduced, but if actual prices exceeded commutation prices, revenue rates would not go beyond the maximum rate. However, this system was not as attractive as it looked because, first, as discussed earlier, remissions were granted only to the extent of fall in prices of produce, not taking into account the inelasticity of the costs of cultivation which declined at a much lower rate than prices and hence incomes fell much more than prices. Second, the commutation prices were fixed too high and there seemed little likelihood of actual prices rising to that level or beyond, thus denying the peasant any benefits from small increases in prices which he derived under the old system.[30] So, on the one hand, this system did not help the peasant to maintain his income level in periods of falling prices and, on the other, it denied him the marginal benefits of rising prices. Third, it did not solve any of the other problems of definition of net assets, assumption of high yield, etc., for the method of calculating land revenue remained the same.

The Punjab Land Revenue Committee in its report in 1938 specifically recommended that the sliding-scale system should not be extended to small-holding districts because, being linked only to prices of agricultural produce and not taking into account the variations in the costs of cultivation, it could only benefit those with large holdings whose income remained largely unaffected by the costs of cultivation and fluctuated with the level of agricultural prices.[31]

[29] *Census of India*, 1931, Vol. VII, Part II, p. 160, Table X.
[30] *The Tribune*, 6 October 1935.
[31] *LRCR*, pp. 52, 142–43.

The political value of the new system was, however, immense. In the words of the Report of the Land Revenue Committee:[32] "Psychologically, the present system has the great advantage of always appearing to operate by way of remission, though actually it enables the demand to be pitched higher than would otherwise be possible. It has the further advantage of securing to government, up to a fixed point, its full share of the results of any rise in prices." All adjustments in revenue rates were termed "remissions" and every such occasion gave the opportunity for display of government concern for the cultivators. Certain sections among the agriculturists, the bigger landlords in particular, for whom even minor reductions in land revenue rates meant large accretions to income, supported this new system. Sikander Hayat Khan, then revenue member of the Punjab government, while welcoming the new system, said: "never since the advent of the British, or for the matter of that under any rule, has such a big concession been granted to zamindars in the Punjab".[33] The peasant organizations, however, consistently criticized the new system, and in Lyallpur, where it was sought to be first applied in 1935, it led to a sustained agitation.[34]

V
Tax on Irrigation

The canal rate or water rate or *abiana* was the other major government demand, almost equal in amount to the land revenue demand. (Compare Table 1.5, Column 2 with Table 1.1, Column 2). It was admitted by the government that "water rates have never had any scientific basis of assessment", and that canals were regarded as "the most important source of financing the requirements of the province irrespective of all theoretical considerations."[35] As a result, the water rate had no relation to the actual costs incurred in providing irrigation facilities; and profits or returns from canals, after allowing for expenses and interest on invested capital, never fell below 12 per cent, and were often closer to 15 or 16 per cent.[36] Even in the years of acute depression, irrigation surplus stood at over Rs 20 million in 1930–31 and was equal to Rs 30 million in 1931–32.[37] Water

[32] *Ibid*., p. 48.
[33] Quoted in Brij Narain, *India Before and Since the Crisis*, Vol. 2, p. 607.
[34] Mridula Mukherjee, *Peasants in India's Non-Violent Revolution*, Chapter 4, Section I.
[35] Government Review of the Report of the Abiana Committee, 1934, paragraphs 17 and 18, quoted in *Darling Papers*, I/20, TS Notebook. Also see Imran Ali, *The Punjab under Imperialism*, pp. 159–69.
[36] *Darling Papers*, I/20, TS Notebook.
[37] Brij Narain, *India Before and Since the Crisis*, Vol. 2, p. 586.

rate was even more inelastic than land revenue because government was under no obligation to reduce it, no matter how low the prices. This was one reason that cultivation costs were so inelastic: because water rate added up to a sizeable portion of total costs, especially in the canal colonies[38] (see Table 1.2). Table 1.5 also shows that water rates constituted an important proportion of the gross income or gross value of crops grown on canal-irrigated land.

Table 1.5
Water Rate and Value of Crops Grown on Canal-Irrigated Land in Punjab (1924–25 to 1942–43)

Year	*Total area assessed to water rate ('000) Acres*	*Total water rates annual ('000) Rs*	*Total value of crops ('000) Rs*	*Per acre water rate Rs*	*Value of crops Rs*	*Water rate as percentage of value of crops*
1924–25	10,143	43,593	577,110	4	57	8
1925–26	10,274	44,028	545,308	4	53	8
1926–27	9,972	45,768	457,754	5	46	11
1927–28	9,853	42,699	447,305	4	45	9
1928–29	11,869	42,482	550,639	4	41	10
1929–30	12,006	50,112	492,696	4	47	9
1930–31	11,855	50,021	294,510	4	25	16
1931–32	11,245	44,886	327,376	4	29	15
1932–33	11,181	46,097	360,482	4	32	13
1933–34	10,983	44,663	322,681	4	29	15
1934–35	10,235	40,946	341,562	4	33	12
1935–36	10,981	43,867	389,974	4	36	11
1936–37	11,629	45,636	474,121	4	31	13
1937–38	12,221	48,095	403,168	4	33	12
1938–39	11,890	45,681	389,044	3.9	32.7	11.9
1939–40	12,660	48,191	507,457	3.8	40.1	9.5
1940–41	12,633	48,831	441,196	3.9	34.9	11.2
1941–42	12,757	49,710	648,090	3.9	50.8	7.7
1942–43	13,160	49,817	1,249,144	3.8	94.9	4.0

Source: BEIP, *Agricultural Statistics of the Punjab, 1901–02 to 1935–36*, and supplements 1 to 5 of the same, Table 64.

Besides, water rate could be enhanced at any time, there being no fixed period of settlement as in the case of land revenue. One such attempt at increase, in 1924, led to an agitation which was prevented from escalating only by timely concessions and adept political manoeuvres, involving the "zamindar party", on the part of Malcolm Hailey, the Governor of Punjab,[39]

[38] *LRCR*, pp. 138–41.
[39] See Mukherjee, *Peasants in India's Non-Violent Revolution*, Chapter 2, for a full account of the agitation in 1924–25.

who remembered well the lessons of the 1907 agitation and was unwilling to let history repeat itself.[40]

The combined demand of land revenue and water rate was not something the ordinary cultivator could pay with ease even in normal years.[41] Landowners on around one-third of the cultivated area paid both these charges.[42] Even in the most advanced colony district of Lyallpur, the combined demand of land revenue and water rates constituted an important part of the income and expenditure of even well-to-do peasants (see Table 1.2). In the period of high prices in the 1920s, it averaged around Rs 10 or more per acre and represented upto one-sixth or one-seventh of their income.[43] In the worst years of the Depression, the proportion could be over 70 per cent (Table 1.2). It is hardly surprising then that in 1931 there were reports of peasants refusing to take canal water because they could not afford to pay the high water charges.[44]

VI
Government Policy: Contradictions and Dilemma

Colonial official ideology and public pronouncements notwithstanding, the government was in reality quite aware that agricultural taxes were not an insignificant burden on the peasants and their reduction a matter they had "much at heart".[45] During the First World War, when the government was looking for ways of stimulating the flagging recruitment to the army,

[40] Hailey to Sir Campbell Rhodes, dated 16 November 1924, *Hailey Papers*, Mss. Eur. E220/6 (c), f.438.

[41] "Heavy money payments on account of canal water" are listed as one of the two foremost causes which lead the peasants into debt, *SR Amritsar*, 1888–95, p. 3.

[42] BEIP, *Agricultural Statistics of the Punjab, 1901–2 to 1935–36*, and supplements 1–5 of the same, Table 64.

[43] BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 67; BEIP, *Accounts of Different Systems of Farming in the Canal Colonies of the Punjab*, 1927.

[44] These reports appeared in *The Tribune*, 13 January 1931. Earlier, landowners of the old canal irrigated areas of the Lodhran and Mailsi tehsils of Multan District had protested against enhancements of the water rates and imposition of acreage rate which had doubled and even trebled the demand, and the government had reduced the rates. *Punjab Development (Colonies) Department Proceedings*, November 1930, Nos. 1–2, IOR, P/11879.

[45] Sir Malcolm Hailey, then Governor of Punjab, wrote to the Viceroy that ordinary people "are somewhat prone to be led away by the promise of the agitator to secure for them measures which they have much at heart, such as the reduction of land revenue...." Hailey to the Viceroy, dated 23 March 1928, *Hailey Papers*, Mss. Eur. E220/12 (a), f. 134–42. Ten years later, the Punjab Land Revenue Committee echoed the same sentiment when it noted that "there is a deep and widespread feeling amongst the agricultural classes that they are more heavily taxed, in proportion both to their ability to pay and to the benefits they receive, than the non-agricultural classes." This in turn "gives an opportunity to the political propagandist to stir up agitation" against the payment of land revenue. *LRCR*, p. 113.

one of the major proposals made and accepted was the granting of remissions in land revenue to those villages and areas which contributed a high number of recruits to the army. That this should be thought of as a significant way of bribing peasants to enlist, especially since maximum remissions were to be only up to 50 per cent of land revenue and that too only in the case of those villages that had sent three-fifths of the eligible males or one-fifth of the total male population into the army, shows that the government was well aware that land revenue was not a matter of marginal importance in the peasants' calculations.[46]

The government was also aware that, in districts in which people resorted in a big way to recruitment in the army or to service or wage labour away from their homes, government taxes were mostly paid from this non-agricultural income and that their land tax was in reality not a tax on the land but on the total income of the landowning families. The presence of these sources of income was a factor that was fully taken into account by the settlement officers when deciding the pitch of the assessment. The contradiction between official theory and practice is illustrated by the following two statements. On the one hand, the theory was that "land revenue is ... a charge, not upon persons, but upon the land".[47] On the other hand, the practical advice to settlement officers was that "an estate which is enriched by the flow into it of pay and pensions earned in the service of government need not be treated as leniently as an overcrowded village where the landowners depend solely on the tillage of the soil".[48]

Settlement officers were not averse to heeding this advice, as is evident from the following two quotes:

> The size of holding is a somewhat important factor in the revenue-paying capacity of a tract, though if any subsidiary occupation is available to the zamindars, smallness of holdings is not necessarily an argument for low assessment, and may even make the realisation of a fairly high demand easier than would otherwise be the case ....[49]

> ... the people are in a much better position to pay land-revenue than they were when the first assessment was made. At that time there were few or no pensions, now over a lakh of rupees is paid every year in military pensions alone.[50]

[46] *Punjab Revenue Department Proceedings*, January 1927, Nos 1–6, IOR P/11651. Similarly, while addressing the landowners at Sargodha, Sir Michael O'Dwyer, the Governor of Punjab, thought it wise to let them know that their willingness to supply recruits would weigh with the government when it decided the term of the revenue settlement. No. 21941 (Revenue and Agriculture - Revenue) from E-Joseph, Officiating Revenue Secretary to the Government of Punjab to the Senior Secretary to the Financial Commissioners, Punjab, dated 4 December 1928, *SR Shahpur*.

[47] *LRCR*, p. 3.

[48] *LRCR*, p. 161.

[49] *SR Jhelum*, 1895–1901, p. 8.

[50] Quoted from an earlier settlement report in *SR Kangra*, 1897, p. 24.

The high pitch of land revenue in a small-holding area could thus neatly dovetail the two colonial objectives of greater revenue and army recruitment. It provided a push for recruitment in the army, which in turn ensured that the high revenues would be paid. In other words, the small-holding peasant paid an income tax on his non-agricultural income, which was otherwise below the taxable limit, though he paid it in the form of land revenue.

The real reason for the government's parsimonious and rigid attitude in the matter of agricultural taxation was of course its almost total dependence on it for raising its budgetary resources.[51] Even in the late 1930s, the combined land revenue and irrigation charges amounted to over 60 per cent of the total provincial revenues. Table 1.6 demonstrates that, among all the provinces, Punjab had the highest proportion contributed by agricultural taxes.[52] The lack of other sources of taxation in a province where modern industry was negligible made the government crucially dependent on agriculture as a source of taxation and ensured that the peasants had little hope of respite from its increasing demands.

Table 1.6
Agricultural Taxes (Land Revenue and Water Rates)
as a Percentage of Total Provincial Revenues:
Different Provinces of British India (1921–22, 1929–30, 1937–38)

Year	*Sind*	*Bombay*	*Orissa*	*Bengal*	*Bihar*	*Madras*	*Assam*	*CP*	*UP*	*Punjab*
1921–22	N.A.	44.3	N.A.	36.3	N.A.	59.3	52.7	56.1	77.2	80.7
1929–30	N.A.	32.0	N.A.	28.6	N.A.	33.83	44.5	38.8	62.4	57.6
1937–38	25.5	27.0	27.0	27.1	31.0	42.5	44.2	51.8	59.0	63.5

Source: Computed from P.J. Thomas, *The Growth of Federal Finance in India*, Madras, 1939, pp. 517–25, Appendix F, Tables 15 to 23.

The continued dependence on agriculture as a major source of government revenues as well as the inability of the vast majority of the landowners to bear the burden this imposed on them with any degree of ease were nothing but the long-term consequences of the unfolding of the logic of colonial underdevelopment. Even the limited industrial growth which was witnessed in the twentieth century in many other parts of the country failed to find a reflection in Punjab, which possessed none of the natural advantages in terms of mineral deposits, raw materials or proximity to ports enjoyed by the regions which experienced industrial growth. Therefore,

[51] Sir Geoffrey de Montmorency, an ex-governor of Punjab, in his written opinion before the Punjab Land Revenue Committee, warned that great caution must be exercised in dealing with "any question relating to the chief source of provincial revenue". *LRCR*, p. 187.
[52] Also see Lindauer and Singh, *Land Taxation*, pp. 23–24, for the decline in land tax as a source of government revenues in post-independence Punjab.

no major new source of revenues emerged which would enable the government to lessen its dependence, and the burden, on agriculture.[53]

In the given context of this inexorable logic of colonialism, which no amount of genuine expression of concern for the hard-working Punjab peasant could reverse, the only way in which the burden on the lower and middle layers of the landowners could be eased was via a redistribution of the tax demand. The principle underlying agricultural taxation had to change—from a regressive to a progressive one—and the upper layers of the landowners would have to shoulder the major burden. This was so obvious a solution that only very important considerations could have prevented its adoption.

These considerations arose from the basic British policy, as true of Punjab as elsewhere in the country, of using the large landowners as a major prop of their rule. While this was generally true of almost the entire post-1857 Revolt period, an added factor that emerged from the 1920s was the growing political articulation of this class in Punjab. Beginning as a small group in the legislative bodies of the province in the 1920s, the Unionist Party emerged as a major political force in Punjab politics in the 1930s, and was to form the provincial ministry from 1937 till 1946. The large landowners of Punjab were an important component of its leadership and its social base and their interests found adequate reflection in Unionist ideology and policies. The government was only too willing to use the political weight of the Unionist Party as a bulwark against the emerging tides of nationalism and peasant radicalism and protest. Besides, even if the British government thought it prudent to allay peasant discontent by means of a redistribution of the revenue burden, it now had to weigh the advantages of this measure against the assured political cost of alienating an articulate class with a political party at its command.

That this is no hypothetical conjecture is illustrated by the recommendations of the Punjab Land Revenue Committee and their subsequent fate. This Committee was appointed by the Unionist premier of Punjab, Sikander Hayat Khan, on 24 June 1937 and it submitted its report on 16 May 1938. The chairman of the Committee was Malcolm Darling, the Financial Commissioner of Punjab and a foremost expert on agriculture in Punjab; and he was assisted by three other government officials. This Committee was specifically asked to examine the question "whether any other

[53] When demands were made for the reduction of the tax burden on the peasants and an increase in government expenditure on agriculture, officials were quick to point out the apparent contradiction of the demands which simultaneously demanded greater expenditure and less revenue. They forgot that the contradiction was not in the demand but in the colonial structure itself, which made the fulfilment of this demand impossible. After all, the post-Independence Indian government had to do precisely this in order to push forward the process of agricultural development. For the colonial official reaction to these demands, see *LRCR*, pp. 12, 61.

scheme can be devised by which the principles of income-tax assessment can be applied to the assessment of land revenue". It was also to report on whether any other scheme for providing "relief to the small-holder" could be devised.[54] The appointment of this committee was obviously in response to the incessant demands made for the previous many years by peasant organizations and their leadership for the reform of the land revenue system to bring it into conformity with the system of income tax, and for the exemption of small-holdings from any tax. Besides, certain members of the Unionist Party like Chhotu Ram, whose political base was not among the big landowners of western Punjab but among the medium and smaller landowners of south-east Punjab, had been very vocal in voicing these demands before they formed the government and it was now incumbent upon them to at least go through the motions of living up to their pre-election promises.

The report of the Land Revenue Committee is remarkable both for its frank acceptance of the fact that land revenue was a heavy burden on the small-holding peasant as well as for its niggardliness in suggesting measures of relief. First, it unequivocally rejected the suggestion of the application of the principles of income tax assessment on the ground that these were unsuitable and impractical given the large number of individual assessees. It also ruled out any blanket exemption of small-holdings below 5 acres from the payment of land revenue on the grounds that while entailing a great loss to provincial revenues, it would provide no meaningful relief as the amounts involved were so small, and also because payment of land revenue provided the peasant a standing in rural society, which status it would not be fair to deprive him of.[55]

The major recommendation of the Committee was that in order to enable the small-holder to recover from the effects of the Depression, all those paying upto Rs 10 as land revenue be given a relief of 50 per cent and those paying over Rs 10 and not more than Rs 25 be given a relief of Rs 5 irrespective of the amount of land revenue paid.[56] However, as is clear from Table 1.1, during the Depression years when cultivators were facing negative net incomes and land revenue was only inflating the loss, a remission of even 50 per cent, especially for the smaller cultivators, was grossly inadequate. The minimum relief had to be a total remission, and any humane government would in addition provide credit and other forms of assistance to enable the peasants to tide over the crisis.

[54] Proceedings of the governor of Punjab in the Department of Revenue, no. 413–5, dated 9/12 September 1939, *LRCR*, p. 1.

[55] *LRCR*, pp. 72–79. It is interesting to note that this proposal had to wait for acceptance till the post-Independence Indian state of Punjab abolished the tax on holdings below 5 acres in the 1960s. Lindauer and Singh, *Land Taxation*, p. 8.

[56] *LRCR*, pp. 66–70.

The reasons given by the Committee for confining the relief to those who paid upto Rs 25 were the necessity of keeping the relief within reasonable financial limits and the fact that "this figure would cover nearly all our one-plough cultivators outside the canal colonies". This would provide relief to over two million revenue payers and entail a loss of revenue to the government of Rs 5.2 million. However, even this was not suggested as a permanent measure but only for five years till the effects of the fall in prices were mitigated.[57]

The Committee also suggested, though with considerable reluctance, that a small surcharge be imposed on owners paying over Rs 250. The lowest surcharge would be of 6.25 per cent and the highest, applicable to those paying more than Rs 5,000, of 25 per cent. The additional revenues generated by this method would only add up to Rs 0.646 million. The hesitation of the Committee in recommending even this small surcharge was because it was aware that "the tax will be very unpopular and will produce very little". Nor was it willing to suggest a higher surcharge or a lower limit because it felt that the principle of surcharge was so novel that it could not be extended any further. It did not fail to note, however, that the Congress Ministry in the UP had around the same time introduced a Bill which would lead to an enhancement of 66 per cent in the taxes paid by the large landowners. The Committee was quite distressed that its own modest recommendations had encountered such strong resistance from the large landowners, even though it was only to be levied for five years.[58]

We have recounted at length the history of the deliberations and recommendations of this Committee because it is such a good illustration of the ambiguities, contradictions and dilemmas in which policy-makers found themselves. Financial considerations ruled out any radical reduction of agricultural taxation and political considerations ruled out any radical redistribution of the tax. The consequence was that a great deal of detailed inquiry was followed by virtually meaningless recommendations. The same Committee that rejected exemption of small-holdings below 5 acres on the ground that the relief provided by this exemption would be too small to make a difference, recommended in the next breath a maximum reduction of 50 per cent as a measure of relief to the small-holder. If a total exemption could provide no meaningful relief, how could a 50 per cent reduction provide any? But these were not contradictions produced by the stupidity or cussedness of individual officials—and certainly Malcolm Darling, the chairman of the Committee, was too astute an observer of the Punjab agricultural scene to fail to notice the contradictions in his own position—but were produced by the trap in which even the most well-meaning official

[57] *Ibid*.
[58] *Ibid*., pp. 80–84, 116–17.

found himself. The contradictions of colonialism, between underdevelopment and the need for more revenues, for example, could not be resolved even by men of the calibre of Malcolm Darling. Of course, the Unionist Party saw to it that even these mild recommendations were never implemented![59]

[59] Even Chhotu Ram, Revenue Minister in the Punjab Government, who had been a vociferous proponent of assessment of land revenue on the basis of income tax and exemption of small holdings in the early 1930s, effected a complete about-turn on this question after becoming a minister and coolly declared that he had only asked for these proposals to be implemented in the long-term, that is, over 40 years. Prem Chowdhry, *Punjab Politics: The Role of Sir Chhotu Ram*, New Delhi, 1984, pp. 219–25.

Two

Peasants as Debtors

It would be no exaggeration to say that in colonial Punjab the issue of debt was one that became, from at least the 1880s,[1] the object of the greatest attention, concern and debate among policy-makers and administrators and in the twentieth century also a crucial element in contemporary ideological and political discourse, both official and non-official. The debate was initiated in the late 1860s when the consequences of the radical changes introduced by the colonialization of the Punjab economy first began to assume a recognizable shape and proportions. The attention of perceptive administrators was first drawn by the alarming increase in indebtedness and in the alienation of land from peasants to moneylenders, both through mortgage and outright sale.[2] Higher officials were a little slow to respond to these cries of danger, but gradually woke up to a consciousness of the dangerous political consequences of such a major social change. Peasant discontent was anywhere to be avoided, but for a province whose small cultivators supplied the British Indian army with a larger number of its men, it could have consequences that were much more serious than elsewhere. Disgruntled peasants made disloyal soldiers—this the British understood very well.[3] By the turn of the century, this concern was reflected in policy and a legislative measure restricting alienation of land was brought

[1] S.S. Thorburn, the Punjab official who perhaps contributed more than any other individual to the publicization of the issue, brought out his *Musalmans and Moneylenders in the Punjab* in 1886.

[2] The first official to raise a warning in 1869 was Arthur Brandeth, then commissioner of Multan, and "he spoke scathingly at times of the rigid exaction of revenue and the pressure of the civil courts". P.H.M. van den Dungen, *The Punjab Tradition*, p. 76 ff. Also see N.G. Barrier, "The Formulation and Enactment of the Punjab Alienation of Land Bill", *The Punjab Past and Present*, April 1979, No. 25, p. 195 ff.; S.S. Thorburn, *Musalmans and Moneylenders*, especially Chapter 8 and Appendices A and B.

[3] See, for example, van den Dungen, *The Punjab Tradition*, pp. 168–73; R.G. Fox, *Lions of the Punjab: Culture in the Making*, Berkeley, 1985, p. 49; Barrier, "*Punjab Alienation of Land Bill*", pp. 193, 200, 207, 211.

on to the statute book.[4] A few years later a move was made to set up co-operative societies. But enquiries made in the 1920s revealed that debt was continuing to mount and moneylending continuing to flourish.[5]

I
Moneylenders and Moneylending

The change in the status of the moneylender from pre-British days, when he was considered a servant of the village community and was subject to its authority and had to rely on the goodwill of the community for recovery of his loans, had been greatly facilitated by the new civil laws with their sanctity of contract and the operation of the civil courts which enforced these laws with rigidity. The new legal system was quickly marshalled to their own advantage by moneylenders and their lawyers, whereas the illiterate and less resourceful peasants became its victims.[6] All this added considerably to the attractiveness of moneylending as a field for investment.

Moneylending was a very important economic activity in the province and the size of the class involved in it and of the resources it commanded was considerable. In 1922, Calvert estimated that there were a total of 40,000 moneylenders in the province and that their proportion to the population was 1:100. In 1929, the Banking Enquiry Committee placed their number at about 55,000.[7]

Rural or village-based moneylenders were a very substantial component of this total number of moneylenders, though we do not have any estimates of their precise strength. We do know, however, that they represented 20 per cent of the income tax assessees in the province in 1928–29. The number of moneylenders assessed to income tax was roughly 6,000 and their income was estimated at Rs 17 million on a capital of Rs 130 million. But the vast majority of moneylenders did not come within the income tax bracket. Their number can be imagined from the fact that agriculturist-moneylenders[8]

[4] See van den Dungen, *The Punjab Tradition*, for the process of debate and discussion through which this policy was eventually evolved.

[5] The results of the first enquiry carried out in 1921 by Malcolm Darling were published in his *The Punjab Peasant in Prosperity and Debt*, 1925, and the second enquiry was conducted by the Punjab Provincial Banking Enquiry Committee in 1929–30.

[6] See, for example, S.S. Thorburn, *Musalmans and Moneylenders*, Chapters 8 and 12; Trevaskis, *The Land of the Five Rivers*, pp. 318–21; *DG Gujranwala*, 1892–94, p. 85; Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 170–72; van den Dungen, *The Punjab Tradition*, p. 34; Lindauer and Singh, *Land Taxation and Indian Economic Development*, pp. 46–47, 200–207; Douie, *Settlement Manual*, p. 65; Barrier, "*Punjab Alienation of Land Bill*", pp. 194–95.

[7] *Report of the Punjab Provincial Banking Enquiry Committee*, 1929–30, Vol. I, p. 129; Calvert, *The Wealth and Welfare of the Punjab*, p. 256.

[8] We use the term "agriculturist moneylender" in the manner current in Punjab in the colonial period to denote those moneylenders who belonged to the officially specified "agriculturist tribes and castes", that is, the traditional landowning castes and tribes of the Punjab.

alone (excluding those who lent only on mortgage) were estimated to be about 19,000. The magnitude of the rural moneylenders' operations can be gauged from the size of the agricultural debt which was estimated in 1929–30 at Rs 1,350 million.[9]

The popularity of moneylending as a field for investment of capital was of course connected with the attractiveness of the returns available. The Banking Enquiry Committee, for example, found that the returns from rural moneylending were higher than returns from investments in government securities, postal cash certificates, the post office savings bank, fixed deposits with banks, indigenous bankers, moneylenders or commission agents and agricultural land given out on tenancy.[10] The following are the estimates made by the committee:[11]

Returns on

(i) mortgages with possession	6 per cent
(ii) mortgages without possession	12 per cent
(iii) Unsecured loans	13–15 per cent

The figures for returns gives us an idea of what kind of profits the moneylenders made after deducting their expenses, losses on account of bad debts, etc. The rates of interest paid by debtors were, of course, considerably higher. For mortgages with possession, it is rather difficult to calculate the interest rates as these varied according to the manner in which the mortgaged land was used (whether it was cultivated by the mortgagee himself or let out on rent to the mortgagor or another tenant), as well as with variations in prices, seasons, etc. For mortgages without possession, which were a much less popular form of mortgage, interest rates could vary a great deal. In Lyallpur, for example, interest rates on mortgage without possession were 18 per cent, because of the great demand for credit.[12] In Jullundur, however, they varied between 6 and 12 per cent as there was a large inflow of capital from migrants working in the canal colonies, United States of America and the Far East.[13]

In the case of unsecured loans, for no part of the province is there any evidence of rates of interest being lower than 18.75 per cent, and it seems that this was not necessarily the most common rate, but in fact the best or lowest rate possible. Interest rates of 24 per cent, or 2 per cent per month, were also very common. Rates of 24 per cent per annum were certainly the

[9] *Punjab Banking Enquiry Report*, Vol. I, pp. 129, 132.
[10] *Ibid.*, p. 146.
[11] *Ibid.*
[12] *Ibid.*, p. 31.
[13] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 47; *Punjab Banking Enquiry Report*, Vol. I, p. 31.

common rates in the more backward parts of the province, but they were also widely prevalent in the central Punjab districts of Lahore, Gurdaspur, Amritsar and Ferozepore and in the new canal colony of Nili Bar.[14]

In times of scarcity, these rates could be pushed up tremendously, and could even go up to 75 per cent. For those sections which had little or no security to offer, they were anyway higher even in normal times,[15] but in adverse circumstances could go up to 100 per cent. Similarly, loans in grain or kind attracted much higher rates, since they were obviously taken only in desperate circumstances. The lowest rate cited for grain loans is *sawai*, which meant that one-and-a-quarter times the grain borrowed had to be repaid after each harvest or every six months. This amounted on a compound basis to an annual rate of 56.25 per cent. This was the lowest, but *deorhi* (or one-and-a-half times) rates were also very common, and these amounted to 125 per cent per annum.[16]

II
Debt: Its Scale, Variety and Burden

An enquiry conducted in 1921 estimated the size of the agricultural debt of Punjab at Rs 900 million. Eight years later, the Banking Enquiry Committee found that the amount had increased to Rs 1,350 million. This acceleration of the rate of increase of agricultural debt was quite unprecedented. In just eight years between 1921 and 1929, Rs 450 million were added, whereas it had taken 30 years (before 1921) for Rs 500 million to pile up. Besides, agricultural prices had gone down in the meantime, and therefore debt was now a much greater proportion of gross agricultural income. In 1921, debt was estimated at 900 million, and the average annual gross agricultural income of the three years 1920–23 at Rs 1,400 million. In 1929, debt was estimated at 1,350 million, but the annual average of gross agricultural income for the years 1926–29 at only Rs 990 million. Debt per cultivated acre had gone up over the same period from Rs 31 to Rs 45 and

[14] See, for example, *DG Lahore*, 1916, p. 116; *DG Gurdaspur*, 1914, pp. 99–100; *DG Ferozepore*, 1915, p. 164; *DG Jullundur* 1904, p. 193; *DG Hoshiarpur*, 1904, p. 111; *DG Rohtak*, 1910, p. 111; *DG Gurgaon*, 1910, pp. 107–8; *DG Hissar*, 1915, pp. 168–69; *DG Jhelum*, 1904, p. 166; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, p. 115; BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 103; *Punjab Banking Enquiry Report*, Vol. I, p. 31; BEIP, *Finance and Marketing of Cultivators' Wheat*, pp. 32–33.

[15] For the higher rates charged from those belonging to the lowest strata, see, for example, *DG Gurdaspur*, 1914, pp. 99–100; *DG Ferozepore*, 1915, p. 164; BEIP, *Finance and Marketing of Cultivators' Wheat*, p. 33; BEIP, *An Economic Survey of Naggal in Ambala District*, p. 59; *Punjab Banking Enquiry Report*, Vol. I, pp. 31, 165, 170.

[16] BEIP, *Finance and Marketing of Cultivators' Wheat*, pp. 32–33; *DG Jullundur*, 1904, p. 193; *Punjab Banking Enquiry Report*, Vol. I, pp. 170–72.

debt per head of those supported by agriculture from Rs 76 to Rs 104. Debt's multiple of land revenue, which was 19 in 1921, stood at 27 in 1929.[17] This last indicator is a very useful one because, land revenue being a certain proportion of net income, it enables us to get some idea of what debt meant in terms of net income.

It was estimated in 1921 that roughly 45 per cent of the total agricultural debt was mortgage debt and this proportion had gone up to 50 per cent by 1929.[18] The form of mortgage most popular in Punjab was usufructuary or with possession in which the land was alienated to the moneylender for the duration of the loan. Of the rest, 5 per cent was estimated to be secured by pawning off jewellery or other valuables and the remaining 45 per cent consisted of unsecured loans.[19]

III
Distribution of Debt

The distribution of debt over different sections of the agricultural population was estimated by Malcolm Darling in 1921 in the following way:[20]

Larger proprietors (owning over 8 acres)	: Rs 570 per head
Small proprietors (owning less than 8 acres)	: Rs 310 per head
Occupancy tenants	: Rs 290 per head
Tenants-at-will and farm servants	: Rs 135 per head

These figures indicate that the borrower's position in the rural hierarchy determined the credit-worthiness or borrowing capacity, and hence the greater amount of the absolute debt incurred by those in the upper layers.

This does not in any way mean that the burden of debt was greater on the upper layers. The figures for debt's multiple of land revenue for larger and smaller proprietors bring this home very clearly. This stood at 10 for larger proprietors but for smaller proprietors it was as high as 27.[21] If we accept Darling's estimate that land revenue represented on an average 25 per cent of net income,[22] then we find that while for the larger proprietors debt represents 2.5 years' net income, for smaller proprietors it represents 6.75 years' net income. In other words, given the lower incomes of the smaller proprietors, their smaller absolute amount of debt represented a

[17] *Punjab Banking Enquiry Report*, Vol. I, pp. 16–17; Darling, *The Punjab Peasant in Prosperity and Debt*, Chapter 1.
[18] *Punjab Banking Enquiry Report*, Vol. I, pp. 163–64.
[19] *Ibid*., pp. 31, 180.
[20] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 13.
[21] *Ibid*., p. 11.
[22] *Ibid*., p. 10.

much heavier burden than did the larger absolute amount of debt for the larger proprietors. The same logic would apply to the occupancy tenants, tenants-at-will and farm servants.[23]

Therefore, while a substantial part of the total agricultural debt of the province may be due from the upper layers of the rural landholders, this in no way reduces the force of the argument that for the small-holders, tenants and agricultural labourers, their debt was a heavy burden. The rich may have borrowed because their prosperity made them reliable borrowers, but for the poor prosperity was not the cause of their indebtedness.

It is necessary to emphasize this otherwise obvious fact because for Punjab, following Darling's famous study which argued that there was a connection between prosperity and debt,[24] it became quite the done thing to argue that in Punjab indebtedness was caused by prosperity.[25] Darling's own argument was of course far more sophisticated, and he clearly saw the differences between the causes of the debt of the poor and the rich and the differential burden that debt represented.[26] However, others, as for example the study done in Ferozepore District in 1925, argued much more simplistically that debt was caused by an abundance of wealth and not by its absence. The Ferozepore enquiry had revealed that, in the Kot Kapura Utar Assessment Circle, 23 per cent of the area was under mortgage and the conclusion arrived at was that, since the area was canal-irrigated and prosperous, this debt was caused by an abundance of capital seeking investment and not by poverty. This conclusion, however, is shown to be

[23] *Ibid*., pp. 13–14, 210–12.

[24] See *Ibid*., especially Chapter 12.

[25] For example, van den Dungen argues that the expansion of credit due to rising prices, the increase in cultivated area, and a revenue demand fixed for long periods, resulting in the increase in the amount and marketable value of agricultural produce and in the increase in the marketable value of land, was the main explanation for increasing indebtedness and land transfers to moneylenders. *The Punjab Tradition*, pp. 33–34. Barrier, "*Punjab Alienation of Land Bill*", takes a similar position. Kessinger, too, approvingly refers to the view of Darling and Thorburn that the cause of aggravated indebtedness can be found in the creation of the right to alienate land in perpetuity inaugurated under British rule and also thinks that Darling's greatest contribution is that he demonstrated that debt does not reflect poverty. Tom G. Kessinger, *Vilyatpur 1848–1968: Social and Economic Change in a North Indian Village*, Berkeley, 1974, p. 135. However, a recent study on Punjab disagrees with this understanding and points to the differential impact of the world economy and commercialization as the explanation for this paradox. To quote: "That prosperity and debt travelled together across rural Punjab only indicated that the same factor set them in motion. Through the world economy and the export and cash crops it required the cultivator willy-nilly came into the market; and, in the market, the cultivator unavoidably came into both money and debt. Some cultivators, perhaps those with more fertile lands or of more industrious habits, prospered in the market-place; others, perhaps of more spendthrift ways or with smaller properties, fell increasingly into debt and onto the untender mercies of the moneylender." Fox, *Lions of the Punjab*, p. 41.

[26] Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 13–14, 213–15, 222.

extremely suspect if we look at the figures for proprietors' holdings furnished in the same report. These figures reveal that 20.2 per cent had holdings of upto 3 acres, another 15.9 per cent of between 3 and 5 acres, 21 per cent between 5 and 10 acres and 13.9 per cent between 10 and 15 acres. In other words, 71 per cent of proprietors had holdings below 15 acres in an area of extensive cultivation where the economic holding was much on the higher side (see Chapter 4), and they could hardly be described as "prosperous".[27] No attempt was made to ascertain what the share of the smaller landholders in the mortgages was, but on the basis of the "general prosperity" of the tract, which is usually a synonym for the prosperity of the larger landholders in the tract, the conclusion arrived at was that the large size of the area under mortgage was caused by prosperity. Only one side of the picture was focused upon, that is, why some people had enough money to lend to others and take their land on mortgage, but not the other side, that is, why the others were forced to mortgage their lands. The study did not even take into account the possibility that the small size of the holdings of the majority of the proprietors could itself be a cause of the high indebtedness. The enquiry made by Darling in 1921 had also revealed that, within the "prosperous" districts, the small holders could be very heavily involved in debt. In two "prosperous" districts, Lahore and Ferozepore, for example, debt's multiple of land revenue was 46 for smaller proprietors (those holding less than 8 acres), and only 18 and 17 respectively for the larger proprietors.[28] In other words, for the smaller proprietors of Ferozepore and Lahore, debt was equal to at least 11.5 years' net income. Similar results were arrived at in a village survey in Multan District. Debt as a multiple of land revenue was 67 for the small owners and nine for the large owners.[29]

An analysis of the reasons for the unprecedented increase in mortgage debt in the decade 1919–29 would also illustrate the argument.[30] At first glance, it might seem that the reason for this increase is to be found in the unprecedented high levels that agricultural prices reached in this decade and the consequent expansion of credit. A closer look, however, reveals

[27] BEIP, *An Inquiry into Mortgages of Agricultural Land in the Kot Kapura Utar Assessment Circle of the Ferozepore District in the Punjab.*

[28] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 12.

[29] BEIP, *An Economic Survey of Durrana Langana in Multan District*, pp. 132–33.

[30] The following figures show the unprecedented nature of the increase in mortgage debt:

For the 10 years ending	Net increase in usufructuary debt
1899	Rs 99.5 million
1909	Rs 50.6 million
1919	Rs 104.2 million
1929	Rs 287.5 million

Source: Punjab Banking Enquiry Report, Vol. I, p. 18.

that the increase in mortgage debt was much greater in the second half of this decade than in the first when prices reached their peak. The increase was Rs 182.2 million in the second half and Rs 105.3 million in the first.[31] We also find that the second half of the decade was marked by poor harvests and a consequent fall in the volume of agricultural production and also by lower prices. The annual production of wheat, for example, averaged 142,000 tons less in the five years ending 1928–29 than in the five years ending 1920–21. The annual gross value of agricultural produce declined from an average of Rs 1,400 million in the three years ending 1922–23 to Rs 990 million in the three years ending 1928–29. Population, on the other hand, was estimated to have increased by 9 per cent in less than eight years following 1921 against an anticipated increase of 5.5 per cent for the entire census decade 1921–31.[32]

The Provincial Banking Enquiry Committee asked the commissioners and deputy commissioners in 1929 for their views on the reasons for the increase in mortgage debt. In their replies, the primacy was given to the poor harvests of recent years. The commissioner of Ambala reiterated the general principle that in bad years more land is mortgaged than redeemed and three deputy commissioners of his division, representing the Hissar, Ambala and Gurgaon districts, gave this as the only reason for the increase in mortgage debt. The five districts of the Jullundur division gave the first cause as the inferior harvest of recent years, especially the last three years. In Lahore division, the causes were seen in the poor crops due to unfavourable climatic conditions and attacks by pests, and in the fall in prices of agricultural produce, especially valuable crops like cotton. In Lyallpur, it was said that apart from mortgages being used to purchase lands and buy proprietory rights in already allotted lands, the poor harvests of the last three years forced the landowners to mortgage their lands to meet their requirements and pay the government tax demand. In Rawalpindi division, the principal cause was said to be the slump which began around 1921–22, combined with the decline in war-time employment in the post-war years.[33]

It thus becomes difficult to explain the increase in mortgage debt in the decade 1919–29 in terms of the expansion of credit and prosperity. The

[31] *Punjab Banking Enquiry Report*, Vol. I, Statement No. 9, Table II, p. 335.

[32] *Ibid*., pp. 20–21.

[33] Other reasons given in the replies were the increased activities of military pensioners in Rohtak who engage in mortgage business, the falling productivity of land, accentuated in Jullundur District by the fall in the subsoil water level, the increase in the standard of living, greater expenditure on education and ceremonies, purchase of land, investment of money in trade, influx of money in Ferozepore District by way of compensation for land acquired for Sutlej canals, the effects of water-logging in Gujarat and Shahpur, amendment of the Limitation Act in 1923–24 which induced moneylenders to call in debts and compelled the landowners to mortgage their lands in order to pay. *Punjab Banking Enquiry Report*, Vol. I, pp. 235–38.

greater increase occurred when production and prices were declining in the second half of the decade and not in the "prosperous" first half. The primary causes seem to be related to the necessity for credit rather than simply to its availability.

It is clearly untenable to establish a simple connection either between prosperity and debt or between poverty and debt. Freedom from debt could be caused by poverty as well as by prosperity. The 1921 enquiry found that while 18 per cent of large proprietors were free of debt, 22 per cent of tenants-at-will and farm servants were also free of debt.[34] In the latter case, the absence of debt was most likely a function of extreme poverty, which resulted in poor credit-worthiness. In the case of the larger proprietors, freedom from debt was a proof of their prosperity and lack of need for credit. It is, therefore, not prosperity or poverty by itself which explain the existence or non-existence of debt. The explanation is to be sought in the increasingly differentiated rural class structure which, in the context of commercialization, increased both the necessity for debt on the part of those at the lower layers as well as the capacity of those at the upper layers to fulfil that necessity (see Chapter 4). Commercialization of land and of produce increased the value of these resources and made it possible for even the lower layers, who had some access to these resources, to borrow against their security, and it simultaneously made it advantageous for those at the upper layers to try and secure control over these resources by advancing loans against their security (see Chapter 3). The nature and texture of debt in colonial Punjab cannot be understood except as an interplay of these wider forces.

IV
Causes of Debt

Why did people borrow? The answer to this question cannot be collapsed into a single one for the different social strata in rural Punjab. The big landlords, absentee or otherwise, may well have borrowed large sums to maintain feudal standards of grandeur.[35] Smaller landlords and the upper strata of the peasantry might often borrow to meet the needs for large cash sums which could not be raised immediately from their own resources,[36] but which they could comfortably expect to pay back over a period of time

[34] Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 11, 13. In a village surveyed in Lyallpur District in 1924–25, it was found that 93.4 per cent of the amount borrowed during the year was by landowning peasants; tenants got only 2.4 per cent, menials 1.4 per cent. BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, pp. 63, 72–73.
[35] See, for example, *SR Multan*, 1901, p. 16.
[36] Such large sums would be required, for example, for marriages and other social ceremonies and for sinking wells.

from their surplus incomes. For these strata, debt was not a serious problem, even though individual members of these sections may well default in repayment and even become so deeply involved that, as in the case of many big landlords, the government took over the management of their estates under the Court of Wards for a period of time. In any case, whatever be the other reasons for their incurring debts, very little, if any, of the loans were taken for investment in agricultural production, except for sinking wells when cultivation was impossible without them (see the second section of Chapter 5).

The vast majority of the rural inhabitants of Punjab, however, borrowed out of varying degrees of necessity and could not expect to repay their loans with ease. Their indebtedness was, in that sense, a "forced" one, unlike the indebtedness of their wealthier neighbours. The range of the needs that forced them to borrow was very wide and it is to this that we turn our attention in the following pages.

For the large numbers of petty landholders, tenants-at-will, agricultural labourers and rural artisans whose incomes often fell short of consumption needs, borrowing was necessary for subsistence. They took loans in kind or cash at exorbitant rates of interest which soon compounded into impossible sums. Petty landowners, once their credit was exhausted, were often forced to mortgage their small pieces of land and resort to tenancy or wage labour. The landless were often unable to secure loans at all, especially if they were just wage-earners and did not even have the crop to offer as security. Food was in these cases a major item on the list of causes of indebtedness.[37]

Among these classes, tenants and petty landowners, who cultivated on their own account, also needed loans for continuing the process of production. The most important item in this list was cattle, for no cultivation was possible without plough animals. The need to replace old animals or those lost because of drought or disease was a recurrent one and the expenditure involved considerable. All investigations revealed this to be a

[37] The acuteness of the problem of small-holding is shown by the fact that in 19 out of 29 districts of the province the percentage of cultivators who cultivated less than 5 acres was over 50. In six districts, the percentage of those cultivating less than 2.5 acres was over 50, for example, Simla (90.8), Kangra (80.4), Hoshiarpur (74.5), Rawalpindi (64.4), Jullundur (56.2) and Sialkot (55.6). BEIP, *The Size and Distribution of Cultivators' Holdings in the Punjab*, p. 8. "Land is minutely sub-divided, and many of the smallest proprietors must find it hard at all times to keep their heads above water. If the season is bad, or prices fall much, or any sudden calamity occurs, such men are overwhelmed and have no chance of recovering themselves", *DG Jullundur*, 1904, p. 192. Also see, for example, *DG Rawalpindi*, 1907, p. 140; *DG Muzaffargarh*, 1908, pp. 210–11; LRCR, p. 99; BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. vi; *DG Sialkot*, 1920, p. 95; Darling, *The Punjab Peasant in Prosperity and Debt*, p. 222; *Darling Papers*, I/4.

major cause of debt.[38] Loans were also taken for securing seed.[39] In areas where rainfall was scarce and canals unreliable or non-existent, wells were a primary condition of cultivation and this necessitated a heavy outlay of capital, for which loans became essential. In parts of western Punjab, the government's carelessness about maintaining old canal systems resulted in heavy capital expenditure on this account by cultivators themselves, for no cultivation was possible in those tracts without artificial irrigation.[40]

To maintain the first necessary condition for agricultural production, that is, land, the government dues had to be paid by the appointed time. We have discussed elsewhere the question of the burden these taxes represented for the small-holding peasants. Cash loans to meet land revenue and water rate payments became essential when the proceeds of the harvest left no surplus after consumption requirements had been set aside or the moneylenders' obligations met. In fact, since non-payment of the land revenue could entail loss of land ownership, it was of primary importance to the peasant that he pay his land revenue on time. Moneylenders' payments could be delayed, sowing could be postponed, but no liberties could be taken with the government's share.[41]

These reasons were accentuated during periods of crisis caused by famine and drought, epidemics, ravages of floods or excessive and

[38] Loss of cattle figured as an important cause of indebtedness and land transfers in Gujranwala District. *DG Gujranwala*, 1892–94, p. 85. In Ferozepore, in one village 305 cattle worth Rs 4,452–12–0 died in one year, 1932–33, leading to indebtedness. BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 79. In Gajju Chak, 28.5 per cent of the total indebtedness of the village was incurred to buy plough cattle. BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 119–20. In village Gijhi about 18 per cent was borrowed for purchase of bullocks. BEIP, *An Economic Survey of Gijhi in Rohatak District*, p. 100. In Gaggar Bhana, 28.5 per cent was borrowed for purchase of cattle. BEIP, *An Economic Survey of Gaggar Bhana in Amritsar District*, p. 84. In Tehong in Jullundur, 29.2 per cent of the indebtedness was on account of purchase of cattle. BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 109. Also see *DG Muzaffargarh*, 1908, pp. 114–16; *SR Muzaffargarh*, 1904, p. 15; *DG Rawalpindi*, 1907, p. 140; *DG Mianwali*, 1915, p. 112; *DG Attock*, 1907, p. 167; *LRCR*, p. 99; *Settlement Report of a Group of Villages Transferred to the Sanghar Tahsil of the Dera Ghazi Khan District since the Formation of the NWFP*, 1906, pp. 3, 9; *DG Ferozepore*, 1915, pp. 162–63; *SR Multan*, 1901, p. 16; Calvert, *The Wealth and Welfare of the Punjab*, p. 259; Darling, *The Punjab Peasant in Prosperity and Debt*, p. 222; *Punjab Banking Enquiry Report*, Vol. I, p. 222; *Census of India*, 1931, Vol. XVII, Punjab, Part I, p. 53; For similar data from Bengal, see Sugata Bose, *Agrarian Bengal: Economy, Social Structure and Politics, 1919–47*, Cambridge, 1986, p. 111.

[39] See, for example, *DG Muzaffargarh*, 1908, pp. 114–16; *SR Muzaffargarh*, 1904, p. 15; *LRCR*, p. 99; *Settlement Report of a Group of Villages Transferred to the Sanghar Tehsil of Dera Ghazi Khan District since the Formation of NWFP*, 1906, pp. 3, 9; *DG Ferozepore*, 1915, pp. 162–63; *LRCR*, p. 99.

[40] See, for example, *DG Muzaffargarh*, 1908, pp. 114–16; *SR Muzaffargarh*, 1904, p. 15; *SR Montgomery*, 1899, pp. 31–32; *Darling Papers*, I/21, TS Notebook.

[41] See, for example, BEIP, *Finance and Marketing of the Cultivators' Wheat*, p. 20; BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, pp. 67–69; *DG Gujranwala*,

unseasonal rain, hailstorms, crop disease and sudden and sharp variations in prices. At such moments, even the middling strata of rural society tended to be drawn into the web of debt to meet basic consumption needs and provide the essential conditions for continuation of agricultural production. And these were bad times to get into debt, for interest rates were at their highest.[42] Another cause of the indebtedness of small cultivators and other

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1892–94, p. 84; *SR Karnal–Ambala*, 1891, p. 20; *SR Montgomery*, 1899, pp. 31–32; *DG Rawalpindi*, 1907, p. 140; *Settlement Report of a Group of Villages Transferred to the Sanghar Tahsil of the Dera Ghazi Khan District since the Formation of the NWFP*, 1906, pp. 3, 9; BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 89–92; *DG Ferozepore*, 1915, pp. 162–63; *SR Amritsar*, 1888–93, p. 3; Trevaskis, *The Land of the Five Rivers*, p. 188; *Census of India*, 1931, Vol. XVII, Punjab, Part I, p. 53; Brij Narain, "Land Revenue and Indebtedness", in *The Tribune*, 7 June 1934. Lindauer and Singh, who carried out a major statistical study of the Punjab land tax system, come to the conclusion that the land tax system was a major cause of indebtedness in pre-independence Punjab. They take the period 1909 to 1939, and carry out regression analysis of land taxes, per capita incomes and mortgage debt. The conclusions they arrive at are the following:

A. (i) Every 10 rupee increment in the annual land tax liabilities tends to result in a 12.4 rupee increase in mortgage debt.
   (ii) Every 10 rupee increase in the annual land tax liabilities tends to result in 0.574 acres of land falling under mortgage.
   (iii) Every 100 rupee change in the annual land tax liabilities tended to result in an increase of 3.78 mortgages.

B. (i) Changes in the total land tax demands explain 17.2 per cent of the changes in indebtedness that are not explained by per capita changes in economic rent and the return to occupants' labour. The latter only explains 24.8 per cent of the mortgage changes that are unexplained by the tax changes. Together they explain 72.7 per cent of the changes in mortgage debt.
   (ii) Changes in land tax demands explain 63.4 per cent of the changes in the number of individually owned cultivated acres that are under mortgage that are not explained by per capita changes in economic rent and the return to the occupants' labour. Income changes explain 18.7 per cent of the changes in mortgaged area not explained by tax changes. Together they explain 66.4 per cent of the changes in individually owned cultivated acres under mortgage.
   (iii) Changes in land tax demands explain 70.8 per cent of the changes in the number of mortgages that are not explained by per capita changes in economic rent and the return to the occupants' labour. The latter explains 22.8 per cent of the changes not explained by changes in the level of tax liabilities. Together they explain 73.5 per cent of the changes in the number of mortgages. Lindauer and Singh, *Land Taxation*, pp. 105–8.

[42] See, for example, *SR Karnal–Ambala*, 1891, p. 20; *DG Rohtak*, 1910, pp. 110–11; *DG Gurgaon*, 1910, pp. 101, 104–5; *DG Hissar*, 1915, p. 167; *DG Muzaffargarh*, 1908, pp. 114–16; *SR Muzaffargarh*, 1904, p. 15; *SR Montgomery*, 1899, pp. 31–32; *DG Rawalpindi*, 1907, p. 140; *DG Dera Ghazi Khan*, 1893–97, p. 90; *DG Mianwali*, 1915, p. 112; *DG Attock*, 1907, p. 167; BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 105; BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. VI; *DG Jullundur*, 1904, p. 192; *SR Multan*, 1901, p. 16; *Punjab Banking Enquiry Report*, Vol. I, pp. 20, 170.

lower strata was the money needed for undertaking journeys in search of employment. Emigration from villages to towns in other parts of the country and abroad could only be made possible by securing a loan, often against a mortgage of land. In times of scarcity, many peasants took small loans from moneylenders to travel to towns in search of temporary employment as wage labourers.[43]

Fresh loans were often incurred in order to repay an old debt, either because the earlier moneylender began pressing for recovery or because, in the case of mortgage, a new mortgage could be made for a higher value. Loans from cooperative societies which lent at lower rates of interest were very often used to repay old debts incurred at high rates of interest.[44]

Expenditure on life-cycle ceremonies like birth, death and marriage, which was a necessary part of social existence, necessitated loans from moneylenders,[45] though its importance as a cause of debt is often exaggerated and seen out of context. These were often the only occasions on which the poor got some respite from a dreary existence, and it is through these reciprocal obligations that the community maintained itself and provided sustenance to its members. What is important to note is that the lower strata of rural society were so wretched that they could not even meet these minimum social obligations from their own resources and were faced with the choice of either foregoing their membership of the community or incurring a debt which might threaten their future viability.

V
Government and Debt

The government at first tended to ignore the evidence of growing indebtedness and the consequent land transfer to moneylenders. But by the end of the nineteenth century, the warning bells had become too loud and some action became imperative. The policy adopted was embodied in the Punjab Alienation of Land Act of 1900. The *sahukar* or the "non-agriculturist" moneylender was identified as the chief villain of the story and it was decided that restrictions be placed on the alienation of land to the *sahukar*.

[43] See, for example, *DG Hissar*, 1915, p. 167; also see Kessinger, *Vilyatpur 1848–1968*, p. 171, for costs of overseas migration.

[44] See, for example, *DG Muzaffargarh*, 1908, pp. 114–16; *SR Muzaffargarh*, 1904, p. 15; *DG Mianwali*, 1915, p. 112; *DG Attock*, 1907, p. 167; *DG Gujranwala*, 1892–94, p. 85; *DG Ferozepore*, 1915, pp. 162–63; *SR Multan*, 1901, p. 16; *Punjab Banking Enquiry Report*, Vol. I, p. 222.

[45] See, for example, BEIP, *An Inquiry into Mortgages of Agricultural Land in the Pothwar Assessment Circle of the Rawalpindi District in the Punjab*, p. 18; BEIP, *An Inquiry into Mortgages of Agricultural Land in the Kot Kapura Utar Assessment Circle of the Ferozepore District in the Punjab*, section XIV; Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 216–17; *Punjab Banking Enquiry Report*, Vol. I, p. 222.

The Act, therefore, divided the people of the province into "agriculturist" and "non-agriculturist" tribes, and prohibited the sale of land to "non-agriculturists" by "agriculturists" except under special circumstances.[46]

The immediate effect of the Act was the contraction of credit, since the value of land as a security declined and moneylenders became wary of lending freely. This is evident from the fact that in the decade between 1903 and 1912 following the Act, debt increased by only Rs 90 million, whereas in the preceding decade, 1893–1902, it had increased by Rs 160 million. However, this situation soon remedied itself and, in the second decade after the Act spanning the years from 1913–22, debt increased by an unprecedented figure of Rs 300 million.[47]

This was due to various factors. First, the moneylender who hesitated for some time after the new Act, and restricted advances to what could be paid from the produce, soon relaxed when prices began to rise and advanced more liberally.[48] Also, he discovered various ways of circumventing the provisions of the Act, the most popular and effective being through *benami* transactions. Under this system, the moneylender got the land of the debtor alienated in the name of some friend belonging to an agriculturist caste and the latter executed a bond in favour of the moneylender for the amount of the loan in question. The agriculturist remained the nominal owner of the land, but the man who arranged for cultivation and tenancy was the moneylender himself.[49]

However, the more important development that occurred as a result of the Act, and which was responsible for making it virtually a dead letter, was the growth of agriculturist-moneylenders. It is accepted that the phenomenal growth of this class was chiefly the result of the Act.[50] The Act had been framed on the presumption that the chief danger of debt, social and political, lay in the alienation of land from agriculturists to non-agriculturists. Therefore, alienation of land from agriculturists to non-agriculturists was restricted. However, agriculturists were defined as those who were members of particular agricultural castes and tribes and these tribes and castes were listed in the Act. Within these tribes and castes, there was no restriction on alienation. So that, when the professional moneylender, the *sahukar* or *mahajan*, hesitated to advance loans, and demanded surer security for loans since he did not have the ultimate security of being

[46] For the debates preceding the formulation of the legislation and for the final shape it acquired, see van den Dungen, *The Punjab Tradition* and Barrier, "*Punjab Alienation of Land Bill*". Also see Darling, *The Punjab Peasant in Prosperity and Debt*, p. 174.
[47] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 238.
[48] *Ibid*.
[49] *Punjab Banking Enquiry Report*, Vol. I, p. 185.
[50] See, for example, *Punjab Banking Enquiry Report*, Vol. I, pp. 20 and 138; Darling, *The Punjab Peasant in Prosperity and Debt*, p. 198; *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6, IOR P/11649.

able to acquire the peasant's land, it was the member of the agriculturist tribe or caste who stepped into the breach.

Who was the "agriculturist" or "amateur" moneylender as he was known in Punjab officialese? Calvert, then Registrar of Cooperative Societies, Punjab, identified him in the following fashion:[51]

> The amateur moneylender is drawn from the bigger landowners, the agriculturist lawyers, contractors, retired government servants, government servants still in service (working through others) .... Since the war, other classes such as carpenters in Jullundur, returned emigrants, etc., have taken to this calling.... Of Rohtak, the Assistant Registrar says 'there are few military retired officers who have not invested their money in money-lending in one form or another'. With this I agree. The retired military officer has contributed largely to the amateur ranks.

Similar views were expressed by Darling:[52]

> Fifty years ago few agriculturists were able to lend, but now there is a fortunate minority who have more than they need. Many of those who went to the war came home with two or three years' pay in their pocket; and many who stayed at home, especially the larger holders, were enriched by high prices. Many emigrants, too, have brought back large sums, sometimes Rs. 50,000 or more, from Australia or America.

The agriculturist-moneylender, then, was clearly not just a landlord or a well-to-do peasant who had saved enough from his agricultural income to invest in moneylending; he was as often a member of an "agriculturist" tribe or caste who had made good outside the village in government service, in professions, in the army and abroad.

The agriculturist-moneylender could afford to lend freely as he was not restricted in any way by the Land Alienation Act. He could lend at lower rates than the *sahukar* since he had a surer security: he could lend against mortgage since there was no restriction on his acquiring the land in case of default.[53] All this gave him a distinct edge over the *sahukar*.

As a consequence, there was a tremendous growth of agriculturist-moneylenders in the Punjab. The Punjab Provincial Banking Enquiry

[51] No. 3226–S, dated Lahore, 7 April 1925, from H. Calvert, Registrar, Cooperative Societies, Punjab, to the Senior Secretary to Financial Commissioners, Punjab, *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6, Enclosure 10, IOR P/11649.

[52] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 197. In a village in Jullundur District, after 1910 more than 60 per cent of the mortgages, involving 80 per cent of the area mortgaged, were held by families with members abroad or recently returned. Kessinger, *Vilyatpur 1848–1968*, p. 173.

[53] *Punjab Banking Enquiry Report*, Vol. I, pp. 140–41.

Committee regarded their growth as "the most striking feature of the rural economy" and estimated their number at 19,000 in 1928, and this excluded those leading only on mortgage, who were in fact the majority of the agriculturist-moneylenders. Inevitably, the agriculturist-moneylenders' main investment was in the mortgage debt as it was in this sphere that the Land Alienation Act hit the *sahukar* the hardest and it was estimated by the Banking Enquiry Committee that, in the 25 years preceding 1929, 75 per cent of the land mortgaged had been to agriculturists.[54] Calvert estimated in 1925 that almost all the mortgage consideration now came from the agriculturist-moneylenders and mortgage debt was about half of the total debt. Of the money lent without mortgage, he estimated that about one-third was lent by agriculturists in the central and eastern districts.[55]

District gazetteers, settlement reports, village surveys and other studies by the Board of Economic Inquiry all suggest that agriculturist-moneylenders were on the increase and were cornering a majority of the mortgage business. In seven villages surveyed by the Board of Economic Inquiry, there were found to be 89 agriculturist moneylenders as against 54 non-agriculturist. In three of these (in Lyallpur, Jullundur and Rohtak) the number rose in 20 years from seven to 67, the corresponding figures for non-agriculturists being 14 to 33. In six of these villages, agriculturists held 90 per cent or more of the total area under mortgage, and 35 per cent of the unsecured debt. In the Jullundur villages (population 2,738), there were 62 agriculturists who lent money in one form or another. A special enquiry conducted by the assistant registrar, Lyallpur, in 22 Sikh villages scattered over the district revealed that amongst 1,173 Sikh families were 269 moneylenders (other than mere mortgagees.)[56] In village Gijhi in Rohtak District, though the non-agriculturist moneylenders continued to hold about 64 per cent of the total debt, they were not even able to hold one per cent of the mortgage debt. Agriculturist-moneylender-mortgagees had increased from two to 13 in 20 years and had cornered almost the whole of the mortgage debt.[57] In Amritsar District, 17.4 per cent of cultivated area was under mortgage with possession in 1914; of this, 13 per cent or more than three-fourths was with agriculturist-mortgagees.[58] In Lahore District,

[54] *Ibid*., pp. 138–39.
[55] H. Calvert, Registrar, Cooperative Societies, Punjab to the Senior Secretary to the Financial Commissioners, Punjab, No. 3226-S., dated Lahore, 7 April 1925, *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6, IOR P/11649.
[56] *Punjab Banking Enquiry Report*, Vol. I, pp. 139–40.
[57] BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 102, 116.
[58] *DG Amritsar*, 1914, p. 85.

12.9 per cent of cultivated area was under mortgage in 1916, of this, 9.4 per cent was with agriculturists.[59] In the different tehsils of Sialkot District, between 20 and 27 per cent of the cultivated area was under mortgage by 1917; of this between 11 and 18 per cent was with agriculturists.[60] In Ludhiana District, 15.65 per cent of land was under mortgage at the time of the settlement of 1908–11; of this, 10.68 per cent was with agriculturists.[61]

For the indebted peasant, there was little to choose between the *sahukar* and the new class of agriculturist-moneylenders. Their methods were the same, both were as exacting and astute.[62] If anything, the latter was worse, because there was no limit to his exactions. The old type moneylender or *sahukar* was limited in his exactions to the extent that he did not want the peasant to stop producing, because otherwise he could not recover his loans and it was not easy for him to acquire the land because of the Act. The agriculturist-moneylender, on the other hand, had no such restrictions, and therefore could be more exacting, and in fact was more exacting, because he wanted the peasant to be reduced to a state where he would be

[59] *DG Lahore*, 1916, p. 116.

[60] *SR Sialkot*, 1917, p. 12.

[61] *SR Ludhiana*, 1908–11, p. 20. Also see BEIP, *An Inquiry into Mortgages in Rawalpindi District*, pp. vii, 1–6; BEIP, *An Inquiry into Mortgages in Ferozepore District*, p. vii; BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, pp. 73–75; BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 94; BEIP, *An Economic Survey of Haripur and Mangarh Taluqas of Kangra District*, p. 82; *DG Ferozepore*, 1915, pp. 163–64; *DG Ludhiana*, 1904, p. 133; *DG Jhelum*, 1904, pp. 164–65.

[62] "The *zamindar* mahajan is no less exacting than his rival, the *mahajan*, and copies the latter's methods in every way as regards the rate of interest and recovery of loans by speedy appropriation of grain and fodder of the borrower at harvest time". BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 102. F.L. Brayne, then Deputy Commissioner (DC), Gurgaon, wrote in response to a query by the government that in the case of money-lending by well-to-do agriculturists, ex-officers, etc., "the rate of interest charged is as high, if not higher, than that charged by the professional moneylender and the lenders by their position and influence are able to secure repayment more easily than professionals and more rarely have recourse to the law courts". F.L. Brayne, Deputy Commissioner, Gurgaon to the Commissioner, Ambala Division, No. 127, dated 28 March 1925, *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6, IOR P/11649. Also see H. Calvert, Registrar, Cooperative Societies, Punjab to the Senior Secretary to Financial Commissioners, Punjab, No. 3226-S., dated Lahore, 7 April 1925, *Ibid.*; BEIP, *An Economic Survey of Bhadas in Gurgaon District*, p. 78; *DG Hoshiarpur*, 1904, p. 111; *SR Hoshiarpur*, 1910–14, p. 8; *Punjab Banking Enquiry Report*, Vol. I, p. 140.

forced to give up his land.[63] A longish quote from Darling will not be out of place:[64]

> The *sahukar*, deprived by the Act of the security of the land, can only lend up to the limit of what can be repaid from the produce; but the agriculturist money-lender to whom the Act does not apply, can afford to lend up to the value of the land, and with land selling at inflated value, as it was before the fall in prices, this limit is considerably higher. He is, therefore, in the stronger position of the two; and ultimately he is the more formidable, for his object is the land, and to obtain it he will press a client till he is compelled to sell. On the other hand, the *sahukar*, depending solely on the produce for repayment, hesitates to drive a client to extremes lest he should give up producing. It might be supposed that the Jat would be the more merciful of the two, as he is dealing with his own kith and kin. This, however, is not the opinion of the countryside. He often charges less at the start and is certainly less cunning in his devices, but "most agree that he is avaricious and exacting, and that, being ... in a stronger position than the *sahukar*, he recovers a larger proportion of his charges". There is truth in the old saying, "The cock and the crow nourish their families; the Jat and the crocodile destroy them". The *sahukar* will occasionally forgo part of his interest, but, as a villager in Ludhiana remarked, "a Jat forgoes nothing—not even a pebble (*giti*)".

[63] The agriculturist moneylender "seems to be worse than the *mahajan* in that he encourages the borrower to borrow more than he can ever hope to repay, and this forces the borrower ultimately to mortgage his land to him. Land hunger on the part of the *zamindar* is the chief motive in his loan transactions". BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 102–3. "... agriculturist lenders have begun to try to persuade their mortgaged debtors to sell their property to them and thus clear off the debt. This will be apparent from the increased number of sales that have been made during the last few years, as compared with those of earlier years". BEIP, *An Economic Survey of Bhadas in Gurgaon District*, p. 80. "Agriculturist moneylenders ... being unhindered by the Alienation of Land Act ... are continually buying up the land of their poor neighbours, and the tendency of these big men is to increase their estates at the expense of the smaller". From F.L. Brayne, Deputy Commissioner, Gurgaon to the Commissioner, Ambala Division, No. 127, dated 28 March 1925, *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6, IOR P/11649. "The agriculturist moneylender is insisting on mortgage security; it is said that many prefer the mortgage without possession as it leads the mortgagor to forget that interest is running against him, and so enables the mortgagee to press for the sale of land in payment of the debt". H. Calvert, Registrar, Cooperative Societies, Punjab to the Senior Secretary to Financial Commissioners, Punjab, No. 3226-S., dated Lahore, 7 April 1925, *Ibid*. The major beneficiaries of the Punjab Land Alienation Act of 1900 were the large Muslim landlords of western and south-western Punjab whose feudal empire over Muslim sharecroppers was being confirmed and perhaps even strengthened. "There were now to be no sources of rival credit in western and south-western Punjab except these landlords, who from henceforth would be only too glad to guarantee the British peace". Fox, *Lions of the Punjab*, pp. 49–50. Also see, *DG Lahore*, 1916, p. 117; *Punjab Banking Enquiry Report*, Vol. I, p. 140.

[64] Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 198–99.

> The Jat, too, being an agriculturist, knows how the cow can be milked, and is able to squeeze the last drop out of his client. Moreover, the *sahukar*, being timid by nature, can sometimes be intimidated, but "the Jat seizes you by the throat and knocks you down". As a *zamindar* said to the writer, if the Land Alienation Act has rescued the sheep from the wolf, it has only been to hand him over to the butcher.

While agriculturist-moneylenders grew in numbers, invested more capital and increased their hold on land, the *sahukars* tended to reduce their business, and leave the villages to seek their fortunes in the towns. This process was accelerated by the commercial boom following the First World War and in these years many village moneylenders migrated to small towns and the new canal colony market towns.[65] But the Depression thwarted this process, and though conditions in villages became steadily worse for *sahukars*, they continued to stay on because the towns offered very few opportunities as well. The years of the Second World War further eroded the position of the *sahukar* since, on the one hand, the products he sold had passed under government controls and there were hardly any supplies of commodities such as kerosene, sugar, cigarettes and cloth and, on the other, the protective debt legislation had virtually wiped out the business in unsecured loans—from the mortgage debt he was already excluded.[66]

The *sahukars* were weakened also because of the growing importance and volume of the land mortgage business. As the combined effects of de-industrialization, population growth and the differential impact of commercialization set in motion the process of differentiation of the rural class structure and made land into a valuable asset and sharply increased its value as an investment, the advance of loans against mortgage for the purpose of acquiring land, first temporarily and then permanently also increased (see Chapter 3). The restrictions placed on the *sahukar* by the Land Alienation Act *in the context of the rapidly increasing mortgage business* thus helped to weaken the *sahukar* and strengthen the agriculturist moneylender. If mortgage debt had remained small, the weight of the *sahukar* would have remained considerable, as is shown by the fact that he was not easily dislodged from the business in unsecured debt. Thus, the weakening of the *sahukar* and the strengthening of the agriculturist was a

[65] All assistant registrars of cooperative societies whose opinions were sought by the Punjab Provincial Banking Enquiry Committee confirmed this. Additional reasons given were the growing feeling of insecurity, the difficulty of recovery and the competition from cooperative credit societies. *Punjab Banking Enquiry Report*, Vol. I, pp. 132–34. Also see, *Darling Papers*, I/21, TS Notebook; BEIP, *An Inquiry into Mortgages of Agricultural Land in the Kot Kapura Utar Assessment Circle of the Ferozepore District*, p. viii; BEIP, *An Inquiry into Mortgages of Agricultural Land in the Pothwar Assessment Circle of the Rawalpindi District in the Punjab*, p. 19.
[66] BEIP, *Punjab Villages During the War*, pp. 17–18.

consequence of the combination of the growing weight of mortgage debt in the total debt and the exclusion of the *sahukar* from the mortgage business.

The effect of the Land Alienation Act thus appears to have been to bring about a change in the personnel involved in moneylending and in facilitating the transfer of land to agriculturist-moneylenders by removing the competition of the *sahukar*.[67] It did not reduce indebtedness, it led to an increase in mortgage debt and thus to an increase in alienation of land. Its immediate effect was a restriction of credit, but this soon settled down and it was business as usual, only many new people entered the business and some older businesses became less profitable or shut down. These changes, too, were concentrated in central Punjab and some parts of eastern Punjab and in the canal colonies; in much of western and south-western Punjab, the *sahukars* continued to be the dominant credit agency[68] (See the third section of Chapter 3).

Nevertheless, the basic understanding that the cause of the problem was the rapacity of the moneylenders continued to inform the series of legislation that was passed in the 1930s.[69] In almost all of these measures, further restrictions were placed on the moneylender; his accounts were regulated, his interest rates were curbed, he was asked to take out a license. Little was done to curb the power of the agriculturist-moneylender in his

[67] Interestingly, this had been predicted by Harnam Singh, a member of the Viceroy's Legislative Council, when the Punjab Land Alienation Act was passed in 1900. Harnam Singh had opposed the legislation on the grounds that restrictions would not curtail debt but instead turn the agriculturists over to moneylenders of their community who would extract harsh terms and gradually gain control of the land. Harnam Singh was the heir-apparent of Kapurthala state till he became a Christian and he was a highly educated man. His objections were dismissed, one of the grounds being that he was an aristocrat out of touch with the people and another that he was merely the spokesman of the Hindu trading and moneylending classes and of the Congress. Barrier, "*Punjab Alienation of Land Bill*", pp. 210–12.

[68] General agricultural backwardness, concentration of landownership in the hands of big landlords in many areas, many of whom probably did not want to dabble in moneylending, and religious injunctions against moneylending in these Muslim-majority areas were responsible for the relative weakness of agricultural moneylenders and the continued domination of the Hindu *sahukar* in western Punjab. Even in central and eastern Punjab, in those areas which were agriculturally backward and had little infusion of income from non-agricultural sources, *sahukars* continued to retain their hold. Gurdaspur was a good example in central Punjab and in eastern Punjab Rohtak was the only district in which agriculturists successfully challenged the *sahukar*. See, for example, *DG Gurdaspur*, 1914, p. 98, H. Calvert, Registrar, Cooperative Societies, Punjab to the Senior Secretary to Financial Commissioners, Punjab, No. 3226-S., dated Lahore, 7 April 1925, *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6, IOR P/11649; *Punjab Banking Enquiry Report*, Vol. I, pp. 313–15; *Darling Papers*, I/21, TS Notebook.

[69] The following pieces of legislation were passed in the 1930s: The Punjab Regulation of Accounts Act, 1930, the Relief of Indebtedness Act, 1934, the Debtors' Protection Act, 1936, amendments of the Land Alienation Act, 1931, 1936, 1938, Registration of Moneylenders Act, 1938, Punjab Restitution of Mortgaged Lands Act, 1939.

role as mortgagee, except that an amendment was introduced in the Land Alienation Act to the effect that a creditor could not buy the land of his debtor until three years after the satisfaction of the debt in full. Similar restrictions on non-agriculturist moneylenders had been successfully evaded, and there is little reason to believe that agriculturists would have more difficulty in making *benami* transfers to another member of the landowning community.[70]

The real problem with the legislation, though, was not that it was harmful in itself but that it could only be effective if there were alternative sources of credit available to the peasants. As long as these did not develop, restrictive legislation could at best have only a limited impact, and would invariably be either circumvented or the cost of the higher risk would be passed on to the already burdened debtor and result in a deterioration of the terms on which credit was available. An enquiry conducted in 1943–44, a few years after the protective debt legislation came into force, in 20 villages in Ludhiana District, found that this was indeed the case and loans were available only against mortgage of land. Unsecured loans were just not available. To quote:

> Another disturbing feature about land mortgage during the war was that it was often the *only* way of getting a loan. Moneylenders had stopped giving unsecured loans, at any rate of interest. And if one failed to get a loan from a co-operative society or a friend, mortgage was the only way of getting ready cash. It was estimated that in fact between June 1939 and December 1945, 3,036 acres had been mortgaged by poor landowners to the richer agriculturists for a sum of Rs 1,487,680. In a tract where 64.9 per cent owned less than 15 acres of land, the number who might need to fall back on loans, despite large-scale recruitment and emigration, could still be substantial.[71]

[70] Many of the provisions of these legislative measures were successfully evaded or ignored, others only served to further remove the competition of the *sahukar*, and the harmful effects that the restrictive provisions could have had on agricultural credit were only avoided because the outbreak of the war and the consequent expansion of employment opportunities, and later the rise in agricultural prices, brought about an increase in incomes of large sections of the agricultural population. Without these accidental developments, the effects of the legislation on a peasantry only beginning to recover from the Great Depression of the 1930s could well have been negative. For these and other effects of the legislation, see *Punjab Home (Judicial) Department Proceedings*, January 1927, Nos. 1–31, IOR P/11649; *Punjab Home Department Proceedings*, April 1934, No. 28 and Enclosures, IOR P/12047; BEIP, *Punjab Villages During the War*, pp. 23, 34; *LRAR*, 1939, p. 7; *LRAR*, 1940, p. 7; *Punjab Banking Enquiry Report*, Vol. I, p. 118; Brij Narain, *India Before and Since the Crisis*, Vol. II, 1939, pp. 533–42. For an excellent detailed discussion of the effects of this agrarian legislation, see Prem Chowdhry, *Punjab Politics*, Chapter 9.

[71] BEIP, *Punjab Villages During the War*, pp. 19–23. For the very similar effect of debt legislation in Bengal in the 1930s, see Sugata Bose, *Agrarian Bengal*, pp. 117–25.

What did the government do to develop alternate sources of credit? How successful were its efforts? It is to these aspects that we must now turn in order to understand why the debt legislation failed to make an impact.

An Act was passed in 1904 providing for the establishment of cooperative societies in the Punjab and the government was entrusted with the task of promoting the growth of cooperative societies, especially of cooperative credit societies, in order to encourage the peasants to save and to provide an alternative to the moneylender. The progress of this movement was, however, extremely slow,[72] and by 1929 there were only 19,462 co-operative societies of all kinds in the province, and of these agricultural cooperative credit societies numbered 15,480. The proportion of members of cooperative societies to families in rural areas was 10.9 per cent for all societies and 10.2 per cent for credit societies.[73] By 1939, this proportion had risen to 14 per cent,[74] so that even by 1939, 86 percent of families were untouched by the cooperative movement. The total working capital of cooperative credit societies was only Rs 72.3 million in 1929.[75] Compare this with only those moneylenders who were assessed to income tax, who numbered roughly 6,000 and whose capital was assessed at Rs 130 million, and with the total debt which stood at Rs 1,350 million in 1929–30,[76] and it becomes clear that the cooperative movement was still no match for the moneylender.

One of the reasons for the lack of success of the cooperative societies was that they failed to use the most valuable security that a peasant had to offer—his land. Ordinary credit societies could not lend against this security, only those designated as land mortgage banks could do so, and there were only 12 of these in the whole province with a membership of 5,648 and a working capital of only Rs 2.3 million.[77]

[72] Ten years after the passing of the Act, by 1914, the whole of Amritsar District had only 26 societies with a membership of 1,124 and working capital of Rs 78,974. *DG Amritsar*, 1914, p. 85. In Lahore, by 1915, there were 121 societies with a membership of 6,635 and working capital of Rs 1,079,789. *DG Lahore*, 1916, p. 115. In Ferozepore, by 1914 there were 170 societies lending to 5,886 members and they had working capital amounting to Rs 533,676. *DG Ferozepore*, 1915, p. 161. In Sialkot, the number of societies by 1919 was 348, and membership 8,950. The working capital was Rs 939,016. *DG Sialkot*, 1920, pp. 95–96. In Jullundur, the number of societies by 1916 was 461, with membership of 27,744 and working capital of Rs 2,984,777. *SR Jullundur*, 1913–17, p. 8. In Hoshiarpur District, there were by 1913 a total of 421 societies with a working capital of Rs 1,643,297. *SR Hoshiarpur*, 1910–14, p. 9. In Rohtak, by 1910, agricultural banks were practically unknown. *DG Rohtak*, 1910, p. 109. In Muzaffargarh District, one of the most backward in the province, no agricultural banks had been started till 1908. *DG Muzaffargarh*, 1910, p. 112.

[73] *Punjab Banking Enquiry Report*, Vol. I, p. 13.

[74] Brij Narain, *India Before and Since the Crisis*, Vol. II, p. 309.

[75] *Punjab Banking Enquiry Report*, Vol. I, p. 13.

[76] *Ibid.*, p. 132.

[77] *Ibid.*, pp. 13, 37.

There were also two Acts under which the government could give loans to peasants—the Land Improvement Loans Act of 1883 and the Agricultural Loans Act of 1884. However, these were, for reasons discussed in the next paragraph, not very popular, and the total amounts advanced under them were so small (for example, Rs 8 million in the five years ending 1928) that they had little effect on agricultural credit.[78]

There were a number of reasons why government-promoted credit institutions did not prove very popular. The rules for membership of the cooperative credit societies were quite stringent, and because of the fear of collapse in case of large-scale default, often only well-to-do peasants were encouraged to join.[79] And since well-to-do peasants were often themselves moneylenders, they ensured that societies did not really replace existing moneylenders.[80] *Zaildars*, too, were often themselves "agriculturist" moneylenders, and therefore they failed to provide active encouragement to the movement.[81] Their procedures were also much more cumbersome than the moneylender's and loans could not be taken at short notice. In backward districts, where most of the transactions between moneylenders and debtors were in kind, cooperative societies were not popular because they dealt only in cash.[82] Societies could also be very exacting at the time of recovery,[83] and their rates were not particularly attractive, for those with good security could get similar rates elsewhere.[84] Besides, those already indebted to moneylenders had to continue to deal with them till their accounts were settled. Nor would most people want to take the risk of alienating the moneylender in a situation where they may again be forced

[78] *Ibid*., p. 15.

[79] See, for example, BEIP, *Some Factors Affecting the Price of Wheat in the Punjab*, pp. 36–37. In Kala Gaddi Thamman, the cooperative society had as its members 42 landowners, four tenants, and seven menials or artisans. BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 63.

[80] "The growth of the agriculturist moneylender constitutes an important change in village life. That it has been stimulated by the Land Alienation Act can scarcely be doubted, but what its ultimate consequences will be it is impossible to foresee. A few, however, begin to be evident. The first is that he is even more of an obstacle to the spread of co-operation than the ordinary moneylender, for he is just as strongly impelled to oppose it, and, being a Jat amongst Jats can oppose it more effectively". *Punjab Banking Enquiry Report*, Vol. I, p. 140. Also see *Darling Papers*, I/121, TS Notebook.

[81] H. Calvert, Registrar, Cooperative Societies, Punjab to the Senior Secretary to Financial Commissioners, Punjab, No. 3226-S., dated Lahore, 7 April 1925, *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6, IOR P/11649.

[82] *Punjab Revenue Department Proceedings*, June 1930, No. 47, IOR P/11883.

[83] Darling, for example, warned against the dangers of cooperatives pressing too hard for recovery and gave the example of a man who sold his daughter because the society insisted on repayment. Notes for meeting organized by the London Cooperative Society's Joint Education Committee, 29 October, 1952, *Darling Papers*, Box I, Item No. 25. Also see *Punjab Revenue Department Proceedings*, January 1935, No. 16–17, IOR P/12071.

[84] *Punjab Revenue Department Proceedings*, January, 1935, No. 16–17, IOR P/12071.

to go to him when the cooperatives could not meet their needs. That this fear was justified was demonstrated in the Depression years of the 1930s when cooperative societies actually reduced their lending and even their members had to seek refuge with the moneylender. Loans to members of cooperative societies declined from Rs 24.1 million in 1928–29 to Rs 7.9 million in 1932–33 and stood at Rs 9.7 million in 1936–37. Loans per member decreased from Rs 53 in 1928–29 to Rs 16 in 1932–33 and stood at Rs 19 in 1936–37.[85] The reasons most commonly cited for the unpopularity of the loans available under the Land Improvement Loans Act and the Agricultural Loans Act were the petty exactions of the subordinate staff, the delay involved in getting the loans and the strict rules of recovery.[86]

The failure of the cooperative and government credit institutions to meet the peasant's credit requirements[87] reduced and even nullified the impact of protective debt legislation.[88] Dependence on the moneylender, both agriculturist and non-agriculturist, continued and so did the invidious effects of this dependence. Muzaffargarh district was not "typical" of the whole of Punjab, but the comment made in a village survey in that district was still relevant for vast numbers of Punjabi cultivators:[89]

> Indebtedness has produced a most demoralising effect on the people and they feel no urge to put forth their best efforts in cultivation since the surplus produce must go to the *bania* in any case. What is the peasant's interest in it? Why should he work for the *bania*? It is a vicious circle: indebtedness leading to listlessness and absence of enthusiasm and the latter leading to still greater indebtedness and so on. As a result of chronic indebtedness and perpetual need the people are ill-fed and fall an easy prey to disease and death. They live from hand to mouth, are improvident and extravagant.

[85] Brij Narain, *India Before and Since the Crisis*, Vol. 2, p. 509.

[86] BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 71; BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 73; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 110–12; BEIP, *An Economic Survey of Durrana Langana in Multan District*, pp. 119–20; BEIP, *An Economic Survey of Launa in Kangra District*, p. 46; *Punjab Revenue Department Proceedings*, January 1935, IOR P/12072; *LRCR*, pp. 98–99.

[87] This failure was recognized by the Punjab Land Revenue Committee in its report in 1938. It noted that the development of agriculture was impossible without credit but government loans had failed to provide enough and interest rates were otherwise too high. *LRCR*, p. 98.

[88] The limitations of protective legislation in the absence of alternative sources of credit were clearly seen by Darling, whose study of indebtedness in the Punjab is still a classic. This study led him to the conclusion that the only answer lay in the development of cooperative credit societies. See, for example, his *The Punjab Peasant in Prosperity and Debt*, pp. 228–30.

[89] BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. 84.

THREE

Peasants in the Market

The discussion of the commercialization of agriculture in Punjab focuses on two major aspects, the commercialization of agricultural produce and the commercialization of land, in other words, on the development of the produce and land markets.

I
Commercialization of Produce

The extent of the commercialization of produce increased rapidly under the British, although even in the Mughal period as well as in Ranjit Singh's time some part of the land revenue was collected in cash,[1] which meant that cultivators had to sell their produce in order to pay the cash demand. However, the crucial difference with pre-British times was the linking up of the regional market with the world market as well as, of course, the all-India market.[2] While before annexation hardly any agricultural produce

[1] According to one contemporary estimate made in 1844, four-fifths of the land revenue was collected in kind and one-fifth in cash. Even in areas where it was primarily assessed in kind, *zabt* or cash assessments remained in vogue especially in the case of superior or perishable crops such as cotton, indigo, sugar cane, tobacco, poppy, safflower, chillies, oil-seeds, pulses and vegetables. For further details, see Indu Banga, *Agrarian System of the Sikhs*, Chapter 5.

[2] Darling, while discussing the effects of British rule, says: "Moreover, the markets of the world are now open to their produce". Earlier, "with difficulty Gujranwala wheat was sold in Lahore, 42 miles away, and in 1858 a bumper harvest rotted in the godowns of Amritsar. Three years later, with the opening of the first railway in the Punjab ... the change from medieval to modern conditions began .... By 1870 goods could be booked to Bombay, Calcutta and Karachi .... (and) trade increased by leaps and bounds". Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 146, 172. "On account of development in the means of communication, the influence of local circumstances in determining a rise or fall of prices is unimportant, and prices in the Punjab generally fluctuate in sympathy with price fluctuations in the rest of India and in other countries". BEIP, *Agricultural Statistics of the Punjab*,

was exported from the region,[3] after British occupation and especially after the opening of the Suez Canal and the expansion of railways, Punjab increasingly began to export a large part of its increasing production of both food and non-food crops, wheat occupying the first place in the food and cotton in the non-food crops.[4] (I refer here to all exports from Punjab, regardless of whether their final destination was within the country or abroad.) In short, a large part of the total agricultural production was grown for the market and found its way to many distant lands.

A major effect of the development of the produce market was the relative stabilization and standardization of agricultural prices, which were hitherto characterized by sharp fluctuations from year to year and by wide differences from place to place. The absence of developed communications and cheap transport and the consequent restricted nature of the market ensured that local conditions, of abundance or scarcity, were the primary

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1901–2 to 1935–36, p. 36. It was noticed that in Amritsar "the appearance of even a cloud in the sky, or a change in the direction of wind had repercussions on prices. Indian and foreign market quotations are awaited with eagerness and forecasts of wheat in important wheat-producing countries, like USA and Australia, affect the current rates". BEIP, *Some Factors Affecting the Price of Wheat in the Punjab*, pp. iii, 4. "Now a short harvest in the Argentine or Canada will affect the price of foodgrains, more especially of wheat, in the remotest village of the most obscure corner of India, provided that communications are reasonably easy". *DG Gurdaspur*, 1914, p. 130.

[3] Calvert, *Wealth and Welfare of the Punjab*, p. 157; Trevaskis, *The Land of the Five Rivers*, pp. 315–16; and Banerjee, *Agrarian Society of the Punjab*, p. 52.

[4] The increased demand for Punjab wheat as a result of the opening up of new markets was first felt in the mid-1860s and by the beginning of the 1880s exports had reached very significant proportions. They continued to increase through the decade and more than doubled between 1882–83 and 1889–90. Similarly, the exports of raw cotton received the first significant stimulus during the period of the American Civil War, 1861–64, and, by the beginning of the 1880s, a consistent trend of increase had set in. Between 1881–82 and 1889–90, exports of raw cotton had increased almost four-fold. The following table gives an idea of the volume of the exports from the Punjab in the 1880s.

	Exports of raw cotton in maunds	Exports of wheat in maunds
1881–82	129,946	–
1882–83	152,548	4,101,000
1883–84	160,338	5,187,000
1884–85	253,914	9,688,000
1885–86	305,756	14,924,000
1886–87	458,512	3,335,000
1887–88	514,699	865,000
1888–89	408,118	4,700,000
1889–90	458,716	8,327,000

Banerjee, *Agrarian Society of the Punjab*, Chapter 3. In 1872, Punjab received only Rs 0.4 million for its grain exports; by 1918–19, it received over Rs 240 million. In 30 years, exports had increased seven-fold in value and imports four-fold. Calvert, *The Wealth and Welfare of the Punjab*, p. 162.

determinants of the price levels. A bad harvest in Montgomery, for example, raised the price of wheat in one single year from 47.5 seers per rupee in 1848 to 23.5 seers per rupee in 1849. The price fell to 37.5 seers per rupee in 1850, rose to 20 seers in 1851 and fell to 52.5 seers in 1852. Within the same district, in 1849, wheat sold for 42 seers per rupee in Pakpattan, but could only be obtained at 23.5 seers in Hujra and Dipalpur.[5]

With the development of the export trade, the wide variations between prices in different places became a thing of the past and price differences now reflected only the differences in the cost of transportation. Wild fluctuations caused from year to year by the character of the local harvest also disappeared and prices fluctuated in sympathy with demand in other parts of the country and abroad. Scarcity in Bengal, or Bombay, or Madras pushed up prices in Punjab and poor harvests in the United States (US), leading to a greater demand for Punjab wheat in the London market, could affect price levels in Amritsar. Conversely, good harvests in Europe or the US meant a falling off of the demand for Indian wheat, and if this coincided with good harvests in India, prices could come crashing down. Indian wheat was particularly vulnerable on this score in the London market, for London depended for its regular supply primarily on the US and Russia, and Indian wheat was used as a supplement and was therefore always subject to fluctuations in production in these countries. Thus, while wild fluctuations of price levels caused by local factors declined, the levels of prices were now subject to a combination of local, national and international factors.[6] The degree of dependence on the world market was of course revealed sharply in the years of the Depression in the 1930s, as I shall discuss later.

The other major effect of the development of the market for agricultural produce was the secular rise in agricultural prices that is dated to the 1860s. Despite fluctuations from year to year and decade to decade, the general level of agricultural prices continued to rise steadily, particularly in the case of wheat, till the 1920s. Tables 3.1 and 3.2 give a clear indication of this trend. However, in the 1930s, in the period of the world economic depression, agricultural prices fell dramatically. In fact, the impact of the Depression was felt from 1929–30 till as late as 1940. The price of wheat remained below the 1913 price-level till 1940–41 and that of *desi* and American cotton till 1941–42. In the following few years, as a result of the impact of the War, there was again a sharp rise in prices.

[5] Brij Narain, *Indian Economic Life*, New Delhi, 1984 (first published Lahore, 1929), pp. 108–11, and Chapter V. Also see Banerjee, *Agrarian Society of the Punjab*, pp. 50–52.

[6] Banerjee, *Agrarian Society of the Punjab*, pp. 53–63, discusses the year to year fluctuations in the demand for wheat and cotton from the 1860s till 1900. Also see Brij Narain, *Indian Economic Life*, pp. 147–48.

Table 3.1
Index Numbers of Punjab Food Prices:
Annual and Ten-Yearly Moving Average: Provincial Figures (1841–1920)

	Average price of five foodgrains Index number base 1861–65		*Price of wheat Index number base 1861–65*	
Year	*Yearly* (1)	*Ten-yearly average (centred)** (2)	*Yearly* (3)	*Ten-yearly average (centred)** (4)
1841			106	
1842			83	
1843			87	
1844			92	
1845			100	
1846			112	97
1847			114	94
1848			89	93
1849			107	92
1850			95	91
1851			65	88
1852			69	84
1853			80	81
1854			88	78
1855			70	76
1856			85	80
1857			71	85
1858			68	86
1859			68	87
1860			95	89
1861	148		142	92
1862	89		92	96
1863	79		83	102
1864	95		90	113
1865	112		114	123
1866	111	131	108	125
1867	127	133	117	125
1868	171	136	152	128
1869	230	139	206	130
1870	161	139	156	131
1871	125	138	117	129
1872	135	136	121	128
1873	111	136	111	128
1874	113	135	108	127
1875	104	134	100	127
1876	96	136	95	129
1877	105	136	106	130
1878	181	135	154	130
1879	205	134	191	129
1880	169	133	169	129

(*Table 3.1 contd*)

(*Table 3.1 contd*)

Year	Average price of five foodgrains Index number base 1861–65: Yearly (1)	Ten-yearly average (centred)* (2)	Price of wheat Index number base 1861–65: Yearly (3)	Ten-yearly average (centred)* (4)
1881	150	134	143	130
1882	116	139	116	135
1883	104	142	111	138
1884	102	138	101	135
1885	99	133	99	130
1886	125	133	127	130
1887	176	137	169	134
1888	169	142	158	140
1889	131	144	126	142
1890	139	146	136	143
1891	174	152	166	148
1892	177	163	182	155
1893	142	168	151	158
1894	105	169	102	159
1895	135	177	129	164
1896	219	182	196	168
1897	280	180	237	166
1898	155	180	151	165
1899	172	182	157	167
1900	251	185	206	170
1901	161	185	163	171
1902	164	179	155	167
1903	155	180	150	169
1904	130	190	140	179
1905	159	189	164	183
1906	194	187	169	183
1907	183	191	179	186
1908	287	198	259	191
1909	227	208	244	200
1910	185	221	193	210
1911	182	231	178	220
1912	229	239	202	227
1913	227	246	217	234
1914	262	262	236	244
1915	288	284	281	253
1916	265		241	
1917	261		259	
1918	360		313	
1919	461		380	
1920	391		347	

Source: Brij Narain, *Indian Economic Life*, Tables III & IV.
Note: *Centred by means of a two-yearly moving average.

Table 3.2
Index Numbers of Harvest Prices of Selected Crops: Punjab (1913–14 to 1943–44)

Year	*Wheat*	*Cotton (Desi)*	*Cotton (American)*
1913–14	100	100	
1914–15	112	64	
1915–16	106	98	
1916–17	116	131	
1917–18	126	180	
1918–19	178	223	
1919–20	158	197	
1920–21	212	127	
1921–22	184	148	100
1922–23	120	163	125
1923–24	118	242	180
1924–25	166	197	138
1925–26	158	152	111
1926–27	144	118	80
1927–28	140	162	144
1928–29	140	150	140
1929–30	100	104	76
1930–31	50	68	48
1931–32	66	81	57
1932–33	86	84	59
1933–34	68	64	45
1934–35	72	66	69
1935–36	76	81	58
1936–37	96	88	63
1937–38	72	69	49
1938–39	76	68	48
1939–40	86	98	71
1940–41	96	79	61
1941–42	158	75	71
1942–43	318	151	118
1943–44	292	176	153

Source: BEIP, *Agricultural Statistics of the Punjab, 1901–02 to 1935–36* and Supplements 1 to 5 of the same, Table XXVII.

What were the effects of this commercialization on different sections of the rural population? Were they uniform or did they vary with the class position, cropping pattern and regional location? What were the means by which different sections were drawn into the market? Were they "pulled" into the market by the prospect of greater profits or were they "pushed" into it by other pressures? These are some of the questions I discuss next.

Effect on Different Classes and Groups

The impact of the commercialization of agricultural produce was differential in nature. At one extreme, there were the subsistence and marginal peasants who were forced into the market by various pressures such as: land revenue payments, scarcity, famine or low prices, leading to indebtedness and interest payments which necessitated sale of produce; or land revenue demand necessitating sale of produce leading to deficit for consumption which resulted in indebtedness, interest payments and again sale of produce. Obviously those whose holdings were too small for subsistence (below 5 acre-holders would clearly be in this category and their ranks included, as brought out earlier, more than 50 per cent of peasant proprietors and most of the tenants as well) would more often than not be at the receiving or forced end of this commercialization. They would clearly sell only under pressure of one kind or another, either of land revenue or water rate or debt and rent payments.[7] Also since they were often net buyers rather than sellers of food, high food prices were hardly to their advantage; in fact they often ended up buying back their food at higher off-season prices than those at which they had marketed their produce at harvest time.

I quote next from some official reports and surveys to illustrate some of the elements of this process. The following quotation shows how high prices did not benefit the subsistence peasant of a small-holding district like Kangra who had hardly any surplus to bring to the market:[8]

> ... whatever the rise in prices may have been it has benefited, not the zamindars generally, but only those who own large holdings and have a surplus of produce for sale. The argument for an increase of assessment derived from the rise in price loses most of its force where the majority of holdings produce barely enough to feed the owners and their families, so that there is really no surplus for sale upon which to reap the advantage of the rise .... When a holding produces just enough to feed the family that owns it, it does not affect the family if the produce is selling for its weight in gold; and in the government orders on the first assessment report it was admitted that a rise in prices was no reason in itself for a proportionate rise in assessment. In some cases, however, it was the only ground on which the Settlement Officer had to depend in raising the Jama.

Then there were the peasants who had no surpluses to sell but were nevertheless forced to enter the market because of indebtedness. Such peasants also derived little benefit from rising agricultural prices because they were forced to market their produce at low prices at harvest time and to buy at higher prices later in the agricultural year. The following quotations illustrate this:

[7] See Chapters 1, 2 and 4 for these pressures.
[8] *DG Kangra*, 1904, p. 148.

> Repayments by cultivators are almost always made at harvest time and invariably by handing over the surplus produce. The money-lender goes in person to the harvest floor on the day and at the time the produce is to be divided or conveyed to the residence of the cultivator. He usually manages to take a larger portion of the share of the cultivator leaving him just enough to last for three or four months after which the cultivator has to go back to him again.[9]
>
> Once a debt is incurred the debtor has as good as put a halter round his neck .... The money-lender thereafter can dispose of all that the borrower can earn; the latter is only allowed his land revenue and the minimum subsistence living and all the rest is appropriated as payment of interest or debt.[10]
>
> The creditor appears on the threshing floor, and in certain cases the poor cultivator has to part with almost every grain of his harvest. The creditor sometimes leaves the cultivator with grain just sufficient for about a month's consumption or so. After consuming this supply, the cultivator is forced to go back to his creditor and purchase on credit his own grain, *but not at the same rate at which he had parted with it in discharge of his debts*. The difference of prices at harvest time and a month or two later is sometimes considerable; the general saying among *zamindars* that a cultivator in debt, who is reduced to purchasing food-grains for his own consumption, can never pay off his debt, seems to be only too true. (Emphasis in the original).[11]

Small-holders also tended to depend for their sustenance on cash resources from emigration and service, and the decline in the purchasing power of the rupee caused by rising prices could hardly be to their advantage on this score.[12]

The small and marginal peasants were also, as brought out in Chapter 1, at the receiving end of the increase in the cost of cultivation, which often negated whatever little benefit that might have accrued to them from the rise in the prices of agricultural produce. The District Gazetteer of Jullundur, an area noted for its small-holdings and high density of population, is very categorical on this issue:[13]

> It must always be remembered that it is only so far as he has any surplus produce to dispose of that the agriculturist is benefitted by a rise in

[9] BEIP, *An Economic Survey of Durrana Langana in Multan District*, p. 127.
[10] BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. 80.
[11] BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 103. Also see, for example, BEIP, *An Economic Survey of Bhadas in Gurgaon District*, p. 100 and *LRCR*, pp. 47–48.
[12] See, for example, *LRCR*, p. 48 and BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 105.
[13] *DG Jullundur*, 1904, p. 192.

> prices; and as population increases, and holdings are divided, the surplus gets less and less. At the same time, the price of most articles that the farmer has to buy, notably cattle in this district, increases. It is then obvious that, it by no means follows that, because prices have risen 50 per cent, the farmer has Rs. 30 in his pocket when he had Rs. 20 before.

The District Gazetteer of Sialkot, another small-holding, heavily-populated district, made a comparison of the expenditure of small peasants and artisans between 1900 and 1920 and concluded that expenditure had risen far more than income and that the small size of the holdings ensured that the peasants could not gain any advantage from high prices.[14]

The examples can be multiplied. For Shahpur District, it was argued that the increased expenditure on wages, the periodic revisions in the water rates and the land revenue assessment, the local cesses, the occasional necessity to buy back at high prices what was sold cheap at harvest time and the incapacity for business and organization which placed the peasant at the mercy of the local shopkeeper had prevented the benefits of high prices from reaching the self-cultivating peasants and, to an even greater extent, the tenants. The benefits had gone mainly to the shopkeepers, traders and to the rent-receiving landlords of irrigated lands.[15] In Jullundur, the prices of agricultural produce had only doubled since 1870, said Calvert, a prominent official expert on Punjab agriculture, while the cost of bullocks and bullock carts had more than trebled and wages of labour had gone up six-fold. In Ludhiana, the cost of bullocks, buckets, manure, plough shares and bullock carts had increased three-fold in 20 years, wages of labour had gone up four-fold, but prices of agricultural produce had only increased two-and-a-half times. The same story was true of Hissar and Gurdaspur.[16] For tenants, the increase in rents (see Chapter 4) reduced the potential of benefits accruing from higher agricultural prices. Also, for small-holding peasants the fixed cost of cultivation on account of ploughs, cattle, implements and the like represented a much higher proportion of the total cost than for people with larger holdings.

In fact, even for the better-off cultivators who had surpluses to sell, much of the increase in prices of agricultural produce was offset by the increase in costs of cultivation, which in some areas and for some items outstripped the increase in prices of agricultural commodities. The sections who benefited clearly were those who bore little or none of the rising costs

[14] *DG Sialkot*, 1920, pp. 95, 114–15.
[15] *DG Shahpur*, 1917, pp. 214–16.
[16] Calvert, *The Wealth and Welfare of the Punjab*, pp. 217, 235. *DG Gurdaspur*, 1914, p. 130. The argument that the greater increase in the costs of cultivation negativated the potential benefits of rising agricultural prices for the small peasants was repeatedly made by Professor Brij Narain in his numerous writings on the subject and was accepted with qualifications by the Land Revenue Committee Report of 1938. See *LRCR*, p. 33.

of cultivation but only reaped the profit of increasing agricultural prices. These were basically the landlords, the merchant moneylenders and mortgagees. The situation is summed up by Darling: "For the smallest holders high prices are probably an evil, as for the large they are clearly a blessing. For the holder who cultivates ten or twelve acres it is a question whether they are good or bad".[17]

The precise position of the upper and specially the middle layers of the peasantry on the spectrum of commercialization fluctuated with good or bad seasons, high or low prices, the degree of indebtedness, etc. In periods of high prices of agricultural produce the rising cost of cultivation was for these sections most often balanced-off or negatived. But during periods of low prices, since the cost of cultivation was relatively inelastic and (as for example during the Depression of the 1930s) declined much less than the prices of agricultural commodities, it formed a high proportion of the total income and was at times more than the total income. (I am here including land revenue and water rates in the cost of cultivation.) In such periods, therefore, these sections found themselves the victims, along with the lower peasantry, of the process of commercialization. Many of them had all their accumulations wiped out and had to severely cut back on their standard of living.

Even the landlords (mortgagees included), who, as we have said earlier, were clearly the beneficiaries in this process, suffered a decline in incomes with a fall in prices. But their net income from land was rarely negative, *their income declined, but did not disappear* as it often did for even the most substantial cultivators. This was because their share of costs of cultivation was so minor that almost their entire rent, which was also usually a rack-rent under *batai* conditions, was their net income. They remained, therefore, beneficiaries of the process of commercialization of agriculture (land as well as its produce) even in periods of low prices, though the benefits declined substantially. (See the section on Depression that follows.)

Poor peasants, however, represented the opposite extreme from landlords and tended to be victims in periods of low as well as high prices. As deficit producers who bought more than they sold in the market, they were clearly losers in periods of rising prices. In periods of low and falling prices, as during the Depression, while they benefited as net buyers of produce, the real burden of all their fixed cash obligations such as land revenue and/or debt, which were fixed or incurred at the higher pre-Depression prices, would tend to rise in proportion to the fall in prices, and could cause great distress and even loss of land if moneylenders or the government insisted on pressing their claims.[18]

[17] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 215. Also see *LRCR*, pp. 47–48.

[18] A study conducted during the Second World War, when agricultural prices had risen very sharply, found a large number of mortgages and re-mortgages being made in order to

The lure of high profits to be made by merchants and traders and the upper sections of the rural hierarchy in periods of high prices often led to a high level of exports from the province even when provincial stocks were low due to bad harvests. This led to a wiping out of stocks and rise in prices, both of which were highly detrimental to those who had to buy their food in the market.[19]

The pressures exerted by the necessity to grow high-paying crops like wheat or cotton for sale also resulted in changes in the cropping and consumption patterns. There was a shift from cultivation of low-profit crops like jowar, bajra and fodder to wheat and cotton where soil and climatic conditions were favourable such as in central Punjab and the canal colonies. Consumption patterns also changed as cultivators sold off their wheat and consumed the cheaper crops.[20] This also resulted in a rise in the prices of the low-cost grains. Diversion of land to high-paying crops also resulted in shortages of essential fodder crops.[21]

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take advantage of the sharp rise in the mortgage value of land. While this was helping to clear off old debts and redeem portions of the land mortgaged earlier, the fear was that if high prices and high incomes were not sustained after the war, the high money value of the mortgage debt would make redemptions in the future very difficult and could lead to alienation of land. BEIP, *Punjab Villages During the War*, pp. 19–23.

[19] See Banerjee, *Agrarian Society of the Punjab*, pp. 53–57 for the depletion of the provincial stock of wheat in the 1880s and 1890s, and the protests this generated in the provincial vernacular press. Brij Narain, *Indian Economic Life*, pp. 142–43, cites numerous administration reports of Punjab from the 1870s and 1880s in support of the same view.

[20] For example, in the three years from 1937–38 to 1939–40, there was an average *negative* balance of trade for the province in the case of jowar and bajra of 396, 193 maunds. In two years, 1938–39 and 1939–40, it was 803, 195 and 748, 357 maunds respectively. BEIP, *Agricultural Statistics of the Punjab*, statement V. The area under bajra increased, and its exports declined, and Calvert commented that it was impossible to explain except on the obvious ground of increased local consumption. Calvert, *The Wealth and Welfare of the Punjab*, p. 138. Similarly, I. Agnihotri shows in her study of the canal colonies that there was an overall trend of a fairly sharp and rapid contraction in area under barley, jowar, maize and rice in Gujranwala, Shahpur, Lyallpur and Jhang. She also shows that the largest quantity of imports of these foodgrains from other blocks of Punjab, chiefly the Cis-Sutlej territory of eastern Punjab, was into the colony districts and the non-colony districts of Lahore and Sialkot. She also says that though the area under food crops such as wheat was not declining, as wheat was grown largely for the market, yet the proportional increases were greater in the case of cotton and sugar cane. I. Agnihotri, "Aspects of Economic Development in the Canal Colonies: 1890–1925", unpublished M. Phil. Dissertation, Centre for Historical Studies, Jawaharlal Nehru University, New Delhi, 1977.

[21] Townsend, Commissioner of Jullundur Division, in a letter to the Governor, Malcolm Hailey, commented on the sudden increase in cultivation of cotton in Fazilka and other tehsils which was resulting in a shortage of fodder as less area was devoted to it. However, he thought that this was a good sign because it has enabled the people to pay the land revenue. Townsend to Hailey, 23 January 1926, *Hailey Papers*, Mss. Eur. E220/9(a), f. 41–42. Also see Banerjee, *Agrarian Society of the Punjab*, p. 67; Brij Narain, *Indian Economic Life*, p. 143; BEIP, *Finance and Marketing of Cultivators' Wheat in the Punjab*, p. 49.

It would perhaps not be out of place to conclude with a quote from J.M. Douie, the Punjab official who wrote the settlement manual of the province and was therefore an acknowledged expert on Punjab agrarian history. Justifying his moderate revenue assessment of Karnal–Ambala in 1891, he wrote:[22]

> The advance in the price of grain and the opening of new markets has been of immense benefit to the trading class. It has transformed many of them from small shopkeepers and village usurers into grain merchants. But I am very sceptical as to their beneficial effect on the cultivators of a tahsil like Kaithal. Given a tract where the harvests fluctuate, as they do in Kaithal and a large part of Pipli and Indri, we have a condition of things in which a cultivator is buying grain almost as often as selling it. He sells, moreover, when grain is cheap, and buys when it is dear, and purchasing on credit is muleted in heavy interest. The surplus for export is generally small, and indeed the balance is often very much on the wrong side. But in former times, when most of the surplus of a really good harvest was not transported to other markets, the village land-owner stored much more grain in his own house, and was better fitted to face a year of deficient harvests. Now the bania gathers in most of the grain for present or future export, and, when a harvest fails, the zamindar has to resort to him immediately. He handles more money in good years now than he did formerly, but the increased use of money as a medium of exchange is of very doubtful benefit to an illiterate peasantry.

Controls Over Peasant Producers: Crop and Regional Variation

In what specific ways were the vast majority of cultivators (that is, the victims of forced commercialization) persuaded or coerced into bringing their produce to the market? There is no evidence in Punjab of peasants being tied to the market or to specific traders or merchant-moneylenders through advances made on the condition that they produce specified quantities of crops, the price of which was fixed beforehand. This system did not operate even in the most backward parts of the province.[23] The *dadan* system under which jute production was organized in parts of Bengal,[24]

[22] *SR Karnal–Ambala*, 1891, p. 46.
[23] Even in the most backward districts where grain loans were frequent and peasants very much in the clutches of moneylender-merchants, such practices were unknown. See, for example, BEIP, *Finance and Marketing of Cultivators' Wheat in the Punjab*, especially p. 27.
[24] See Saugata Mukherji, "Imperialism in Action through a Mercantilist Function" in *Essays in Honour of Prof. S.C. Sarkar*, New Delhi, 1974, pp. 729–59. To quote Saugata Mukherji, the *dadan* system "stipulated the enforced sale of the crop to the lender at a preferential rate". *Ibid*., p. 737.

for example, was totally absent though even in Bengal it seems that such a system did not extend on a significant scale to the cultivation of rice (which was as much of a commercial crop as jute) at least till 1921.[25] In Punjab however, neither wheat nor cotton production was organized in this manner.

For wheat the same factors probably operated as in the case of rice in Bengal—since the food crops market was relatively stable in terms of demand as well as price,[26] there was not a great necessity to control and regulate the quantity of production. In any case, the consumers were too dispersed to be able to exercise any control on prices.[27] For crops such as jute and cotton, the consumers were the manufacturing industries, whether domestic or foreign, which could attempt to organize a more efficient control on the production and price level of these raw materials. Also, since their capital was fixed in particular industries, sudden fluctuations in prices could prove disastrous. Since they too could not always effectively control the demand for their manufactured products—which was a function of worldwide market forces—they tried to control, wherever they could, the rate and price of the supply of raw materials. In Bengal, as pointed out, the jute interests succeeded in controlling very considerably, through a network reaching down to the village, both the quantity and the price of raw jute.[28] In Punjab, however, there is no evidence of either the same degree or type of control even in the case of cotton.

The major part of the reason for this was that cotton, the major commercial non-food crop in Punjab, was grown primarily in the agriculturally more prosperous areas such as the canal colonies and parts of central Punjab where irrigation was assured and harvests less dependent on rainfall. The backward areas of west Punjab and south-east Punjab, and even the *barani* areas of central Punjab, did not grow this crop in any quantity. Apart from soil conditions in these regions which may have favoured cotton cultivation, the fact that crops such as cotton (as also sugar cane) required heavy investments in terms of seed, manure, labour, irrigation, etc., meant that they could only be cultivated when there was relative certainty of securing a decent return on investment.[29] In these areas the number of people who

[25] *Ibid*., pp. 733–34, 738, etc. Also see B.B. Chaudhri, "The Process of Depeasantisation in Bengal and Bihar, 1885–1947", *The Indian Historical Review* (IHR), Vol. II, no. 1, p. 128. I emphasize this point because it is often forgotten that in Bengal, too, in the case of a major commercial crop such as rice, forced commercialization did not often take the form of *dadan*, and generalizations about the whole of Bengal agriculture are often made on the basis of jute cultivation. The nature of forced commercialization in Punjab was then not that different from the nature of forced commercialization in the rice-exporting areas of Bengal.

[26] S. Mukherji, "Imperialism in Action", p. 734.

[27] *Ibid*., p. 731.

[28] *Ibid*.

[29] For the costs of cultivation of different crops, see BEIP, *Studies in the Cost of Production of Crops in the Punjab*.

could be forced into a *dadan* system were very few, for even the poorest here had at least the security of their land (whose value was very high in the irrigated or heavy rainfall areas) against which they could borrow: at worst they would mortgage this land and become tenants. Moreover the credit market in these "advanced" regions was increasingly dominated by the agriculturist moneylender-mortgagee who had very little interest and role in trading. Even traditionally, in the nineteenth century, the merchant-moneylender or *sahukar* never exercised the kind of hold in these areas that he did in the backward areas of the province; his position, of course, was further eroded by the passing of the Punjab Land Alienation Act in 1901.[30] Therefore the particular combination of trade and usury that produced the *dadan* type of system was in any case weak in these areas. In the insecure and backward areas, where more peasants were vulnerable to the kind of controls that credit mechanisms exercised in the jute areas of Bengal, such crops were not produced on any scale and, therefore, the incentive for imposing such controls was in a sense absent.

Further, there was a great difference between the markets for raw jute and cotton. Unlike jute, the market for Indian raw cotton was widely dispersed, stretching from the Bombay cotton mills to England, Europe and Japan,[31] and therefore the possibility of a consolidated effort at control by raw cotton consumers was virtually non-existent. Second, within India the kind of vertical integration of the entire process of jute production (from the raw jute stage to the final manufacturing and even export stages) that was organized through the collective monopoly of a few British-owned managing agency houses was entirely missing in the case of the primarily Indian-owned, Bombay-based cotton manufacturing industry.[32] Third, the big cotton trading firms, most of which were based in Karachi, from where most of the Punjab cotton was exported, had their offices and commission agents in the major as well as minor cotton markets of the province, but the chain did not reach down to the peasant in the village.[33] Peasants who sold cotton did so either to the village trader to whom they may or may not have been indebted, or in the nearest market town to the *artia* to whom again they may or may not have been indebted. Of course if they were indebted to the village moneylender-merchant or to the *artia* in the nearby town, as they often were, the tendency to sell to him was very strong, for any breakdown of good relations certainly threatened future advances. But usually the price they received was not significantly affected because

[30] For the lack of hold of the professional moneylender and the importance of the agriculturist moneylender in the central districts, see, for example, *SR Amritsar*, 1888–93, p. 3; *DG Ludhiana*, 1904, pp. 132–34; *DG Hoshiarpur*, 1904, p. 111; BEIP, *An Economic Survey of Haripur and Mangarh Taluqas of Kangra District*, pp. 81–82; *DG Ferozepore*, 1915, pp. 163–64.

[31] A.K. Bagchi, *Private Investment in India, 1900–1939*, Madras, 1975 edition, p. 244.

[32] *Ibid.*, Chapter 6.4.

[33] See, for example, BEIP, *Market Practices in the Punjab*.

of their dependence on him for credit, though there may have been marginal differences at times.[34]

In fact, in Punjab as a whole, the degree of manipulation of the price paid to the producer was much larger in the case of foodcrops such as wheat. The village moneylender-merchant gained an advantage both by buying wheat from deficit producers at harvest time, when prices tended to be low, and selling wheat to them for consumption requirements at off-harvest prices as well as by giving advances in kind for seed and consumption. Such advances often carried an interest rate of *sawai* or 25 per cent or more in kind. As pointed out in the first section of Chapter 2, this amounted to an annual rate of over 50 per cent since 25 per cent or *sawai* had to be paid after each harvest or every six months. In the more backward districts, partly because of the peasantry's lack of knowledge of current market prices and partly because of their greater dependence on credit for almost all requirements, the moneylender-merchant was able to secure produce at rates considerably lower than the prevailing market rates.[35] In fact, because wheat, being the staple crop, was grown even in the most backward areas where cotton and other non-food crops were not, and

[34] The example of Amritsar District is a very illustrative one. An enquiry was conducted in 1911 at the commencement of the settlement operations to determine how the commutation prices of produce should be fixed. The recommendation was that the prices paid by the *sahukar* on the threshing floor to the cultivator should form the basis of assessment. The reasons given for this were (i) *They are as a rule absolutely free contracts*. (Emphasis added.) (ii) The majority of cultivators sell in this fashion to *sahukars* to whom they are indebted. *DG Amritsar*, 1914, pp. 102–3. A survey carried out in a Lyallpur village reported that the village was in daily communication with Lyallpur town, and sellers knew what prices prevailed there. Thus, when they sold in the village, they saw to it that the prices they received were reasonable. However, there was some evidence that if a debtor sold to his creditor, he got less favourable terms than he would otherwise. BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 88. In Suner in Ferozepore District, it was found that "the cultivator is not bound to sell to the local shopkeeper with whom he may have a running account, and if such a sale does take place no disadvantage is expected to accrue to the cultivator on this account". BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 103. In Tehong in Jullundur District, most of the produce was sold in the village but the sellers seemed to exercise the stronger influence in deciding prices. The cases in which a grower sells to his family creditor were *not* common. An indebted proprietor tried to avoid selling to his creditor, for he would then have to sell from one-fourth to three-fourths of a seer cheaper than the prevailing rate. Growers sold in the village because of the trouble and expense involved in going to the market towns. BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 166. Also see BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 145–46; BEIP, *An Economic Survey of Naggal in Ambala District*, p. 94; BEIP, *An Economic Survey of Gaggar Bhana in Amritsar District*, p. 117.

[35] See BEIP, *Finance and Marketing of Cultivators' Wheat in the Punjab*, for a detailed comparative study of Attock, a backward district, Ferozepore, an advanced, and Lyallpur, a canal colony district. The situation in Attock was very different from the one in Lyallpur and Ferozepore; almost all examples of produce advances by moneylenders were from Attock, as also the largest proportion of sales to the village merchant-moneylender (98.6 per cent of cultivators sold to him) and interest rates were also the highest in Attock. *Ibid*. Even in Gurdaspur, a

because backward areas had a much more dependent and impoverished peasantry, and also because the hold of the moneylender-merchant was much greater, the impact of commercialization in Punjab was possibly much more negative in the case of wheat than cotton.

II
Commercialization of Land

There emerged from about the 1870s a market in land in the Punjab. Here the break with pre-British conditions was much more marked, for there is not much evidence of land transfers on a noticeable scale either through sale of land or through usufructuary mortgage before the annexation, even though the sale and mortgage of land was traditionally and legally permitted. In fact, though a legal distinction was made between occupancy rights and proprietary rights in land, the operative pre-British distinction was between occupancy rights and revenue-collecting rights.[36] It is significant that during the first summary settlements carried out by the British, which were notorious for their high pitch of demand (this was almost invariably scaled down in subsequent settlements), many cultivating proprietors who considered the demand too heavy surrendered their rights in land in favour of others who were willing to accept the new settlement. There was hardly ever any mention of their selling their rights.[37] They also freely allowed tenants to claim and secure occupancy rights in land.[38]

small-holding district in central Punjab, the *sahukar* was able to manipulate the price to his advantage. "Grain offered in payment of a loan is not credited at the prevailing market rate; the lender will only take it at, usually, 2 seers more than the market rate. Thus with grain at 16 seers per rupee the borrower in return for 20 maunds will only be credited with Rs. 44–7–0 instead of Rs. 50 and reduction may amount to double this rate". *DG Gurdaspur*, 1914, p. 100. In Jullundur, if the debtor sold his produce elsewhere, he had to pay a charge called *sershdhi*, amounting to one anna in the rupee, to the creditor for having deprived him of his legitimate right to buy the produce. If he sold to the creditor, he was paid a sum below the market value of the produce. *DG Jullundur*, 1904, p. 193. Also see, *SR Montgomery*, 1899, p. 32; *DG Shahpur*, 1917, p. 170; *DG Attock*, 1907, pp. 169–70; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 140–41; BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, pp. 98–99; BEIP, *An Economic Survey of Bhadas in Gurgaon District*, pp. 101, 103; BEIP, *An Economic Survey of Jamalpur Sheikhan in Hissar District*, p. 135; BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 166.

[36] Indu Banga, *Agrarian System of the Sikhs*, pp. 128, 136, 144, 174, 180–82, 191 and Chapter 8; Irfan Habib, "Potentialities of Capitalist Development in the Economy of Mughal India", *Enquiry*, New Series, 3, 2, Winter 1971, p. 6; P.H.M. van den Dungen, *The Punjab Tradition*, p. 48.

[37] Lindauer and Singh, *Land Taxation*, pp. 210–11. Various early settlement reports mention this phenomenon.

[38] See, for example, *DG Gujranwala*, 1892–94, p. 79; *DG Ferozepore*, 1915, p. 224; *DG Gurgaon*, 1910, p. 102.

However, within 30 years of British occupation, for various reasons, land alienation was occurring on a scale significant enough for the government to begin to worry about its destabilizing effect on the rural population of a province which was being fashioned into the sword-arm of the empire.[39]

In any discussion of the development of the land market, land sale as well as land mortgage have to be taken into account. The case for including sales of land is obvious enough, the reason why land mortgage is also to be considered as part of the phenomenon of the commercialization of land is not only because it is proof of the value of land as security against which money can be borrowed and advanced, but because it was an actual transfer of land (usufructuary mortgage being the most common form of mortgage in Punjab) for a certain number of years and gave to the mortgagee all rights that actual ownership would.

Table 3.3 presents an estimate of the amount of land sold and mortgaged from 1866 to 1896–97. Table 3.4 presents data from 1896–97 to 1946–47 on the number of sale transactions, amount of land sold and Table 3.5 presents data from 1901–2 to 1944–45 on the cultivated land under mortgage, the percentage it represented of total cultivated land, from 1908–9 to 1940–41 on the number of mortgages and total area mortgaged during the year and from 1896–97 to 1944–45 on amount of cultivated area mortgaged and redeemed during the year. Table 3.3 demonstrates the tremendous increase, of 322 per cent, in the amount of land sold and mortgaged from the mid-1860s to the 1890s. Though this may be an overestimate, it does indicate the trend which is confirmed by other sources. For example, another estimate placed the increase in the amount of land sold at nearly 40 per cent between 1865 and 1884, and yet another at 431 per cent between 1865 and 1899–1900. Mortgaged area was estimated to have increased by 200 per cent between 1875–76 and 1899–1900.[40] The data in Table 3.4 on the amount of land sold demonstrates that this sharply rising curve levelled off at the turn of the century and remained more or less stable after that date till it rose again in the mid-1930s. In other words, the market for the sale of land, which emerged by the mid-1860s or early 1870s, increased rapidly in scope and consolidated itself by the end of nineteenth century, after which it continued to operate at that high level till the end of colonial rule, showing a sharp rise in the last decade.

[39] The process of discussion at various levels of the bureaucracy that culminated in the passing of the Land Alienation Act in 1901 had started in the late 1860s, picked up through the 1870s and in 1886 S.S. Thorburn published his *Musalmans and Moneylenders*. See Chapter 2.

[40] Government of India, Revenue and Agriculture Department (Revenue Branch) Proceedings, May 1891, 1–8A, and Annual Reports on the Revenue Administration of the Punjab, 1899–1900, 1900–01, cited in Banerjee, *Agrarian Society of the Punjab*, p. 118.

Table 3.3
Amount of Land Transferred in the Punjab by Sale and Mortgage (1866 to 1896–97)

	In thousands of acres	
Year	*Sold*	*Mortgaged*
1866–74 (Annual average)	88	143
1874–75	79	180
1875–76	90	204
1876–77	101	208
1877–78	104	256
1878–79	137	286
1879–80	172	393
1880–81	144	230
1881–82	177	305
1882–83	169	266
1883–84	238	373
1884–85	209	323
1885–86	252	496
1886–87	410	823
1887–88	443	933
1888–89	438	713
1889–90	339	591
1890–91	241	431
1891–92	303	487
1892–93	371	549
1893–94	382	660
1894–95	321	603
1895–96	352	607
1896–97	371	673

Source: Lindauer and Singh, *Land Taxation*, Table 2.9.

Table 3.4
Land Sales in the Punjab: Number of Transfers and Amount of Land Sold Annually—Provincial Figures (1896–97 to 1944–45)

Year	*No. of transfers by sale (1)*	*Total land of all types sold during the year (acres) (2)*	*Total cultivated land sold during the year (acres) (3)*
1896–97	45,691	266,767	148,535
1897–98	49,343	305,362	168,018
1898–99	46,462	277,931	155,408
1899–1900	48,685	275,413	159,943
1900–01	55,298	323,353	130,963
Average of 5 years	49,096	289,765	162,573
1901–02	42,135	248,701	142,892
1902–03	36,322	232,939	138,870
1903–04	38,804	224,285	132,324
1904–05	38,644	241,603	123,297
1905–06	42,507	232,333	142,386
Average of 5 years	39,682	227,752	135,570

(*Table 3.4 contd*)

(*Table 3.4 contd*)

Year	*No. of transfers by sale* (1)	*Total land of all types sold during the year (acres)* (2)	*Total cultivated land sold during the year (acres)* (3)
1906–07	37,809	202,232	114,003
1907–08	41,717	209,622	120,685
1908–09	45,996	231,163	123,463
1909–10	47,537	228,633	126,191
1910–11	44,093	211,376	123,237
Average of 5 years	43,430	215,605	121,506
1911–12	50,747	245,203	151,664
1912–13	50,074	279,222	184,755
1913–14	53,913	209,505	121,889
1914–15	52,027	220,623	133,933
1915–16	50,627	233,490	106,799
Average of 5 years	52,078	237,030	139,792
1916–17	50,747	219,541	107,227
1917–18	51,899	172,453	100,650
1918–19	47,620	213,965	142,169
1919–20	54,902	233,049	142,823
1920–21	51,577	215,536	137,824
Average of 5 years	51,289	208,909	126,139
1921–22	57,497	227,583	134,955
1922–23	51,749	206,846	125,745
1923–24	52,331	194,290	118,714
1924–25	60,692	215,487	123,724
1925–26	63,432	219,902	131,502
Average of 5 years	57,140	212,821	126,928
1926–27	62,974	228,988	151,712
1927–28	67,790	224,805	146,252
1928–29	66,949	228,370	147,564
1929–30	64,680	199,625	127,632
1930–31	60,855	182,339	116,509
Average of 5 years	64,649	212,934	137,934
1931–32	62,363	183,529	110,008
1932–33	73,180	193,132	141,077
1933–34	76,524	191,203	118,500
1934–35	78,601	218,246	134,663
1935–36	81,366	228,780	143,100
Average of 5 years	74,407	202,978	129,470
1936–37	88,990	236,092	148,274
1937–38	89,918	250,897	157,827
1938–39	114,955	265,878	145,384
1939–40	107,919	270,159	147,757
1940–41	100,295	219,686	148,738
Average of 5 years	100,415	246,792	149,796

(*Table 3.4 contd*)

(*Table 3.4 contd*)

Year	*No. of transfers by sale* (1)	*Total land of all types sold during the year (acres)* (2)	*Total cultivated land sold during the year (acres)* (3)
1941–42	99,948	252,318	156,784
1942–43	101,377	264,918	167,960
1943–44	101,137	284,591	178,975
1944–45	93,492	287,092	198,067
Average of 4 years	98,985	272,230	175,447

Source: Lindauer and Singh, *Land Taxation*, pp. 118–21, Table 3.4.

The stability of the curve after 1896–97 is no indication of "stable" conditions for the agriculturist. Not only did it suggest a continued high rate of land sales, other features also indicate increasing burdens, especially on the lower sections of the peasantry. A look at the data in Tables 3.4 and 3.5 will illustrate, first, that the number of sale transactions or transfers nearly doubled between the end of the nineteenth century and the late 1930s (Table 3.4), indicating that a larger number of smaller parcels of land were being sold. The likelihood that this represented an increase in distress sales of land is obviously strong. Second, even at the existing rate of roughly 0.5 per cent or roughly 150,000 acres of cultivated land sold each year (Table 3.4), over half a century this meant that about 25 per cent of the total cultivated area had changed hands—by no means an insignificant change. Third, the data in Table 3.5 for the amount of cultivated land mortgaged with possession, when read along with the data for the amount of land sold (Table 3.4), shows that even the total amount of land transferred increased again after 1930. Fourth, the increase in the number of mortgage transactions (Table 3.5), corresponding to the increase in the number of sale transactions, further strengthens the conclusion that a larger number of smaller owners were being forced to alienate part or whole of their small parcels of land. In other words, land alienation, which emerged as a major issue in the last quarter of the nineteenth century, continued to remain a major problem through the first half of the twentieth century.

The provincial-level picture is corroborated by evidence from different districts. For example, it was reported that in Amritsar District in the 30 years preceding the settlement of 1888–93, a full one-fifth of the land in the Ajnala and Amritsar tehsils and more than one-eighth in Tarn Taran had been alienated through sale and mortgage. In Gurdaspur, 22 per cent of the cultivated area had been transferred by 1892 in a similar fashion. In Gujranwala, between 1868 and 1890, 21 per cent of the cultivated area, paying 27 per cent of the revenue assessment, had changed hands through sale and mortgage. In Jagadhari Tehsil in Ambala District, one-third of the land had been transferred by 1891, half of it through sales and the other half through mortgage; in Pipli Tehsil one-fifth had changed hands; and in

Table 3.5
Land Mortgage in British Punjab: Provincial Figures (1896–97 to 1944–45)

Year	*Number of mortgages during the year*	*Total area mortgaged during the year (acres)*	*Cultivated area mortgaged during the year (acres)*	*Cultivated area redeemed during the year (acres)*	*Net cultivated area mortgaged during the year (acres)*	*Cultivated area under mortgage (cumulative figures) (acres)*	*Percentage of total Punjab cultivated area under mortgage (cumulative figures)*
Average of 1896–97 to 1900–01	–	–	339,398	233,925	+105,473	–	–
Average of 1901–02 to 1905–06			179,842	178,773	+1,069	3,357,683	12.3
Average of 1906–07 to 1910–11	93,702*	266,230*	211,415	274,226	–62,881	3,299,743	11.6
Average of 1911–12 to 1915–16	102,526	277,772	225,551	250,717	–25,166	3,239,284	11.7
Average of 1916–17 to 1920–21	110,774	274,907	232,691	276,547	–43,856	3,130,953	10.9
Average of 1921–22 to 1925–26	125,608	309,578	258,868	190,857	+68,011	2,925,945	10.0
Average of 1926–27 to 1930–31	133,626	319,746	271,549	163,660	+107,889	3,214,449	10.7
Average of 1931–32 to 1935–36	139,334	354,843	295,999	129,699	+166,300	3,734,340	12.1
Average of 1936–37 to 1940–41	111,921	266,009	217,201	192,274	+24,927	4,149,638	13.3
Average of 1941–42 to 1944–45			231,898	559,072	–327,174	3,766,796	11.9

Source: BEIP, *Agricultural Statistics of the Punjab, 1901–2 to 1935–36*, and Supplements 1 to 5 of the same, Tables XXV and 53. The figures for 1943–45 are from Lindauer and Singh, *Land Taxation*, Table 2.1

Note: *The figures marked with an asterisk are averages of the years 1908–09 to 1910–11.

the Naraingarh and Ambala tehsils the figure stood between one-fifth and one-fourth. In Gurgaon, by 1910, 20 per cent of the area was mortgaged and 8 per cent had been sold since 1877—of this, 5.55 per cent had been transferred in just one-and-a-half years of drought during 1877–78. In Muzaffargarh, 14.5 per cent of the cultivated area was under mortgage in 1908 and another 14.2 per cent had been transferred through sales since the last settlement. In Gujarat, 7.6 per cent had been sold since the last settlement and 13.5 per cent was found under mortgage during the settlement of 1912–16. In Jhelum, it was found in 1904 that about 22 per cent of the land had been alienated through mortgage and sale since the last settlement. In Rawalpindi, in 1907, 32 per cent of the land was found to have been transferred since the last settlement, 13 per cent through mortgage and 19 per cent through sale. In Kangra District, in the 30 years from 1870 to 1900, the area under mortgage had increased from 1.7 per cent to 13.62 per cent. In the Kot Kapura assessment circle of Ferozepore District, the area under mortgage increased from 8 per cent in 1890 to 23 per cent in 1925.[41]

The emergence and consolidation of the land market was accompanied by a tremendous increase in the value of land. The sale value as well as the mortgage value of the land increased, though the former increased much more sharply. Table 3.6 presents one estimate for the sale value of land for the period 1870–71 to 1900–01. Table 3.7 gives an estimate of the sale values of land, from 1906–07 to 1940–41 and the mortgage value from 1908–09 to 1940–41. Table 3.8 gives another estimate of the sale value of land as well as the price of wheat and the yield and value output of wheat per acre from 1871 to 1941.

Table 3.6
Sale Price of Cultivated Land: British Punjab: Provincial Figures (1870–71 to 1900–01)

Year	*Average sale price of cultivated land in rupees per acre*
1870–71	15
1875–76	20
1880–81	18.5
1885–86	36
1890–91	61
1895–96	59
1900–01	77

Source: H. Banerjee, *Agrarian Society of the Punjab*, p. 138, footnote 87.

[41] *SR Amritsar*, 1888–93, p. 3; *SR Gurdaspur*, 1892, p. 11; *DG Gujranwala*, 1893–94, p. 84; *SR Karnal–Ambala*, 1891, p. 18; *SR Ambala*, 1893, p. 3; *DG Gurgaon*, 1910, pp. 104–5; *DG Muzaffargarh*, 1908, pp. 112–13; *SR Gujarat*, 1912–16, pp. 4–5; *DG Jhelum*, 1904, p. 163; *DG Rawalpindi*, 1907, pp. 141–42; *DG Kangra*, 1904, p. 132; BEIP, *An Inquiry into Mortgages in Ferozepore District*, p. viii.

Table 3.7

Price of Land, Mortgage Value of Land, and Output Per Acre: British Punjab—Provincial Figures (1906–07 to 1940–41)

	Column 1		*Column 2*		*Column 3*		*Column 4*		*Column 5*		*Column 6*	
	Lindauer and Singh's estimate of						*Blyn's estimate of*					
	Current price per acre of all types of land		*Real price per acre of all types of land at 1913–14 prices*		*Output per acre at 1913–14 prices*		*output per acre at average of 1924–25 to 1928–29 prices*		*Current price per acre of cultivated land*		*Mortgage value per acre of cultivated land*	
Year	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*
1906–07	58.34		61.68		19.10				103.49			
1907–08	57.97		59.84		25.85				100.70			
1908–09	60.85		44.22		20.19				113.93			
1909–10	66.84		51.49		19.57				121.11			
1910–11	75.01		60.92		20.16				128.66			
Average of 1906–07 to 1910–11	64.15	100	55.63	100	20.96	100	39.4	100	113.83	100	100	100
1911–12	76.26		63.52		21.33				123.29			
1912–13	70.53		65.50		21.13				106.59			
1913–14	144.53		144.53		21.55				248.53			
1914–15	109.37		103.17		23.21				180.17			
1915–16	98.57		90.43		17.25				215.50			
Average of 1911–12 to 1915–16	97.72	152	93.43	168	20.89	97	38.7	98	165.70	146	120	120

(*Table 3.7 contd*)

(*Table 3.7 contd*)

	Column 1		Column 2		Column 3		Column 4		Column 5		Column 6	
	Lindauer and Singh's estimate of						*Blyn's estimate of output per acre at average of 1924–25 to 1928–29 prices*					
	Current price per acre of all types of land		*Real price per acre of all types of land at 1913–14 prices*		*Output per acre at 1913–14 prices*				*Current price per acre of cultivated land*		*Mortgage value per acre of cultivated land*	
Year	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*
1916–17	110.88		99.89		19.62				227.02			
1917–18	147.22		124.76		22.15				252.25			
1918–19	122.17		66.03		23.37				183.86			
1919–20	176.02		104.15		25.62				274.90			
1920–21	220.62		107.61		18.06				345.01			
Average of 1916–17 to 1920–21	155.75	243	100.50	181	21.80	104	38.9	98	257.96	227	168	168
1921–22	228.49		121.53		23.77				385.31			
1922–23	403.81		345.13		23.72				664.26			
1923–24	234.06		195.35		24.56				383.07			
1924–25	251.43		163.26		19.71				437.92			
1925–26	239.94		151.86		20.57				401.24			
Average of 1921–22 to 1925–26	238.65	372	195.43	351	22.47	107	41.50	105	400.14	352	207	207
1926–27	243.97		171.80		21.32				368.24			
1927–28	261.43		188.07		19.53				401.84			
1928–29	240.43		162.45		19.04				372.09			

(*Table 3.7 contd*)

	Column 1		Column 2		Column 3		Column 4		Column 5		Column 6	
	Lindauer and Singh's estimate of						*Blyn's estimate of output per acre at average of 1924–25 to 1928–29 prices*					
	Current price per acre of all types of land		*Real price per acre of all types of land at 1913–14 prices*		*Output per acre at 1913–14 prices*				*Current price per acre of cultivated land*		*Mortgage value per acre of cultivated land*	
Year	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*	*Rs*	*Index*
1929–30	259.32		231.53		22.75				405.59			
1930–31	268.61		447.68		21.25				420.39			
Average of 1926–27 to 1930–31	253.87	396	240.31	432	20.78	99	39.40	100	391.91	344	202	202
1931–32	247.10		363.38		20.36				412.22		166	
1932–33	271.43		327.02		21.21				371.58		159	
1933–34	295.53		441.08		19.41				476.85		156	
1934–35	240.25		324.66		22.01				389.37		142	
1935–36	252.77		315.96		21.83				404.12		123	
Average of 1931–32 to 1935–36	260.66	406	354.42	637	20.96	100	42.00	107	408.65	359	150	150
1936–37	341.37		375.13		23.43				543.56		136	
1937–38	213.58		179.47		13.92				339.54		144	
1938–39	255.74		308.12		21.22				451.87		151	
1939–40	238.45		251.00		23.95				435.99		130	
1940–41	296.06		314.95		22.22				434.36		147	
Average of 1936–37 to 1940–41	250.64	390	285.73	514	20.95	100	46.80	119	412.93	363	142	142

Source: Computed from G. Blyn, *Agricultural Trends in India, 1891–1947*, Appendix Table 4C; BEIP, *Agricultural Statistics of the Punjab, 1901–02 to 1935–36*, and Supplements 1 to 5 of the same, Table 53; Lindauer and Singh, *Land Taxation*, Tables 3.2 and 3.4.

Table 3.8

Price of Land; Price, Yield and Value Output of Wheat in the Punjab: Provincial Figures (1871–1941)

	Price per acre of all types of land		*Price per acre of cultivated land*		*Retail price of wheat per maund*			
Year	*Rs*	*Index nos (base 1873)*	*Rs*	*Index nos (base 1896–97)*	*Rs*	*Index nos (base 1873)*	*Yield (per acre) of wheat (tons)*	*Value of output per acre of wheat (Rs)*
1871	14	100			2.18	115	0.38	22.48
1881	20	143			2.68	142		
1891	33	236	78	100	2.74	144	0.23	17.20
1901	46	329	83	106	2.66	141	0.25	18.16
1911	75	536	129	165	2.97	157	0.35	28.37
1921	221	1,579	345	442	7.63	404	0.42	87.49
1931	268	1,914	420	538	2.16	114	0.30	17.69
1941	296	2,114	435	558	3.91	207	0.38	40.56

Source: Karunamoy Mukerji, "Land Prices in Punjab", in M.K. Chaudhuri, ed., *Trends of Socio-Economic Change in India*, 1871–1961, p. 545, Appendix 4.

Again, while estimates may differ, there is no dispute about the general trend of the increase in land values. Calvert, for example, maintained that in 1859, the average sale value of revenue-paying land was a little more than four times the assessment; 10 years later it had risen to 18 times the assessment and, by 1875–76, to 30 times. By 1936, it was 250 times the assessment.[42] Similarly, Darling pointed out that "land which had been almost unsaleable began to have a value .... It became an object of general desire ... [and] in Jullundur over fourteen lakhs [Rs 1.4 million] were raised by mortgage in the seventies (1871–81) as against only Rs. 40,000 in the fifties."[43]

Table 3.6 shows that the sale value of cultivated land increased by 413 per cent between 1870–71 and 1900–01. Table 3.8 shows that the sale value of all types of land increased by 2004 per cent between 1871 and 1941, from Rs 14 per acre it went up to Rs 296 per acre. The sale price of cultivated land increased by 458 per cent between 1891 and 1941, from Rs 78 per acre it went up to Rs 435 per acre. Even if we ignore the lower nineteenth-century prices and take the average prices of the quinquenniums as the basis of comparison rather than individual years, we get a difference of 263 per cent between the average price of cultivated land in the quinquenniums ending 1910–11 and 1940–41 (see Table 3.7). Mortgage value per cultivated acre, however, increased by 42 per cent between 1908–09 to 1910–11 and 1940–41, though in the 1920s it had peaked, showing more than a 100 per cent increase over the 1908–09 to 1910–11 figures (see Table 3.7).

One obvious consequence of the increase in sale value was that it became virtually impossible for smaller peasants or tenants with uneconomic holdings and surplus family labour who had no extra income from non-agricultural sources to expand their cultivation by purchase of land; at best they could hope to rent in some extra land. The increased mortgage value of land meant that even in distress the peasant could secure some relief by mortgaging his land—the exhaustion of his credit need not lead to immediate sale. Peasants obviously preferred mortgage to sale since they could hope to redeem their land at some future date.[44] Further, redemptions of mortgaged land very often took place via re-mortgage, to

[42] Calvert, *The Wealth and Welfare of the Punjab*, p. 13.

[43] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 173. Also see, for example, *DG Ferozepore*, 1915, p. 163; *SR Sialkot*, 1917, pp. 12–13, *DG Gujranwala*, 1892–94, p. 84; *SR Ludhiana*, 1908–11, pp. 19–20; *SR Hoshiarpur*, 1910–14, p. 18; *SR Dera Ghazi Khan*, 1916; BEIP, *Studies in the Cost of Production of Crops in the Punjab*, p. 5; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, p. 152.

[44] The chief sources from which loans were repaid by landowning peasants were "the sale of produce and after that the mortgage and then the sale of land". BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 78. Also see BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, p. 137; Darling, *The Punjab Peasant in Prosperity and Debt*, p. 7; Kessinger, *Vilyatpur 1848–1968*, pp. 136–37.

the same or another mortgagee, of a smaller portion of the same land; again, it was the increasing mortgage values that made this possible.

The other course open for redemptions—sale of a small portion of the land at the much higher sale value—was resorted to much less frequently.[45] In other words, then, though in the long run mortgages may well end up as permanent transfers, in the short run there was an inverse relationship between the amount of sales and mortgages. Sales were resorted to only when mortgages were impossible, when powerful landlords or moneylenders in backward districts used their monopolistic position to insist on sales and refused loans against mortgages. For example, in village Durrana Langana in Multan District, mortgages were much fewer than sales. During the course of 42 years from 1894–95 to 1935–36, only 31 mortgages involving an area of 1,589 acres were contracted, whereas over the same period, 135 sales involving 2,409 acres were effected. The reasons for this were that the big landlord family that owned three-quarters of the village preferred to purchase the land rather than take it on mortgage and their powerful position enabled them to insist on this. The non-agriculturist moneylenders in the village were in any case wary of taking on mortgages because of the Land Alienation Act.[46] Similarly, in the Gurgaon and Rewari tehsils of Gurgaon District, the inferiority of the soil and the high pitch of the revenue assessment combined to keep mortgages low and sales high. The Firozpur, Nuh and Palwal tehsils of the same district, on the other hand, had a high figure for mortgages and a low one for sales. The following table shows the correlation:[47]

Tehsil	Percentage of area sold since last settlement	Percentage of area under mortgage at time of present settlement
Rewari	10	10
Palwal	8	19
Nuh	4	29
Firozepur	4	34
Gurgaon	14	12

[45] BEIP, *An Economic Survey of Bhadas in Gurgaon District*, pp. 88, 90; BEIP, *An Economic Survey of Naggal in Ambala District*, pp. 79–80; BEIP, *An Economic Survey of Jamalpur Sheikhan in Hissar District*, p. 120; BEIP, *An Economic Survey of Gaggar Bhana in Amritsar District*, p. 97; BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 117; BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 82; BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 94; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, p. 126; BEIP, *Punjab Villages During the War*, pp. 19–22; *DG Ferozepore*, 1915, p. 163; and *DG Jullundur*, 1904, p. 193.

[46] BEIP, *An Economic Survey of Durrana Langana in Multan District*, p. xviii.

[47] *DG Gurgaon*, 1910, p. 104.

Again, in Rohtak, where mortgages were unpopular owing to the inferiority of the soil, outright sales were more common.[48]

It appears, therefore, that the land sale and land mortgage markets were deeply conditioned by each other and that it was only the widespread resort to land mortgage that prevented a greater resort to outright sales. This should not, however, be seen as proof of the beneficial effects of the rise in mortgage debt—a medicine that prevents the disease from leading to death is not a proof of the good health of the patient, or of the absence of the disease or its cure. For peasants who lost the actual use of their lands for numbers of years and suffered serious decline in their standard of living, it was small consolation that they had not lost their lands permanently. The high figures for redemption of mortgages between 1906 and 1920 and again between 1940 and 1946 (Table 3.5) show that whenever incomes rose, redemptions took place on a large scale. Both these sets of years were characterized by increases in agricultural incomes through a sustained increase in agricultural prices and also by inflow of incomes through increased employment in the army in the two World Wars.

For the mortgagee, whether agriculturist or non-agriculturist, it was also obviously cheaper to get land in this way since the price of land was much higher than its mortgage value and there was at least half a chance that the mortgagor would default in the debt repayment, thus forfeiting his land to the moneylender. A smaller amount of capital could secure in this way, at least for a long enough period of time, a greater amount of land than was possible through outright purchase. Very often this was the only way in which additional land could be acquired, since no peasant would agree to sell his land unless he had exhausted all other means of survival, including unsecured loans and mortgage.[49] In any case, for the duration of the mortgage the moneylender enjoyed all the benefits of formal ownership, either as a cultivator or as a landlord. Since most often the land, if it was not to be cultivated by the mortgagee himself, was given back to the mortgagor on tenancy conditions, the mortgagee secured an additional advantage: the mortgagor-tenant was likely to take more pains over cultivation, put in more manure, etc., than any other tenant in the hope of ultimately being able to redeem the land. The connection between mortgages and increase in tenancy was in fact widely noticed.[50]

[48] *DG Rohtak*, 1910, p. 110.

[49] See footnote 44, this chapter. Mortgagees preferred to take on mortgages that had a likelihood of running for some years. As a consequence, those who were better off, and could possibly redeem their mortgaged land very quickly, found it difficult to get loans against mortgage of land. Poorer peasants who were unlikely to redeem in a hurry were preferred. BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 119.

[50] See, for example, BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 78; BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 91. In village Durrana Langana, all the mortgaged land was cultivated on tenancy terms. BEIP, *An Economic Survey of Durrana*

We have already noted in Chapter 2 how the Land Alienation Act of 1900 which restricted alienation of land to non-agriculturist castes had strengthened the position of the agriculturist-moneylenders and enabled them to corner, by 1929, 75 per cent of the mortgage debt.[51] This had obvious implications for the land market as well, for it ensured that the competition from the non-agriculturist moneylenders as buyers and mortgagees was reduced considerably and the land market could be increasingly cornered by landlords and surplus-producing peasants. Table 3.9 shows how the share of agriculturists in total land mortgage increased over time, except during the Depression years, when it fell considerably (see the next section). During the Second World War years, it again rose very sharply, reaching 84.9 per cent. The Act thus only ensured the domination of the growing land market by these sections, and thus furthered the process of differentiation of the agrarian class structure; it did little to check the growth of the land market. It could in fact be argued that, by checking the competition from non-agriculturist moneylenders, it reduced the returns received by the peasant who was forced to offer his land on the market.

Table 3.9
Percentage Share of Agriculturists and Non-Agriculturists in Land Mortgage (1902–03 to 1944–45): British Punjab—Provincial Figures

	Percentage share of agriculturists in total land mortgaged during the year	*Percentage share of non-agriculturists in total land mortgaged during the year*
Average of 1902–03 to 1905–06	70.2	29.8
Average of 1906–07 to 1910–11	75.5	24.5
Average of 1911–12 to 1915–16	75.9	24.1
Average of 1915–16 to 1920–21	78.1	21.9
Average of 1921–22 to 1925–26	77.8	22.2
Average of 1926–27 to 1930–31	74.9	25.1
Average of 1931–32 to 1935–36	64.2	35.8
Average of 1936–37 to 1940–41	65.6	34.4
Average of 1941–42 to 1944–45	84.9	15.1

Source: Computed from Lindauer and Singh, *Land Taxation*, Table 2.1.

Langana in Multan District, p. 141. Also see BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. 86; BEIP, *An Economic Survey of Launa in Kangra District*, p. 68; BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 80; BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 113; *DG Sialkot*, 1920, p. 150; *DG Jullundur*, 1904, p. 193; *DG Jhang*, 1908, pp. 90–91; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 123, 125.

[51] Even before the passing of the Land Alienation Act in 1900, in the last quarter of the nineteenth century, a substantial proportion of land transfers were in favour of agriculturists, especially in the more advanced Central districts. The Act, however, strengthened their position considerably and tilted the balance in their favour. For the nineteenth century, see Banerjee, *Agrarian Society of the Punjab*, pp. 119–20.

It is often argued in colonial writing on the subject that the increase in the sale value of land was a product of the rapid rise in agricultural prices combined with a supposedly low rate of land revenue. In pre-British times, it is argued, land had little sale value precisely because of the low agricultural prices and high revenue demand which left no margin of profit with the cultivator.[52] It is, however, rather difficult to accept this as an explanation for the tremendous rise in the sale price of land. We have already argued earlier in Chapter 1 that land revenue was not declining and this could not therefore be a reason for the increase. Further, the price of land rose at a rate considerably higher than that of the increase in agricultural prices.[53] (See Table 3.7, 3.8 and also 3.1 and 3.2.) Moreover, if we compare the rates of increase of the real price of land per acre and value of output per acre in the Punjab (Table 3.7), we find that while land price shows a consistent and high rate of increase, the value of output per acre was either increasing very slowly or was constant and was even declining in the case of major food crops. Therefore, the argument that it is the increasing value of agricultural output that explains the rise in the value of land rests on rather thin grounds.

This conclusion is supported by the statistical study of the Punjab agrarian system carried out by Lindauer and Singh. They point out that the real value of land per acre in the years 1906–07 to 1938–39 rose 399.6 per cent despite the fact that the gross value of output per acre remained stagnant or increased very slowly (and even declined in the case of some crops) and the land tax demand increased. Further, the stagnant trend in the value of output per acre continued despite the increment in labour (as evidenced by the population increase of 29 per cent between 1911 and 1939) and improvements in technology and capital (as evidenced by increase in irrigation and better seeds).[54] The rise in land values, then, is a consequence of the surplus supply of labour.

[52] Calvert, *The Wealth and Welfare of the Punjab*, pp. 215–16; Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 172–73; M.S. Leigh, *Land Revenue Settlements in the Punjab*, Lahore, 1928, p. 1.

[53] "Considerable rise has occurred in the price of grain, but not as much as in land values. In the famine of 1838–39, the price of wheat never rose above 11 1/2 seers a rupee compared with a normal for that period of 36 seers. Nowadays a normal price for wheat may be eight to 10 seers, and in times of scarcity it may go up to four seers. Very little calculation is required to show the enormous rise in price of land in terms of foodgrain...." Calvert, *The Wealth and Welfare of the Punjab*, p. 13. Nor was the price of land influenced by the fluctuations in prices of agricultural produce. For example, the index number for the harvest price of wheat in 1928–29 (taking 1913–14 as the base year) stood at 140, though in 1920–21, it had peaked at 221. The index number for cotton stood at 150 in 1928–29, but in 1923–24 had peaked at 242 (see Table 3.2). However, the sale price of land had increased steadily over the same period by a total of 134 per cent and had not been influenced by these fluctuations (see Table 3.7). Also see, Kessinger, *Vilyatpur 1848–1968*, p. 133, Table 19.

[54] See Lindauer and Singh, *Land Taxation*, pp. 112–30, and Tables 3.2 and 3.3. Also see Chapter 4. Darling, too, points out that between 1911 and 1934, the population and number of

The first thing a peasant family with surplus labour would try to do would be to acquire land so that the surplus family labour could be absorbed, so that it could contribute in terms of output as much as or more than what it cost to maintain that excess labour. It was this competition for land which contributed to the pushing up of land prices to such high levels, and not any imaginary increases in labour productivity or paltry increases in the productivity of land.

Those who failed to acquire additional land by other means, that is, through purchase or mortgage, and the numbers of such people would be very large indeed, would enter the market for renting in land as tenants. This increased competition for land on tenancy terms also had the effect of pushing up the rates of rent, thus making renting out a profitable proposition for those who had or could acquire surplus land. (See Chapter 4.) The competition in the land market would thus be further increased by the entry of those who wanted to invest capital in land purchase for renting out purposes, thus again leading to a pushing up of land values.

The attractiveness of land purchase and mortgage as a field of investment was enhanced also by the restricted opportunities for investment in other sectors. As already noted, the existing technological base restricted private investment in agricultural development; lack of industrialization restricted investment opportunities outside agriculture. On the other hand, the volume of capital seeking investment was growing because of the profits made on the agricultural produce market, the credit market and because of the cash inflow through employment outside agriculture, in the army, in government service and abroad. The increasing volume of capital in what was by its very nature a relatively restricted market inevitably then pushed up the value of land.[55]

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revenue holdings had increased at double the rate of increase in cultivated area. He also did not think that the increase in wells and area under better varieties of crops could possibly counterbalance the percentage disparity between increase in cultivated land and population increase, especially in the context of falling prices during the Depression. "The province ... is now faced with having to support a rapidly increasing population without a corresponding increase in resources". *Darling Papers*, Box V, Item I. Village surveys also reported a decline in cultivated area per owner and per holding. Even Calvert, who argued in his book that it was the high prices of produce and low land revenue that led to the increase in the value of land, later admitted in his evidence before the Punjab Land Revenue Committee in 1938 that much of the high price of land in the Punjab "is due to the pressure on the soil, instead of the agricultural value". "Written Opinion of Mr. H. Calvert", *LRCR*, p. 206.

55 For example, in Ludhiana, the reason for the fact that the value of land increased by 200 per cent in 30 years while produce prices only increased by 40 per cent was found in the fact that "the price of land is very largely determined by the volume of money seeking investment in a restricted market". *SR Ludhiana*, 1908–11, pp. 19–20. Similarly, in Hoshiarpur, the explanation for the rapid increase in land values was sought not in adequate immediate returns but in the money made by those who had emigrated to the canal colonies or abroad and who were willing to pay very high prices for land. *SR Hoshiarpur*, 1910–14, p. 18. An enquiry conducted in 20 villages in Ludhiana District during the Second World War

In any case, however attractive the price of land, the peasant will only part with his patrimony, especially in a situation where he had few alternatives, under severe pressure. Just as for a subsistence peasant it is not the attraction of high prices of produce that pulls him into the market, much more so in the case of the peasant who alienates his land it is not the attraction of the high price of land that pulls him into the land market. The push was provided initially by the new, unfamiliar, high and fixed (both in quantum and time) land revenue demand which forced peasants to seek loans from village moneylenders who had been vested with new legal claims and facilities. Once in debt, the peasants had to alienate increasing portions of their produce to pay at least the interest on the debt and were thus forced into the market, often via the same moneylender-trader. However, initially in the 1850s and even 1860s, the moneylender was content to lend against the security of the peasants' produce.[56] It was only when the other features of the colonial impact—deindustrialization, differentiation, general underdevelopment of the economy—began to take their toll, and the land–man ratio began to take an adverse turn,[57] that the land market emerged in the 1870s and 1880s in a significant way.[58] In other words, the essential condition for the emergence of the land market was provided by the increasing pressure on land; in a situation of land abundance, no land market could emerge. The emergence and growth of the land market was thus "forced" by the pressures of land revenue, indebtedness, as well as by the other features of the colonial impact which led to an unfavourable land–man ratio.

The moneylender was of course ideally poised to take advantage of the situation by pressing the indebted peasant to alienate his land. And when the peasant entered the market as a seller or mortgagor, there were others as well, besides the moneylender, trader, landlords, well-to-do peasants,

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found that the sale and mortgage values of land had gone up by 240 per cent and 449 per cent between 1939–40 and 1945. The causes for this increase were thought to be "the great rise in the value of land as a safe investment, given political uncertainties, bad war news, disappearance of small coins and withdrawal of silver currency from circulation, increased incomes from service outside and from high prices of agricultural commodities". BEIP, *Punjab Villages During the War*, pp. 4, 19–23. Also see BEIP, *Studies in the Cost of Production of Crops in the Punjab*, p. 5; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, p. 152; *SR Dera Ghazi Khan*, 1916; *DG Gujranwala*, 1892–94, p. 84.

[56] "In the first 20 years of British rule... land was of little value", and the moneylender "preferred to get the produce". Darling, *The Punjab Peasant in Prosperity and Debt*, p. 179. Also see Calvert, *The Wealth and Welfare of the Punjab*, p. 249.

[57] As Calvert pointed out: "So long as land was plentiful and tenants scarce, the proprietory right was by itself of little value". *Ibid*., pp. 249–51.

[58] "After 1870 circumstances changed: land became a first-rate investment which was always rising in value. As soon as he realized this, the moneylender began to use it as an outlet for his rapidly accumulating capital...". Darling, *The Punjab Peasant in Prosperity and Debt*, p. 179. Also see Banerjee, *Agrarian Society of the Punjab*, p. 118.

etc., who were willing to take the land. Moneylenders, traders, landlords, and surplus-producing peasants were also the ones who had benefited most from the rise in prices of agricultural produce, from the sale of which they had accumulated capital which now found an outlet in the land market.

For those who had to mortgage their land and ultimately sell it, and who were most often at the bottom end of the scale of landowners, this commercialization was obviously a forced one. For those with surplus capital (landlords, moneylenders and well-to-do cultivator-mortgagees) who bought and received these lands in mortgage, it was obviously not "forced" but in fact highly beneficial, though it was the "forced" commercialization from "below" that ultimately made the commercialization from "above" possible. In other words, it was the differential impact of the commercialization of produce within the wider context of the colonial impact as a whole that facilitated and crystallized the process of the emergence of the land market and gave it its particular character.

However, while it was the commercialization of produce, in combination with other features of the colonial economy, that provided the initial push for the commercialization of land, it was the commercialization of land that in turn gave a major fillip to the market for agricultural produce. Since the peasant, after mortgaging his land, most often cultivated the same land on tenancy conditions and was thus forced to alienate a larger part of his produce in the form of rent than he did earlier for land revenue payment, the process of the commercialization of land in the specific form of land mortgage with use directly fed the other process of the commercialization of agricultural produce. A much larger portion of his production now forcibly found its way into the market (and cut further into his consumption), either through direct sale if he was to pay a cash rent or, as was most often the case in Punjab, through sale by the mortgagee, who received his rent in kind but clearly sold his share in the market since he was unlikely to be a subsistence peasant himself. If the mortgagee was a trader he obviously marketed the share. So we have here a double case of forced commercialization, of land as well as its produce, one feeding the other.

III
Regional Variation

The impact of commercialization of agricultural produce was differential in another way as well. Backward regions or districts such as western and south-eastern Punjab (whether their backwardness was due to insecurity of harvests produced by low rainfall, lack of irrigation facilities, or infertile soil combined with small holdings) tended to be drawn into the process at a position of greater disadvantage or lesser advantage. These regions tended to produce smaller surpluses, some were even deficit regions for long periods of time (many areas of south-eastern Punjab or present-day Haryana were victims of chronic drought and famine) and high prices of agricultural produce, especially food, tended to benefit them less and at times even militated against them when they were the buyers. In fact, deficits in production in these regions often contributed heavily to the rise of prices of agricultural produce in the province as a whole. These regions were for that reason no less a part of the nexus of commercialization or of the market in the Punjab.[59] With the expansion in communications, they were rapidly drawn into the market and their agricultural production funnelled into the expanding trade network. The same factors that pushed the agriculturists of the rest of the Punjab into the market operated here as well, though in an even more invidious manner. Larger sections of the peasants of these regions tended to be subsistence or deficit producers and, because of the insecurity of the harvest, which made land revenue payment more difficult, tended to fall sooner into the clutches of the moneylenders. So, in these regions, a much larger section of the total population than in the more fertile or secure areas (central Punjab and the canal colonies) entered the market, because of the greater pressures on them, in a "forced" way and became its victims. In fact, the classic situation of cultivators handing over their entire produce to the moneylender and living on cash and kind advances for the rest of the year was found very often in such areas.[60]

On the whole, their credit was also much poorer than that of peasants in the better-off regions—the mortgage values of their land were lower, the interest rates were higher, etc. This does not, however, mean that the land market did not exist in these areas, it only means that the price of land was lower as also its mortgage value; and therefore even mortgaging of land or outright sale secured a much smaller measure of financial relief

[59] J.D. Anderson, Officer on Special Duty, Muzaffargarh, a district so backward that special efforts were being made to relieve the distress of the people, made the following graphic comment in 1930: "Now even Muzaffargarh has been brought into the world-market", and "2 inches of rain in Manitoba" has an effect "on the price of wheat in India". *Revenue Department Proceedings*, June 30, No. 47, IOR P/11883. Also see *DG Hissar*, 1915, p. 171; *DG Muzaffargarh*, 1908, p. 137; *DG Shahpur*, 1917, p. 213.

[60] See, for example, *DG Mianwali*, 1915, p. 112; *DG Attock*, 1907, p. 167; *DG Dera Ghazi Khan*, 1893–97, p. 90; *DG Rawalpindi*, 1907, p. 140; *DG Muzaffargarh*, 1908, pp. 114–16; *SR Muzaffargarh*, 1904, p. 15; *DG Hissar*, 1915, p. 167; *DG Gurgaon*, 1910, pp. 101, 104–5; *DG Rohtak*, 1910, pp. 110–11, *SR Karnal–Ambala*, 1891, p. 20, *SR Montgomery*, 1899, pp. 31–32; BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 105; BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. vi; *SR Multan*, 1901, p. 16; *Punjab Banking Enquiry Report*, Vol. I, pp. 20, 170; BEIP, *An Economic Survey of Durrana Langana in Multan District*, p. 127; BEIP, *An Economic Survey of Bhadas in Gurgaon District*, p. 100; Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 87–88, 168, 188–91.

than in the more prosperous areas.[61] This explains the anomaly of the backward and insecure regions showing a lower total amount of debt as well as a lower per capita debt.[62] The reason was obviously the lower creditworthiness of the region and of people who lived in it and not their lack of need or their prosperity. In fact, as we have shown earlier, there was an inverse relationship between mortgages and sales of land, and in backward areas outright sales tended to be more frequent than in the advanced ones. Peasants of these regions entered the land market in a situation of greater disadvantage as sellers and mortgagors.

The *sahukar* or professional moneylender-merchant exercised a much greater hold in the backward western and south-eastern regions of the province. The *sahukar's* dominance here was made possible because the competition from the agriculturist-moneylender, especially in his role as mortgagee, was much less. For one, since land had a smaller value here the incentive to invest in it was much less; second, the number of agriculturists, especially cultivators, who had accumulated capital through profits from cultivation was much smaller because the insecurity and low productivity of these regions prevented large accumulations. In these regions, apart from landlords, agriculturist mortgagees were primarily retired or demobilized soldiers or families who had a member or two working outside.[63] The merchant-moneylender, whose profits were made from trade and moneylending together, continued to flourish here as he continued to be the major source of much needed credit[64] (see the fifth section of Chapter 2). Therefore, the particular impact of the invidious combination of usury and trade was felt much more in these areas.

[61] An enquiry into sales of land in the quinquennium 1922–23 to 1926–27 showed that while the provincial average of sale price of land stood at Rs 206.3, in the backward districts it was much lower. For example: Hissar—Rs 52.9; Karnal—Rs 83.0; Gurgaon—Rs 138.3; Attock—Rs 92.7; Mianwali—Rs 87.4; Muzaffargarh—Rs 62.1; Dera Ghazi Khan—Rs 36.6. It was the highest in Lyallpur—626.8. BEIP, *A Note on Sales of Land Between Notified Agricultural Tribes in the Punjab During the Quinquennium 1922–23 to 1926–27*, p. 36.

[62] Mortgage debt tended to be a much smaller part of total debt in the insecure and backward districts. For example, in Rawalpindi, Jhelum and Attock, some of the backward northern districts, net mortgage debt was only 37 per cent of total debt; in Rohtak, Karnal and Hissar, some of the insecure, backward districts of south-eastern Punjab, it was only 30 per cent of total debt. The provincial average was estimated at 45 per cent of total debt, but in the fertile districts of Jullundur and Hoshiarpur, it was 60 per cent of the whole. Darling, *The Punjab Peasant in Prosperity and Debt*, p. 6.

[63] Rohtak District was a good example of this as it sent a large number of soldiers to the army. See, for example, *Punjab Home (Judicial) Department Proceedings*, January 1927 No. 6, IOR P/11649; *Punjab Banking Enquiry Report*, Vol. I, pp. 313–15; *Darling Papers*, I/21, TS Notebook; Darling, *The Punjab Peasant in Prosperity and Debt*, p. 198. Even in Gurdaspur, which was in central Punjab, the agricultural backwardness facilitated the continuing hold of the *sahukar*. See, for example, *DG Gurdaspur*, 1914, p. 98.

[64] For example, in the backward district of Muzaffargarh, the merchant-moneylender was supreme. Cultivation was financed almost totally by his credit. The unsecured debt was

These regions also tended to be primarily wheat and foodcrop-producing regions, because of lack of irrigation, suitable soil and climatic conditions and the relative dearth of capital required for investment in non-food cash crops like cotton. And since the impact of commercialization was much more negative in the case of wheat and other foodcrops as we have shown earlier, these regions were for that reason also much more the victims rather than the beneficiaries of commercialization.

Again, a point of clarification. We are not suggesting that within these regions there was no differentiation between different sections of rural society or that all sections were the victims of the process of commercialization. Here, too, the moneylenders, the landlords and some substantial cultivators benefited from the process (in fact, the degree of differentiation was often much more marked in these areas),[65] but the sections who were victims of the process were much larger in these areas than in others and the beneficiaries fewer.

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huge, and the percentage of land mortgaged to non-agriculturists the highest in the province. The moneylenders functioned here not only as moneylenders but more as bankers. The cultivators, owners and tenants alike, because of the fear of floods, deposited their entire produce with the bankers in the towns and for the rest of the year drew on this account for consumption, seeds, etc. It was found that given the great insecurity in the district, it was this system which had "kept most of the holdings of the district under the plough". This was because of "the elasticity of the credit given", and "the *Kirar's* experience and local knowledge are such that he can take apparent risks and lend to holdings which no other bank would finance". Report on the measures possible for the improvement of economic conditions in the Muzaffargarh District, by J.D. Anderson, Officer on Special Duty, Muzaffargarh, *Punjab Revenue Department Proceedings*, No. 47, IOR P/11883. In Hissar, one of the more backward districts of the province, the non-agriculturist-moneylender exercised a crucial hold. To quote: "The village baniya, though a much and often a very deservedly abused individual, plays a part of cardinal importance in the village economy. He is the village banker with whom most of the brotherhood have a drawing account, which generally from the first shows a balance in favour of the banker. Payments to the credit of the zamindar's account are often made by him in kind by delivery of grain or cattle, and the price at which they are credited is one not unfavourable to the baniya.... Without the village banker, on whom to draw in times of scarcity, the zamindars would often be in extreme difficulties, and there is perhaps much more good faith in his transactions with them than he is often given credit for." *DG Hissar*, 1915, p. 173. In Muzaffargarh District, it was noted that "the creditors are in almost all cases moneylenders. There are hardly any agriculturists in this district who lend money." *DG Muzaffargarh*, 1908, p. 114; BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. 87. In a village surveyed in Multan District in 1936, 78.7 per cent of the debt was due to the non-agriculturist moneylenders. BEIP, *An Economic Survey of Durrana Langana in Multan District*, p. 127. In a village surveyed in Rohtak District in 1925, 64.36 per cent of the debt was borrowed from non-agriculturist moneylenders. BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 98–99. Also see Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 86–87, 101–2.

[65] See Table 4.3 for the greater concentration of land-holding in these regions. Also see Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 104–6.

For example, in the backward district of Attock, in western Punjab, 29.1 per cent of the cultivators examined in the course of an enquiry into the financing and marketing of wheat, borrowed their seed from the *sahukar*; in Ferozepore, in central Punjab, the proportion was 17.2 and in the colony district of Lyallpur only 9.5. In Attock, 88.6 per cent of the sales of wheat were made in order to repay debt; the figures for Ferozepore and Lyallpur were only 7.7 per cent and 14.4 per cent. In Attock, only 1.42 per cent of the produce was sold in markets outside the village, whereas in Ferozepore and Lyallpur 83.8 per cent and 48.24 per cent was sold outside. In Attock, 27.62 per cent of the land revenue and cesses in *kharif* 1930 and 30.58 per cent in *rabi* 1931 were paid by borrowing from the *sahukar*.[66] Thus deficit and subsistence cultivators in deficit and subsistence regions tended to suffer more and exist in larger numbers than their counterparts in surplus regions. Further, the category of middle and upper layers of the peasantry who had surpluses to sell tended to be thinner as well as more unstable in these regions, the instability being here a function of insecurity of harvest and not only of variations in prices.

IV
The Depression

The years of the great economic Depression (the effects of which lasted from 1929–30 to at least 1936–37 if not longer, though the severest years were from 1930–35) need to be looked at separately for they brought out in a stark fashion the implications of commercialization and integration with the world market in a subordinate position without the mediation of a national government. The widespread effects of the Depression on almost every section of rural society also revealed the extent of the commercialization of agriculture in Punjab.

The chief feature of the Depression that concerns us here was the sudden and heavy fall in prices of agricultural commodities. Estimates of the extent of the drop vary, but on an average of the major crops it was certainly no less than 50 to 60 per cent. According to one estimate, the index number of harvest prices for wheat (1913–14=100) fell from 140 in 1928–29 to 100 in 1929–30 and to 50 in 1930–31 and for *desi* cotton from 150 in 1928–29 to 104 in 1929–30 and 68 in 1930–31. The index number for American cotton (1921–22=100) fell from 140 in 1928–29 to 76 in 1929–30 and 48 in 1930–31 (see Table 3.2).

[66] BEIP, *The Finance and Marketing of Cultivators' Wheat*, pp. 16–18, 20–21.

Another estimate gave the following figures for prices at the Nankana Sahib market:[67]

	December 1929	December 1930
	Rs Annas	Rs Annas
Wheat (first grade)	4 – 4	1 – 10
Rice	2 – 4	1 – 5
Unginned cotton:		
(a) American	12 – 0	5 – 12
(b) Desi	8 – 0	4 – 0
Gur	5 – 5	2 – 12

As Table 3.2 demonstrates, prices did not reach the pre-Depression levels till at least 1941–42 though the worst was over by about 1934–35.

The effect of this drop of prices on the net incomes of the Punjab cultivators can be seen from Table 3.10 and Table 3.11. Table 3.10 gives a provincial-level estimate and Table 3.11 is based on the actual farm accounts of holdings in 10 districts of the Punjab. While Table 3.10 shows a negative net income from 1930–31 till 1936–37, Table 3.11 shows positive net income figures but still a very sharp drop. It is also clear that the decline in net income was much sharper than the fall in prices, or in other words, net income dropped much more than was warranted by falling prices. (Compare Table 3.2 with Tables 3.10 and 3.11.) This discrepancy can be explained by a look at the costs of cultivation. (See Table 1.4 and Table 3.11, Column 2.) These did not decline to the same extent and the peasant's expenditure remained much closer to the old levels while his income dwindled. Costs did not fall for two reasons. First, because non-agricultural prices showed a much lesser rate of decline than agricultural prices, so the buying power of the peasant was further diminished.[68] Second, land revenue and water rates, which made up such a large share of costs, did not decline much at all (see Tables 1.1, 1.2, and 3.10). Total remissions in land revenue till 1934 were to the tune of 6 per cent of total demand,[69] whereas prices had fallen at least 50 per cent. Table 1.1 shows that land revenue contributed between 25 to 80 per cent to the net loss suffered in five of the Depression years after payment of land revenue. In the words of a peasant leader: "Income

[67] M.L. Darling, *Wisdom and Waste in the Punjab Village*, London, 1934, p. 2. Also see, for other estimates, *Census of India*, 1931, Vol. XVII, Punjab, Part I, p. 48; and Brij Narain, *India Before and Since the Crisis*, Vol. 2, pp. 307–10, 313.

[68] Brij Narain, *India Before and Since the Crisis*, Vol. 2, p. 313.

[69] *Ibid.*, pp. 64–65. Certain areas were given heavier remissions, the canal colonies got a 25 per cent remission in 1930–31, but only for cotton and rice and not for sugar cane which was an important crop while rice was not. Darling, *Wisdom and Waste*, pp. 18–19.

has been reduced to about 25% of what it was, while expenditure remains the same. Agriculture does not pay its way."[70]

Table 3.10
Land Revenue and Net Income in Punjab: Provincial Figures (1928–29 to 1938–39)

	Net income before payment of land revenue		*Land revenue*		*Net income after payment of land revenue*	
	Total Rs (Million)	*Per acre Rs*	*Total Rs (Million)*	*Per acre Rs*	*Total Rs (Million)*	*Per acre Rs*
1928–29	380.92	12.81	58.72	1.98	322.20	10.83
1929–30	220.31	7.35	57.43	1.91	162.88	5.92
1930–31	–123.38	–4.10	43.02	1.43	–166.40	–5.53
1931–32	–101.11	–3.32	53.41	1.75	–154.52	–5.07
1932–33	36.50	1.19	54.13	1.78	–16.91	–0.59
1933–34	–163.67	–5.34	56.67	1.85	–220.34	–7.19
1934–35	–46.37	–1.51	54.78	1.78	–101.15	–3.29
1935–36	–13.04	–0.42	58.49	1.89	–71.53	–2.31
1936–37	49.83	1.61	57.88	1.87	–8.05	–0.26
1937–38	110.65	3.58	57.80	1.87	52.85	1.71
1938–39	64.91	2.10	51.30	1.66	13.61	0.44

Source: Lindauer and Singh, *Land Taxation*, Table 6.9 and Table 2.2.

Table 3.11
Index Numbers of Average Gross Income, Expenditure, and Net Income of Selected Holdings in 10 Districts of British Punjab (1928–29 to 1938–39)

	Gross income	*Expenditure*	*Net income**
1928–29	100	100	100
1929–30	80	98	64
1930–31	50	76	28
1931–32	49	62	38
1932–33	70	75	66
1933–34	53	70	38
1934–35	65	72	58
1935–36	62	68	56
1936–37	73	73	73
1937–38	58	65	52
1938–39	60	66	55

Source: BEIP, *Farm Accounts in the Punjab*, 1938–39, p. 27.
Note: *Before payment of land revenue.

The self-cultivating peasant proprietor's income fell drastically. In some cases, land revenue and water rate demand was more than his entire gross income.[71] An enquiry in Lyallpur, conducted by a committee appointed by

[70] Presidential address to the Lyallpur All-Bar Zamindar Conference, 20 June 1931, reported in *The Tribune*, 23 June 1931.
[71] This was reported by the Enquiry Committee set up by the Zamindara League in Sheikhupura District. *The Tribune*, 23 May 1931.

the District Zamindara League, came to the conclusion that an owner-cultivator of one square (27 acres) of land suffered a loss of Rs 17–1–8 without paying the state demands. When these were paid, his loss went up to Rs 190. The European member of the Committee dissented but he too put the loss, after payment of government dues as remitted, at Rs 60.[72] It is apparent that owners of less land would be worse off and even in the canal colony area of Lyallpur, one of the richest districts, the average holding was 14 acres, much below the one square example that we have discussed earlier. An enquiry committee set up in 1931 in Sheikhupura District by the Zamindara League, on the basis of applications received from 80 villages, came to the conclusion that the average gross value of yield of one acre of land was Rs 8 approximately. In the same area, the incidence of land tax and water rate was Rs 11–8–0 per acre. Even without allowing for the other costs of cultivation, the cultivator suffered a net loss of Rs 3–8–0 per acre.[73] Darling, too, believed that an owner-cultivator of 6 acres irrigated or 12–14 acres unirrigated land was put to severe strain and was often working at a loss.[74]

Even on the basis of net income figures provided by the Farm Accounts series, the net incomes of the vast majority of the Punjab peasants had reached abysmally low levels. Net income per acre, according to the Farm Accounts series, was Rs 27–0–9 in 1928–29. In 1930–31, it had gone down to Rs 4–7–2.[75] For an owner-cultivator of 5 acres, this meant that his net income had declined from Rs 135–3–9 to Rs 22–3–10 per year or Rs 1–13–7 per month. In other words, almost 60 per cent of landowners who had less than 5 acres had to survive on incomes of less than Rs 2 per month. Even an owner-cultivator of 10 acres would earn less than Rs 4 per month. It is little wonder that the amount of coercive processes issued for realization of unpaid land revenue rose sharply in these years[76] and there was an almost unanimous clamour for tax remissions.

[72] *The Tribune*, 23 June 1931.
[73] *The Tribune*, 23 May 1931.
[74] Darling, *Wisdom and Waste*, p. 350.
[75] BEIP, *Farm Accounts in the Punjab*, 1930–31, pp. vi–vii, Statement II.
[76] The following table shows the difficulty experienced in realizing land revenue during the years of the Depression:

Years	No. of Processes	Amount in Rs millions
1928	13,538	1.366
1929	15,028	1.733
1930	19,675	2.651
1931	26,095	3.255
1932	30,000	3.934
1933	33,314	3.487

Source: LRAR, 1928, 1929, 1930, 1931, 1932, 1933.

Tenants were even more seriously affected than owner-cultivators. The fact that most of them paid their rent as a share of the produce, usually one-half and bore all the costs of cultivation, including half the land revenue and water rates, meant that their incomes declined much more than the landlords' and they often went at a loss even when the net income of the holding was positive. The following example shows the shares in net income on a farm of about 28 acres in Lyallpur District given on *batai*. No allowance has been made for wages of the tenant and members of his family (four adult male workers) for work done by them:[77]

Year	Landlord (Rs)	Tenant (Rs)	Total (Rs)
1928–29	696	253	9,491
1929–30	647	175	822
1930–31	298	–164	134
1931–32	450	110	560
1932–33	141	–97	44
1933–34	213	15	228

We can observe the same process at work in the case of three other farms given on *batai*:[78]

Gross, income, expenditure and net income per acre: 1930–31

Location and size of farm	Gross income per acre			Expenditure per acre			Net income per acre		
	Rs	a	p	Rs	a	p	Rs	a	p
A. Lyallpur District 27.5 acres									
Landlord	17	4	0	6	15	6	10	14	6
Tenant	17	13	11	23	13	9	–5	15	10
Total	35	1	11	30	13	3	4	14	8
B. Lyallpur District Risalewala Government farm 802 acres									
Landlord	25	3	0	8	7	11	16	11	1
Tenant	25	7	11	23	10	1	1	13	10
Total	50	10	11	32	2	0	18	8	11
C. Montgomery District 25 acres									
Landlord	20	10	6	7	13	2	12	13	4
Tenant	19	14	0	23	9	8	–3	11	8
Total	40	8	6	31	6	10	9	1	8

[77] BEIP, *Farm Accounts in the Punjab, 1928–29, 1929–30, 1930–31, 1931–32, 1933–34.*
[78] BEIP, *Farm Accounts in the Punjab, 1930–31*, parts VIII, X and XI.

Other enquiries also showed that the tenants suffered the largest losses. In many areas, landlords were forced to take less than their share, or scale down cash rents, because tenants simply could not pay.[79]

Thus, while landlords too suffered a decline in incomes, the decline in their case was not as much as in the case of owner-cultivators and certainly not as much as in the case of tenants and not in proportion to the decline in prices. The decline was the lowest in their case because they had to bear little or none of the expenses of cultivation, which, as we have noted earlier, did not decline as much as agricultural prices.

The decline in income from rents on leased out land affected not only those who were solely rent-receivers, but also well-to-do peasants who let out part of their holdings on rent. Returns from land that was acquired on mortgage, whether retained for self-cultivation or leased out, also declined. In other words, incomes of the big landlords as well as of larger peasants were adversely affected,[80] though in varying degrees—the greater the amount of self-cultivation, the larger would be the decline, because of having to bear the costs of cultivation, and the greater the amount of leasing out, the lesser would be the decline in incomes.

The agricultural workers' cash wages did not show a very great decline, but they suffered from loss of employment, as some peasants even gave up cultivation when it became a dead loss and could certainly not afford to hire seasonal help even when they continued to cultivate.[81] Employers were also trying to substitute wages in kind for wages in cash, thus making them victims of the falling prices. Cash wages would buy more while kind wages would fetch little in the market for meeting the non-food requirements of labour.[82] No wonder there were instances of labourers refusing to work because they were unsure of the employers' capacity to pay their wages.[83]

[79] See, for example, statement by the general secretary, Settlement Committee, Lyallpur, reported in *The Tribune*, 12 September 1935; *Darling Papers*, Box V, Item I; Darling, *Wisdom and Waste*, pp. 106, 250, 316; *LRCR*, p. 35.

[80] Darling, for example, cites the cases of landowners who had made large profits in pre-Depression years, but after the Depression set in could hardly make both ends meet. One farmer who earned a profit of Rs 4,000 in 1928, could hardly make a profit in 1929, and in 1930 incurred a loss of Rs 800. Other examples he gives are the following:

	Area in cultivated acres	Profit or loss in Rupees		
		1928	1929	1930
1.	41	3,000	600	Nil
2.	21	2,000	2,000	–1,000
3.	11	3,000	1,000	–800

Darling, *Wisdom and Waste*, pp. 168–69.

[81] Darling, *Wisdom and Waste*, p. 277.

[82] *Darling Papers*, Box V, Item I.

[83] Reports from Sheikhupura and Lyallpur in *The Tribune*, 23 May 1931 and 23 June 1931.

The situation, then, was one in which the normal recourse would be to seek loans, but here new problems had cropped up. The moneylender, already unable to recover even his old advances because of the fall in prices,[84] was reluctant to advance new loans except on very good security and at high rates.[85] The spate of anti-moneylender legislation in the 1930s further frightened the moneylenders and the result was a serious contraction of credit at a time when it was most needed. Even cooperative credit societies showed a severe decline in amounts advanced at this time and their members were also looking to the moneylender for help.[86] Mortgage values, too, had declined by 40 to 60 per cent, thus further reducing the peasants' credit.[87] This contraction of credit came at a time when loans were badly needed for sheer subsistence and payment of government dues,[88] non-payment of which might mean forfeiture of land.

Moneylenders, it must be added, were not merely looking for their pound of flesh. Their own incomes had been badly hit, and the smaller ones had gone out of business. It had been observed that they were often able to recover only 2 annas in a rupee and were willing to settle accounts at very low rates of return. Many, too, began to seek alternative sources of employment and migrated to the towns.[89]

Agriculturist-moneylenders were hit by a decline in their income both from agriculture as well as from moneylending. As most of their debt was mortgage debt, they suffered a decline in income from mortgaged land as well. Their share in the mortgage debt of the province declined sharply in these years, as their resources for lending declined sharply. The share of the non-agriculturist therefore increased during the Depression years (see Table 3.9).

Thus the peasant, looking for ways of surviving this debacle, found all his credit sources drying up: the old merchant-moneylender, the new agriculturist-moneylender and even cooperative credit societies were unwilling to lend.[90] The result was that those who had reserves in the form

[84] *Darling Papers*, Box V, Item I. It was reported that moneylenders could at best recover 2 to 4 annas a rupee. Also see BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 80.
[85] Darling, *Wisdom and Waste*, pp. 2, 30, 66, 101, 167, 249; *Darling Papers*, Box V, Item I.
[86] See Chapter 2.
[87] *Darling Papers*, Box V, Item I.
[88] It was estimated that anywhere between 50 to 80 per cent of land revenue was paid by borrowing. There were even instances of tehsildars having to force the moneylender to lend so that land revenue could be paid. *Darling Papers*, Box V, Item I; Darling, *Wisdom and Waste*, p. 124.
[89] *Darling Papers*, Box V, Item I; BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 78; Darling, *Wisdom and Waste*, pp. 53, 101, 148–49, 175 and 250.
[90] "The cumulative effect of the Depression has practically exhausted his resources while his load of debt has increased and his credit is well nigh gone". Proceedings of the Governor in Council in the Department of Revenue, no. 2328-R, dated 15 June 1934, *LRAR*, 1933.

of gold or jewellery had to part with their last form of security. The distress sale of gold in Punjab reached huge proportions in these years and was the subject of much comment.[91]

The Depression also seriously affected the price of land in the province.[92] Since pressure of population had not diminished, the fall in price of land indicated that few could now afford to bid for land. This meant that those classes which normally had surpluses to invest in buying land had also suffered serious losses.[93] The small peasant cultivator or tenant at no stage had any hopes of buying land, now even the small landlords and larger peasants were unable to do so.

Contemporary observers noticed a steep decline in the standard of living. In diet, there was a shift to inferior grains and no milk for the better-off peasants, while the poorer people made do with boiled greens and coarse grain bread.[94] Very few bought mill-made cloth and started wearing cheap homespun cloth. Children were withdrawn from school, marriages in the family were postponed for years for lack of resources—in short, all possible economies were exercised.[95] But those expenses that were beyond control—the costs of cultivation, if cultivation was to continue, and government dues, if land was to be retained—continued as before.[96] And we find that all the effort during this period was to cajole, coax or force the government into giving up or reducing its share.

The Depression thus revealed the extent and depth of the integration of Punjab agriculture with the world market economy as well as its vulnerability in the given colonial context. Colonialism had removed the dependence on local factors but had replaced this with a dependence on world

[91] *Darling Papers*, Box V, Item I. Darling tells us that of 200 crores of gold exported from India since 1931 about 25 per cent, that is, 50 crores, came from the Punjab and North West Frontier Province (NWFP), and that this was mostly distress gold coming in from village sources. He also estimated that between half to one-third of the peasants' jewellery had been sold to pay land revenue. Darling, *Wisdom and Waste*, pp. 249, 321. Also see Statement of the General Secretary, Settlement Committee, Lyallpur in *The Tribune*, 12 September 1935; and *LRCR*, p. 115.

[92] In Lyallpur District, for example, land prices fell at an average from Rs 385 in 1922 to Rs 285 per acre in 1932. In many individual cases, they fell much more—to Rs 130 per acre. Darling also reports that in the canal colonies between 1930 and 1933 there were no sales at all, and at a small sale in 1934 land was sold at Rs 252 per acre whereas before the Depression it sold at Rs 400. Darling, *Wisdom and Waste*, pp. 207, 350; Statement issued by General Secretary, Settlement Committee, Lyallpur, in *The Tribune*, 12 September 1935. Also see *Darling Papers*, Box V, Item I.

[93] *Darling Papers*, Box V, Item I.

[94] Various reports from all over the province indicated that the peasant had not enough left to eat after selling his produce. *Darling Papers*, Box V, Item I; Darling, *Wisdom and Waste*, pp. 134–35, 190.

[95] *Darling Papers*, Box V, Item I; Darling, *Wisdom and Waste*, pp. 2, 30, 163, 322; *LRCR*, p. 115.

[96] There were reports of some peasants abandoning their land and others refusing to take water on account of inability to pay the government dues. *The Tribune*, 23 May 1931 and 13 June 1931.

market forces over which the subordinated classes of a colonial society could exercise no influence. Pleas for government help by way of remissions of taxes, protection against foreign competition, lower freight rates, a lowering of the rupee–sterling exchange ratio and the like met with a tardy and insufficient response, as we shall see later. The only section of rural society that appears to have escaped the wrath of the Depression to a considerable extent and perhaps even consolidated its position were the big landlords who (as we shall see later in the first section of Chapter 5 and Table 4.1) were the only category to have increased their share of land ownership during these years. The big landlords, thus, though they suffered a loss in incomes, were able to capitalize on the much greater immiserization of other sections of the population. All other sections, including the upper layers of the peasantry, found their position seriously eroded, their savings wiped out, their capital reduced and (for the middle and lower sections) their subsistence threatened.

The impact of the commercialization of agriculture in Punjab was thus highly differential in nature. It varied with one's position in the class structure, from region to region, with the cropping pattern, and at different points in time. For the vast majority of the cultivators, the commercialization assumed a "forced" character, and was negative in impact. For a small minority, it brought windfall gains and enabled them to increase the distance between themselves and the majority of cultivators. In the following chapters, we turn to the impact of this process on the nature of agrarian relations and on the actual organization of production and the pattern and level of accumulation and investment of capital by different social classes.

FOUR

Peasants as Classes

In this chapter, the focus is on the nature of changes in agrarian relations. The emphasis will be primarily on changes in land ownership, in the pattern of leasing out and leasing in, in the terms of tenancy and wage labour. The attempt will be mainly to determine the long-term direction of change in agrarian relations in order to analyse whether or not it represented a trend towards the emergence and growth of capitalist agrarian relations.

I
Land Ownership

Notwithstanding the favourite official colonial myth of Punjab being "mainly a country of peasant proprietors", the distribution of land ownership in the province was highly skewed and the most striking feature of Punjab agriculture in the colonial period was the marked tendency towards concentration of land ownership, parcellization of small-holdings and the growth of uneconomic holdings, landlordism and tenancy on sharecropping basis.

Concentration of land ownership was occurring at a very rapid rate, as shown by the data in Table 4.1. In 1924, owners of 50 acres and above, constituting 3.3 per cent of owners, held 25.8 per cent of the land; by 1939, this category, now constituting only 2.4 per cent of owners, held 38.8 per cent of the total land. Moreover, this category of owners (of over 50 acres) was the *only* category of landowners which increased its share of the land between 1924 and 1939, all other categories (except that of owners of between 1–5 acres, which increased its share by an insignificant 0.4 per cent) had suffered a decline in their share of land. Similarly, while in 1924 10.8 per cent of owners owned roughly half the land (53 per cent), by 1939 only 6.3 per cent of owners owned half the land (53.6 per cent) of the province.

Table 4.1
Distribution of Land Ownership in British Punjab: Provincial Figures (1924 and 1939)

	Percentage no. of owners			*Percentage acreage of land*		
Owners holding	*1924*	*1939*	*Difference*	*1924*	*1939*	*Difference*
Below 1 acre	17.9	20.2	+2.3	1.0	0.8	–0.2
1 to less than 5	40.4	43.5	+3.1	11.0	11.4	+0.4
5 to less than 10	18.0	16.9	–1.1	15.1	13.1	–2.0
10 to less than 15	8.2	7.3	–0.9	11.5	9.1	–2.4
15 to less than 20	4.3	3.6	–0.7	8.4	7.2	–1.2
20 to less than 25	2.7	2.2	–0.5	6.8	5.6	–1.2
25 to less than 50	4.8	3.9	–0.9	20.4	14.8	–5.6
50 acres and more	3.3	2.4	–0.9	25.8	38.8	+12.2

Source: BEIP, Rural Section Pub. No. 4 *The Size and Distribution of Agricultural Holdings in the Punjab*, by H. Calvert 1925, and BEIP, *Proprietary Holdings in the Punjab—Their Size and Distribution: Preliminary Report*, 1943.

On the other hand, at the bottom end of the scale, the percentage of owners who owned less than 5 acres had gone up from 58.3 per cent to 63.7 per cent, while their share of land had increased by a miniscule 0.2 per cent, from 12 per cent in 1924 to 12.2 per cent in 1939. This pattern of the parcellization of small-holdings and growth in the number of uneconomic holdings was true of the canal colonies as well, and by 1939 even Lyallpur, the only district that had initially deviated from the provincial pattern, had fallen into line. In fact, the process of parcellization of holdings had been remarkably swift in this district. While in 1924, roughly 65 per cent of owners were in the category of more than 10 acres, and only 34 per cent below it, by 1939 this pattern had been completely reversed and roughly 56 per cent were below 10 acres and only 44 per cent above it. The percentage of those who owned less than 5 acres had gone up over the same period from 13.6 per cent to 27.3 per cent.[1]

The concentration of land ownership and parcellization of small-holdings was accompanied by rapid increases in area cultivated by tenants-at-will, Table 4.2 presents data on these aspects from 1887–88 to 1936–37. Area under tenants-at-will nearly doubled in roughly 50 years: from 7,714,076 acres in 1887–88, it went up to 15,160,713 acres by 1936–37. As a proportion of total cultivated area, it increased from 28.3 per cent to 48.8 per cent over the same period.[2] The total cultivated area had, over the same period,

[1] BEIP, *Size and Distribution of Agricultural Holdings in the Punjab*, 1925 and BEIP, *Proprietary Holdings in the Punjab—Their Size and Distribution, Preliminary Report*, 1943.

[2] The provincial pattern was confirmed at the district level. In Gurdaspur District, 44 per cent of the area was under tenants-at-will by 1914. *DG Gurdaspur*, 1914, p. 123. Sialkot District had 47 per cent of the cultivated area under tenants-at-will by 1917. *SR Sialkot*, 1917, p. 13. In Rohtak, area under tenants-at-will doubled between 1879 and 1909, from

largely because of the canal colonies, increased by 14 per cent. It is likely that a large part of the new increase in cultivated area had gone into the hands of rent-receiving landowners and their counterparts, the tenants-at-will. Simultaneously, the proportion of area under self-cultivating owners declined from 60.7 per cent in 1887–88 to 41.6 per cent in 1936–37, and area under occupancy tenants, who enjoyed a status very similar to that of owners, from 10.3 per cent to 8 per cent of total cultivated acreage.[3]

Table 4.2
Comparison of Cultivating Occupancy in Punjab (1887–88 and 1936–37)

Area under Self-Cultivation and Area under Different Forms of Tenancy in British Punjab: Provincial Figures (1887–88 and 1936–37)

	1887–88		*1936–37*		*Percentage difference*
	Acres	*Percentage*	*Acres*	*Percentage*	
Total cultivated area	27,254,601	100	31,041,660	100	
Self-cultivated area	16,545,504	60.7	12,908,188	41.6	–19.1
Area under occupancy tenants	2,818,118	10.3	2,483,646	8.0	–2.3
Area under tenants-at-will	7,714,076	28.3	15,160,713	48.8	+20.5
Total area under tenants-at-will	7,714,076	100	15,160,713	100	
Area under tenants-at-will paying kind rents	4,822,897	62.5	11,543,060	76.1	+13.6
Area under tenants-at-will paying cash rents	2,288,824	29.7	2,311,585	15.2	–14.5
Area under tenants-at-will paying at revenue rates	602,355	7.8	1,306,068	8.6	+0.8

Source: Land Revenue Administration Reports, 1887–88 and 1936–37.

123,775 acres to 259,194 acres. *DG Rohtak*, 1910, p. 144. In Gurgaon, 39 per cent of the land was under tenants-at-will in 1908–9, whereas in 1877 only 23 per cent of the area was under tenants-at-will. *DG Gurgaon*, 1910, pp. 134–35. In Muzaffargarh District, by 1901–2, 57.7 per cent of the land was cultivated by tenants-at-will. *SR Muzaffargarh*, 1904, p. 13. In Multan, 71.4 per cent of cultivated area was under tenants-at-will by 1901. *SR Multan*, 1901, p. 15. In Montgomery, 68 per cent of the cultivated area was under tenants-at-will. *SR Montgomery*, 1899, p. 27. In Shahpur, 58 per cent was under tenants-at-will. *DG Shahpur*, 1917, p. 204. In the different tehsils of Gujrat District, between 28 to 37 per cent of the cultivated area was with tenants-at-will. *SR Gujrat*, 1912–16, p. 4. In Jhelum, 31.5 per cent of the land was held by tenants-at-will. *DG Jhelum*, 1904, p. 233. In Dera Ghazi Khan, between 42 to 76 per cent of the area in different circles was under tenants-at-will. *SR Dera Ghazi Khan*, 1893–97, p. 18. In Mianwali, about 37 per cent was with tenants-at-will. *SR Mianwali*, 1908, p. 11. In Attock, 43 per cent was under tenants-at-will. *DG Attock*, 1907, p. 179. In Kangra, about 28 per cent was under tenants-at-will. *SR Kangra*, 1897, p. 5.

[3] The Punjab Tenancy Act of 1887 had laid down that no tenant could obtain occupancy rights by mere lapse of time and therefore occupancy tenants in Punjab were only those

II
Ownership Holdings and Operational Holdings: Leasing In and Leasing Out

Concentration of land ownership and prevalence of tenancy on a large scale, however, does not by itself necessarily indicate either the presence or the absence of capitalist relations in agriculture. Obviously, what is also crucial is whether leasing in represented commercial leasing in of land by rich peasants seeking to expand cultivation or whether it represented hunger-leasing by landless peasants or by peasants who had not enough land of their own on which they could expend the available family labour and optimize the use of their indivisible instruments of production. In an attempt to answer this question, we shall now look at the available data on the size and distribution of ownership and operational holdings, both at the provincial and district levels.

Calvert, one of the foremost Punjab official experts on agriculture, conducted in the 1920s two enquiries—one into the size and distribution of owners' holdings (1925) and another into the size and distribution of cultivators' holdings (1928)—under the auspices of the Punjab Board of Economic Inquiry. As a result of these enquiries in all the 29 districts of the province, we get data on the distribution of owners' as well as cultivators' holdings in each district but, unfortunately, for the percentage of land in each holding size category, Calvert only gives us data for the province as a whole, but not its district-wise distribution. For example, we know that, say, 4 per cent of owners' holdings in Ferozepore were in the 10–15 acres holding size category, that is, that 4 per cent of landowners owned land between 10–15 acres, but we do not know how much land they owned or what proportion of total land in Ferozepore was in the 10–15 acres category. Using Calvert's data, I have computed from the figures for holdings the figures for land in each holding-size category in all districts by multiplying the number of holdings by the mean of each holding-size category. For example, if there are 500 holdings in the category of 10–15 acres, we multiply 500 by 12.5, which is the mean for the category 10–15 acres. Similarly, we multiply by 35 for the category 30–40 acres. The actual area may be marginally less or more than the computed area depending on whether more or less holdings in the category are closer to the highest or lowest

whose claims to the land had been recognized by the early settlements. These occupancy tenants were usually not very different from owners, the rent they paid was often just equal to the land revenue and perhaps another small proportion of the land revenue. Tenants-at-will, on the other hand, had no security of tenure or limitation on rent enhancement and this continued right till the end of colonial rule. For the evolution of tenancy law in the nineteenth century, see Trevaskis, *The Land of the Five Rivers*, pp. 247–55, Banerjee, *Agrarian Society of the Punjab*, Chapter 6.

point in each category. My attempt is to get a broad idea of the trends and the pattern, and not to determine the exact amount of land in each category in each district.

A comparison of the provincial-level figures for ownership and operated holdings (see Table 4.4) shows that the percentage of ownership holdings as compared to operated holdings is lower below the 25-acres holding level and greater above that level. Similarly, a comparison of the figures for percentage of area in different holding size categories of ownership holdings and cultivators' or operated holdings (see Table 4.3) shows that while more land is cultivated rather than owned below the 25-acres holding level, more land is owned rather than cultivated above that level. (It is to be noted that the provincial-level figures in Table 4.3 are the actual figures and not computed figures as for the districts.) This means that the tendency is for those with over 25 acres of land to *lease out* their land, which leads to the break-up of large owners' holdings into smaller cultivators' holdings. Thus, for the province as a whole, while 46.1 per cent of the land is owned in holdings of above 25 acres, only 26.4 per cent is operated in holdings of above 25 acres, and while 8.1 per cent of holdings are owned in units of above 25 acres, only 4.9 per cent are operated in units of above 25 acres. Further, while 25.7 per cent of the land is owned in holdings of over 50 acres, only 7.9 per cent of the land is cultivated or operated in holdings of above 50 acres, the corresponding figures for holdings being 3.3 per cent and 0.7 per cent. In fact, (if we omit holdings of below 1 acre) among all the holding size categories, the largest percentage of land is owned in the holding size category of above 50 acres and the smallest percentage is operated in that holding size category.

Below the 25-acres level, the tendency is reversed. As we have said before, more land is cultivated or operated rather than owned in holdings below this level. Thus, while only 54 per cent of the land is owned in holdings of below 25 acres, about 73 per cent of it is cultivated or operated in holdings of below 25 acres. This pattern holds true within each holding size category below 25 acres—such as the holding size categories of 5–10 acres or 10–15 acres. In each such holding size category below 25 acres, more land is operated rather than owned in that category. This means that the tendency is for cultivators in holding size categories below 25 acres to *lease in* land in order to bring up their holdings to a level that optimized the use of family labour as well as of the minimum indivisible instruments of production such as ploughs, bullocks, implements and the like. A comparison of the figures for percentage of holdings shows that while 91.5 per cent were owned in units of less than 25 acres, 94.9 per cent were operated in units below 25 acres (see Table 4.4).

Let us now look at the data at the district level. If we take 25 acres as the demarcation point, we find that the provincial pattern is confirmed by each district, that is, more land is owned rather than cultivated above the

Table 4.3
Percentage Area Owned and Operated in Various Size Categories: British Punjab—Provincial and District-wise Figures (1920s)

	Holding size category	*1–5 acres*		*5–10 acres*		*10–15 acres*		*15–20 acres*		*20–25 acres*		*25–30 acres*		*Over 50 acres*	
		Owned	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*
1	Hissar	5.5	7.6	10.8	15.4	10.8	14.9	9.2	13.9	8.0	12.1	25.5	28.1	30.0	7.6
2	Rohtak	11.7	14.9	20.2	29.1	15.4	19.4	14.3	17.2	9.1	8.0	18.8	9.9	10.1	0.4
3	Gurgaon	15.9	24.1	21.6	29.2	15.3	19.8	9.6	9.3	7.1	5.6	17.2	9.0	13.6	0.7
4	Karnal	14.5	13.7	21.4	27.1	15.6	17.8	10.3	12.6	5.8	7.7	17.3	15.9	14.5	4.1
5	Ambala	18.7	21.1	20.3	34.2	13.4	23.2	8.1	10.1	6.5	3.8	9.6	4.7	21.7	–
6	Attock	7.1	9.6	12.6	18.9	13.0	17.0	9.6	15.2	8.5	12.0	25.0	23.1	23.8	3.3
7	Mianwali	10.3	9.9	11.0	16.4	9.6	13.1	7.9	11.6	6.6	10.0	22.1	23.4	30.6	14.6
8	Jhang	6.1	6.1	7.6	16.5	5.8	19.6	5.6	17.3	3.9	13.3	18.8	22.5	51.7	3.9
9	Multan	4.6	4.8	7.9	12.3	6.2	17.5	5.3	11.4	5.5	11.6	20.0	28.6	50.0	13.1
10	Muzaffargarh	16.4	21.8	15.2	27.2	8.7	16.9	6.8	9.8	5.2	6.9	15.7	11.5	29.7	3.3
11	D. Ghazi Khan	11.1	21.0	10.6	25.2	7.7	16.8	5.8	10.2	5.3	7.8	16.6	13.0	41.2	3.4
12	Amritsar	21.3	20.5	23.1	29.5	15.0	19.0	10.2	11.3	6.7	7.8	15.0	8.2	7.8	1.3
13	Lahore	8.5	8.9	11.8	18.3	11.4	21.9	7.8	14.3	11.59	13.5	24.7	20.1	24.0	1.8
14	Jullundur	34.0	31.4	26.4	35.0	13.1	15.5	8.8	7.6	4.8	2.8	7.1	2.6	4.0	0.2
15	Ludhiana	17.8	16.4	26.1	28.0	18.7	20.6	9.6	14.2	7.1	9.7	13.6	8.0	6.3	1.0
16	Montgomery	6.2	8.1	10.9	17.8	7.5	22.8	9.2	13.6	9.9	14.5	24.7	20.9	31.1	1.1
17	Lyallpur	3.7	2.4	8.4	8.8	10.4	18.0	5.5	6.7	5.2	6.1	35.6	26.7	30.9	31.2
18	Ferozepore	7.6	9.5	12.2	16.1	9.8	14.3	7.3	13.5	5.0	11.7	17.4	22.4	40.5	11.3
19	Gurdaspur	16.8	22.7	17.7	29.3	14.4	22.1	9.3	15.5	7.6	4.7	16.9	2.5	16.3	–

(*Table 4.3 contd*)

	Holding size category	*1–5 acres*		*5–10 acres*		*10–15 acres*		*15–20 acres*		*20–25 acres*		*25–30 acres*		*Over 50 acres*	
		Owned	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*
20	Sialkot	19.5	27.6	26.7	34.4	19.2	17.0	11.2	8.0	3.1	4.1	13.6	3.7	5.4	–
21	Gujranwala	6.6	12.4	10.8	25.0	11.4	22.1	8.6	14.0	8.8	10.0	21.9	12.2	31.7	2.6
22	Sheikhupura	10.5	8.9	11.8	17.2	8.9	24.7	10.6	13.4	6.3	9.4	18.3	21.9	32.6	3.1
23	Gujrat	19.8	24.8	21.0	30.3	13.5	19.6	10.0	10.1	7.8	5.9	16.3	5.7	10.0	0.4
24	Shahpur	6.7	7.3	9.8	15.9	8.8	14.3	6.3	14.4	6.7	10.1	20.6	28.0	40.7	9.2
25	Jhelum	19.3	19.6	23.9	28.4	16.3	21.1	8.7	13.1	6.9	7.2	11.6	7.2	11.8	0.4
26	Rawalpindi	29.4	35.3	24.6	27.7	13.1	14.6	7.3	13.0	5.3	1.3	10.2	1.7	6.4	0.4
27	Hoshiarpur	28.9	47.0	24.5	27.1	10.5	8.3	6.1	2.7	5.0	0.8	12.3	0.5	10.5	0.2
28	Simla	54.4	45.9	28.7	11.3	8.3	1.7	3.0	2.4	–	3.1	–	–	–	–
29	Kangra	43.9	59.6	21.2	18.6	8.9	3.7	5.7	1.2	3.5	1.3	4.7	0.2	7.1	–
30	British Punjab	11.0	12.1	15.1	20.6	11.5	17.4	8.4	12.3	6.8	9.1	20.4	18.5	25.7	7.9

Source: Computed from BEIP, Rural Section Pub. Nos. 4 and 11, *The Size and Distribution of Agricultural Holdings in the Punjab* by H. Calvert, 1925; and *The Size and Distribution of Cultivators' Holdings in the Punjab* (1928) by H. Calvert, 1928.

Table 4.4
Percentage Holdings Owned and Operated in Various Size Categories: British Punjab—Provincial and District-wise Figures (1920s)

		Under 1 acre		*1–5 acres*		*5–10 acres*		*10–15 acres*		*15–20 acres*		*20–25 acres*		*25–30 acres*		*Over 50 acres*	
	Holding size category	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*
1	Hissar	6.5	7.0	28.7	28.9	21.9	23.9	13.2	13.7	8.0	9.1	5.4	6.2	10.3	9.6	6.1	1.2
2	Rohtak	7.1	14.6	38.8	35.6	25.2	27.6	11.5	10.8	7.6	6.8	3.8	2.5	4.7	2.1	1.3	0.0
3	Gurgaon	10.3	23.0	45.5	43.3	22.2	20.3	9.8	8.0	4.4	2.7	2.5	1.3	3.6	1.3	1.5	0.0
4	Karnal	11.4	17.6	42.7	34.2	23.6	26.1	10.3	10.4	4.9	5.3	2.2	2.5	3.9	3.4	1.6	0.5
5	Ambala	21.7	28.3	45.0	35.0	17.6	23.1	6.9	9.1	3.0	2.8	1.9	0.8	1.7	0.8	1.9	0.0
6	Simla	30.7	77.0	56.4	20.6	10.4	1.7	1.8	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Kangra	31.8	52.8	54.9	41.8	8.8	4.6	2.2	0.5	1.0	0.1	0.5	0.1	0.4	0.0	0.3	0.0
8	Hoshiarpur	21.5	53.8	53.6	36.5	15.8	7.8	3.9	1.4	1.6	0.3	1.1	0.1	1.6	0.0	0.7	0.0
9	Jullundur	20.9	35.6	54.4	40.6	15.6	17.0	4.6	4.4	2.2	1.6	0.9	0.4	0.8	0.2	0.2	0.0
10	Ludhiana	10.8	24.7	43.4	34.2	25.3	22.5	10.9	9.7	4.0	4.8	2.3	2.5	2.6	1.3	0.6	0.0
11	Ferozepore	6.2	20.0	37.5	30.4	22.5	19.5	10.8	10.4	5.8	7.0	3.1	4.7	6.4	5.6	7.5	1.6
12	Lahore	10.7	19.4	36.4	27.4	18.7	20.8	11.3	14.8	5.3	6.9	5.8	5.1	7.8	5.3	3.8	0.1
13	Amritsar	14.6	25.7	49.8	38.8	19.3	21.0	7.6	7.9	3.6	3.3	1.9	1.8	2.5	1.3	0.7	0.0
14	Gurdaspur	15.2	30.3	45.7	37.3	18.2	18.7	8.9	8.3	4.1	4.1	2.6	0.9	3.5	0.4	1.7	0.0
15	Sialkot	17.9	37.8	42.7	36.8	22.3	17.7	9.6	5.0	4.0	1.7	0.8	0.7	2.3	0.1	0.4	0.0
16	Gujranwala	6.4	24.8	33.1	29.6	20.5	22.4	13.0	11.9	7.0	5.4	5.6	3.0	8.3	2.4	6.0	0.0
17	Sheikhupura	18.7	21.9	39.9	25.5	15.9	19.5	7.2	16.8	6.1	6.5	2.8	3.5	4.9	5.9	4.4	0.3
18	Gujrat	19.1	27.4	46.6	41.1	17.8	19.3	6.9	7.3	3.6	2.7	2.2	1.2	2.8	0.8	0.9	0.0

(*Table 4.4 contd*)

		Under 1 acre		*1–5 acres*		*5–10 acres*		*10–15 acres*		*15–20 acres*		*20–25 acres*		*25–30 acres*		*Over 50 acres*	
	Holding size category	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*
19	Shahpur	13.3	16.6	33.5	26.6	18.4	21.7	9.9	11.8	5.1	8.5	4.2	4.6	7.8	8.6	7.7	1.4
20	Jhelum	19.2	31.4	43.5	34.4	21.2	19.3	8.2	8.4	3.1	3.7	1.9	1.6	1.9	1.0	1.0	0.0
21	Rawalpindi	32.0	38.1	45.4	43.3	13.5	12.1	4.3	3.7	1.7	2.3	1.0	0.3	1.1	0.1	0.4	0.0
22	Attock	11.8	17.8	30.5	29.0	20.8	22.2	12.8	11.9	6.6	7.6	4.6	4.7	8.2	6.3	4.0	0.4
23	Mianwali	19.8	17.4	39.0	32.7	15.8	20.9	7.7	9.9	4.5	6.2	2.9	4.2	5.9	6.4	4.1	2.2
24	Montgomery	15.1	18.7	29.7	25.4	19.3	21.1	7.3	16.3	6.9	6.9	5.8	5.8	8.7	5.8	5.5	0.0
25	Lyallpur	2.2	5.5	11.4	13.7	21.3	20.4	23.1	24.5	4.1	6.5	3.7	4.6	28.8	15.2	6.1	9.4
26	Jhang	16.4	16.0	35.0	21.5	15.6	22.8	7.1	16.0	4.6	10.1	2.7	6.0	7.8	7.0	10.7	0.6
27	Multan	13.2	16.1	28.8	20.6	18.6	19.6	8.7	16.9	5.3	7.9	4.2	6.2	9.3	10.1	11.6	2.3
28	Muzaffargarh	30.4	26.2	41.8	40.6	13.5	19.6	4.6	7.1	2.6	2.9	1.5	1.6	2.9	1.8	2.7	0.0
29	Dera Ghazi Khan	30.2	26.6	37.7	40.5	12.7	18.4	5.5	7.2	2.9	3.1	2.1	1.8	4.0	2.1	4.9	0.0
30	British Punjab	17.9	22.5	40.4	33.3	18.0	20.5	8.2	10.2	4.3	5.3	2.7	3.1	4.8	4.2	3.3	0.7

Source: BEIP, Rural Section Pub. Nos. 4 and 11, *The Size and Distribution of Agricultural Holdings in the Punjab*, by H. Calvert, 1925; *The Size and Distribution of Cultivators' Holdings in the Punjab*, by H. Calvert, 1928.

25-acre level. (See Table 4.3.) In 21 out of 29 districts, in both holding size categories above 25 acres, that is, in the categories of 25–50 acres and over 50 acres, the percentage of total area owned is larger than area operated. In seven of the remaining eight districts, the fall in percentage of area operated as compared to owned begins at the 50 acre level. In the remaining district, Lyallpur, there is a fall in the category of 25–50 acres, but neither a fall nor an increase in the category of over 50 acres.

It is significant that of the seven districts in which the fall begins at the 50-acres level, four (Shahpur, Jhang, Sheikhupura, Multan) were either fully or partly canal colony areas. Among the factors that would cause the average size of operated holdings to be larger in the canal colonies were the pattern of initial land grants—where the minimum land given to "peasant grantees" was invariably at least one square (roughly 27 acres) and often two or more, to "yeoman grantees" 5 squares or more, to "landlord or capitalist grantees" anything from hundreds to thousands of acres—and climatic and soil conditions which favoured extensive methods of cultivation in contrast to the samll-holding areas of central Punjab where methods of cultivation were highly intensive.

The fifth district, Ferozepore, though not a canal colony in the strict sense (because it was not an unsettled, unpopulated district though it was an arid, low population, large-holdings district before the canals came), was very much a canal-irrigated district and therefore similar in many ways to the canal colonies: it had large holdings, extensive method of cultivation, etc. The sixth and seventh districts, Mianwali and Hissar, were both backward, unirrigated, low-rainfall areas where the optimum size of holding was necessarily large. Thus all the seven districts where we find the fall in area operated as compared to area owned begins at a level higher than 25 acres are those where the optimum size of family holding is high due to various factors.

For Lyallpur, our data shows that while in the 25–50-acre category area operated was less than area owned, in the over 50-acre category area operated was the same as area owned though the percentage of operational holdings in this category as compared to ownership holdings is larger (9.4 per cent and 6.1 per cent respectively). The explanation for this phenomenon may be that many of the larger-sized owners' holdings—those running into hundreds and sometimes thousands of acres—are broken up into smaller operational holdings of say 60 or 70 or 100 acres. In this way, though the area cultivated in holdings of over 50 acres would remain the same (for example, one holding of 1,000 acres broken up into 10 holdings of 100 acres each), the number of operational holdings as compared to owners' holdings would go up tremendously. The likelihood of this occurring is quite strong, for large holdings would tend to be broken up into reasonable-size operational holdings and not into very small operational holdings, given the greater returns that landlords could expect from larger-sized holdings cultivated by tenants with sufficient means and ability under the prevailing system of share-rent.

Further, it is to be noted that, of the total of 31.2 per cent of land that is operated in the holding size category of above 50 acres in Lyallpur, the overwhelming majority, that is, 26.3 per cent, is actually operated in holdings of between 50–60 acres. The figures for operational holdings also show a similar concentration, 8.2 per cent out of the 9.4 per cent in the over-50-acres category were actually in the category of 50–60 acres.[4] The explanation for this concentration may well be in the fact that the 2 square land allotment falls in this category (2 squares being roughly equal to 54 acres) and the reason why so many people cultivated in this category is because their initial land grants were in this category. This explanation seems plausible if we look at the other categories in which concentration of operated holdings occurs in Lyallpur. These turn out to be the categories of 10–15 acres and 25–30 acres[5] (which account for 24.5 per cent and 11.8 per cent of holdings and 18 per cent and 19 per cent of land respectively), the very same categories into which the land allotments of half a square (roughly 13 acres) and one square (roughly 27 acres) fit in. Therefore, the likelihood is that most of those who cultivate in the over 50-acre category are those who had initial land grants of 2 squares or 54 acres and not peasants with smaller ownership holdings who are leasing in land to make up larger operated holdings. The proportion of the latter would seem to be quite low, even in Lyallpur.

The district-wide pattern is confirmed by the village survey of Kala Gaddi Thamman in the same district (see Table 4.5). Upto the holding size category of 20 acres, the percentage of operated holdings is larger than the percentage of ownership holdings, that is, more land is being leased in, but after that, land is being leased out. Though 38.8 per cent of ownership holdings are in the category of 20–50 acres, only 22.4 per cent of operated holdings are in that category and no land is operated in holdings of over 50 acres.

However, on the other side of the picture, for as many as 11 districts, the fall in the proportion of area operated as compared to area owned begins at a level much lower than 25 acres. For five of these 11 (Rohtak, Ambala, Rawalpindi, Gujrat, Gurdaspur) it begins at the 20-acre level, for three (Gurgaon, Sialkot, Jullundur) at the 15-acre level, for one (Hoshiarpur) at the 10-acre level and for two (Simla and Kangra) at the 5-acre level. Thus, of the 29 districts in the province, for 11 the fall begins at a point lower than 25 acres, for eight at a point higher than 25 acres and for 10 districts at the level of 25 acres (see Table 4.3). The point at which the fall in the ratio of area operated/area owned begins is the point above which the tendency

[4] BEIP, *The Size and Distribution of Cultivators' Holdings in the Punjab*, 1928, pp. 14–17.

[5] This is also confirmed by the village survey in Lyallpur District. The concentration for ownership and operational holdings was high in these two categories. See Table 4.5.

Table 4.5
Percentage Holdings Owned and Operated in Different Holding Size Categories in Selected Villages in British Punjab (1920s and 1930s)

Holding size	*I Kangra*		*II Ambala*		*III Gurgaon*		*IV Jullundur i*		*V Jullundur ii*		*VI Rohtak*	
category	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*	*Owned*	*Operated*
Under 1 acre	31.9	52.8	11.2	16.0	13.0	33.4	27.6	51.6	63.0	66.0	35.3	1.8
1–2.5 acre	41.0	27.7	16.8		23.5		29.9				18.5	3.5
2.5–5 acre	13.9	14.2	25.2	17.3	25.5	24.8	23.8	11.4			10.1	14.2
5–7.5 acre	8.8	3.5	16.8	18.5	13.7	11.7	12.4	12.1	29.0	24.0	8.4	28.3
7.5–10 acre		1.1	10.3	17.3	6.3	13.5	3.3	11.4			2.5	10.6
10–15 acre	2.2	0.5	14.0	21.0	10.2	9.4	1.8	9.4	6.0	10.0	8.4	14.2
15–20 acre	1.0	0.1	1.0	6.2	2.7	4.5	0.5	3.0			5.0	8.0
20–50 acre	0.9	0.1	4.7	3.7	4.7	2.6	0.3	1.1	2.0	1.0	10.1	19.5
Over 50 acres	0.3	0.0	0.0	0.0	0.4	0.0	0.3	0.0			1.7	0.0

(*Table 4.5 contd*)

Holding size category	VII Muzaffargarh Owned	VII Muzaffargarh Operated	VIII Hissar Owned	VIII Hissar Operated	IX Ferozepore Owned	IX Ferozepore Operated	X Amritsar Owned	X Amritsar Operated	XI Gujranwala Owned	XI Gujranwala Operated	XII Lyallpur Owned	XII Lyallpur Operate
Under 1 acre	52.3	43.1	20.5	19.4	20.2	32.0	12.3	14.5	0.0	6.1	0.0	14.9
1–2.5 acre	22.1		18.1		29.8		9.2		22.2	31.8	0.0	
2.5–5 acre	13.1	20.2	23.1	18.8	19.0	18.8	31.9	5.5	14.8	12.1	0.0	2.1
5–7.5 acre	7.6	16.3	8.9	13.7	12.0	13.8	16.6	17.5	14.8	7.6	8.9	2.1
7.5–10 acre	1.2	8.6	7.2	9.1	5.0	5.5	5.5	23.0	25.9	19.8	16.4	13.8
10–15 acre	1.8	8.1	8.4	14.5	6.2	12.2	12.3	22.0	11.1	9.0	29.9	34.0
15–20 acre	0.0	2.1	2.8	11.6	2.3	6.6	6.7	10.5	7.4	10.6	4.5	10.7
20–50 acre	1.2	1.6	6.6	12.9	3.5	11.1	4.9	7.0	0.0	3.0	38.8	22.4
Over 50 acres	0.6	0.0	4.4	0.0	2.0	0.0	0.6	0.0	3.7	0.0	1.5	0.0

Source: Column I: Computed from BEIP, Pub. No. 9, *An Economic Survey of Haripur and Mangarh Taluqas of Kangra District*, p. 47. The figures pertain to 105 villages in the District surveyed in 1930–31. In this Column, the holdings in second and third rows are of 1–3 acres and 3–5 acres.

Column II: Computed from BEIP, V.S. No. 5, *An Economic Survey of Naggal in Ambala District*, pp. 38 and 49, the figures are for 1923–24.

Column III: Computed from BEIP, V.S. No. 7, *An Economic Survey of Bhadas in Gurgaon District*, pp. 43 and 46, Tables 17 and 21. The figures are for 1927–28.

Column IV: Computed from BEIP, V.S. No. 3, *An Economic Survey of Tehong in Jullundur District*, pp. 49–56, Tables XVII and XXI. The figures are for 1924–25.

Column V is from Tom G. Kessinger, *Vilyatpur 1848–1968*, pp. 114 and 116, Tables 14 and 16. The figures are for 1934.

Column VI: Computed from BEIP, V.S. No. 2, *An Economic Survey of Gijhi in Rohtak District*, pp. 58 and 64. The figures are for 1924–25.

Column VII: Computed from BEIP, V.S. No. 8, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, pp. 45 and 49, Tables 25 and 29. The village was surveyed in 1931–32.

Column VIII: Computed from BEIP, V.S. No. 10, *An Economic Survey of Jamalpur Sheikhan in Hissar*, pp. 59 and 73. The figures are for 1934–35.

Column IX: Computed from BEIP, V.S. No. 9, *An Economic Survey of Suner in Ferozepore District*, pp. 48 and 52. The village was surveyed in 1932–33 and 1934.

Column X: Computed from BEIP, V.S. No. 1, *An Economic Survey of Gaggar Bhana in Amritsar District*, pp. 49 and 59, surveyed in 1925–26.

Column XI: Computed from BEIP, V.S. No. 6, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 66–67, Tables XXVI, XXVII and XXVIII, surveyed in 1926–27.

Column XII: Computed from BEIP, V.S. No. 4, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, pp. 51 and 54, Tables XXII and XXV.

for leasing out of land also begins. The precise location of this point depends on a variety of factors, which include soil condition, rainfall, whether cultivation is extensive or intensive, population pressure and demand for land, and, in the case of the canal colonies, the pattern of initial land grants. In areas of intensive cultivation, good rainfall, fertile soil, and heavy population pressure, this point would tend to be lower down the scale, as in Jullundur, Hoshiarpur, Kangra, Sialkot, etc.

Table 4.5 presents data based on village-level studies and one taluqa-level study in different districts for the percentage of owned and operated holdings (not area) in different holding-size categories. The pattern is the same as that revealed in the provincial- and district-level data in Table 4.4. In none of the villages covered in these studies was anyone found operating a holding of more than 50 acres, even though in 11 out of the 12 cases there were people with ownership holdings of more than 50 acres. In three cases, the percentage of operated holdings was less than that of ownership holdings even in the category of 20 to 50 acres (Columns I to III), though for the rest the proportion of operated holdings falls in comparison to owned holdings only after the 50-acre level. However, one reason for the latter may be that unlike the provincial level data, there is no disaggregation of the 20–50 acre holding size category; if there had been a separate category of 20–25 acres, we may have had the fall in ratio beginning at the lower point of 25 acres. In other words, the data as it is has no way of showing leasing out by an owner of, say, 35 acres, who gives out 12 acres on rent; his operated holding, in the present classification, will still remain in the same category of 20–25 acres. That this is likely to have been the case is suggested by the village survey of Gaggar Bhana in Amritsar District which says that all those who own more than 20 acres give out their "surplus" land on *batai* rents.[6] However, this does not get reflected in the data for the village in Table 4.5, Column X, which shows an increase in operated holdings relative to ownership holdings in this category. Nevertheless, the provincial pattern is confirmed in its essentials by this data as well.

Kessinger's study of a village in Jullundur District, which gives data for owned and operated holdings from 1848 till 1946 (see Table 4.6), and is in fact the only source from which this data is available over time, also shows that the pattern of leasing out of land after the 20-acre level had not undergone any change from 1848 till 1946, and that in fact the percentage of operated holdings as well as percentage of area operated in the holding size categories above 10 acres had declined very markedly over the years. In other words, there was no question of any tendency of increase either in the percentage of operated holdings in the higher size categories of over 10 acres, nor of any increase in percentage of area cultivated or operated in these categories, nor any decline in the tendency of leasing out "surplus" land after the optimum family holding size was reached.

[6] BEIP, *An Economic Survey of Gaggar Bhana in Amritsar District*, pp. 55–56.

Table 4.6
Percentage Holdings and Percentage Area Owned and Operated in Different Holding Size Categories in a Village in Jullundur District (1848–1946)

	Percentage of holdings in different holding size categories									
	Acres 0.01–1.99		*Acres 2–4.99*		*Acres 5–9.99*		*Acres 10–19.99*		*Acres 20 plus*	
	Owned	*Oper-ated*	*Owned*	*Oper-ated*	*Owned*	*Oper-ated*	*Owned*	*Oper-ated*	*Owned*	*Oper-ated*
1848	7	20	17	13	10	20	51	41	15	7
1884	10	31	29	19	40	33	15	14	6	3
1898	21	41	23	19	32	22	18	15	5	3
1910	25	43	37	17	20	19	12	18	6	3
1922	21	42	33	18	35	24	8	13	3	2
1934	30	47	33	19	29	24	6	10	2	1
1946	36	51	36	15	24	21	4	12	0	0
	Percentage of land in different holding size categories									
1848	–	1	4	5	5	14	54	61	36	20
1884	2	3	13	10	38	38	25	33	22	16
1898	4	4	11	13	34	31	32	39	22	12
1910	4	4	22	11	25	25	25	48	23	12
1922	4	5	20	13	43	37	20	38	14	8
1934	6	6	23	15	41	42	17	30	13	6
1946	9	8	35	14	42	38	14	39	0	0

Source: Tom G. Kessinger, *Vilyatpur 1848–1968*, tables 15, 16, pp. 114, 116.

The significance of this data is considerable, and for various reasons. One, the data is from a village in the Jullundur District, which was a very fertile, high-rainfall area in the heart of Punjab with well-developed communications and the like, and therefore ideally placed to take advantage of any potential or real benefits of commercialization. Two, it had a large inflow of income from non-agricultural sources—from the army as well as from abroad and from the canal colonies where a large number of its residents had been settled as part of government policy to relieve population pressure in the crowded areas. Three, the hold of the merchant-moneylender or *sahukar* was very weak and agriculturists dominated the credit and mortgage markets. Four, interest rates were among the lowest in Punjab and money could therefore be borrowed at comparatively easy rates for any desired investment in agricultural improvement. Five, there were no big landlords in the village or in the district as a whole whose "feudal" ways could be urged as a reason for the tendency of leasing out: the village was owned by Jat peasants who had no aversion to self-cultivation. Six, Kessinger's data is very reliable because it is based not on averages for an area or a district but on the actual entries in the village records.

In spite of all these "positive" conditions, however, we find no evidence of any tendency in this Jullundur village towards rich peasant farming based on expansion of the unit of cultivation. On the contrary, there is a decline in the number, percentage and area under larger units of cultivation, leading to the conclusion that what we have here is intensification of petty commodity production rather than the emergence or growth of rich peasant farming.[7]

Thus, in Punjab, the pattern of leasing out and leasing in was not the pattern characteristic of the emergence of capitalism in agriculture—of leasing out by small peasants and leasing in by large landowners. The leasing out was indulged in primarily by larger landowners and leasing in primarily by those who did not own enough land to complete an optimum family holding which optimized the use of family labour and the minimum indivisible instruments of production.

On the basis of his detailed village-level study, Kessinger also argues that the size of the operated holding varies with the amount of family labour available. Those with more land lease it out and those with less land either rent land in the village or send members outside to find work.[8] This is also confirmed by qualitative evidence from official surveys and reports.

[7] The only village survey conducted by the Board of Economic Inquiry, Punjab, which gives figures for two different dates, thus enabling a comparison over time, is the one of Jamalpur Sheikhan in Hissar District in south-east Punjab. This was a low-rainfall, low-irrigation, drought-prone area and agriculturally backward and the amount of land needed to complete a viable operational holding was higher than in other areas. Here, too, we find that the percentage of operated holdings in the over-50 acres category declines between 1924–25 and 1934–35 from 0.7 to 0.0 per cent, whereas percentage of ownership holdings over 50 acres increased over the same period from 4.2 to 4.4 per cent. There is thus no change between these two dates in the pattern of leasing out of "surplus" land once the 50 acres point is reached, and in fact by the second date no one is cultivating a holding of more than 50 acres, even though more of them had acquired ownership holdings of over 50 acres. The following table gives the details:

Holding size category	Percentage ownership holdings		Percentage operated holdings	
	1924–25	1934–35	1924–25	1934–35
Less than 1 acre	12.9	20.5		
1–2.5 acres	25.2	18.1	20.8	19.4
2.5–5 acres	24.3	23.1	19.4	18.8
5–7.5 acres	11.6	8.9	12.1	13.7
7.5–10 acres	6.4	7.2	11.1	9.1
10–15 acres	5.5	8.4	14.9	14.5
15–20 acres	3.3	2.8	8.4	11.6
20–50 acres	6.6	6.6	12.6	12.9
Over 50 acres	4.2	4.4	0.7	–

BEIP, *An Economic Survey of Jamalpur Sheikhan in Hissar*, pp. 59, 73.

[8] See Kessinger, *Vilyatpur 1848–1968*, pp. 138–46, for a detailed exposition of this argument.

For example, the village survey in Gujranwala District commented: "The increase or decrease in cultivation ordinarily depends on the number of family workers; if there are more, cultivation is extended, if less, it is contracted irrespective of the amount of land owned. Solitary owners, or owners who have no other men in their families, do not generally cultivate, no matter how much land they own".[9] The survey of a village in Jullundur noted that cultivation varied with the number of family workers and ploughs. A cultivating family with one plough cultivated 5–7 acres and one with two ploughs cultivated 8–12 acres or a little more.[10] For Amritsar, it was said that "ordinarily the tenant is either himself a small proprietor, whose holding is insufficient for the maintenance of his family or more commonly, especially in Tarn Taran, a member of one of the menial tribes".[11] The same was echoed for Hoshiarpur: "As a rule tenants come from the same classes as the proprietary body, and when a man has not enough land of his own he takes some land on rent from a more fortunate neighbour".[12]

There were other kinds of leasing in and leasing out but these did not significantly alter the basic pattern. Some dwarf-holders, who failed to lease in land and make a viable holding, also leased out their tiny uneconomic holdings. This is shown in Table 4.4 by the lower figure for operated holdings as compared to ownership holdings in the category of 1–5 acres. However, their contribution to the total land leased in would be very small since the total land under owners of this category was only 11 per cent (see Table 4.3); and even if we assume that they leased out the whole of this land (an assumption that is hardly tenable), they could still contribute only a small part of the land under tenancy which was close to 50 per cent of the total land.

Also, while leasing out and leasing in were also used as a means of consolidating an operational holding by leasing out distant plots and leasing in more convenient ones,[13] this would not affect the figures for owned and operational holdings; it would only tend to inflate the figures for area under tenancy cultivation.

The conclusion that the pattern of leasing out and leasing in was primarily one of leasing out by larger landowners and leasing in by those with insufficient land is also suggested by the strong correspondence between total area under owners of over 25 acres and the total area under tenancy, the

[9] BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, p. 138.
[10] BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 162.
[11] *DG Amritsar*, 1914, pp. 95, 135–37.
[12] *SR Hoshiarpur*, 1910–14, p. 25.
[13] This pattern was more prevalent in the central and eastern districts, which had fewer large landowners and landless tenants, than in the canal colonies and west Punjab. See, for example, BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 80; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, p. 74.

former being 53.6 per cent of the total in 1939, and the latter 48.8 per cent in 1936–37 (see Tables 4.1 and 4.2).

Calvert, who conducted the enquiries on which the provincial- and district-level data cited here is based, also analysed the findings of his enquiries in a similar fashion. "The unpleasant feature of the figures is the refusal of owners with more than fifteen acres to cultivate these themselves, and the absence of anyone farming on Western lines .... Over one hundred thousand owners in the province have each over fifty acres of cultivated land, and eighty thousand of them will not cultivate it themselves".[14] He also noted that "the tendency to take extra land for cultivation is most marked in the classes from 5 to 15 acres; and declines after 15 acres. It may be assumed that 15 acres represent the maximum area usually cultivated with the assistance of one pair of oxen".[15] He also believed that this tendency was corroborated by the fact that almost every one paying Rs 25 or more as land revenue, which roughly denoted the ownership of about 15–18 acres of cultivated land on an average, "described himself as living on rents: an interesting commentary on the antipathy of the Punjab owner to cultivate more than a small area, even when it is within his estate". He also cites the example of an enquiry conducted in Bairampur in Hoshiarpur District, in which it was found that "owners of less than 8 acres took extra land as tenants, while no one owning 8–15 acres did this". He concluded: "generally we may say that an owner of 15 acres is satisfied to cultivate that .... There does not appear to have been any tendency on the part of the larger owners to take under their direct management larger farms".[16] It does not seem that Calvert changed his views on this question in later years, for in his evidence before the Punjab Land Revenue Committee in 1937, he said:[17]

> Owners of land upto 12 to 14 acres cultivate it themselves, ... owners beyond this and upto 25 acres cultivate part at least of their land. Beyond 25 acres, there begins a tendency to rent the whole, but it would hardly be safe to assume this before the 50 acre holding begins.

He also noted the strong correspondence between total area under large owners and total area under tenants: districts with a larger proportion of area under large owners tended to have more land under tenants and the larger the proportion of land owned by small owners the smaller was the proportion cultivated by tenants paying rent.[18]

[14] Calvert, *The Wealth and Welfare of the Punjab*, p. 177.
[15] BEIP, *The Size and Distribution of Cultivators' Holdings in the Punjab*, 1928, p. 4.
[16] BEIP, *The Size and Distribution of Agricultural Holdings in the Punjab*, 1925, pp. 3–5, 9–10, 15.
[17] *LRCR*, p. 212.
[18] BEIP, *The Size and Distribution of Agricultural Holdings in the Punjab*, 1925, pp. 9–10.

A survey carried out in a Multan village also demonstrated this connection. The increasing concentration of land in the hands of the big landlord family in the village and the expropriation of many smaller peasants led to a decline in self-cultivated area from 28.2 per cent in 1897–98 to 17.3 per cent in 1932–33 and a corresponding increase in area under tenancy. Cash rents declined and rates of *batai* rents shot up.[19] The Punjab Land Revenue Committee also accepted the connection between concentration of land ownership and increase in tenancy.[20] Professor Brij Narain, the noted economist of Punjab, had of course been arguing this position for many years.[21]

III
Leasing Out versus Direct Cultivation

Why did owners with "surplus" land that could not be cultivated through primarily family labour or large landowners with huge estates prefer to lease out their land rather than go in for direct cultivation through hired labour?

The choice before a landowner whose holdings exceeded the optimum size cultivable with primarily family labour and the existing agricultural stock was to either expand cultivation by hiring labour and expanding his agricultural stock or to lease out his "surplus" land. The fact that the tendency was to lease out rather than to resort to direct cultivation through hired labour suggests that the former choice was, in the existing conditions, considered more profitable.

There has, however, been some confusion regarding the impetus or motivation for leasing out land on tenancy. For example, while Neeladri Bhattacharya correctly points out that the limit of self-cultivation is defined by the quantum of family labour, etc., his explanation for leasing out after this limit is reached—that cultivation through hired labour brings in lower returns than family labour—is logically flawed.[22] Since the choice on the "surplus" land that cannot be cultivated by family labour is not between cultivation through *family labour* and cultivation by *hired labour*, but between *leasing out* and cultivation through *hired labour*, only a higher return from leasing out relative to cultivation through hired labour will explain the tendency to lease out "surplus" land.

[19] BEIP, *An Economic Survey of Durrana Lungana in Multan District*, p. 187.
[20] *LRCR*, p. 32.
[21] See, for example, Brij Narain, *Land Revenue Reform in the Punjab*, p. 10, cited in *LRCR*, p. 32.
[22] N. Bhattacharya, "The Logic of Tenancy Cultivation (A Study with Reference to Central and South-East Punjab)", mimeo., Centre for Historical Studies, JNU, 1981, p. 8.

We shall now look more closely both at tenancy cultivation and at wage labour to try and understand why leasing out was more attractive than cultivation through wage labour.

Tenancy Cultivation

We have already noted earlier that the area under tenancy had grown significantly both in absolute terms and as a proportion of total cultivated area. What is perhaps even more important, the terms on which land was available for tenancy were deteriorating. The first proof of this lies in the fact that the nature of tenancy was undergoing a significant change with the trend showing a marked shift towards share-cropping on half-share basis, which rapidly became the preponderant form of rent. As shown in Table 4.2, area cultivated by tenants-at-will paying kind rents had gone up by about 140 per cent in the period 1887–88 to 1936–37, from 4,822,879 acres to 11,543,060 acres. As a proportion of total cultivated acreage under tenants-at-will, it had increased from 62.5 per cent to 76.1 per cent. Meanwhile, over the same period, the proportion of area under tenants-at-will that was cultivated on cash rents had declined from 29.6 per cent to 15.2 per cent. Early British records, moreover, had shown a *preponderance* of cash rents. Increasingly, cash rents survived mainly in the more backward areas of south-east Punjab (though even here they were said to be declining rapidly) whereas kind rents were growing at the rapidest rate in the more advanced districts of the canal colonies and central Punjab.[23]

The most common form of kind rent or *batai* in Punjab involved the payment of half the gross produce to the landlord. In addition, the tenant paid half the land revenue and water rate. This proportion could vary with the nature of the soil, climate, irrigation and crops, and the rates would be lower on poor soils and backward areas and on certain crops like sugar cane which involved heavy expenditure. Sometimes the tenants may pay the whole of the water rate and the landlord the whole of the land revenue. The landlords contributed very little to the costs of cultivation, usually providing at best half the cost of seed and half the water rates and land revenue.[24] The consequence of this was that the share of the landlords

[23] See, for example, *Darling Papers*, I/20, TS Notebook; *DG Amritsar*, 1914, p. 97; *SR Lahore*, 1912–16, p. 20; *DG Lahore*, 1916, p. 140; *SR Gurdaspur*, 1892, p. 43; *DG Gurdaspur*, 1914, p. 123; *SR Sialkot*, 1917, p. 13; *DG Rohtak*, 1910, p. 144; *DG Gurgaon*, 1910, pp. 134, 136–37; *SR Hissar*, 1906–10, p. 12; *DG Hissar*, 1915, p. 170; *DG Dera Ghazi Khan*, 1893–97, pp. 82–83; *Settlement Manual*, pp. 173, 176; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 162–63; BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 180–83; BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 188; *SR Dera Ghazi Khan*, 1916; *DG Ferozepore*, 1915, p. 191; *DG Jullundur*, 1904, p. 210; Calvert, *The Wealth and Welfare of the Punjab*, p. 198.

[24] See, for example, *Darling Papers*, I/20, TS Notebook; *DG Amritsar*, 1914, pp. 96–97; *DG Gurdaspur*, 1914, pp. 123–24; *SR Lahore*, 1912–16, p. 22.

in the *net income* from the land far exceeded their share in the *gross produce*. According to one estimate, on an average of good, bad and indifferent years, 80 per cent of the net income of a holding under *batai* went to the landlord and only 20 per cent was retained by the tenant.[25]

The increasing shift to kind rents was obviously advantageous to the rent-receiving landlords. It secured for them an automatic increase in rents during periods of rising prices without involving any struggle over the increase. *Batai* rents were also most common on irrigated lands, where chances of crop failures were low and the landlords did not therefore have to share the risk of unpredictable seasons. In areas of low rainfall and insecure harvests and on *barani* soil, cash rents were more common, as

[25] Brij Narain, *India Before and Since the Crisis*, Vol. 2, p. 561. A study conducted in 1923–24 into 18 tenant holdings in Lyallpur District found that the respective share of net income of the landlord and tenant was roughly 60 per cent and 40 per cent; the landlord earned Rs 30-3-0 per acre and the tenant Rs 19-3-0. BEIP, *Some Aspects of Batai Cultivation*, Statements V and VII. Another study of four holdings in the canal colonies gave the following results for the year 1925–26:

District in which holding is situated	Net income of landlord	Net income of tenant	Total net income
	Rs a p	Rs a p	Rs a p
Lyallpur	40 - 9 - 1	26 - 0 - 4	66 - 9 - 5
Lyallpur	52 - 13 - 4	34 - 5 - 6	87 - 2 - 10
Montgomery	35 - 13 - 6	19 - 6 - 0	55 - 3 - 6
Montgomery	31 - 11 - 11	19 - 9 - 0	51 - 4 - 11

BEIP, *Accounts of Different Systems of Farming in the Canal Colonies of the Punjab*. The farm accounts for east Punjab, 1945–46 to 1947–48, give the following results for the entire *batai* area in the holdings covered by the farm accounts:

		1945–46		1946–47		1947–48	
		Per acre	Percentage	Per acre	Percentage	Per acre	Percentage
		∗Landlord †Tenant	Landlord Tenant	Landlord Tenant	Landlord Tenant	Landlord Tenant	Landlord Tenant
Gross income	∗	25.17	49	37.99	47	20.03	37
	†	25.69	51	42.39	53	34.07	37
Expenditure	∗	1.78	4	4.21	6	1.88	7
	†	45.95	96	67.24	94	26.43	93
Net income	∗	23.39	–	33.78	–	18.15	70
	†	–20.26	–	–24.85	–	7.64	30

Source: BEIP, *Farm Accounts in East Punjab, 1945–46 to 1947–48*, p. 69.

here the landlords wanted to be sure of a stable income.[26] The rates of cash rents were also increasing.[27]

It is clear, therefore, that under these conditions, the increasing shift from cash to kind rents was reflective of the fact that it was the landlords who "commanded the situation",[28] and tenants were increasingly operating in a sellers' market. Tenants preferred cash rents, but they were being increasingly forced to shift to *batai* or share-cropping,[29] and even cash rents were going up. The reason for this was to be found in the increasing competition for land on tenancy terms.

The numbers of those seeking land on rent had been swollen by a number of factors: (*a*) The overall underdevelopment of the Indian economy under colonialism, characterised by lack of industrialization and by deindustrialization, had serious repercussions on agriculture as well. In Punjab, the effects of these developments were, for some time, to a great extent

[26] "... the growing tendency for the landlord is to insist on payment by a share of the produce of the rent of irrigated soils and to prefer payment in cash on unirrigated land, where he runs no risk of loss if the crop fails". *DG Amritsar*, 1914, p. 97. In Rohtak, kind rents were taken on irrigated lands, where the returns were secure and cash rents were insisted upon in the precarious *barani* tracts. *DG Rohtak*, 1910, p. 144. In Gurgaon, which was particularly drought-prone, kind rents were found on only 9 per cent of the total of 39 per cent of the land under tenants-at-will; the remaining 30 per cent paid cash rents. In fact, kind rents were popular only on canal-irrigated land; elsewhere they had decreased. *DG Gurgaon*, 1910, pp. 134, 136–37. In Tehong Village in Jullundur District, tenants preferred fixed grain or cash rents but landowners wanted to give fertile lands only on *batai*, and poor lands on cash rents. Only absentee landowners wanted to give land on fixed rents. But the competition for land was so high that landowners succeeded in enforcing their own preference for *batai*. BEIP, *An Economic Survey of Tehong in Jullundur District*, pp. 186–88.

[27] In three tehsils of Amritsar District, the rate of cash rents had increased over the last 20 years by 66 per cent in Tarn Taran, 39 per cent in Amritsar and 25 per cent in Ajnala. *DG Amritsar*, 1914, p. 98. Similar increases were reported from elsewhere as well. In Gurdaspur, landlords were gradually establishing their right to a share in the straw, which they did not have earlier. *DG Gurdaspur*, 1914, p. 124. In Ludhiana the increase in 30 years between two settlements was 106 per cent. *SR Ludhiana*, 1908–11, p. 25. Also see *DG Jullundur*, 1904, p. 211; *SR Jullundur*, 1913–17, p. 25; *SR Hoshiarpur*, 1910–14, p. 26; *SR Karnal*, 1909, pp. 18–19; *DG Gurgaon*, 1910, p. 137; *SR Hissar*, 1906–10, p. 12; BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, p. 97, Table IV; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, p. 151, Table LXI; BEIP, *An Economic Survey of Naggal in Ambala District*, pp. 101–2; BEIP, *An Economic Survey of Jamalpur Sheikhan in Hissar District*, pp. 149, 152; *Punjab Development (Revenue) Department Proceedings*, February 1927, No. 1, IOR P/11647; *SR Gujrat*, 1928; BEIP, *An Economic Survey of Tehong in Jullundur District*, pp. 189–90; *SR Lahore*, 1912–16, p. 20; *SR Sialkot*, 1917, p. 13; *DG Sialkot*, 1920, p. 109.

[28] Calvert, *The Wealth and Welfare of the Punjab*, p. 198.

[29] In Gujranwala, till 1893–94, because tenants were scarce and land abundant, *batai* rents remained very small. Of the 47 per cent of the total cultivated area held by tenants-at-will, kind rents prevailed on only 12 per cent. *DG Gujranwala*, 1893–94, p. 80. In Rohtak, the fact that landlords were able to give irrigated lands on kind rents and *barani* lands on cash was

countered by the rapid increase in area under cultivation brought about by the massive irrigation and colonization projects. However, the impact of this overall underdevelopment became increasingly visible after 1921,[30] when the rate of increase in cultivated acreage declined and the rate of population increase went up sharply. Whereas in the 50 years from 1891 to 1941 population increased by 52 per cent and the total cultivated area by 34 per cent, in the 20 years from 1921 to 1941 population increased by 37 per cent and cultivated area only by 8 per cent. The increase in the number of cultivators was, significantly, even sharper than the increase in population, suggesting ruralization and increasing pressure on agriculture. Between 1921 and 1931, whereas the population increased only by 14 per cent, the number of cultivators increased by 25 per cent, and the cultivated area by only 4 per cent.[31] The increasing pressure on land was thus the result not only of the natural increase in population but also of the fact that an increasing number of people were falling back on land in the absence of alternative means of employment in the non-agricultural sectors of the economy. It should perhaps be pointed out here that even though the level of industrialization in the country as a whole was quite low, Punjab specifically had undergone virtually no industrialization, either through indigenous or British capital and it was therefore not possible to even

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cited as proof of the fact that the landlords commanded the situation. *DG Rohtak*, 1910, p. 144. Similarly, in Sialkot, the increase in kind rents in a situation where "*batai* is profitable to landlords and cash rents are generally favourable to tenants" implies that "the landlord's position has improved and that there is generally no dearth of tenants". *SR Sialkot*, 1917, p. 13.

[30] However, in some areas, the problem had surfaced much earlier. The Settlement Report for Amritsar warned in 1893 that "in years to come the overpopulation of this and other central districts, which have been prospering since annexation, will become a serious problem". The district was already heavily populated, and in Ajnala Tehsil the figure for population per square mile of cultivated area had already reached 872. Nor was the problem likely to be solved by sending off a few cultivators to the newly colonized areas. *SR Amritsar*, 1888–93, p. 2. By 1914, the situation in Amritsar had worsened. "Holdings are now becoming very small throughout the district and the pressure on the land is very much felt". Average size of holdings was everywhere below 5 acres per revenue-payer, and often lower. The effect was clearly seen in the large amount of recruitment for the army and emigration abroad or to the canal colonies. *DG Amritsar*, 1914, pp. 104, 135. Gurdaspur District was considered "almost overpopulated" by 1892. *SR Gurdaspur*, 1892, p. 11. In Sialkot, the pressure of population was considered very high. It had the second largest population in the province, but stood at tenth position with respect to cultivated area. This was considered to be the major cause of the high indebtedness and mortgage debt. *DG Sialkot*, 1920, p. 95. "The only hope of relief for the congestion of the District population lies in continued and increased emigration...". *DG Jullundur*, 1904, p. 52. In Hoshiarpur District, in 1881 itself, the concentration of population per square mile was between 729 and 1,006 in its different tehsils. *SR Hoshiarpur*, 1910–14, p. 9. In Ambala, population density ranged from 600 to 800 per square mile of cultivation by 1893. *SR Ambala*, 1893, p. 2.

[31] Darling, in reply to a query from the viceroy, wrote in 1936 that "till 1925 or 30, when prices were still high, the increase in subsistence almost certainly kept pace with the increase

marginally reduce the pressure of population on agriculture through this channel.[32] (*b*) The increasing differentiation of the structure of landownership leading to concentration of land in the hands of the uppermost layers of the landowning classes and the increase in the ranks of those at the lower end of the scale as well as a decrease in their share of land (see Table 4.1 and the first section, on land ownership, in this chapter), combined with the increasing population pressure, led to the parcellization of holdings, increase in the number of landless cultivators, the existence of widespread underemployment, and thus an increase in the numbers of those seeking

in population and for a time outstripped it. Then the tide turned, and since the fall in prices one can hardly doubt that the tendency is the other way ... and the province as a whole is now faced with having to support a rapidly increasing population without a corresponding increase in resources .... The result can only be a general lowering of the standard of living, which is none too high already". In support of his argument, he cited the fact that population and number of ownership holdings has increased at more than double the rate of increase in cultivated area between 1911 and 1934. Laithwaite to Darling, dated Simla, 3 and 4 June 1936, Darling to Laithwaite, dated Simla, 17 July, 1936, *Darling Papers*, Box V, Item I.

The following table shows that the average cultivated area per owner had been decreasing steadily in all the villages surveyed in the province:

Average cultivated area per owner

District of village surveyed	Year	Acres	Year	Acres
Lyallpur	1913–14	23.2	1924–25	20.2
Gujranwala	1890–91	4.7	1925–26	3.7
Muzaffargarh	1899–1900	3.4	1929–30	2.7
Amritsar	1891–92	9.9	1924–25	7.3
Jullundur	1899–1900	3.3	1924–25	2.9
Ferozepore	1887–88	13.3	1931–32	9.5
Rohtak	1900–1	7.8	1924–25	7.7
Gurgaon	1900	6.7	1927–28	6.5
Hissar	1898–99	15.8	1934–35	10.2

BEIP, *An Economic Survey of Jamalpur Sheikhan in Hissar District*, p. xviii.

It was estimated that population had increased by 9 per cent in the eight years from 1921 to 1929 but annual production of wheat in the five years ending 1928–29 averaged 142,000 tons less than in the five years ending 1920–21, and the annual gross value of the agricultural produce had declined from Rs 1,400 million in the three years ending 1922–23 to Rs 990 million in the three years ending 1928–29. Significantly, mortgage debt had increased by Rs 180 million in the five years ending 1928–29 whereas it increased by only Rs 105 million in the five years ending 1923–24. *Punjab Banking Enquiry Report*, Vol. 1, p. 20–21. The increasing pressure of population on the land leading to extension of cultivation had also led to a decline in the grazing area. This was reflected in the great increase in the area under fodder crops. What was earlier got free had now to be cultivated. In the quinquennium 1906–11, only 9.7 per cent of the area was under fodders; by 1932–36, this had gone up to 15 per cent. BEIP, *Agricultural Statistics of the Punjab*, 1901–2 to 1935–36, p. 17.

32 Sir Geoffrey de Montmorency, ex-governor of Punjab, while maintaining that a couple of rupees of relief in land revenue would do no good to the man with the uneconomic holding, argued that the real solution is for the state to "develop avenues of industry and employment

land on rent.[33] (*c*) The seasonality of the demand for wage labour (see the section on agricultural labour that follows) also meant that even though the return to the small peasant was often less than the average daily wage rate, tenants and small-holders were more secure than wage labourers and therefore the preference would be to try and rent in as much land as possible, even at the existing high rates of rent. (*d*) The stagnation in productivity levels (see section III in Chapter 5) which meant that the small cultivator with an uneconomic holding and even the not-so-small cultivator with surplus family labour did not have the option of moving over to intensive farming at a higher technological level and the only way of increasing production and of utilizing the existing family labour and optimizing the use of existing agricultural stock and the like was through expansion of cultivation by renting in more land.

The combined effect of all these factors was the increase in the competition for land on rent, resulting in the deterioration of the terms on which it was available to those who needed it for leasing in, and an increase in the returns to those who had "surplus" land to lease out, thus in turn increasing their willingness to lease out.

Calvert, too, saw the link between the great competition for land and the consequent high rents and the tendency of leasing out by landlords

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or exploit sources of production so as to enable him to become self-supporting by supplementing in other ways the insufficient hereditary possessions with which he finds himself endowed by fate". *LRCR*, p. 188. But the Punjab government's efforts in promoting industries, both modern and traditional, were surely very meagre. A good example is the Punjab Industrial Loans Act of 1923 whose purpose was "to encourage industrial developments". It was not used till 1926, and from 1926 to 1930 only 59 loans were given under it, the total amount outstanding in 1929–30 being Rs 0.253 million. The minimum size of the loan, Rs 500, made it difficult for cottage industry to take advantage of it. The maximum loan was normally Rs 10,000 and only twice was it exceeded, and so the chances of it encouraging much large industry were also remote. The traditional industries had suffered heavily anyway, the weaving industry had declined so much that weavers were reported to be "always on the verge of starvation", and always on the look out for work as coolies or as agricultural labour. Their numbers had declined from 387,633 in 1881 to 229,748 in 1931. Similarly, the tanning industry was dying out due to competition from modern tanneries, both Indian and foreign. *Punjab Banking Enquiry Report*, Vol. I, pp. 79–81, 82–83, 305; H.C. Sharma, "Handloom Weavers of the Punjab under British Rule", *Proceedings of the Indian History Congress*, 43rd Session, Kurukshetra, 1982.

[33] It was estimated by the government in 1935 that the average cultivator does not have work for more than 100 days in the year. In the *barani* and *nahri* tracts, his bullocks do not work for more than 70 days in the year. "Therefore, he has much unemployed time for himself and his bullocks; and so long as he gains something from any additional labour put into his holding he does not worry over the fact that the extra remuneration does not represent a full day's wage". *Punjab Revenue Department Proceedings*, January 1935, No. 27, IOR P/12071. Darling's view was that most peasants are underemployed, and work for a maximum of 170 days in the year. On most farms 17–20 days of labour were expended per acre of holding. The vast majority of peasants, owning 5 acres and below, were obviously competing for tenancy as their holdings were not providing them enough employment or

and large-holding peasants with "surplus" land.[34] The Punjab Land Revenue Committee too felt that rents were too high and, given the population increase, not likely to become any fairer.[35] The Land Revenue Administration Report also echoed the same:[36]

> Recent settlement reports have provided ample illustration of the strength of the economic position of landlords which enables them to take advantage of the rise in prices by raising rents .... There is little doubt that he (the landlord) has been getting a greater hold on his tenant than formerly and (at any rate in the case of canal-irrigated land) has no difficulty in finding tenants and getting high rents.

Agricultural Labour

The proportion of agricultural labourers in the total agricultural population of the province did not undergo any dramatic changes and remained considerably lower than in most other provinces. The percentage of *male* agricultural labourers to total *male* agricultural workforce, at a generous estimate which includes 75 per cent of unspecified labour in the figures for agricultural labourers, was 11.3 in 1881, 8.8 in 1901, 12.6 in 1911, 12.4 in 1921 and 17.2 in 1931. The actual figure given in the census of 1931 for *male* and *female* agricultural labourers is 13.2 per cent.[37] The estimate made immediately after Independence for the agricultural labour families as a proportion of total agricultural families for the Indian province of Punjab

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subsistence. *Darling Papers*, I/4, I/21. A study done in Lyallpur District in 1923–24, which examined the farms of 18 tenants working on the *batai* system, found that on an average the tentant had work on the land for less than half the year for himself. Further, he fed his bullocks for the whole year to get work from them for only a quarter of the year. BEIP, *Some Aspects of Batai Cultivation*, p. 4. The Floud Commission noted that "though the problem of over-population has not yet become as serious as it is in Bengal .... Nevertheless the problem of uneconomic holdings exists in Punjab, and the position there is very much the same as in Bengal .... Consequently many of the small proprietors, who have insufficient land for the maintenance of their families, are compelled to cultivate land of the larger proprietors and pay them half the crop in the same way that the occupancy raiyat who has insufficient land cultivates as a bargadar the surplus land of the non-cultivating or well-to-do raiyat". *Report of the Land Revenue Commission, Bengal*, p. 94.

[34] Calvert, *The Wealth and Welfare of the Punjab*, p. 175.

[35] *LRCR*, pp. 33–34, 113.

[36] *LRAR*, 1924, p. 4. This was confirmed in the village surveys as well. There was no shortage of tenants, but only a shortage of land available on tenancy.

[37] *Census: Punjab, 1881*, Part II, Table XII; *Census: Punjab, 1901*, Part II, Table XV; *Census: Punjab, 1911*, Part II, Table XV; *Census: Punjab, 1921*, Part II, Table XVII; *Census: Punjab, 1931*, Part II, Table X.

Kessinger's study of a Jullundur village also confirmed this trend: the percentage of agricultural labourers in the village rose from 10 in 1848 to 14 in 1934. Kessinger, *Vilyatpur 1848–1968*, p. 156.

was 10.1 per cent.[38] The figures for Punjab were lower than most other provinces whether we accept the generous or the conservative estimates. In 1931, when male agricultural workers as a percentage of the total male agricultural workforce were 17.2 per cent in Punjab, the figure was higher in every other province except the UP: they were 29 per cent in Bengal, 25 per cent in Bihar and Orissa, 43 per cent in the Central Provinces, 36 per cent in Madras and 17 per cent in the UP.[39] In the Agricultural Labour Enquiry conducted after Independence, the figures for Punjab were again the lowest at 10.1 per cent, while the figure for Madras was 53 per cent, Madhya Bharat 40.1 per cent, Bihar 39.9 per cent, Bengal 23.8 per cent, Bombay 20.4 per cent and UP 14.3 per cent.[40]

It has been suggested that the figures for agricultural labourers are likely to be an underestimate because they would tend to exclude a large proportion of the dispossessed and small dwarf-holding peasants belonging to the landowning castes who sell their labour power in the market but because of their caste status are not easily identifiable as agricultural labourers.[41] While the argument is a reasonable one, it needs to be remembered that in Punjab opportunities outside of agriculture, especially recruitment in the army, were very commonly availed of by lower sections of the peasantry (see the section on non-agricultural incomes in Chapter 5). Also, peasants with dwarf-holdings in crowded districts of central Punjab who failed to get land on rent in their own villages often ended up as tenants in the canal colonies, and only if they failed to secure land as tenants did they turn to agricultural labour.[42] Emigration abroad, though not easy for the absolute small-holders, given the expense involved, would still absorb some members of these sections as well,[43] for land could be mortgaged and loans could often be secured through the kinship network from rich

[38] *Agricultural Labour Enquiry: Report of the Intensive Survey of Agricultural Labour*, Vol. I, 1954, App. VII.

[39] *Census: India*, 1931, Table X.

[40] *Agricultural Labour Inquiry Report*, App. VII.

[41] N. Bhattacharya, "Agricultural Labour and Production: Central and South-East Punjab, 1870–1940", in K.N. Raj et al., eds, *Essays on the Commercialization of Indian Agriculture*, Delhi, 1985, pp. 132–39.

[42] In Lyallpur District, for example, in the village survey it was found that out of 59 people who took land on tenancy, only 31 also had land of their own. Of the rest 14 were primarily artisans and agricultural labourers and 14 were tenants who had no other occupation. This last figure of 14 is likely to consist of peasants who have either lost their lands in their ancestral villages or have let out their dwarf-holdings on rent and migrated to the canal colonies. BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, pp. 55–56. Other village surveys contain numerous references to people who have emigrated to the canal colonies to work as tenants.

[43] For example, in Kessinger's village study in Jullundur District, the two examples he cites at length of emigration abroad are of members of families with only 6 acres each. Also, his data shows that migration was more common in the case of those with smaller holdings followed by the landless, though here he is talking of migration both within the country and abroad. But since even some members of the non-landed castes had succeeded in

relatives and the like.[44] Further, at least in some parts of the province, as in the south-east, traditional taboos against landowning castes such as Jats performing agricultural wage labour were still very strong, and peasants belonging to these castes preferred to work as coolies in the towns rather than as agricultural labourers.[45] Therefore, the degree of underestimation of the number of agricultural labourers on this count is not likely to have been as great as might be supposed.[46] In any case, by including 75 per cent of unspecified labourers in the estimate for agricultural labourers, any underestimation should have been considerably corrected, since the landowning castes constituted a very large proportion of the unspecified category; 34.8 for males and 29.5 for females (see Table 4.7).

The relatively smaller proportion of agricultural labourers in the total agricultural population in Punjab as compared to most other regions of the country is to be explained not only by the ecological and climatic factors which favoured extensive cultivation in contrast to regions which grew labour-intensive crops, or by "social" factors such as the greater willingness of the landowning castes of Punjab to work in the fields,[47] though these would be important determinants of this pattern. The contribution of other factors to this pattern, and especially to its persistence, is likely to have been equally crucial. One, the extent of differentiation and depeasantization was comparatively less than in many other regions because of differences in tenurial structure, the relatively late integration into the colonial system, etc. Also, depeasantization had not reached the extent it had in other regions because of the comparatively much greater extension of cultivation via canal irrigation, which relieved population pressure in the overcrowded districts to some extent. Further, employment opportunities outside agriculture were comparatively much greater here than in many other regions because of migration and the region being the major recruitment base for the army. As we argue in Chapter 5, Section I, while discussing non-agricultural incomes the inflow of income from the army as well as from migration was considerable and goes a long way in explaining the relative stability of the small peasants of Punjab. In fact, the role of army recruitment in preventing a greater accretion to the numbers even of the agricultural labourers belonging to the traditional non-landowning castes is likely to have been of increasing importance once the army began to recruit more

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migrating abroad, it is not unlikely that some members of small-holding landed castes would succeed in doing so. Kessinger, *Vilyatpur 1848–1968*, pp. 146, 166, 167, 169.

[44] Loans from relatives were quite common and mortgage of land could fetch high sums, as shown earlier.

[45] See, for example, BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 11.

[46] In Kessinger's study, for example, all the agricultural labourers in the village but one were descendants of the traditional agricultural labour caste—the *chamars*. Kessinger, *Vilyatpur 1848–1968*, p. 123, n. 163.

[47] See N. Bhattacharya, "Agricultural Labour and Production", pp. 129–30, for this argument.

Table 4.7
Social Origins of Agricultural and "Unspecified" Labour in Punjab (1911, 1921, 1931)

	Agricultural labour males (Percentage)			*"Unspecified" labour males (Percentage)*		
	1911	1921	1931	1911	1921	1931
1 Chamars and chuhras	60.5	44.6	47.0	16.0	16.9	11.4
2 Other artisanal and "menial" castes	13.2	23.4	12.9	14.3	13.5	12.2
3 Peasant and landowning castes	0.8	16.4	29.7	24.8	31.1	34.8
4 "Non-agricultural" castes	2.7	2.0	2.4	6.1	6.8	7.7
	(Females) (Percentage)			*(Females) (Percentage)*		
1 Chamars and chuhras	52.7	61.1	63.8	24.0	17.8	18.1
2 Other artisanal and "menial" castes	15.4	7.4	9.7	16.2	22.0	14.9
3 Peasant and landowning castes	0.2	2.3	19.2	18.7	20.2	29.5
4 "Non-agricultural" castes	7.3	3.1	2.0	7.0	4.2	8.8

Sources: Census: Punjab, 1911, Part II Table XVI; Census: Punjab 1921, Part II, Table XXI; Census: Punjab, 1931, Part II, Table XI.
This table is reproduced from N. Bhattacharya, "Agricultural Labour and Production in Central and South-East Punjab'', p. 136.

Note: In this table I have not categorized all the innumerable castes mentioned in the census; only the important ones have been taken into account. Group (I) includes dhanaks, apart from chuhras and chamars, Group (2): Jhiwar, julaha, kumhar, lohar, mochi, tarkhan, and teli, Group (3): Arain, awan, jat, Gujar and Rajput, Group (4): Arora, Agarwal and Brahmin.

liberally from their ranks in the twentieth century.[48] And employment in the army was often the first step to overseas migration.[49]

Nor did the rates of wages demonstrate any decline in the twentieth century. Nominal wages continued to rise over much of the period, except during the Depression years when they showed a decline. Real wages either

[48] In the First World War itself, there were almost 0.1 million non-combatants in the army from Punjab who were employed as syces, *bhistis*, sweepers, craftsmen and the like and these were all likely to have been recruited from among the traditionally non-landowning castes. Dewitt C. Ellinwood Jr., "An Historical Study of the Punjabi Soldier", in Harbans Singh and N. Gerald Barrier, eds., *Punjab Past and Present: Essays in Honour of Dr. Ganda Singh*, Patiala, 1976, pp. 337–62. In Kessinger's village in Jullundur District, more than half the weavers joined the army in 1914. The Chiirs, another non-landowning caste, also joined the army in the First World War. Kessinger, *Vilyatpur 1848–1968*, p. 162, 167. During the Second World War, there was again recruitment from among these sections. See, for example, BEIP, *Punjab Villages During the War*, pp. 17–18.

[49] It was estimated that 75 per cent of those who emigrated to North America at the beginning of the twentieth century had served in the army. Mark Juergensmeyer, "The Ghadr

rose or remained stable over much of the period, except during the period of the two World Wars when agricultural prices rose more than nominal wages.[50] In these years, however, the lower real wage rates were likely to have been compensated by increased employment opportunities both within agriculture (as cultivators expanded production to take advantage of high prices and lower real wages) as well as outside, in the army which expanded dramatically during the war years and was increasingly recruiting from among the lower castes, as well as in the urban sector which witnessed heightened commercial activity during the war years.[51] Thus, even if there was no sustained increase in the movement of real wages, there was at least stability, and certainly no decline.

Reports from various parts of the province also suggest that there had been no decline in wages and nominal wages had kept pace with, if not outstripped, the increase in agricultural prices. Calvert, writing in the 1930s, noted that wages in Jullundur were supposed to have increased six-fold since 1870, while the prices of agricultural produce had only doubled and in Ludhiana, in 20 years, the wages of labour had increased four-fold, but prices had increased only two-and-a-half times. In Gurdaspur, wages had increased as much as, if not more than, agricultural prices. Reports from Shahpur and Hissar also confirmed the same trend.[52]

We do not think, however, that the explanation for this lack of decline in real wages is to be found, as argued by N. Bhattacharya, in "the growth of the rich peasantry, the extension of cultivation, the increased intensity of cropping, and the production of more labour intensive crops (which) led to an increased demand for labour ... ",[53] and this for the following reasons:

(*a*) There is no evidence of the growth of a class of rich peasants who expanded their cultivation by increasing the use of hired labour.

Syndrome: Immigrant Sikhs and Nationalist Pride", in Mark Juergensmeyer and N. Gerald Barrier, eds, *Sikh Studies*. Berkeley, 1979, pp. 177–78. Kessinger also tells us about the non-landowning Chiirs who joined the army in the First World War and then migrated to Malaysia after demobilization. Kessinger, *Vilyatpur 1848–1968*, p. 167.

[50] N. Bhattacharya, "Agricultural Labour and Production", pp. 143–46; *LRCR*, p. 163; Calvert, *The Wealth and Welfare of the Punjab*, pp. 217, 235.

[51] An enquiry conducted during the Second World War into 20 villages in Ludhiana District found that the increased opportunities for employment outside agriculture, in the army, in the cities and in villages (with the increase in the demand for the weavers' and *telis*' products, for example, due to the shortages) resulted in the decrease of competition for agricultural labour, and agricultural labourers were able to get more work and better wages. Cash wages went up considerably and *siri* or full-time labourers were given a larger share of the produce and more generous cash advances at the beginning of the year. And yet there was a shortage of labour. BEIP, *Punjab Villages During the War*, p. 10.

[52] *DG Gurdaspur*, 1914, p. 130; *DG Shahpur*, 1917, pp. 214–16; Calvert, *The Wealth and Welfare of the Punjab*, pp. 217, 235.

[53] N. Bhattacharya, "Agricultural Labour and Production", p. 150.

The trend, as we have argued, was in the direction of growth of leasing out, rather than of leasing in by those who acquired or had large pieces of land.

(b) Extension of cultivation did take place, primarily as a result of the development of the canal colonies, as did some increases in double cropping and cultivation of labour-intensive crops, though the latter was not very significant. However, it has to be remembered that this extension of cultivation was accompanied by an increase in the rural population, and that over the period 1891 to 1931, while area under cultivation expanded by 16 per cent, the rural population increased by 23.2 per cent.[54] In other words, the size of the total available workforce in agriculture expanded much more than the extension of cultivation; the total supply of labour grew faster than the increased demand created by extension of cultivation. To argue, therefore, that demand grew more than the supply of labour, one would have to show that double cropping or labour-intensive cultivation increased sufficiently to absorb and outstrip the increase in supply, but this has not been established and the indications are that it did not.

Therefore, the lack of deterioration of the terms on which hired labour could find employment, as suggested by the stagnant or marginal increase in wages, and the absence of a shift to cultivation through hired labour, etc., would probably have to be explained by the greater availability of tenancy, by the growth of opportunities outside agriculture and not by a hypothetical agricultural growth and increase in demand for labour within agriculture.

As shown in Table 4.7, labour, whether part-time and casual or permanent and round the year, was provided primarily by members of the lowest of menial castes who, according to prevailing custom, were generally landless. Within these castes, the lowest on the rung, like the *chuhras*, *chamars* and *dhanaks* performed the largest and the most difficult and odious kind of agricultural work such as collecting the refuse and scattering it over the cultivators' fields. However, other non-landholding castes, such as *lohars*, *tarkhans*, *telis*, *nais*, *kumhars*, *julahas*, also helped in agricultural work at peak seasons like harvesting.[55] Some of these, whose traditional occupations had suffered a greater decline than others' due to the influx of machine-made goods and the like such as weavers and potters, at times even relied on agricultural labour for the larger part of their livelihood.[56]

[54] BEIP, Agricultural Statistics of British Punjab, 1901–2 to 1935–36, Table 58; Lindauer and Singh, *Land Taxation*, p. 100.

[55] District gazetteers and village surveys as well as all contemporary accounts and later studies are agreed on this.

[56] See, for example, *Punjab Banking Enquiry Report*, Vol. I, pp. 79–81, 305.

Peasants with dwarf-holdings belonging to the traditional landowning castes who failed to secure additional land on rent and make a viable operational holding also entered the market as labour. (See Table 4.7.) While the non-landowning castes had traditionally been associated with agricultural labour, the entry of small peasants was a new phenomenon brought about by the forces unleashed by colonialism which resulted in an increasingly adverse land–man ratio. Nevertheless, this process, too, was considerably checked by the availability of opportunities outside agriculture such as service in the army or migration abroad or to the canal colonies to work as tenants. Only those who failed to secure any of these alternatives would enter the market as labour for hire, as we have discussed earlier.

The mode of payment of labour had traditionally been determined under the *sepidari* system by which the non-landholding lower castes such as the *tarkhans*, *lohars*, *kumhars*, *julahas*, *chuhras*, *chamars*, *dhanaks*, *telis*, *nais* were paid a certain share of the agricultural produce of the village, in return for which they provided the landowning village brotherhood with services specified by their caste status as well as helped in agricultural work in varying degrees. This system, however, had come under considerable strain in the second half of the nineteenth century itself and there was increasing recourse to contracts, either seasonal or annual, and payment on a piecemeal basis either in cash or kind according to services rendered.[57] This process had accelerated further in the twentieth century and agricultural labour was increasingly paid fixed wages, whether in cash or kind. However, the system of paying a share of the produce, either to a permanent hired labourer known as the *siri* or *sanjhi* or *sajji*, or to reapers at harvest time (under the system known as *lai* in east Punjab), also continued in the twentieth century though this would be adopted only by peasant households with deficient family labour.[58]

There was also a general tendency on the part of employers to change the mode of payment from kind to cash. As in the case of the shift from a share of the produce to fixed wages, the shift from kind to cash was also occasioned by the desire of the employers to deprive the labourers of the benefits of rising agricultural prices which the share wages and fixed wages in kind would automatically secure to them. (That this was the motive is also shown by the Depression years of low prices when employers sought

[57] For the changes in the nineteenth century, see Banerjee, *Agrarian Society of the Punjab*, Chapter 7.

[58] Though N. Bhattacharya maintains that "the employment of *siris* became more generalized in the early twentieth century with the expansion of production and the growth of the rich peasantry", he cites no evidence in support of this contention; all his references are from the 1870s and 1880s. The only reference from the twentieth century is one which gives the number of *siris* in Suner Village in Ferozepore District, but does not show any *increase* in employment of siris. N. Bhattacharya, "Agricultural Labour and Production", pp. 124–27.

a shift from cash to kind, and by the years of the Second World War in which prices rose sharply, when they again wanted a reverse shift from kind to cash.) Nevertheless, kind wages or mixed cash and kind wages persisted and employers did not find it easy to enforce their preference for paying in cash, especially in areas where demand for labour was greater as in the canal colonies and parts of central Punjab.[59]

Changes in the mode of payment also reflected the greater mobility of the labour force due to enhanced opportunities outside the village. Members belonging to the menial castes found employment in railway and canal construction, as coolies in urban centres, as agricultural labourers or even tenants in the canal colonies and in the army as non-combatants and soldiers. This also contributed to the breakdown of the traditional mode of payment based on the *sepidari* system as the traditional roles could no longer be performed by these members of the menial castes, and certainly not in the same way. The customary relationship also broke down when *sepidars* felt they could no longer trust the landowners to give them their rightful share of the crop, and preferred fixed payments in kind or cash.[60]

The scale, forms and role of hired agricultural labour in the agricultural production in Punjab also suggest that petty commodity production based on the family farm remained the dominant mode in the colonial period. Most peasants who hired labour did so on a part-time or seasonal basis, but even on the farms of the larger well-to-do peasants, hired labour supplemented but did not substitute family labour. Thus, a study of the cost of production of different crops carried out in the canal colony district of Lyallpur, which, as we have seen above, had the highest number of operated holdings in the larger-size categories, found it "difficult to work out the cost of manual labour because most of the land in the Punjab is cultivated either by tenants, or by peasant-proprietors who are themselves the workers. It is very seldom that hired labour is employed for cultivation purposes as is common in many Western countries."[61] Kessinger's study of a Jullundur village also shows that hired labour was used only to supplement family labour, and it was the quantum of the latter that determined the size of the unit of cultivation.[62] For Lahore, it was said that "daily labour is little required in this district except at harvest time" and even at that time

[59] See, for example, *DG Lahore*, 1916, pp. 95–96; *DG Ferozepore*, 1915, pp. 148–49; *DG Sialkot*, 1920, pp. 110–11; *DG Jullundur*, 1904, p. 153; *DG Hoshiarpur*, 1904, p. 93; *DG Hissar*, 1915, p. 171; *DG Muzaffargarh*, 1908, p. 100; BEIP, *Punjab Villages During the War*, p. 10; Darling, *Wisdom and Waste*, p. 277; Kessinger, *Vilyatpur 1848–1968*, pp. 156–63; *Punjab Village Surveys of Different Villages; Farm Accounts of the Punjab, Punjab Wages Survey*, etc.

[60] BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 14; *DG Lahore*, 1916, pp. 143–44; *DG Gurdaspur*, 1914, p. 124; *DG Ferozepore*, 1915, p. 192; *DG Shahpur*, 1917, p. 101; *DG Jhang*, 1910, p. 110.

[61] BEIP, *Studies in the Cost of Production of Crops in the Punjab*, 1934, p. 7.

[62] Kessinger, *Vilyatpur 1848–1968*, pp. 123, 139–46.

the size of holdings and the number of able-bodied family members determined whether it was employed and its quantum.[63] The same story was repeated all over the province with local variations.

Thus, the demand for labour remained mostly seasonal, being concentrated at the times when agricultural operations reached an intensity, as at the time of harvesting.[64] Casual labour was also used for sowing, ploughing, weeding and other agricultural operations. Employment of full-time or permanent labourers round the year was only indulged in by very large peasants with very large holdings who needed to supplement family labour with additional help—but the proportion of full-time hired labour to family labour rarely exceeded 40–50 per cent and was usually much less.

Agricultural wage labour, whether performed by the traditional labouring castes or by dwarf-holders belonging to the landowning castes, was integrated into a system of petty commodity production at the traditional low levels of technology and productivity based on the family farm in which family labour remained the predominant form of labour. While the composition of the labour force, the modes of payment and the relationship between employers and workers underwent considerable changes, the role performed by hired labourers in agricultural production remained essentially the same—supplying the seasonal demand for labour of all but the smallest cultivators at peak periods in the cycle of agricultural production and, to a much smaller extent, supplementing family labour on the larger farms.

IV
Conclusion

Direct cultivation based solely or primarily on hired labour (that is, by capitalist farmers or rich peasants) can become more profitable than leasing out (of land in excess of what can be cultivated by primarily family labour in the case of the large self-cultivating peasant or of the whole land in the case of the large landlord) in the following two situations:

(*a*) Investment of capital in a situation of availability of technological and other inputs leads to rapid increases in agricultural productivity, thus making direct cultivation through hired labour more profitable than leasing out. This process can be accelerated if it is accompanied by or takes place in the context of a juridical-political set-up which makes leasing out unviable or less attractive by measures such as

[63] *DG Lahore*, 1914, pp. 95–96, 110–11.
[64] *Farm Accounts of the Punjab*.

granting of protection to tenants by way of security of tenure, curbs on rent enhancements, and by granting or threatening to grant full proprietary rights to tenants. This was the situation that prevailed, for example, in the Indian provinces of Punjab and Haryana after Independence and made the Green Revolution and the transformation of agriculture in a capitalist direction possible.

(*b*) Deterioration of the terms on which labour can hire themselves out reaches an extreme stage because of the swelling of the labour force caused by general underdevelopment of the economy, depeasantization, and pushing down of share-croppers into the ranks of agricultural labourers. As a consequence, direct cultivation through wage labour becomes even more profitable than leasing out on share-cropping terms, without any increases in investment of capital or productivity. This was the situation that prevailed in Bengal and Bihar towards the end of the colonial period. As shown by B.B. Chaudhuri, there was in Bengal a noticeable trend towards direct cultivation with wage labour, and "the total *barga* (tenant) cultivation in West Bengal declined as a whole from 22.6 per cent in 1940 to 20.3 per cent in 1951", and for Bihar in 1951 it "was estimated at only 10 per cent of the total cultivation". In Birbhum for example, by 1939, "the size of the *krishani* cultivation (with wage labour) was much bigger than the *barga* cultivation". The reason for this was that "though a peasant, having lost part or all of his land preferred the occupation of a *bargadar* to that of an agricultural labourer ... the increasing loss of land and other associated circumstances sometimes deprived him of the minimum resources, without which the *barga* cultivation ceased to be a practicable proposition", and the "only means of subsistence of the poor peasant under the circumstances was to hire out his labour". For the landowners, on the other hand, in such conditions cultivation through wage labour tended to become even more profitable than *barga* cultivation, as the wage of the totally ruined peasant could be pushed down to rock bottom.[65] Therefore, in this situation, cultivation through wage labour becomes profitable not as a result of investment of capital and increase in productivity but because of the intensification of semi-feudal exploitation. The increase of cultivation through wage labour in this context can hardly be described as the growth of capitalist relations and should be characterized as an extreme form of semi-feudal exploitation.

Pre-Independence Punjab, however, was placed neither in situation (*a*) nor in situation (*b*). We show in Chapter 5, in the section on investment,

[65] B.B. Chaudhuri, "The Process of Depeasantisation", pp. 157, 160, 165.

that capital investment in agricultural production was not taking place and productivity was either stagnant or rising very slowly. Nor did the juridical-political system in colonial Punjab place any restrictions on leasing out. Therefore, the first route by which direct cultivation based primarily or solely on hired labour could become more attractive than leasing out was effectively blocked.

The scenario outlined in situation (*b*), which we have identified as prevailing in some other regions of British India such as Bengal, also did not prevail in Punjab. The evidence cited earlier on the size, composition, mode and level of remuneration of the agricultural labourers in the Punjab, as well as the changes in these, indicates that there was no such deterioration of the terms on which labour could hire itself out which would make direct cultivation based primarily or solely on hired labour more profitable than leasing out at the existing high rates of rent. On the contrary, the terms of remuneration of hired labour did not undergo any overall decline: at best they might have shown a marginal improvement, at least in some periods, at worst they were stagnant or remained stable.

It would appear, then, that in colonial Punjab leasing out of "surplus" land was clearly preferred to direct cultivation through wage labour. The explanation for this is also suggested by the evidence—deterioration of the terms of tenancy and lack of deterioration of the terms of wage labour ensured greater returns from leased out land relative to direct cultivation with wage labour.

Calvert, too, pointed out that the customary rent is a rack-rent which returns to the owner more than he could obtain after paying wages of hired labour and that it was easier to rack-rent a tenant than to exact a fair day's work from a hired labourer.[66]

The Punjab Land Revenue Committee also pointed out the potential for greater extraction of surplus from a tenant than from an agricultural labourer under the existing conditions and that as a consequence an ordinary tenant with one or two ploughs did not earn more, and often less, than a permanently hired labour.[67]

And if a tenant earned less than a permanently hired labourer, that is, the income from leased in land was not even sufficient to pay the wages of a full-time labourer, it was obvious that expansion of cultivation by leasing in more land *beyond the point upto which it could be cultivated with primarily family labour* was not an economically viable proposition. Thus, the high rent rates or the low returns from leased in land, in the absence of any trend of decline in real wages of agricultural labour, acted as a constraint on the growth of direct cultivation based on wage labour and ensured that leasing in stopped and leasing out began the moment the average

[66] Calvert, *The Wealth and Welfare of the Punjab*, p. 175.
[67] *LRCR*, pp. 33–34, 113.

optimum family holding size was reached (see section II on ownership holdings and operational holdings in this chapter, especially Table 4.3). The greater returns from leasing out relative to cultivation with hired labour determined the choice of those with "surplus" land, and the low returns from leased in land forced the choice on those who had insufficient land or just enough to make an optimum family holding.

To reiterate, therefore, while the process of differentiation in the overall context of commercialization and underdevelopment had advanced far enough to force a large number of cultivators to cultivate on tenancy at highly unfavourable terms, it had not advanced far enough to begin to turn even share-croppers into agricultural labourers, as in eastern India. However, even if this process had in Punjab actually reached the stage that it had reached in eastern India, and cultivation with primarily hired labour had in fact emerged, this would be no more proof of the existence of capitalist agrarian relations or of the growth of capitalism in agriculture than it was in eastern India.

Direct cultivation based primarily on wage labour can be taken as evidence of the existence of capitalist relations in agriculture only when it exists or emerges in the context of investment of capital and increase in productivity. In other words, only when capital enters the process of production and the forces of production are transformed by the investment of capital can the relations of production, whether wage labour or any other (tenancy, share-cropping, the family farm), be characterized as capitalist agrarian relations. In the next chapter, we turn to the question of the potential of capital accumulation and the reality of capitalist investment in Punjab agriculture.

FIVE

Capital Accumulation and Investment

In this chapter, I shall first take up the question of the potential of capital accumulation in the hands of different social classes and the sources from which these accumulations could be and were made. I shall then discuss whether there is any evidence of these accumulations being invested in agricultural production, leading to increases in agricultural productivity. We would then be able to answer the question of whether Punjab under colonialism was moving in the direction of a capitalist transformation of its agriculture or whether it was in the process of transition to capitalism.

I
Accumulation

Which were the sections of Punjab agrarian society that were accumulating capital and what were the sources from which these accumulations were being made? In this discussion, I shall first focus on the potential for accumulation from direct cultivation or from engaging in agricultural production itself (as distinct from appropriating the agricultural surplus through rents or usury or trade).

Direct Cultivation

In order to discuss this question, we first need to determine the proportion of surplus-producing operated holdings, and the proportion of the area operated in these surplus-producing holdings. The first will indicate the proportions of the sections of the peasantry which had the potential to accumulate and the second will indicate the proportion of the total area on which these accumulations could be based.

First, let us look at the provincial averages (see Table 5.1). In this, we shall initially take the 15-acre level as the demarcation point, because for *no* part of the province (except perhaps for the hill districts of Simla and Kangra) can it be argued that anything below a 15-acre holding could be the basis of accumulation by surplus-producing peasants. In fact, for most districts, the surplus-producing holding would be at a much higher level, varying from roughly 30–50 acres in the canal colonies and backward districts respectively. We find then that only 13.3 per cent of holdings are operated in units of 15 acres and above and less than half (47.8 per cent) the land is operated in holdings of over 15 acres. That even this is not a representative average for the province is shown (see Table 5.1) by the fact that in only 14 out of 29 districts are more than 10 per cent of holdings operated in units of over 15 acres and in only 9 out of 29 districts is more than 50 per cent of the area operated or cultivated in holdings of above 15 acres and the provincial averages are to a great extent pulled up by them. Thus, in 15 out of 29 districts, not even 10 per cent of holdings were operated in units of 15 acres and above—and often much less as of these 15 districts eight had less than 5 per cent of holdings in units of 15 acres and above—and in 20 districts, not even 50 per cent of the area (in fact, very often much less as half of these 20 districts had less than 25 per cent of area in holdings of above 15 acres) was cultivated in holdings of over 15 acres, which is roughly the break-even level even in the more fertile districts of central Punjab.[1]

[1] S.C. Mishra estimates (on the basis of net income per acre and average consumption per household) that roughly 11.6 acres and 16.1 acres of debt-free self-owned land were needed to meet essential and actual consumption needs respectively. He then argues that since 76.3 per cent of the households owned less than 10 acres in Punjab, therefore the majority of peasant households owned insufficient land to produce a surplus over either essential or average consumption. S.C. Mishra, "Patterns of Long-Run Agrarian Change in Bombay and Punjab: 1881–1972", unpublished Ph.D. thesis, University of East Anglia, 1981, pp. 224–47. It is significant that Mishra arrives at this conclusion in spite of assuming the conditions in Jullundur (one of the most fertile, high productivity districts) to be the average for the whole of the Punjab, whereas, as we have argued earlier, a much larger ownership holding was required to meet essential consumption needs in most parts of Punjab. In fact, therefore, an even smaller proportion of total households had enough land to produce a surplus over consumption. Nor does Mishra believe that this picture was significantly altered by the redistribution of land as a result of tenancy. He notes that the argument that "prevalence of tenancy would tend to diminish the concentration of landholdings since it would involve a redistribution of land from large landowners with insufficient family labour to small ones with a labour surplus", and that "an analysis of concentration of ownership holdings may present an exaggerated estimate of deficit farmers ... is weakened by two important features of ... Punjab agriculture—firstly there was an undoubted preference among landlords for those would-be tenants who already owned some land. Calvert's (1928) study of cultivators' holdings in Punjab showed a marked tendency for those owning between 10 and 15 acres to lease in more land. Owners with less than 5 acres often failed to get any land on rent. Yet, for Punjab province, roughly 55.8 per cent of cultivators operated less than 5 acres of land, 67 per cent below 7.5 acres and 76.3 per cent below 10 acres. The practice of leasing out land to owners of land above 10 acres thus appears to have done little to alleviate the inequality of ownership holdings". Mishra therefore concludes that

Table 5.1
Percentage Holdings and Percentage Area Operated in Units of 15 Acres and Above: British Punjab—Provincial and District-wise Figures (1928)

District	*Holdings*	*Area*
Hissar	26.1	61.7
Rohtak	11.4	35.5
Gurgaon	5.3	24.6
Karnal	11.7	40.3
Ambala	4.4	18.6
Simla	0.0	5.5
Kangra	0.2	2.7
Hoshiarpur	0.4	4.2
Jullundur	2.2	13.2
Ludhiana	8.6	32.9
Ferozepore	18.9	58.9
Lahore	17.4	49.7
Amritsar	6.3	28.6
Gurdaspur	5.4	22.7
Sialkot	2.5	15.8
Gujranwala	10.8	38.8
Sheikhupura	16.2	47.8
Gujrat	4.7	22.1
Shahpur	23.1	61.7
Jhelum	6.3	27.9
Rawalpindi	2.7	16.4
Attock	19.0	53.6
Mianwali	42.4	59.6
Montgomery	18.5	50.1
Lyallpur	35.7	70.7
Jhang	23.7	57.0
Multan	26.5	64.7
Muzaffargarh	6.3	31.5
Dera Ghazi Khan	7.0	34.4
British Punjab	13.3	47.8

Source: Tables 4.3 and 4.4 above.

For many of the backward, low-rainfall districts of west Punjab and south-east Punjab, at least 30–40 acres were required for a subsistence holding. Even in the canal colonies, with their extensive methods of cultivation (as distinct from Jullundur and Hoshiarpur where intensive methods of cultivation prevailed), a one square (27 acres) holding would clearly not be a surplus-producing holding (on an average of good and bad years, of low and high prices, but could be regarded as being closer to self-sufficient family holdings of middle peasants. So that in the canal colonies, one could

"tenancy was unlikely to have altered the resource constraint faced by the majority of the peasantry in ... Punjab to any substantial extent". Mishra, "Patterns of Long-Run Agrarian Change", pp. 228–29, 233. Also see Calvert, *The Wealth and Welfare of the Punjab*, p. 176.

only begin to talk about surplus-producing holdings closer to the 40–50 acre levels.

Thus, for example, if for Jullundur we assume all holdings of above 15 acres to be surplus-producing holdings, only 2.2 per cent of holdings and 13.2 per cent of the land were in holdings of this size (see Tables 4.3 and 4.4 for this and the rest of this paragraph). If for the districts of Amritsar and Ludhiana, we take 25 acres as the demarcation point, then 1.3 per cent of holdings and 9.5 per cent of land and 1.3 per cent of holdings and 9 per cent of the land respectively were in holdings that could form the basis of capital accumulation. If we take a lower point, 20 acres, even then only 3.1 per cent of holdings and 17.3 per cent of land and 3.8 per cent of holdings and 18.7 per cent of the land respectively were above this level. For the canal colony districts of Lyallpur, Montgomery, Shahpur, and the canal-irrigated district of Ferozepore, if we take the demarcation point at 40 acres, we find that 10.6 per cent, 1 per cent, 3.1 per cent and 2.6 per cent of holdings and 34.3 per cent, 6.3 per cent, 16.8 per cent and 16.7 per cent of land respectively were operated above that level. Suppose we take for these districts a lower point, that is, 30 acres, we still get only 12.8 per cent, 2.9 per cent, 6.1 per cent and 4.6 per cent of holdings and 38.9 per cent, 13.6 per cent, 26.9 per cent and 26.4 per cent of land. We are not discussing in any detail the backward districts of western and south-east Punjab, where the break-even point is very high, reaching upto 40–50 acres, because the argument for capital accumulations in agriculture is so totally untenable for these areas that even the bravest would hesitate to advance it.

Thus only one district, Lyallpur, had by 1928 (the date of Calvert's enquiry) a respectable proportion of land (34.3 per cent) in holdings, which could arguably form the basis of capital accumulation. Even here at least 87 per cent of the holdings were non-surplus producing and at least 60 per cent of the area was cultivated in non-surplus producing holdings. Further, it is extremely likely that in Lyallpur, too, this picture was fast changing. Though we do not have data for a later date for operated holdings, an indication is provided by a comparison of ownership holdings, which shows that while in 1924 (the date of Calvert's enquiry into ownership holdings) almost 35 per cent of owners' holdings were in the above 25-acres category and about 65 per cent below 25 acres, by 1939 this had been reversed, and about 83 per cent were below 25 acres and only 17 per cent above 25 acres. The same trend was reflected in the proportion of land owned in categories of above and below 25 acres. While in 1929, about 71 per cent of land was owned in holdings of above 25 acres and only 29 per cent below that level, by 1939 only about 48 per cent was owned above the 25-acre level and about 52 per cent below that level.[2]

[2] BEIP, *The Size and Distribution of Agricultural Holdings in the Punjab*, 1925, pp. 12–13 and BEIP, *Proprietary Holdings in the Punjab—Their Size and Distribution: Preliminary Report*, 1943, pp. 6–7, Statement I.

Therefore, the overwhelming majority of cultivators in the province operated holdings that were below the minimum needed for producing a surplus over consumption and essential needs. The numbers of those whose holdings could produce a surplus and become the basis of capital accumulation were very few even in the fertile central districts and the canal colonies and the land they operated also represented a small proportion of the total.

At this stage, it is necessary to recall that we have so far in the discussion been ignoring a very important determinant of whether an operational holding of a particular size would be a surplus-producing holding or not: the ratio of leased-in land to self-owned land within the operational holding. In fact, however, the surplus-producing capacity of even a larger-sized operational holding would be considerably reduced, and could even disappear altogether, if a large proportion of the holding was constituted of leased-in land. The chief reason for this is obvious: the income from leased in land was substantially lower than the income from self-owned land because of the high rates of rent.

The effect of this was compounded by the fact that it was usually difficult to get the more fertile and irrigated lands in the village on rent as owners preferred to cultivate these themselves and rent out only the unirrigated and less fertile lands. Fertile and irrigated lands, when available, could only be secured at *batai* rents and the landowners insisted that the tenants cultivate the more remunerative crops on these lands. The tenants, however, were unwilling to cultivate the more remunerative crops on lands for which they had to pay *batai* or share rents as the cost of cultivation of these crops was very high and it was not profitable to cultivate them on land of which a large part of the profits had to be alienated as rent to the landowner. This tendency of the landlords to refuse to give fertile and irrigated lands on fixed cash rents is also confirmed by the fact that *batai* rents predominated in the more fertile and irrigated districts. Only the poorer and unirrigated land was generally available on fixed cash rents, which did not consume as large a share of the profits of cultivation. In Lyallpur, where area under cash rents showed an upward trend, the rates of cash rents were extremely high and had outstripped the increase in agricultural prices by the 1920s.[3]

Therefore, if leased-in land was fertile and irrigated, the high rates of rent severely limited its potential of adding to the surplus-producing capacity of an operational holding, and if leased-in land was unfertile and unirrigated, its potential in that direction was anyway limited. Leasing in could add to the surplus-producing capacity of a holding only if good land was available on favourable terms—but this was a combination that was just not available. Therefore, leasing in remained, even for the larger-holding

[3] Village surveys, settlement reports, district gazetteers and other accounts all confirm this pattern.

peasants, a means of enabling the full utilization of available family labour and the indivisible instruments of production, and did not emerge as a means of expansion of cultivation leading to capital accumulation.

Therefore, the estimates that we made earlier of the proportion of holdings and of land that could form the basis of capital accumulation are likely to be considerably inflated since they are based on the figures of operated holdings, which include both self-owned and leased-in land. The actual proportions are therefore likely to have been even lower than the ones suggested earlier, and it is therefore quite certain that direct cultivation or agricultural production is likely to have been a relatively minor source of accumulation of capital even for the upper layers of the peasantry.

Rent and Usury

However, if direct cultivation was unlikely to have been a major source of accumulation of capital, leasing out of land and appropriation of surplus through rent was a major source of capital accumulation. We have already discussed earlier the terms on which leasing out occurred and it is obvious that those large peasants who leased out their “surplus” land, or big landlords who leased out the whole of their land, would be in a position to accumulate capital, in proportion to the amount of land they had leased out. The big landlords certainly had enough income from rents to form the basis of capital accumulation, even the upper layers of the peasantry who could lease out a substantial part of their land would be in a position to substantially add to their income from self-cultivation and have some capital accumulations.

The other source from which agricultural surplus was appropriated was usury and mortgage debt. Again, as we have discussed earlier, the tremendous increase in the usury and mortgage business indicates that those sections who had access to these sources would be in a position to accumulate capital. These sections were the non-agriculturist moneylenders and the agriculturist-moneylenders and mortgagees—both big landlords and well-to-do peasants.

What was the contribution of non-agricultural sources to the income of the different sections of Punjabi rural society? We obviously need to consider this question before we can determine the capacity of capital accumulation of different sections as well as the sources on which this capacity was based.

Non-Agricultural Incomes

The income from non-agricultural sources—from members of the family serving in the army or government or receiving pensions, from those who had emigrated abroad—is seldom taken into account when discussing the question of the "accumulations" made by the agrarian classes, or the "prosperity" or relative stability of the Punjab peasantry, it being assumed that these were somehow a consequence of greater agricultural growth or development. On the contrary, it can be argued that it was the large scale of the emigration and recruitment from the Punjab that in many substantial ways negatived or obviated the potential consequences of the under-development of Punjab. Emigration and recruitment in the army were responses to the pressures under which the vast majority of peasant households found themselves.

The fact that emigration and recruitment were largely from the low-rainfall, low-irrigation, drought-prone areas or from the agriculturally advanced canal colonies is proof of this.[4] And within these areas, too, the search for opportunities outside agriculture through migration, recruitment and the like was largely confined to those with insufficient means to make an adequate livelihood in the village. Kessinger's study of a village in Jullundur District, for example, demonstrates that men from family groups owning more than 10 acres clearly migrated with less frequency than others. The highest percentage of males who had migrated in the groups owning more than 10 acres was 19, and this was reached in 1936, towards the end of the Depression years; the groups below 10 acres had reached much higher percentages (see Table 5.2). The conclusion drawn by Kessinger from these figures is that "adult males who could not be accommodated satisfactorily on the family holding or secure additional acreage to cultivate by sharecropping or rent, and who could not find suitable work outside of agriculture in or near the village, often migrated to find productive employment elsewhere".[5] An enquiry in Ludhiana District during the years of the Second World War also found that the group of poor cultivators had sent the largest proportion of members to the army.[6] Kessinger in fact argues that migration was the main reason for lack of agricultural involution and the capacity to absorb population growth.[7]

[4] For recruitment, see Table 5.3. Almost all the emigrants to Canada and USA in the beginning of the twentieth century were from the Hoshiarpur, Jullundur and Ludhiana districts, and of these 75 per cent were estimated to have served in the army. Mark Juergensmeyer, "The Ghadar Syndrome: Immigrant Sikhs and Nationalist Pride", in Mark Juergensmeyer and N. Gerald Barrier, eds., *Sikh Studies*, Berkeley, 1979, pp. 177–78. Also see, Tan Tai Yong, *The Garrison State*, New Delhi, 2005.

[5] Kessinger, *Vilyatpur 1848–1968*, pp. 145–46.

[6] BEIP, *Punjab Villages During the War*, pp. 17–18. In village Gijhi in Rohtak District, the two men who joined the army had family holdings of less than 1 acre. BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 12.

[7] Kessinger, *Vilyatpur 1848–1968*, p. 101.

Table 5.2
Migration and Land Ownership in a Village in Jullundur District (1848–1946)

Per Cent of Adult Males in Property Groups with Different Size Holdings who have Migrated

	Landless	*0.01–1.99*	*2–4.99*	*5–9.99*	*10–19.99*	*20 plus*
1848	4	0	0	14	0	0
1884	14	0	19	11	7	0
1898	22	23	14	18	5	0
1910	15	23	21	30	13	4
1922	29	30	33	17	0	4
1934	28	25	40	18	19	0
1946	33	30	25	29	0	

Source: Kessinger, *Vilyatpur 1848–1968*, Table 24.

Table 5.3
Military Pensions Paid to Punjab Residents: 1928–29

	Name of post office	*Amount paid (Rs million)*
1	Rawalpindi	1,342,000
2	Jhelum	1,324,000
3	Ludhiana	1,217,000
4	Dharamsala (Kangra)	904,000
5	Hoshiarpur	868,000
6	Gujrat	786,000
7	Amritsar	779,000
8	Rohtak	761,000
9	Hissar	751,000
10	Gurgaon	665,000
11	Jullundur	466,000
12	Ferozepore	456,000
13	Montgomery	447,000
14	Campbellpur	399,000
15	Gurdaspur	391,000
16	Sialkot	379,000
17	Lahore	340,000
18	Sargodha	336,000
19	Ambala	262,000
20	Multan	213,000
21	Lyallpur	202,000
22	Sheikhupura	166,000
23	Mianwali	118,000
24	Gujranwala	113,000
25	Shahpur	83,000
26	Karnal	53,000
27	Simla	41,000
28	Jhang	25,000
29	Dera Ghazi Khan	10,000
30	Muzaffargarh	7,000
	Total	13,904,000

Source: Punjab Banking Enquiry Report, Statement No. 18, p. 362.

The crucial role of non-agricultural income in the agrarian economy of Punjab can be gauged from the following representative examples. Emigrants from the two small-holding districts of Hoshiarpur and Jullundur remitted about Rs 1.8 million a year in the late 1920s through the Imperial Bank.[8] Even before the First World War, Jullundur alone received about Rs 2.5–3 million a year from outside, and the land revenue demand was only Rs 1.8 million.[9] A single village in Hoshiarpur received as early as 1904 between Rs 30,000–40,000 from serving and retired military personnel.[10] The lower indebtedness of these two districts and the higher proportion of those free from debt was attributed chiefly to the income from non-agricultural sources.[11] In Gujrat District, by 1916, military pensions alone brought in Rs 1,00,926, and more money was obviously contributed by those in active service, and by those who emigrated. By 1928–29, the income from military pensions had gone up to nearly Rs 0.8 million.[12] In Amritsar it was estimated in 1914 that "the amount of income which the Amritsar Jat receives from extraneous sources unconnected with the land much exceeds the total demands made by the Government", and it was understood that, as in other districts, this was a consequence of increasing recruitment and emigration as the pressure of population on land increased and holdings became smaller.[13] Rawalpindi in the north-west was another district with small holdings that sent large numbers into the army. The gazetteer of this district was very categorical that "the prosperous zamindar is a man who has sources of income other than his land. Where there are no other sources it is rare indeed to find any family prosperous".[14] An inquiry into mortgages in this district in 1925 found that in roughly one-third of the cases of mortgage the sources of the money advanced against mortgages of land were non-agricultural and of these the preponderant majority were from savings from military service.[15] Rawalpindi was also one of the districts (the other two being Attock and Jhelum) in which the sharp increase in mortgages in the 1920s was explained by demobilization

[8] *Punjab Banking Enquiry Report*, Vol. I, p. 144.

[9] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 42.

[10] *DG Hoshiarpur*, 1904, p. 200; *SR Hoshiarpur*, 1910–14, p. 8.

[11] Darling, *The Punjab Peasantry in Prosperity and Debt*, pp. 26, 42.

[12] *SR Gujrat*, 1912–16, p. 5.

[13] *DG Amritsar*, 1914, pp. 104, 135, 162; *DG Jullundur*, 1904, pp. 52–53; *DG Gurdaspur*, 1914, p. 175; *DG Sialkot*, 1920, p. 146; *DG Hoshiarpur*, 1904, p. 200; *SR Gujrat*, 1912–16, p. 4; *SR Kangra*, 1897, p. 8; BEIP, *An Economic Survey of Haripur and Mangarh Taluqas of Kangra District*, pp. 4–6, 46; BEIP, *Work and Idleness Among Village Youths in the Lyallpur and Hoshiarpur Districts*, p. 4. Conversely, in Karnal, for example, the larger average size of the holding and the extension of canal irrigation led to an aversion to military service. *DG Karnal*, 1918, p. 202.

[14] *DG Rawalpindi*, 1907, p. 140.

[15] BEIP, *An Inquiry into Mortgages in Rawalpindi District*, p. 15.

after the First World War which brought about a sharp drop in the incomes of the peasants and thus forced them to mortgage their lands.[16]

In Kangra it had been assumed since the nineteenth century that the ability of the people to pay land revenue was dependent on their income from service in the army or elsewhere and this income was taken into account when assessing the land revenue of this otherwise extremely overpopulated and small-holding district.[17] In Jhelum, too, it was understood that it was employment outside, mainly in the army, which made possible the "realisation of a fairly high demand easier than would otherwise be the case ...".[18] The high land revenue demand thus simultaneously secured two basic colonial objectives: recruits for the army and revenues for the government. The pressure exerted by it contributed to the necessity to seek recruitment in the army and in turn the army incomes were mopped up through the land revenue demand.[19]

The effect of the Depression in the 1930s would also have been far severer without the income from non-agricultural sources and the Punjab Land Revenue Committee recognized the crucial role played by these sources during the Depression.[20] Even during the years of the Second World War, which witnessed a sharp rise in prices of agricultural commodities (especially after 1941) and should therefore have been years of agricultural prosperity, it was found that prosperity was clearly linked to non-agricultural income. An enquiry conducted during these years in 20 selected villages of the Jagraon Tehsil in Ludhiana District to study the impact of the war on the peasantry revealed the extent of the connection between "prosperity" and non-agricultural income. The average size of the proprietary holding

[16] *Punjab Banking Enquiry Report*, Vol. I, p. 237.

[17] The Settlement Report of 1897 cited with approval an earlier settlement report which had said that "the people are in a much better position to pay land revenue than they were when the first assessment was made. At that time there were few or no pensions, now over a lakh of rupees is paid every year in military pensions alone". *SR Kangra*, 1897, p. 24. A survey carried out in a village in Kangra District in 1938–39 made the following observation: "the pressure on land is very high and the income from cultivation very low .... The question then arises: if agriculture does not give an adequate return, how do the people manage to live? The answer is largely contained in the word 'service', either domestic, or military .... During the war of 1914–18 Kangra District supplied 17,000 men ...". BEIP, *An Economic Survey of Launa in Kangra District*, pp. x–xi. By 1928–29, Kangra received over Rs 0.9 million in military pensions alone. *Punjab Banking Enquiry Report*, Vol. I, Statement No. 18, p. 362.

[18] *SR Jhelum*, 1895–1901, p. 8.

[19] Settlement Reports clearly indicate that the government was hardly unaware that it was taxing non-agricultural incomes via land revenue. The Land Revenue Committee Report of 1937 approvingly cited the Settlement Manual to say that "an estate which is enriched by the flow into it of pay and pensions earned in the service of the government need not be treated as leniently as an overcrowded village where the landowners depend solely on the tillage of the soil". The Report nevertheless, rather unconvincingly, maintained that "land revenue is, therefore, primarily a charge, not upon persons, but upon the land". *LRCR*, pp. 161, 163.

[20] *LRCR*, p. 115.

in the tract was only 6.5 acres, a very low figure for an area which had secure cultivation (that is, protected by irrigation) on only about one-quarter of the area. It was found that 27 per cent of the total eligible male population (between the ages of 15 and 50) had gone out of the village to seek employment. Of this 18 per cent were in military service. During a period of 19 months from April 1943 to November 1944, these 20 villages received by money-orders from those in service outside a sum of Rs 386,366 which came to about Rs 1,017 per month per village. It was estimated that an amount equal to the one sent by money-orders was brought when soldiers came home on leave or was sent through friends, etc. Besides, there were 254 pensioners in these 20 villages who received Rs 43,644 annually by way of pensions, which amounted to Rs 140 per year or Rs 12 per month per pensioner. The general impression among the villagers was that the number of cows and buffaloes owned by families which had no member in the army had decreased whereas the number of milch cattle owned by families with one or more members in the army had increased. High cost of upkeep and tempting prices persuaded those with no army incomes to sell while those with increased incomes from the army could afford to retain their cattle and even add to their numbers. A local proverb, "Naukran de chitte kapre", which means that only those in service can afford to wear good and clean clothes is also indicative of who the villagers saw as prosperous.[21]

Table 5.3 gives the figures for the different districts of the province for the amount paid by way of military pensions alone. The total amount paid in 1929 was Rs 13.9 million, which was roughly one-quarter of the total land revenue demand. If we recall that landowners of below 10 acres owned roughly 27 per cent of the land, and the ranks of the army recruits are likely to have been constituted mainly by people belonging to this category, then it seems that military pensions alone would be sufficient to cover the land revenue obligations of owners of below 10 acres. We have not even taken into account the income from those who were still in service and remittances from abroad.

During the First World War, one man in eight was mobilized in the Punjab, whereas the all-India average was one in 150.[22] At the beginning of the war, 100,000 of the total of 152,496 Indian combat soldiers were recruited from Punjab and by the time of Armistice in November 1918 they constituted 400,000 of the total of 563,091 soldiers. In addition, there were 97,188 non-combatants such as craftsmen, porters, syces, sweepers and *bhistis* from Punjab in the army. The basic pay received by the soldier was Rs 11 per month, though this was increased in 1917 and a bonus, free clothing and free rations were added to it. Pensions, especially for invalid

[21] BEIP, *Punjab Villages During the War*, pp. 1–9, 25.
[22] *Punjab Banking Enquiry Report*, Vol. I, p. 5.

soldiers and widows, were also increased. It was estimated that in 1917 a total of Rs 4,000,000–5,000,000 were contributed by soldiers to their families. Those who had enlisted also benefited from the special pensions and land grants given as rewards. The Punjab government sanctioned 180,000 acres of canal land for distribution to honoured soldiers—50 acres each for officers and 25 acres for other ranks.[23]

That the contribution of non-agricultural income in creating a potential for accumulation of capital for some sections of the peasantry is likely to have been very significant is also suggested by the fact that agriculturist mortgagees and moneylenders were very often members of households with non-agricultural sources of income. In Rawalpindi, as has already been pointed out, about one-third of the mortgages held in 1925 had been secured by advances made from income from non-agricultural sources. In Rohtak, it was accepted that the rapidly increasing ranks of agriculturist moneylender-mortgagees were constituted very significantly from among serving or retired army personnel, and this was held to be true of Gurgaon, Kangra, Jhelum and Rawalpindi as well.[24]

In Jullundur, too, it was evident that mortgage debt was mainly in the hands of those who had family members abroad or in the army and in fact the inflow of money was reported to be so great that Jullundur also had among the lowest rates of interest on loans advanced, especially against mortgages.[25] In the village in Jullundur studied by Kessinger, for example, between 1910 and 1968 more than 60 per cent of mortgages involving 80 per cent of the area mortgaged were held by families with members abroad or recently returned. Also, while over the period 1848 to 1946 the share of land of families with no migration from their ranks dropped from 12 to 10 per cent, those whose members had migrated abroad increased their share from 51 to 64 per cent. Significantly, their share began to increase from 1910 onwards, when the impact of the money from emigration to Australia began to be felt. Families with overseas migrants were also the only ones to have bought land in adjacent villages; they were also the first ones to build *pucca* brick houses—the symbol of prestige in the village.[26]

[23] Dewitt C. Ellinwood, Jr., "An Historical Study of the Punjabi Soldier in World War I", in Harbans Singh and N. Gerald Barrier, eds, *Punjab Past and Present: Essays in Honour of Dr. Ganda Singh*, Patiala, 1976, pp. 337–62.

[24] *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6 and Enclosures, IOR P/11649.

[25] *Punjab Banking Enquiry Report*, Vol. I, p. 31; Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 181, 198. Interest rates were low enough for people to take loans and advance the loaned money to secure land on mortgage. BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 108.

[26] Kessinger, *Vilyatpur 1848–1968*, pp. 172–73. Darling, for example, clearly recognized that it was emigration, soldiering and high prices (that) have given the agricultural moneylender his means. Darling, *The Punjab Peasant in Prosperity and Debt*, p. 198.

Thus, while a substantial proportion of the income from non-agricultural sources would be used for subsistence and meeting essential obligations like land revenue, debt repayment, etc., since the sections from which migration and recruitment took place were most often those with deficit or subsistence holdings, even for those sections who were able to generate enough surplus to accumulate capital, the contribution of non-agricultural income was likely to have been very significant.

In conclusion we may reiterate that while high rents and the consequent low returns for tenants ruled out any accumulations on the basis of even large-scale leasing in of land, accumulations were possible for big landlords who rented out virtually all their land, for those peasants who had more land than they could cultivate with primarily family labour, for those who had extra sources of income, from service in the army, or from emigration, and who could then invest this money in mortgage debt or simple moneylending or in the purchase of land. Direct cultivation of self-owned land, even through primarily family labour, was a comparatively minor source of accumulation. Given the increasing concentration of landownership, the marked increase in leasing out at high levels of rent, the tremendous increase in both ordinary debt as well as mortgage debt and the concentration of the latter in the hands of agriculturists, it is apparent that certain sections of rural society in Punjab were accumulating investible surpluses. I would like to emphasize, however, that the indications are that the *major part* of these accumulations were going into the hands of the very top layers of the landowning classes, and that while it is true that many well-to-do peasants with large ownership holdings were also making profits from the high prices of produce, from usury, mortgage, and leasing out, their share of the surplus was nowhere near that of the big landlords who rented out virtually all their land and also dabbled in usury and land mortgage. This is shown by the figures for concentration of landownership (see Table 4.1) which clearly bring out the fact that the *only* section of landowners who increased their share of land between 1924 and 1939 was those who owned *above 50 acres* of land. These were obviously landlords who rented out most of their land, and from their profits from leasing out were able to increase their share of the land from 25.8 per cent to 38 per cent in a matter of 15 years.[27] It is significant that

[27] An investigation into sales of land in a Multan village revealed that the big landlord family of the village, which owned about three-quarters of the cultivated land of the village, had purchased 843 acres (356 cultivated) of the total of 973 acres (441 cultivated) sold in the village during a period of 37 years from 1899–1936. Their monopoly of land purchase, guaranteed vis-à-vis the non-agriculturists by the Land Alienation Act and vis-à-vis other agriculturists by their dominant position in the village meant that the small owners who sold their lands did not get competitive prices for their lands. BEIP, *An Economic Survey of Durrana Langana in Multan District*, pp. 153–54. In Dera Ghazi Khan, big landlords were enlarging their estates at the expense of the smaller landowners. *SR Dera Ghazi Khan*.

even those who owned land in the next category, that is, 25–50 acres, decreased their share of land drastically, from 20.4 per cent to 14.8 per cent. Since this category would tend to include a significant section of self-cultivating peasants with surpluses over consumption, and also a significant number of those who leased out their "surplus" land, the fact that they were unable to increase their share but suffered a decline is a clear indication that the level of accumulation of these sections was considerably low, and any accumulations that these sections may have made in the years of high prices during and after the First World War were completely wiped out by the Depression (the years 1924–39 covered by our data in Table 4.1 include the years of the Depression).

Obviously, the only section who could withstand the impact of and even gain from the Depression were the large rent-receiving landlords who used this opportunity to buy up the land of those whom the Depression had hit the worst, and therefore the major part of the accumulations would be concentrated in their hands (see Chapter 3, Section IV).

II
Investment

Nevertheless, the real question still remains: were these accumulations (regardless of whether they were in the hands of high landlords, well-to-do peasants-cum-landlords, or self-cultivating peasants, also regardless of what forms of surplus appropriation or accumulation they were based on) being realized through investment in agriculture, leading to the emergence of farming on capitalist lines? We do not find any evidence, however, of investment of capital in agricultural production either by capitalist farmers or capitalist landlords and capitalist tenants (the American or the British model), or by rich peasants (the French model).

The likely areas of Punjab where the first model (the American or British model) could apply were the landlord areas of western Punjab (which often had landlords who owned hundreds and even thousands of acres) and the canal colonies where again 20–40 per cent of the land in different colonies was given to landlord grantees and these grants also ran into hundreds and sometimes thousands of acres. The available evidence suggests that no such development was taking place in these areas. Western Punjab was notorious for its backward, poverty-stricken tenantry and government officials constantly bemoaned the fact that the big landlords took no interest in the land. *Batai* or sharecropping was the prevailing system of rent in this region. In the canal colonies, too, apart from an occasional man with an entrepreneurial spirit, such as the leading Punjab figure, Sir Ganga Ram, there was no question of large-scale capitalist farming. Here, too, Darling was found complaining that all the landlords, who were supposed to set an example to the rest of the peasantry by introducing advanced techniques of cultivation and the like, were becoming absentee landlords.[28]

The Punjab Land Revenue Committee, while discussing the condition of tenants, wistfully remarked that they could be better off if they had the support and guidance of landlords who would finance them and direct their farming on approved lines. "But such landlords", it lamented, "though a number could be mentioned, are unhappily far too few in number to have any appreciable influence on the economic position of tenants as a whole, and our witnesses agree that in the landlord districts nearly all the larger landlords are too much in debt to finance their tenants and too apathetic to direct their farming".[29] In village Durrana Langana in Multan District, which was dominated by a single large landlord family, it was noted: "there have been no improvements in the methods of cultivation .... The bigger landlords usually have not the will to make improvements and the smaller men lack the intelligence and the means: both are indifferent and conservative. Even small improvements which would not cost them much are not tried".[30] The big landlords in Muzaffargarh who owned half the district were "no blessing to the countryside as they are more concerned with intrigues of all kinds than in decent farming and are mostly in debt through extravagance and mismanagement .... Instead of being the leaders of the people in progress they are a check to all advance, spending their days lolling on a charpoy, listening to gossip and scandal with an occasional outing after game".[31] Calvert too pointed out that the abundance of tenants prevented the "great landlords" of western Punjab from devoting "attention, intelligence and capital to the improvement of agricultural conditions on their estates".[32]

The likely areas and sections to which the second model (the French model), of rich peasant capitalist farming, could apply were the peasant grantees (who got 1 or 2 squares each) and the yeoman grantees (with a few more squares) in the canal colonies, the substantial-holding peasants of central Punjab, the small-holding peasants of the fertile but crowded districts of central Punjab (Jullundur and Hoshiarpur) who joined the army and emigrated abroad in large numbers and where for that reason capital was available, and some sections of areas such as Rohtak in otherwise backward south-eastern Punjab where again there was a large inflow of

[28] Darling, *The Punjab Peasant in Prosperity and Debt*, pp. 18–20, 122.
[29] *LRCR*, p. 34.
[30] BEIP, *An Economic Survey of Durrana Langana in Multan District*, p. 64.
[31] BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. xiii.
[32] BEIP, *The Size and Distribution of Cultivators' Holdings in the Punjab*, 1928, p. 2.

incomes from the army. Here, too, the evidence is overwhelmingly that of surplus capital being invested primarily in petty-usury, land mortgage, and, if possible, land purchase. To quote the Report of the Punjab Enquiry:[33]

> There is no dispute as to what the cultivator does with his surplus after discharging all his liabilities. If he is unmarried, he gets a wife, generally a costly business, particularly if it involves purchase. If he is already married, he builds himself a pucca house or buys land.... With a rapidly increasing population the purchase of land is an even more popular form of investment and has become almost a mania. So great has been the demand for it that in ten years its price has doubled, and in the last five nearly 6½ crores (60.5 million) have been paid by Punjabis, and many more promised, for canal colony land in the Punjab, Bahawalpur and Bikaner. When all three objects have been satisfied, or pending their satisfaction, the Sikh or Hindu commonly invests the balance in money-lending; and how large this balance has been of late may be gathered from the fact that in the ten years ending 1928–29 usufructuary mortgage debt increased by 29 crores (290 million), over three-fourths of which was probably advanced by agriculturists.... A large sum was also advanced without security. Finally, there are deposits. Deposits are made with money-lenders, commission agents, and the post office, and to a very small extent with commercial banks. But the most important institution in this respect is the co-operative village bank, and in the ten years deposits with these societies have gone up from 18 to 62 lakhs (1.8–6.2 million).

The Banking Enquiry Report also thought that a large part of the money made by the well-off sections of rural society, landlords and upper layers of the peasantry, as a result of high prices of agricultural produce during the First World War and immediate post-War years, found its way into the purchase of gold.[34]

An enquiry conducted in 1944 in Ludhiana District revealed that the items on which remittances from soldiers were being spent were purchase of land, buying or building of houses, redemption of mortgage and repayment of debt, taking on land on mortgage, marriages, litigation, charity and consumption. There is no mention of any expenditure on land improvement, that is, of capital investment in agriculture.[35] A village survey carried out in Rohtak District found that the "monied *zemindar*", who had surplus to invest, preferred to invest in mortgages, *pucca* houses and gold ornaments. There is again no mention of any investments in improvement

[33] *Punjab Banking Enquiry Report*, Vol. I, pp. 144–46.
[34] *Ibid*., p. 20.
[35] *BEIP, Punjab Villages During the War*, p. 8.

of agriculture.[36] In Bhadas in Gurgaon, it was said that "every *zemindar* who has some cash can think of nothing better than investing it in mortgage".[37] Kessinger also found in his study of a village in Jullundur that the objects on which the money earned from migration was spent in the village were acquiring of land through purchase and building of *pucca* brick houses. Even the number of masonry wells remained more or less stagnant throughout.[38]

Even in Lyallpur, money was going into usury and mortgage debt rather than land improvement. In village Kala Gaddi Thamman in Lyallpur District, in 20 years the number of agriculturist moneylenders increased from two to 36 and they had lent Rs 59,000. In the Lyallpur District alone, in the six years from 1924 to 1930, mortgage debt increased from Rs 5.5 million to Rs 19.6 million, *an increase of 256 per cent in six years*, and these were by and large years of very high prices.[39]

Very often, when such outlets were not available, as in areas of crowded central Punjab where land was scarce and capital abundant, or in the colonies where initially at least holdings were large and cultivators relatively well-to-do, surplus capital often ended up as gold. Again, Darling is found constantly bemoaning the fact that capital was not going into productive investment but was being frittered away in hoarding gold and the like. In 1920–21, a year which saw huge exports of wheat from the province, "about 4½ crores (40.5 million) of gold and silver were imported into the province, mainly no doubt for consumption in the canals colonies where, it is said, it was often bought not by the ounce but by the seer".[40] The fact that in the Depression, a large amount of gold was sold in the canal colonies to pay land revenue and water rates and provide for consumption corroborates this impression.

Of course, some capital also went into improvement of owner-cultivated land—digging of wells, improved seeds and bringing new area under the plough. For example, in the decade from 1919–29, which was perhaps the most profitable period, barring the Second World War years, for many sections of the agrarian classes in Punjab, the two main items that they spent money on for land improvement was for sinking of new wells (27, 445) and for bringing in 750,000 acres of new canal-irrigated land under the plough. The estimated expenditure on these 2 items was Rs 57.5 million. For sinking wells, the motivation appears to have been provided by increasing pressure of population as in Jullundur, because it was noted that where holdings were large and land sufficient there was no incentive for sinking wells. So even this expenditure on land improvement seems to be

[36] BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 102.
[37] BEIP, *An Economic Survey of Bhadas in Gurgaon District*, p. 91.
[38] Kessinger, *Vilyatpur 1848–1968*, pp. 172–73.
[39] *Punjab Banking Enquiry Report*, Vol. I, p. 224; Darling, *The Punjab Peasant in Prosperity and Debt*, p. 125.
[40] Darling, *The Punjab Peasant in Prosperity and Debt*, p. 114.

prompted by the necessity to meet the increasing consumption needs of a growing population, that is, to maintain and reproduce the peasant family rather than from any concern with profit-maximization. Also, intensification of cultivation was resorted to by sinking a well only when expansion of cultivation through acquisition of more land was not possible. When a choice was available between buying land and sinking a well, the choice invariably was in favour of buying land. Peasants would take loans to purchase land and even mortgage their land to buy other land but rarely would they mortgage a part of their land to improve the rest. This is also shown by the fact that only 3 per cent of loans advanced by cooperative societies were used for land improvement, and only 1 per cent of all loans were estimated to have been for this purpose. The Punjab Banking Enquiry Report remarked that "it would materially ease the situation if the larger holders put their savings into the better and more intensive cultivation of the land they have, instead of competing with each other and with those whose need is greater. This is a strong argument for developing the facilities for land improvement".[41]

But this remained a pious wish even in the canal colonies. As Darling pointed out, even the "yeoman grantee", who normally received 4 or 5 squares, that is, 100 or more acres, was almost as bad as the landlord and did not invest anything in his land. Even when he describes a "good" yeoman, who does not reside in the city and waste money, he says that he supervises his "tenants". His only praise is reserved for the peasant grantee, on whom he pins all his hopes of "agricultural progress", who cultivates his land on his own and works hard on it and reaps the benefits of high prices. Nevertheless, he notes that, even in Lyallpur, "the small farmer will not take the risk of experiment or change". In fact, rates of fertilizer consumption were much lower in the canal colonies than in central Punjab and levels of productivity were much the same as in central Punjab.[42]

Quite clearly, therefore, the logic of the entire system in some way militated against the development of capitalist agriculture, even on rich peasant lines, and we find that none of the accumulating classes in Punjab rural society invested in a fashion that would lead to a transformation of agriculture along capitalist lines.[43] In this sense, then, they were hardly different

[41] *Punjab Banking Enquiry Report*, Vol. I, pp. 36, 106, 144–46; *Census of India*, 1931, Vol. XVII, Punjab, Part I, p. 53.

[42] Darling, *The Punjab Peasantry in Prosperity and Debt*, pp. 121–22; I. Agnihotri, *Aspects of Economic Development in Canal Colonies*; BEIP, *Studies in the Cost of Production of Crops in the Punjab*, p. 7.

[43] For this reason, I disagree with N. Bhattacharya's characterization of this process of accumulation as one in which "agrarian capital ... was crystallizing slowly within the countryside". Bhattacharya, "The Logic of Tenancy Cultivation", p. 25. The fact that capital is accumulating in the hands of agrarian classes such as landlords and well-to-do peasants-cum-landlords or agriculturist mortgagees is not by itself enough to characterize this as "agrarian capital" nor this process as one of the crystallization of agrarian capital,

from similar classes in feudal or pre-capitalist societies. After all, in all such class societies, even in the pre-British Mughal society in India, there were sections or classes who appropriated the social surplus and therefore notionally had "accumulations", but we do not characterize those societies so much by the existence of these accumulations as by what use these accumulations are put to. So, even if it can be shown that in colonial Punjab the relative strength of the classes with a surplus available for potential investment was greater than in Bengal or Bombay, this does not take us very far in showing a potential for capitalist development of agriculture. If that potential was only in the sense that some people had investible surpluses, it was no more a real potential than the Mughal jagirdar's or zamindar's.[44] Unless, of course, the argument is purely that the consumption-oriented feudal rationality of landlords, zamindars and jagirdars acts as a barrier to investment. In our view, such a rationality may at best prevent certain classes from being the ones on which capitalist transformation is based. As in France, then, capitalism in the countryside may be based on the rich peasants and not on the landlords as in Russia or England. The existence of a feudal rationality cannot, by itself, in the long-run, obstruct the growth of capitalism, if the socio-economic structure is otherwise amenable to such a transformation. In the colonial situation in Punjab, *no class or section* emerged as the agent for capitalist transformation of agriculture. Though some classes or sections had certain accumulations, they did not initiate high productivity capitalist farming. In any meaningful sense then, a real potential for the capitalist development of agriculture was absent, any embryonic tendencies in this direction, as in the canal colonies in Punjab, being repeatedly and constantly frustrated.

Our conclusion about lack of capital investment in agricultural development is also corroborated by the data on changes in agricultural productivity in the Punjab, and it is to this that we turn in the next section.

III
Productivity

If rapid productivity increases through investment is taken to be one of the central indices for capitalist transformation in agriculture, Punjab does

particularly since the use of this term connotes the accumulations of a class of emerging capitalist farmers. The accumulations in Punjab, apart from being *generated* through surplus appropriation by means of high rents, usury, land mortgage, etc., were also being *reinvested* in the same combination of land purchase, usury and mortgage. They were therefore leading to the further concentration of land ownership and a strengthening of the hold of usury capital, all of which helped to further retard and obstruct the process of crystallization of *agrarian* capital.

[44] Agnihotri, in the conclusion to her study of the canal colonies in Punjab, pinpoints two sections of peasants who held out "the possibilities for developing into capitalist farmers".

not present a very favourable picture. Neither does it stand out in any significant way as an exception when compared with other regions of British India. We will examine this hypothesis on the basis of various quantitative estimates which have been made and the qualitative evidence available to us.

From Blyn's figures for value yields per acre in Punjab and other regions of British India (Table 5.4), we find first that between 1891 and 1941 (the figures for the Second World War period are omitted due to their doubtful reliability) the all-crop yield per acre in Punjab exhibited a very low rate of increase. Over these 50 years, it increased by about 34.4 per cent, giving an average annual increase of only about 0.68 per cent. Whereas some regions of British India, such as UP, showed a much slower rate of growth in all-crop yield, with areas like Bengal showing an actual decline, there were other regions such as Madras which showed a higher growth rate than Punjab. In Madras the all-crop yield increased by about 50.6 per cent over the same period, giving an average annual growth rate of about 1 per cent, which was nearly one-and-a-half times that of Punjab. Further, if we ignore the figures for 1891–1901 (the increases in this period reflected the initial spurts due to the large-scale introduction of irrigation) and look at the yield increases between 1901 and 1941, we find that the all-crop yield in

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One section consisted of those who had proprietary holdings of over 25 acres or even mixed holdings in this category, with a large part of the land being owned, and the second those who combined self-cultivation with leasing out and therefore who could also accumulate through appropriation of rent. The only reason she considers these two sections as potential capitalist farmers is that they had the capacity to accumulate. She gives no evidence of their actually investing capital in production on any significant scale. Her data on fertilizer consumption, mechanized implements, etc., in fact shows the contrary to be true. She also recognizes that for "these potentialities (of capitalist development) to be realized a more favourable socio-political set-up would be required ... (and) till such a situation came to exist *any individual efforts or even structural trends towards such development were bound to be frustrated or in any case retarded*" (emphasis added). Agnihotri, *Aspects of Economic Development in Canal Colonies*, pp. 167–68. To talk of "potentialities" or "possibilities" of the emergence of capitalism in a situation where any trends in that direction were "bound to be frustrated or ... retarded" is really to deprive these words of all meaning. It is one thing to argue, as does Irfan Habib in "Potentialities of Capitalistic Development in the Economy of Mughal India", that certain potentialities for capitalist development existed in Mughal India which may or may not have been realized if their development had not been interrupted by the onset of colonialism. It is quite another to argue the existence of potentialities in a situation where they are "bound to be frustrated". The agrarian structure in colonial Punjab should really be characterized as one which created neither the potential for the development of capitalist agriculture nor the possibilities of its realization, though there were sections of society that had certain capital accumulations. The potential was created only when the possibilities of its realization were opened up by the new socio-political set-up that emerged after Independence. Utsa Patnaik also argues that in agriculture "the emergence of a general tendency of the growth of capitalist production" had to wait till after Independence. "The Process of Commercialisation in Colonial Conditions", Paper presented at the Seminar on Commercialization in Indian Agriculture, Centre for Development Studies, Trivandrum, 1981, p. 63.

Punjab increases only by 14.7 per cent, giving an average annual rate of increase of only 0.36 per cent. Another estimate, made by Lindauer and Singh, of the seven-yearly moving averages of all-crop yield per acre in Punjab between 1906–07 and 1941–42 places the annual rate of increase at only 0.06 per cent over the period (see Table 5.6).

If we look at yields per acre for foodgrains in Punjab (Table 5.4) over the period 1891–1941, once again we find overall stagnation, with an increase of merely 18.5 per cent or an average annual increase of 0.37 per cent. If we again look only at the period 1901 to 1941, we find that yields in foodgrains actually fall more or less consistently from 1901 to 1936, showing a slight rise between 1936 and 1941 but still not reaching the 1901 level. (In fact per capita foodgrain output declined in Punjab at as high a rate as 1 per cent per year between 1921 and 1941.[45]) Here, too, while other regions such as UP and Bengal show a marked decline in yields in foodgrains, areas such as Madras show an increase far greater than that in Punjab. In Madras, foodgrain yield increased by about 34.7 per cent between 1891 and 1941 or by about 0.69 per cent annually.

The yields in non-foodgrains (the sector where major breakthroughs are supposed to have occurred in Punjab agriculture) do show a relatively impressive and consistent increase over the period 1891–1941 (Table 5.4). However, the increases in yield in this period were not so large as to bring about or reflect a basic transformation in agriculture. Nor were these increases very exceptional when compared to other regions. The overall increase over the 50-year period 1891–1941 in Punjab in non-foodgrains was about 51.8 per cent or roughly 1 per cent annually. Madras, on the other hand, over the same period, showed an increase of about 81.9 per cent or about 1.6 per cent annually, a rate more than one-and-a-half times that of Punjab. Similarly, Bengal also shows increases in yield in this period only marginally lower than Punjab—45.1 per cent over 50 years or an annual average of about 0.9 per cent. In fact, if we ignore the figures for the last five years (1936–1941), Bengal shows an annual average increase in yield much greater than Punjab, of about 1.4 per cent. Even UP shows an average annual increase of 0.7 per cent between 1891 and 1941. Therefore, if on the basis of the index of yields per acre it is argued that agriculture in Punjab (or at least parts of it) was undergoing a basic transformation in the colonial period, then one can easily argue, so were many other regions in colonial India, some even more than Punjab.

The fact that in the colonial period in Punjab the all-crop yields virtually stagnate shows that increases in non-food crop productivity were not sufficient to be able to pull up the overall productivity levels significantly. This is partially because in Punjab the acreage under non-food crops, though constantly growing, was still not very substantial, especially when compared to other regions of the country. For example, the percentage of

[45] G. Blyn, *Agricultural Trends in India, 1891–1947: Output, Availability and Production*, Philadelphia, 1966, Table 5.3, p. 102.

Table 5.4
All-Crop, Foodgrain and Non-Foodgrain Yield Per Acre (in Rupees: Constant Prices*): Greater Punjab and Other Regions of British India (1891–92 to 1940–41)

	1891–92 1895–96	*1896–97 1900–01*	*1901–02 1905–06*	*1906–07 1910–11*	*1911–12 1915–16*	*1916–17 1920–21*	*1921–22 1925–26*	*1926–27 1930–31*	*1931–32 1935–36*	*1936–37 1940–41*
All-Crop										
Greater Punjab	34.8	36.3	40.8	39.4	38.7	38.9	41.5	39.4	42.0	46.5
Madras	43.5	51.5	53.6	54.2	60.0	61.7	62.9	65.7	66.3	65.5
UP	47.3	50.8	47.4	48.7	51.1	49.6	49.6	46.3	53.1	52.1
Bengal	74.2	73.5	74.6	74.5	73.9	72.4	70.2	73.2	70.1	67.1
Bombay	34.1	31.5	30.9	34.5	37.1	34.3	35.7	37.2	37.9	37.0
Foodgrain										
Greater Punjab	31.9	38.5	38.9	36.3	35.3	34.0	36.3	34.8	34.9	37.8
Madras	42.6	51.3	52.2	52.5	59.4	59.1	58.5	58.8	59.5	57.4
UP	41.0	44.4	42.4	43.4	44.6	44.5	43.8	39.7	40.1	38.6
Bengal	70.7	67.8	68.7	68.1	66.2	65.2	63.3	62.8	59.5	55.2
Bombay	29.8	26.9	27.3	29.4	32.3	29.6	30.4	31.1	30.9	28.0
Non-Foodgrain										
Greater Punjab	58.6	53.8	52.3	60.2	61.0	70.9	73.1	65.1	80.6	89.0
Madras	48.8	52.5	61.6	63.6	63.9	74.2	80.2	87.7	86.9	88.8
UP	75.3	83.8	71.7	71.6	77.1	71.3	75.6	74.3	106.6	102.9
Bengal	94.0	108.0	109.2	109.7	119.5	118.5	116.7	125.1	145.0	136.4
Bombay	53.5	55.3	43.8	52.7	54.4	51.8	55.4	56.8	61.7	58.7

Source: Computed from Blyn, *Agricultural Trends in India*, Appendix Table 4C.
Note: *The average of 1924–25 to 1928–29 prices is taken as constant.

Table 5.5
Percentage Area Sown and Yield Per Acre (in lbs) for Major Crops in Punjab (1891–1940)

Crop	*Percentage of area sown*	*1891–95*	*1896–1900*	*1901–05*	*1906–10*	*1911–15*	*1916–20*	*1921–25*	*1926–30*	*1931–35*	*1936–40*
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
Non-Foodgrain											
Cotton	5	81.2	73.6	75.8	95.6	93.2	103.2	115.6	109.2	141.0	166.6
Rape and Mustard Seed	4	280.4	245.0	253.0	315.8	342.6	367.6	362.0	304.4	308.0	322.8
Sugar Cane	1	1,515.2	1,461.6	1,317.6	1,650.8	1,704.2	1,709.2	1,913.6	1,756.0	1,770.4	1,749.4
Foodgrain											
Wheat	31	628.8	601.2	770.6	757.2	690.6	691.0	751.2	698.2	727.6	786.0
Gram	14	437.2	421.4	519.4	509.6	455.4	463.4	523.4	486.6	463.4	418.0
Bajra	9	230.6	222.2	230.6	251.0	243.0	224.6	289.2	257.8	266.2	245.0
Maize	4	940.4	800.6	796.6	838.2	916.6	805.5	856.2	866.6	823.0	882.6
Barley	4	613.8	598.2	695.0	687.4	667.4	668.4	666.8	618.6	589.2	648.2

Source: (a) Column 1 of the Table is taken from 'Statement showing for Different Crops Sown, their Percentage of total area Sown—Decennial Average' in BEIP, *Size and Distribution of Cultivators' Holdings in the Punjab*, 1928.
(b) Columns 2 to 11 are computed from G. Blyn, *Agricultural Trends in India*, Appendix Table 3A.

Table 5.6
All-Crop Yield Per Acre (in Rupees at 1913–14 Prices): Punjab (1906–07 to 1941–42)

Year	*All-crop yield per acre (annual)*	*All-crop yield per acre (seven-yearly moving average)*
1906–07	19.01	
1907–08	25.85	
1908–09	20.19	
1909–10	19.57	21.03
1910–11	20.16	21.39
1911–12	21.33	21.02
1912–13	21.13	20.60
1913–14	21.55	20.60
1914–15	23.21	20.88
1915–16	17.25	21.17
1916–17	19.62	21.81
1917–18	22.15	21.31
1918–19	23.37	21.39
1919–20	25.62	22.31
1920–21	18.06	23.01
1921–22	23.77	22.66
1922–23	23.72	22.26
1923–24	24.56	21.64
1924–25	19.71	21.85
1925–26	20.57	21.17
1926–27	21.32	21.03
1927–28	19.53	20.55
1928–29	19.04	20.64
1929–30	22.75	20.73
1930–31	21.25	20.45
1931–32	20.36	20.80
1932–33	21.21	21.19
1933–34	19.41	21.28
1934–35	22.01	20.23
1935–36	21.83	20.35
1936–37	23.43	20.74
1937–38	13.92	21.14
1938–39	21.22	21.39
1939–40	23.95	
1940–41	22.22	
1941–42	23.80	

Source: Lindauer and Singh, *Land Taxation*, Table 3.2.

non-foodgrain acreage to all-crop acreage was the lowest in Punjab, being a meagre 12.5 per cent during the period 1891–1919, while the British India average was 17.7 per cent.[46] In the latter period (1919–1947), the Punjab percentage moves up to 15.3 per cent, but still remains the lowest except for Bengal, which now moves into the last place; the British India

[46] *Ibid.*, Table 8.1, p. 181.

average for this period was 19.9 per cent.[47] Similarly, for the entire period (1891–1947) the ratio of non-foodgrain/foodgrain acreage was the lowest for Punjab (apart from Bengal), being only 0.165, while the British India average was 0.293.[48] (It is significant to note here that the differential in yield per acre between non-foodgrains and foodgrains was not exceptional in Punjab. The ratio of non-foodgrain yield per acre to foodgrain yield per acre was 2 for Greater Bengal, Greater Punjab and Bombay–Sind, it was above 2 for the UP and less than 2 for other regions).[49]

Thus we see that in Punjab on the bulk of the land, that which was under foodgrains, there were hardly any increases in yields per acre in the colonial period (Table 5.4). Even in non-foodgrains, only cotton, which albeit had the largest non-foodgrains acreage, showed rapid increases in yields per acre, whereas other crops such as rape seed and mustard seed (second in importance to cotton) and sugar cane showed only slight increases, if at all (Table 5.5).[50] In other words, if any significant growth was occurring in Punjab at all, then it was restricted to very limited areas and there too the growth shown by Punjab was not all that exceptional when compared to other regions.

Thus one sees that in Punjab overall productivity in agriculture remained more or less stagnant with certain increases noticeable in the non-foodcrops category. That even these productivity increases were niggardly and did not signify any basic structural breakthrough is clearly seen when one compares these increases with those that occurred post-Independence in a totally transformed techno-economic and political context. According to one calculation, the value productivity of 11 major crops in the Punjab (in 1951 rupees) increased between 1950–51 and 1969–70 by about 255 per cent, that is, showing an annual average increase of over 12.5 per cent.[51] The average annual increase seen in all-crop yields in Punjab between 1901 and 1941 was 0.36 per cent, and the highest increases in yield seen in the Punjab (in non-foodgrains) in the colonial period came up to only an annual average of 1 per cent, between 1891 and 1951.

[47] *Ibid*. In terms of output, the percentage of non-foodgrain output to all-crop output for Punjab was 21.6 per cent between 1899 and 1923 and 29.8 per cent between 1924 and 1947. *Ibid*., Table 5.10, p. 124. The higher percentages in terms of output as compared to those in terms of acreage for non-foodgrains, point to the higher yields per acre in non-foodgrains.
[48] *Ibid*., pp. 167–68. The ratios for Greater Bengal, Madras, UP, Bombay-Sind and the Central Provinces were 0.155, 0.228, 0.235, 0.264 and 0.416 respectively.
[49] *Ibid*., p. 181. Of course, this comparison is not very meaningful as the same *ratio* may be got for two regions with very different *levels* of yield per acre. Also, perhaps, Punjab's ratio does not appear to be higher than others' partially because the yield per acre in foodgrains in Punjab was relatively higher than in other regions such as Greater Bengal and the UP. In other words, a higher ratio may reflect not only a high yield per acre in non-foodgrains but also a very low yield per acre in foodgrains.
[50] *Ibid*., p. 167 and Appendix Table 3A.
[51] See Lindauer and Singh, *Land Taxation*, Table 4.2, p. 137.

The increases in productivity that one sees in certain areas of Punjab in the colonial period were not so much due to increases in capital intensity or significant capital investments in agriculture made by the accumulating agrarian classes but were due to spurts caused mainly by state investment in irrigation or due to the occasional introduction of improved seed varieties.[52] Between 1891 and 1946, Punjab had the highest proportion of irrigated area to total cultivated land. For example, between 1918 and 1946, this proportion for Punjab was about 55.5 per cent, whereas the British India average was only 23.6 per cent.[53] Further, while in certain areas extension of acreage lowered the average yields per acre as mainly marginal lands were brought under cultivation, in Punjab, where irrigation was brought in erstwhile dry and uncultivated virgin land, the new lands brought in tended to have a higher yield per acre than previously cultivated land.[54] According to Blyn, about one-third of the increase in yield per acre in Punjab in the period 1891–1946 was attributable to increased irrigation alone.[55] As for acreage under improved seeds, again Punjab had the highest proportion of such acreage to total all-crop acreage. In 1938–39, it was about 32.9 per cent, while the British India average was only 11.1 per cent. Here again, Blyn argues that between 1922 and 1939 almost the entire increase in yield per acre is explained by the introduction of new varieties of seeds.[56]

However, despite these initial advantages in terms of relatively greater availability of irrigation and improved seeds, Punjab also began to demonstrate over time an overall stagnation. For example, towards the end of the period under consideration, between 1921 and 1946, the declining all-crop yield per acre trends tended to offset the increasing acreage trends. The new acreage was no longer able to "pull up" the overall yields per acre. This was due to many reasons. First, the rate of increase of irrigation itself declined over time. For example, while irrigated acreage in Punjab doubled in the period from 1891 to 1918, it only increased by about a third between 1918 and 1946.[57] Also, the initial spurt in productivity due to the bringing in of virgin land through irrigation faded out over time. Further, salinity and water-logging in irrigated land was becoming a serious problem; by Independence 24 per cent of total canal-irrigated area in west Punjab suffered

[52] In a recent comparative study of Punjab and Bombay, the slightly higher growth rate in Punjab is explained primarily by the differences in the levels of public investment between the two provinces. Significantly, it is not explained by any private capital investment in agriculture, the level of which was low in both Punjab and Bombay. Mishra, *Patterns of Long-Run Agrarian Change*, p. 204.

[53] See Blyn, *Agricultural Trends in India*, Table 8.3, p. 167. For Greater Bengal, Madras, Bombay-Sind and the Central Provinces, the percentages were 15, 27.9, 16.4, and 4.8 respectively.

[54] *Ibid.*, pp. 236–37.

[55] *Ibid.*, p. 188.

[56] *Ibid.*, pp. 200–201; Kessinger, *Vilyatpur 1848–1968*, p. 119, Table 17.

[57] See Blyn, *Agricultural Trends in India*, pp. 226–32.

from water-logging.[58] Besides, in Jullundur District, for example, the water table had shrunk appreciably, leading to serious problems in well-irrigation (the dominant form of irrigation in the district), and one of the reasons given for this was the opening of the new canals.[59] It is interesting to note here that lift irrigation through private investment in wells and tanks (which would have considerably reduced the dangers of water-logging) did not show any significant growth along with public investment in canals in pre-Independence Punjab. Post-Independence it was precisely the "complementary growth of public and private investment in irrigation" which engendered a much higher productivity rate compared to the colonial period.[60] Second, improved seeds which give higher yields also tend to drain minerals out of the soil, lowering productivity over time unless additional fertilizers are used, [61] of which there was little evidence in colonial Punjab. In any case improved seeds covered only three major crops in Punjab: wheat, cotton and sugar cane. However, only 29 per cent of the area under wheat cultivation came under improved seeds by 1931–32, and in sugar cane the improved seeds did not prove to be much of a

[58] The serious ecological disturbance caused by large-scale canal irrigation which resulted in water-logging of vast areas of land is rarely emphasized. For every 4 acres irrigated by canals, 1 acre was affected by water-logging. The following table giving statistics for 13 affected districts makes this very clear:

Total Area Irrigated by Canals and Affected by Water-logging: 1946–47

	District	Area under canal irrigation	Area affected by water-logging	Column 3 as percentage of Column 2
1	Lahore	926,223	84,679	9.1
2	Sialkot	8,766	3,626	41.4
3	Gujranwala	437,183	381,867	87.3
4	Sheikhupura	772,454	510,781	66.1
5	Gujrat	325,376	38,536	11.8
6	Shahpur	883,943	113,217	12.8
7	Jhelum	249	51,730	
8	Mianwali	22,664	1,675	7.4
9	Montgomery	1,633,877	198,354	12.1
10	Lyallpur	1,739,307	137,583	7.9
11	Jhang	601,980	293,276	48.7
12	Multan	1,994,303	307,093	15.4
13	Muzaffargarh	444,326	215,191	48.4
	Total	9,790,651	2,337,608	23.9

Source: BEIP, Pakistan, *Agricultural Statistics of the Punjab, Pakistan*, 1901–02 to 1946–47.

[59] *SR Jullundur*, 1913–17, p. 6.

[60] Mishra, *Patterns of Long-Run Agrarian Change*, pp. 187–88, 198 and Table 5.13; Kessinger, *Vilyatpur 1848–1968*, pp. 121–22.

[61] Blyn, *Agricultural Trends in India*, p. 200.

success at all.[62] Third, the proportion of fallow land to generally cultivated land was rapidly decreasing in Punjab between 1891–1919 and 1919–1946 (while the British India average was actually increasing),[63] again affecting productivity.

In other words, irrigation or the introduction of new seeds were in themselves not sufficient to bring about a basic long-term transformation in agriculture, and a high self-sustained rate of growth. In fact, in the absence of certain other conditions, which, given the colonial constraints, were never realized, these measures simply caused a spurt in productivity immediately following their introduction. The rate of increase in yields was not sustained for long, stagnation reasserting itself over time.[64]

Some of the crucial elements in maintaining a continuous rate of growth in yields would have been sustained increases in agricultural inputs such as synthetic fertilizers, the use of agricultural machinery and major efforts at agricultural research and education. It is precisely in these areas, which required the intervention of the colonial state, that there was virtually no change in the colonial period. The use of synthetic fertilizers was insignificant (as the import figures suggest), the spread of improved seeds gradual and limited and agricultural equipment remained virtually unchanged. Little effort was made even to carry the fruits of existing research to the cultivator and to adapt the improved implements to his needs.[65]

All this further restricted the opportunities for investment for even those sections who were able and willing to invest in agricultural improvements. Low productivity levels also ensured that other avenues of investment remained more attractive, and capital continued to flow into usury, trade, mortgage and land purchase, rather than into agricultural development.

[62] Mishra, *Patterns of Long-Run Agrarian Change*, pp. 192, 194.

[63] Blyn, *Agricultural Trends in India*, pp. 193, 238.

[64] Mishra also argues that "public investment in canal irrigation provided a once only upward shift of ... (the) production function", thereafter productivity stagnated at this plateau. Further, he correctly notes that "the impetus provided by public investment needs to be sustained by complementary private investment if growth is to continue". *Patterns Long-Run Agrarian Change*, pp. 198, 205, 259.

[65] Mishra also argues that "the absence of newer and productive inputs into production—such as high yielding seeds, chemical fertilizers and fixed capital equipment—also thwarted the shift from irrigated agriculture—as existed in many parts of Punjab—towards large scale mechanized farming". This invariably reduced the opportunity for investment for even those sections who had the necessary capital. *Patterns of Long-Run Agrarian Change*, pp. 259, 234–38, 194–96. Also see Blyn, *Agricultural Trends in India*, pp. 202–4, 238–39; Agnihotri, *Aspects of Economic Development in Canal Colonies*, Chapter III and pp. 107, 108–11; Bagchi, *Private Investment in India*, pp. 99–102. For lack of any changes in methods of cultivation, and lack of government effort in and the difficulties in absorbing new implements, seeds, and other inputs, see, BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 43–45; BEIP, *An Economic Survey of Durrana Langana in Multan District*, pp. 63–65; BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 45–46; BEIP, *An Economic Survey of Jamalpur Sheikhan in Hissar District*, pp. 52–53; BEIP, *An Economic*

Low productivity levels also had the effect of further worsening the terms of tenancy by increasing the demand for land on rent since, in the absence of opportunities for intensive cultivation via new inputs, acquisition of land through tenancy was often the only way of increasing production. In turn, the highly disadvantageous terms on which land was available for tenancy cultivation had a seriously negative impact on agricultural development. Tenants in Punjab had in any case no protection against enhancement of rent and no security of tenure,[66] and this, combined with the deterioration of the terms, meant that any potential investments tended to stay off rented land. This was seen clearly in the case of tenants who also had land of their own. In central Punjab, for example, where between 40–55 per cent of the area was under tenant-cultivation, the number of landless tenants, though growing, was still relatively small, and most tenants had some land of their own.[67] In such situations, whatever resources were available for making improvements in land were expended on the land owned and rented land was given less manure and less effort than owned land. The evidence collected from village Suner in Ferozepore District on this question was very revealing. Fourteen owners, who also took land on *batai* rent, when questioned, admitted that they cultivated their own land more carefully than the land taken on *batai*. One of them said: "What else could you expect? When we cultivate our own land the produce is all ours. When we cultivate land on rent we only get a share". Another cultivator stated that a tenant would manure rented land only when his own land was *barani* and the rented land was irrigated. A third cultivator remarked that a tenant could not be expected to prepare the field with the

Survey of Gaggar Bhana in Amritsar District, pp. 39–40; BEIP, *An Economic Survey of Tehong in Jullundur District*, pp. 34–36; BEIP, *An Economic Survey of Naggal in Ambala District*, p. 33; *SR Jullundur*, 1913–17, p. 27; *DG Hoshiarpur*, 1904, p. 110; Kessinger, *Vilyatpur 1848–1968*, p. 110; *DG Lahore*, 1914, pp. 95–96, 110–11.

[66] This lack of any legal security of tenure was compounded by the fact that often tenancies ran only from year to year. A survey in a Lyallpur village revealed that roughly two-thirds of the tenancies ran for only one year. BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, pp. 55, 106–7, Table LXIII. Also see BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 186; BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 53; BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 81, 160–61; BEIP, *An Economic Survey of Durrana Langana in Multan District*, p. 98; BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 83; BEIP, *An Economic Survey of Bhadas in Gurgaon District*, p. 46; BEIP, *An Economic Survey of Gaggar Bhana in Amritsar District*, pp. 69–70; *DG Jullundur*, 1904, p. 210.

[67] *Darling Papers*, Box V/I; Calvert, *The Wealth and Welfare of the Punjab*, p. 201. In village Suner in Ferozepore District in central Punjab, of the 102 tenants who took land on rent in the village only three were landless; the rest owned land or were occupancy tenants. BEIP, *An Economic Survey of Suner in Ferozepore District*, p. 134. In Tehong in Jullundur District though 60 per cent of area was under tenancy, there were only four landless tenants-at-will. BEIP, *An Economic Survey of Tehong in Jullundur District*, pp. 66 and 186; Kessinger, *Vilyatpur 1848–1968*, p. 140.

same diligence as an owner did, because what assurance did he have that someone else would not benefit from his labour the next year. A comparison of the agricultural operations in wheat carried out by six landless tenants and nine owners also confirmed the observations made above. Another owner-tenant also explained why no improvements were made on rented land. To quote: "I took 9 kanals of barani land on batai from A., an occupancy tenant .... A.'s share in the produce was settled at one-fourth. I cleared the field of all its weeds, giving it five ploughings, which is unusual for tenants. The following year another cultivator offered to give A. one-third share of the produce and the latter gave the land to him. How can you expect me after that to take good care of land taken on batai? I have had my lesson".[68]

A similar story was reported from Lyallpur: "Tenants who are also owners apply no manure at all to the land they cultivate as tenants, but utilise what they have entirely on their own land. This is but natural when it is remembered that the quantity of manure available is never sufficient to go round. Further, the prevalent custom is to let land from year to year and the renewal of a lease is always uncertain; this tends to operate against the application of manure to land held under tenancy because the full effect of the manure is not reaped in one year. These short term leases also tend to discourage other improvements on the land".[69] The village survey in Gujranwala District commented that the "system of cultivation by tenants tends to exhaust good land and make poor land worse still".[70] A study conducted on the system of *batai* cultivation in Lyallpur District in 1923–24 also made a similar observation.[71] Calvert also believed that a tenant on *batai* ploughed and manured less than an owner and was less willing to try improved seeds and implements.[72] Darling, too, wondered whether the *batai* system under which the landlord got the unearned benefits of the tenants' investment was a factor in the slow rate of agricultural progress.[73]

Landless tenants, who predominated in the more backward areas and were also found in substantial numbers in the canal colonies,[74] and who

[68] BEIP, *An Economic Survey of Suner in Ferozepore District*, pp. 62–66.

[69] BEIP, *An Economic Survey of Kala Gaddi Thamman in Lyallpur District*, pp. 61–62.

[70] BEIP, *An Economic Survey of Gajju Chak in Gujranwala District*, pp. 75, 81–82.

[71] BEIP, *Some Aspects of Batai Cultivation*, p. 1.

[72] Calvert, *The Wealth and Welfare of the Punjab*, p. 202.

[73] *Darling Papers*, Box 5/1. Also see BEIP, *An Economic Survey of Durrana Langana in Multan District*, p. 105; BEIP, *An Economic Survey of Bhambu Sandila in Muzaffargarh District*, p. 65; BEIP, *An Economic Survey of Haripur and Mangarh Taluqas of Kangra District*, p. 51; BEIP, *An Economic Survey of Gijhi in Rohtak District*, pp. 82–83; BEIP, *An Economic Survey of Naggal in Ambala District*, p. 57; BEIP, *An Economic Survey of Gaggar Bhana in Amritsar District*, p. 69; BEIP, *An Economic Survey of Tehong in Jullundur District*, p. 92.

[74] A village survey in Lyallpur District found that out of a total of 59 tenants-at-will, 28 tenants had no land of their own at all. Of these 28, 13 were dependent wholly on their

had no choice but to invest in rented land, tended to have hardly any resources to invest in land improvement. Thus, almost half the land in the Punjab, which was under tenants, would be seriously affected and would contribute to the low levels of average productivity.

In fact, some studies, as for example that of Lindauer and Singh, argue that Punjab in the colonial period was actually undergoing a process of decapitalization, leading to overall stagnant or declining yields per acre. To meet his land tax, if it was greater than his economic rent, it is maintained, the cultivator first cut his subsistence and, before he went to borrow or in the last resort sell his land, ceased to maintain his capital.[75] This aspect is seen clearly in another study which shows that, while in the newer canal colonies (such as Montgomery), along with public investment in irrigation and expansion in sown acreage, capital stocks in terms of numbers of bulls, ploughs, carts and the like was increasing between 1914 and 1939, in the older colonies (such as Lyallpur), over the same period, "the number of bulls, buffaloes and ploughs actually fell and other items remained constant", though sown area continued to grow at a very slow rate.[76] In fact, in the province as a whole, it appears that the numbers of plough cattle per 100 acres sown fell continuously between 1904 and 1938, coming down from 19 to 14, that is, a significant drop of about 25 per cent over 31 years, [77] thus lending credence to the hypothesis of decapitalization.

IV
Conclusion

In conclusion, we may reiterate that all the available evidence—on concentration of landownership, increasing tenancy cultivation on deteriorating terms, a comparison of the data for land owned and land operated, an examination of the amount of land operated in surplus-producing holdings, the data on areas in which accumulations were being invested, the forms of surplus appropriation or accumulation, and the levels of productivity and capitalist investment—points to the absence of any sustained tendency towards the development of capitalism in agriculture in colonial Punjab.

tenancies, while the rest supplemented their income from other trades—some were artisans who received their traditional *kamins'* dues from the peasant body, others were casual labourers. BEIP, *An Economic Survey of Kala Gaddi Thamman*, pp. 55–56. In Multan District, the village survey found that of the 149 families of cultivators, 90 families were of landless tenants. BEIP, *An Economic Survey of Durrana Langana in Multan District*, p. 98.

[75] Lindauer and Singh, *Land Taxation*, p. 105.

[76] Mishra, *Patterns of Long-Run Agrarian Changes*, pp. 196–98 and Table 5:16.

[77] See BEIP, *Agricultural Statistics of British Punjab, 1901–2 to 1935–36*, Table XVII. Needless to add, this drop did not reflect any mechanization of agriculture leading to the substitution of plough cattle with tractors and the like.

The vast majority of cultivators were unable—because of their insufficient holdings, the pressures of state taxes, rents and debt, the nature of commercialization, lack of credit, low productivity levels and the like—to generate a surplus for investment. And those who did have the surplus, and did accumulate capital, found that the opportunities for investment were far more attractive in other spheres—trade, moneylending, mortgage, land purchase and leasing out.[78] The inability of the majority and the disinclination of the minority to invest in agricultural development were inextricably linked together by the wider structure of colonial underdevelopment, of which they formed an integral part.

[78] Calvert, for example, was of the view that "the sixty crores or more lent out in the province represents capital that might have been invested in other and more useful directions, such as industrial enterprise, or land improvement. The high returns from money-lending tend to diminish the attractiveness of the return from industrial investments. People come to regard ten or twelve per cent, as a normal return which they have a sort of right to expect, and they turn down proposals which might yield a safer six or seven". H. Calvert, Registrar, Cooperative Societies, Punjab to Senior Secretary to Financial Commissioners, Punjab, No. 3226-S., dated Lahore, 7 April 1925, *Punjab Home (Judicial) Department Proceedings*, January 1927, No. 6, IOR P/11649.

SIX

Punjab and Eastern India: Polar Opposites or Treading the Same Path?

How far and in what ways did the direction of change in agriculture in colonial Punjab deviate from the typical colonial pattern? In what respects did the pattern of commercialization of agriculture, for example, its causes and effects, the rural class structure, agrarian relations and forms of surplus appropriation differ from the eastern Indian region of Bengal and Bihar in which the colonial impact is known to have assumed its most negative and extreme forms? At the end of colonial rule, did Punjab have better initial conditions for agricultural development than eastern India and, if so, why? These are some of the questions I shall try to discuss in this chapter by means of a comparison between Punjab and eastern India.

I
Commercialization

I will first take up the comparison of the commercialization of agriculture.

For Bengal and Bihar, two phases of the commercialization of agriculture have been demarcated by Amit Bhaduri—the first phase being identified as the commercialization of sub-tenurial rights in land which was legalized in 1819 and the second phase as the commercialization of agricultural produce, which begins from the mid-nineteenth century.[1] It is necessary to add to this two more phases (which Amit Bhaduri discusses but does not demarcate as separate phases)—the commercialization of zamindari or rent-collecting rights immediately after the Permanent Settlement and of occupancy rights in land which occurred after the tenancy legislations

[1] Amit Bhaduri, "The Evolution of Land Relations in Eastern India under British Rule", *The Indian Economic and Social History Review*, 13, 1, January–March 1976, pp. 45–58.

of 1859, 1868 and 1885 granted occupancy rights to some sections of tenants.[2] The process of commercialization of agriculture in Bengal thus proceeds in this fashion: commercialization of tenurial and then sub-tenurial rights leading to an increasing rent-burden and in turn to indebtedness; this in turn set in motion the commercialization of agricultural produce, and simultaneously tenancy legislation enabled the commercialization of occupancy rights.[3]

In Punjab, too, the commercialization of agricultural produce, primarily a product of the integration of India with the world market in the second stage of colonialism when India's role became that of an exporter of agricultural produce, occurred at roughly the same time as in Bengal and Bihar since Punjab, too, was colonized by the time the second stage of colonialism began to take a cognizable form. The initial push in Bengal and Bihar was provided by the increasing rent demand, itself a consequence of the colonial impact which led to increasing pressure on land and the increasing size of the sub-tenurial right holders;[4] in Punjab, the initial push was provided by the enhanced and inelastic cash demand for land revenue by the state, and in later years by the increasing rent demands as well.[5] The crucial mediating role was again provided by the consequent indebtedness in both cases.[6] In essence, then, the process was the same: increased demand for surplus, leading to depression of consumption and increase of indebtedness, forcing the commercialization of agricultural produce in a situation of increased demand for such produce caused by integration with the world market.

The commercialization of land, however, needs a closer look. It is clear that the commercialization of sub-tenurial or intermediary rent-collecting rights in Bengal and Bihar had no counterpart in Punjab. The reason for this, however, did not lie in the imagined absence in Punjab of landlords who lived off rent, as might be superficially supposed,[7] but in the fact that the land revenue settlement in Bengal was a permanent one—the revenue demand could not be enhanced after 1793—and the revenue settlement in Punjab was temporary: the revenue could be and was regularly enhanced. The limitation and fixing of the state's share in Bengal and Bihar enabled the growth of intermediary right-holders who shared out the increasing difference between the value of the revenue and the rent demand. In Punjab, the possibility of the state, through an increase in land revenue, mopping up any such increases acted as a brake on the growth of intermediary rights. This is the reason why intermediary rent-collecting rights or sub-tenurial rights did not emerge anywhere outside the region of the Permanent Settlement; even taluqdari Avadh, similar in so many other respects to Bengal

[2] *Ibid*.
[3] *Ibid*.
[4] *Ibid*., p. 49.
[5] See chapters 1, 2, 3 and 4 in this volume.
[6] Amit Bhaduri, "*The Evolution of Land Relations*" and Chapter 2 and Chapter 3, this volume.
[7] See Chapter 4, this volume for landlordism and tenancy in Punjab.

and Bihar, reported no such development. Therefore, the absence of this particular feature of commercialization of Bengal and Bihar in other parts of the country, including Punjab, was not evidence of any structural dissimilarities, but was a product of a particular, historically contingent development, never repeated after the early years of consolidation of British rule.

The other two aspects of commercialization of land, that of the commercialization of the rent-collecting rights and the occupancy rights, had their counterpart in Punjab in the commercialization of land, or more specifically, in the commercialization of ownership rights which were simultaneously occupancy rights. Since in Punjab the property right in land was not bifurcated, as in Bengal and Bihar, into rent-collecting and occupancy rights, ownership and occupancy were simultaneous. (The small number of tenants who were legally identified as occupancy tenants in Punjab were hardly different from full owners as the rent they paid to the superior owners was a small proportion of the land revenue and was not subject to enhancement; the vast majority of tenants had no protection and therefore no occupancy rights in land.) Therefore, in any comparison, it is the commercialization of ownership or property rights in Punjab which has to be treated as the equivalent of the commercialization of both rent-collecting and occupancy rights in Bengal and Bihar. In this respect, too, Punjab conformed to the Bengal pattern and the same processes of increasing pressure on land, in the context of the commercialization of agricultural produce, the increasing demands of rent or revenue, and indebtedness, led to the commercialization of occupancy rights in Bengal and Bihar and the commercialization of ownership-cum-occupancy rights in Punjab. Rent-collecting rights in Bengal and Bihar, however, were not initially commercialized due to these pressures: they first came on the market immediately after the Permanent Settlement because many zamindars could not meet the heavy revenue demand and had to sell off to those who had the resources to pay up the heavy demand, and were willing to do so in anticipation of future returns promised by the fixed nature of the state demand.[8] In Punjab, this obviously could not occur, but nevertheless this difference did not act as any damper on the commercialization of ownership or property rights (which were inclusive of rent-collecting rights).

In essence, therefore, the features of commercialization of agriculture in Bengal and Bihar were replicated in Punjab, though the forms and timing showed some variation. Commercialization of agricultural produce even occurred at roughly the same time; commercialization of rent-collecting and occupancy rights was united in Punjab in the form of commercialization of property rights or ownership-cum-occupancy rights; only the

[8] Amit Bhaduri, "*The Evolution of Land Relations*", pp. 45–48.

commercialization of sub-tenurial rights or of multiple rent-collecting rights did not occur in Punjab because of historically specific reasons.

I have already shown at some length in Chapter 3 the nature of the differences between Punjab and eastern India in the controls exercised over peasant producers by trading and moneylending capital. I have argued that the differences, where they existed, as for example in the case of *dadan* or advance selling of crops at fixed rates, were a product of the differences in the nature of the markets for the non-foodcrops like cotton and jute, the regional distribution of the cropping pattern and the like. I have also argued that there were similarities between the commercialization of the foodcrops—rice in Bengal and wheat in Punjab—and that *dadan* was not so prevalent in the case of rice even in Bengal.[9] Another similarity lay in the increasing sale and export of fine-quality rice and import and consumption of inferior-quality Burma rice in Bengal[10] and increased imports and consumption of inferior grain like bajra and jowar and sale and export of wheat in Punjab.[11] Further, both in Bengal and Punjab, increased cultivation of non-food cash crops like jute and cotton led to diversion of land from other essential crops.[12]

Clearly, then, because certain specific features associated with the typical regions of forced commercialization were missing in Punjab, the commercialization of agriculture was not in its essence, in a structural sense, any less forced. The process took different forms, though even these were not as different as is often supposed: the similarity between Punjab and Bengal and Bihar is in fact quite striking. These different forms were a product of the specific conditions of the province, its climate, its soil, its crops, its tenurial structure and the like.

II
Class Structure

There is also an impression that Punjab and eastern India represent two extremes with regard to the nature of the social groups that dominated the produce, credit and land markets and that this had important implications for the process of agrarian change. The suggestion is that in Bengal and Bihar the non-agriculturist trader-moneylender monopolized these markets and it was this that led to a siphoning off of capital from agriculture and thus to the lack of agricultural development. In Punjab, on the other hand,

[9] See Chapter 3, Section I B.
[10] Amit Bhaduri, "*The Evolution of Land Relations*".
[11] See Chapter 3, this volume.
[12] See Chapter 3, this volume.

it is supposed that the greater role of agriculturists in this process led to the accumulation of agrarian capital and thus to agricultural development.[13]

The basic assumption on which such an argument is based is, however, brought into serious doubt by the fact that even in Bengal and Bihar, from at least the last quarter of the nineteenth century, the social composition of rural creditors was changing. To quote B.B. Chaudhuri, "a notable change ... was the increasing importance of well-to-do farmers, or of other landed groups"; a distinct development is "the tendency of the role of the big farmers ... to be strengthened", and the "rustic moneylender" was often identified as "a successful cultivator". He further says that "the old role of the grain merchant was thus being considerably modified with the emergence of a powerful class of intermediaries between them and the actual cultivators".[14] Data from some districts of Bihar (which was also part of the same Permanent Settlement as Bengal) between 1885 and 1895 showed that in about 80 per cent of the cases of land alienation, mostly by mortgage, the alienees were "ryots".[15] In Punjab, too, agriculturist moneylenders had emerged in the last quarter of the nineteenth century and increasingly consumed a large share of the alienated lands.[16]

The effect of protective debt legislation was also strikingly similar. In Punjab, as we have shown earlier, it was the Land Alienation Act of 1900 that tipped the scales heavily in favour of landed or agriculturist moneylending groups; in Bengal and Bihar, it was the debt legislation of the 1930s that had a similar effect. As in Punjab, this debt legislation in Bengal and Bihar "frightened the moneylenders", and made "the conditions on which they (borrowings) were possible at all ... naturally more stringent than before."[17] There was now a greater insistence on mortgage with possession and forcing down of the peasant into the status of a bargadar or sharecropper and "such conditions tended to become worse with the changing composition of rural creditors", that is, agriculturist moneylenders were more stringent and harsher in applying these conditions and their increasing domination therefore meant a worsening of the conditions on which credit could be obtained.[18] In Punjab, too, as we have seen earlier, agriculturist-moneylenders would only lend against mortgage and were far more covetous of the peasants' land than the non-agriculturists, and their increasing domination contributed to the increase in mortgage debt.[19]

[13] See, for example, Amit Bhaduri, "Class Relations and the Pattern of Accumulation in an Agrarian Economy", *Cambridge Journal of Economics*, No. 5, 1981, pp. 33–46.
[14] B.B. Chaudhuri, "The Process of Depeasantisation in Bengal and Bihar", pp. 128–30.
[15] *Ibid*., p. 129.
[16] See Chapters 2, 3, and especially Table 3.9, this volume.
[17] B.B. Chaudhuri, *The Process of Depeasantisation in Bengal and Bihar*", pp. 121–23.
[18] *Ibid*., p. 123.
[19] See Chapters 2 and 3, this volume.

Even in terms of the share of the total debt held by agriculturists, there was probably no great difference between Bengal and Punjab. In Bengal, it was estimated that by 1946 the agriculturists supplied one-third or 33 per cent of the total credit of owner-cultivators.[20] In Punjab, the share of the agriculturists in the debt of the owner-cultivators or peasant proprietors in 1929 was about 39 per cent.[21]

In another respect as well, the direction of change was similar in the two regions. I have already emphasized earlier how land alienation contributed to the increase in cultivation on tenancy terms in Punjab, and since tenants had no protection, this was increasingly taking the form of share-cropping or *batai*. In eastern India as well, as B.B. Chaudhuri points out, "the correlation between the increasing transfers of peasant holdings and the growth of the *barga* system has been emphasized by many district officers."[22] His characterization of this connection can be applied word for word to Punjab: "while the increasing population pressure in the context of the limited availability of land had thus much to do with the growth of the *barga* system there is no doubt that the system notably increased in those regions where peasants had been losing their lands to moneylenders and other groups."[23] In fact, the proportion of area under share-cropping in Bengal was only estimated at around 25 per cent in the 1940s,[24] whereas in Punjab it was over 40 per cent;[25] and the Floud Commission, when comparing the two regions, in fact put the Punjab figure at 47 per cent.[26] Thus the supposedly greater role of the agriculturist groups in rural credit in Punjab does not seem to have led to any greater tendency towards retention of land for direct cultivation. In other words, the argument that the social composition of rural creditor groups exercises a determining or crucial influence on the direction of agrarian change rests on rather doubtful assumptions and facts. Or, to put it differently, the argument that it is the

[20] "Final Report on Rural Indebtedness", cited in B.B. Chaudhuri, *The Process of Depeasantisation in Bengal and Bihar*, p. 131.

[21] Mortgage debt was estimated to be 50 per cent of total debt of proprietors; of this, 75 per cent was due to agriculturists. In unsecured debt, the share of agriculturists was stated to be less than that of cooperative societies, which were responsible for only Rs 2.5 crores, Proprietors' total debt was Rs 117 crores. Mortgage debt, being half of this, is equal to Rs 58.5 crores. 75 per cent of this was Rs 43.9 crores. Add to this Rs 2 crores of unsecured debt and we get a total of Rs 45.9 crores due to agriculturists. This represents 39.2 per cent of total debt of proprietors. Since landlords are also included in proprietors, the debt due from owner-cultivators, the category in Bengal with which we are comparing, would certainly be less than this figure. For estimates of debt, see *Report of the Punjab Provincial Banking Enquiry Committee, 1929–30*, Vol. 1, Lahore, 1930, pp. 163–65, 22.

[22] B.B. Chaudhuri, "The Process of Depeasantisation", p. 150.

[23] *Ibid.*, p. 149.

[24] *Ibid.*, p. 156.

[25] See Chapter 4, this volume.

[26] *Report of the Land Revenue Commission, Bengal*, Vol. 1, 1940, pp. 91–92.

interlocking of the credit, produce and land markets in a single agency that leads to the siphoning of agrarian surplus and transforms it into trading, moneylending and at best landlord capital is thrown into serious doubt by the Punjab experience, where these three markets were not interlocked in the same agency (the credit and produce markets were interlocked in the person of the non-agriculturist trader-moneylender and the credit and land markets interlocked in the person of the agriculturist-moneylender), and yet the same consequences followed.

The interventions of the colonial state in this process, which were largely confined to the attempt at exclusion of the non-agriculturists or more specifically the non-agriculturist castes from the land market, or, in other words, to the attempted delinking of the land market from the produce and credit markets, essentially secured political advantages for the colonial state by obfuscating the politically explosive issue of land transfers. By singling out the non-agriculturists as the villains whose chicanery and cunning was held to be the cause of the peasants' distress and by defining the contours of the debate or problematic in terms of rural versus urban or agriculturist versus non-agriculturist castes, the colonial authorities deliberately ignored the evidence collected by their own official machinery of the agriculturists securing a substantial share of the alienated land. The consequence of their intervention could therefore only be a weighing of the economic, social and later the political balance in favour of landed groups; it could do nothing to protect the peasant from the inexorable logic of colonial underdevelopment, which ensured that the markets for credit, produce and land remained inextricably linked, each feeding and furthering the other, even when they were not interlocked in a single agency.

In any case, as I have discussed earlier in Chapter 5, the issue is not so much whether the agricultural surplus was siphoned off by a "non-agriculturist" class, but that it was siphoned away from agricultural development. Even in Punjab, where a somewhat larger share of agricultural surplus remained with "agriculturists" or landed groups, this surplus did not get invested in agricultural improvement but was re-invested in usury or mortgage or the price of land. The implication of our argument is clearly that it is the structural features of colonialism, which are similar in different regions, which exercise the crucial role in determining the direction of agrarian change.

III
Problems of Characterization

A comparison of Punjab and eastern India also brings out the fact that the problem of characterizing prevailing forms of surplus appropriation in the colonial context is an extremely complex one. Forms of surplus appropriation such as *batai* or, for that matter, wage labour do not per se necessarily represent any specific mode of production (such as capitalism or feudalism) but are characterized according to the specific role they perform in the wider structure within which they operate. The same form can quite often easily be integrated into totally divergent modes of production and agrarian structures. For example, wage labour, which is normally associated with capitalism, does not always represent a capitalist relation in the absence of a number of other conditions. In colonial Bengal, wage labour represented the severest form of semi-feudal surplus appropriation.[27]

The dangers inherent in any method of characterization of forms of surplus appropriation which does not examine the wider system of production relations that these forms are based on and help to sustain are immediately apparent if we turn again to Bengal. By all estimates, proportion of total area under *barga* cultivation was smaller in Bengal than area under *batai* in Punjab. The common estimate for Bengal in the 1940s was around 25 per cent, whereas in Punjab it was closer to 40 per cent. Further, a distinct trend towards increasing cultivation through wage labour had emerged in Bengal whereas we do not witness any such trend in Punjab. If we were to characterize these forms of surplus appropriation without reference to the wider conditions in which they exist, we would be forced to make the ridiculous formulation that semi-feudal forms of surplus appropriation were more widely prevalent in Punjab than in Bengal. Since this is obviously not satisfactory, it is imperative that any characterization of forms of surplus appropriation must take into account the role that they perform in any given situation.

In the case of Punjab, when I characterize tenancy and *batai* and the like as semi-feudal, I do so not simply because it is share-cropping and this form has traditionally been associated with feudalism but because of its specific role in the Punjab colonial context where this form of surplus appropriation was utilized for the maintenance of semi-feudal (or pre-capitalist) semi-colonial conditions in agriculture.

This characterization of *batai* in the colonial conditions in Punjab as semi-feudal has been criticized and it has been suggested that it should be treated instead as a "significant transitional form",[28] presumably towards

[27] See Chapter 4, Section III B, this volume.

[28] Agnihotri's argument, for example, runs as follows: "A characterisation of the half-batai rent as 'feudal' or 'semi-feudal' would be incorrect and also misleading, for it would deviate us from locating this form of rent within the specificity of the situation. At a very basic level no doubt this form of rent did represent appropriation of labour service through produce rent. However, keeping in mind the fact that this form of rent was continuing to be predominant given increasing commodity production and extension of the cash network as well as the emergence of a more advanced form of rent, i.e., cash rent, the situation needs to be further examined. In fact it then appears that *the continued predominance of this form of rent*—in fact an increase in Gujranwala and Jhang districts—*was in direct response* to

capitalism or representing its early stages. The latter would be true if it could be shown that Punjab agriculture in the colonial period was, in fact, in the process of transition to capitalist production. However, if surplus appropriation through *batai* and the like led not to the accumulation and investment of capital, rapidly increasing productivity and shifting the entire basis of cultivation to a higher technological level, transforming and revolutionizing the organization of production, but to accumulations which found their way, as in Bengal, into usury, land mortgage, land purchase for further leasing out on tenancy, leading to the perpetuation of petty commodity production at more or less the existing levels of production (that is, perpetuating and intensifying both the existing structure of agrarian relations and the technological basis of production), then perhaps it would be illogical to treat this form as the harbinger or hallmark of the growth of capitalism in Punjab and as semi-feudal in Bengal. It would perhaps be closer to reality to characterize it in both regions as representing semi-feudal or pre-capitalist relations within the colonial structure or representing a structure which in the absence of a more precise term can be described as semi-feudal semi-colonial. One may repeat that this form of surplus appropriation does not become transitional to capitalism simply because it was used to accumulate, the more basic point is how the accumulations get realized, with what overall impact on agrarian relations and production.

Further, one may clarify here that tenancy or *batai* in Punjab is not characterized as semi-feudal simply on the assumption that there existed a wide undifferentiated mass of petty tenants at the subsistence level. There were many tenants who were by no means landless but had some land and took on some more on rent. Their economic position was very different from that of the landless tenant or dwarf-holder-cum-tenant. Clearly, they were not an "exploited" strata in the way that poor share-croppers were and their bargaining position vis-à-vis the landlords was certainly stronger because of their superior economic status. Nevertheless, they too could, by and large, lease in land only on the prevailing share-cropping basis and to that extent were victims of the existing semi-feudal agrarian structure. This acted as a built-in constraint on their expanding cultivation and explains their tendency to limit their operational holdings to what could be cultivated through primarily family labour, which in turn placed severe limits on their ability to accumulate through expansion of cultivation.

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the above conditions and *to the especially advantageous phenomenon of rising prices, whereby landlords found themselves in command of a higher sum through extraction of produce rent*, till such time or unless it could be substituted by a cash rent. Meanwhile we would only emphasize the need to distinguish between this form of rent and feudal forms and to *treat this as a significant transitional form*" (emphasis added). Agnihotri, *Aspects of Economic Development in the Canal Colonies*, pp. 152–53.

Tenancy cultivation in Punjab, therefore, did not represent the emergence or growth of capitalist agrarian relations and for that reason can be characterized as semi-feudal or pre-capitalist.

I would like to clarify here that I do not treat *batai* or produce-rents as per se any more semi-feudal than cash rents; nor were cash rents a step towards the transition to capitalism. This is particularly so because in Punjab the prevalence of produce rents was not a result of the non-existence of commercialization and the cash nexus. In fact, in Punjab the preponderant form of rent in the pre-British period was traditionally cash rent and there was a widespread shift to produce rents in the wake of commercialization in the British period. Interestingly the shift to produce rents was much more pronounced in the more advanced districts of the province.

Our basic argument is that both these forms of rents (cash and produce) can be, as they were in the Punjab context, semi-feudal because they led to the widespread emergence of the following two phenomena. On the one hand, on the basis of the existing socio-economic structure, characterized by general underdevelopment of the overall economy leading to adverse land–man ratio, population pressure and the like, the landlords were able to use both these forms of rent to perpetuate a very high rate of surplus appropriation by extracting extremely high rents without having to or finding it profitable to make any significant capital investments on their lands and undertaking direct cultivation through wage labour. On the other hand, this very high rate of surplus appropriation acted as a severe constraint on the transition to capitalism in agriculture by preventing tenants from accumulating capital for investment on their lands, beyond that necessary for maintaining the existing level of production; that is, they essentially engaged in simple reproduction.

In this context, produce rents were particularly debilitating as they ensured for the landlord an almost automatic increase in rents, largely skimming off the gains made as a result of increase in productivity or prices of produce. Further, these increases in the real value of rent were possible, in a situation of rising prices, or greater productivity, without the landlord having to indulge in any struggles for the hiking up of rents, as would invariably happen in the case of cash rents.

Change to cash rents has, in certain historical conjunctures, such as in England, been seen as facilitating the transition from feudalism to capitalism because it enabled the tenant to retain the increases in surplus due to rises in productivity and prices and thus eased the process of his conversion to a capitalist tenant. However, in certain historically-specific situations such as in colonial Punjab, even cash rents could be maintained at such a high level as to reproduce the same semi-feudal conditions as done through *batai*. For example, even in Lyallpur, the most advanced colony district, where there was some shift from kind to cash rents, this shift did not indicate declining real values of rent over time because the levels of cash rents were rising rapidly, outstripping the rise in prices by the 1920s.[29]

Similar problems arise with reference to the characterization of wage labour in colonial Punjab. The problem is compounded by the fact that in India a class of largely landless agricultural labour has been in existence since ancient times and is not a creation of the capitalist system as in many other countries. They existed in a subservient relationship with the village proprietary body and performed all the menial tasks including seasonal agricultural labour. Therefore, as we have already discussed earlier, merely the existence of wage labour is no proof of the existence of capitalist relations. But even the question as to when their relationship is transformed from one of traditional subservience into one governed by the market forces is quite complex. Is it possible to take the change in mode of payment to agricultural labour from kind to cash as the index of this change?

In a situation of rising prices, a change to cash payment may enable the employer to retain a larger share of the profits than by retaining the old system of payment in kind of a share of the crop. Labourers, on the other hand, would want to retain payment in produce as rising food prices would devalue the cash wage very rapidly.[30] Did this mean that employers wanted to shift to "capitalist" relations but labour wanted to retain "traditional" or "feudal" relations?

The reality was that their relationship had been undergoing significant changes since the second half of the nineteenth century and was already mediated by the operation of market forces—it was already commercialized.[31] The traditional ties of the village had broken down considerably, employers felt less constrained to observe traditional norms and tried individually and collectively, in all possible ways, to reduce the traditional

[29] Agnihotri, *Aspects of Economic Development in Canal Colonies*, p. 141.

[30] See Chapter 4, Section II B, this volume.

[31] The *sepidari* system, under which agriculturist labourers, along with *tarkhans* (carpenters), *lohars* (blacksmiths), *kumhars* (potters), etc., were given a certain share of the produce had begun to break down in the nineteenth century itself and there was increasing recourse to annual and seasonal contracts and payments on piece-meal basis, either in cash or in kind. The motivation was provided, even then, by the desire of the landowner to retain a larger share for himself, which would bring him more income. For the nineteenth century, see Banerjee, *Agrarian Society of the Punjab*, Chapter 7. In the twentieth century, agricultural labour was largely paid fixed wages, in cash or in kind, on a daily or monthly or annual basis. For harvesting operations, it was common to give a certain share of the crop that was reaped. Only in the case of *siris* did they get a certain share of the produce. Also, most important, the rates of wages depended on the situation of demand and supply. Wages were low in overcrowded districts and higher in the canal colonies where labour was scarce. This accounted for the migration to colonies from the older districts. See, for example, *DG Lahore*, 1916, pp. 95–96; *DG Ferozepore*, 1915, pp. 148–49; *DG Sialkot, 1920*, pp. 110–11; *DG Jullundur*, 1904, p. 153; *DG Hoshiarpur*, 1904, p. 93; *DG Hissar*, 1915, p. 171; *DG Muzaffargarh*, 1908, p. 100.

share of labour in the produce. On the other hand, labour too, was becoming more conscious of its rights and, for example, resented being forced by agriculturist-moneylenders to work at wages lower than the market rates. They often refused to be forced to work either free or on payment and this brought the wrath of the village proprietary body on them. Landowners retaliated by prohibiting them the use of the common village grazing grounds, of the wells built by the landowners and restricting their collection of fuel and fodder from the fields, and such retaliation often resulted in submission. Another ground for resentment of the labouring and artisanal castes was their exclusion from the list of scheduled agricultural tribes and castes permitted to acquire land under the Land Alienation Act. This Act had codified a customary disability, but as consciousness of their rights grew, often under the influence of the Arya Samaj and other such organizations, these castes too began to demand the right to purchase land.[32]

In other words, the relationship between the landowners and labour or the village proprietary body consisting of the landowning castes and the menial and artisan castes was undergoing significant transformation with the breakdown of traditional norms and ties of patronage and subservience. The breakdown was propelled in part by the greater mobility of labour, especially near the urban centres, and in consequence of new opportunities for employment in railway construction, in the canal colonies and, in later years, in the army.[33] It was also propelled by the desire of the landowners to retain a larger share of the produce which was rising in value and thus seeking to reduce the customary claims of the labourers.

The relationship was thus increasingly mediated by market forces, but this mediation could not be determined by simply looking at whether wages were paid in cash or kind. In fact, a greater prevalence of cash wages may well indicate a greater degree of "traditional" domination of the landowning sections; it may, in fact, be achieved by use of extra-economic coercion. It is the substance of the relationship that has to be analyzed and not its form, which can change in a myriad ways depending on specific circumstances.

[32] See, for example, resolutions passed by the Dalit Udhar Conference, Narnaund, Hissar on 22 and 23 May 1928, the Depressed Classes Conference, Pathankot on 5 August 1925, a conference of the Aryas (formerly known as untouchables or depressed) of the Gurdaspur District at Dinanagar on 29 July 1928 and by the Punjab Dalit Udhar Conference, Lyallpur on 30 September and 1 October 1930. These resolutions were forwarded to the government by different organizations from different parts of the province. The government's response was that only those castes that could actually demonstrate that they held land at present could be notified as agricultural tribes. *Punjab Revenue Department Proceedings*, November 1930, Nos 26–40, IOR P/11883. Also see, for example, BEIP, *An Economic Survey of Gijhi in Rohtak District*, p. 16; *Darling Papers*, Box I, Item 44, October 18, 1933. Also see the companion volume, *Peasants in India's Non-Violent Revolution*, pp. 63–65.

[33] See, for example, *DG Lahore*, 1916, pp. 143–44; *DG Gurdaspur*, 1914, p. 124; DG Shahpur, 1917, p. 101; *DG Jhang*, 1910, p. 110; *DG Ferozepore*, 1915, p. 192; BEIP, *Punjab Villages During the War*; *Darling Papers*, Box I, Item 44.

Problems of characterization arise again with reference to the particular section of rural society both in Bengal and Punjab that combined self-cultivation with leasing out of "surplus" land that could not be cultivated through primarily family labour, and often also with usury and land-mortgage. Such a section cannot simply be classified either as semi-feudal landlords who live off rent, or as usurers and mortgagees, but nor can they be treated as rich peasants who were spearheading the process of capitalist development in agriculture. It has been argued that in Punjab "the crystallization of this section of the rich peasantry" which combined various forms of surplus appropriation such as rent, petty-usury and mortgage with self-cultivation "provided a broader basis for the growth of agrarian capital and the development of the productive forces".[34] In my view, this would be a tenable proposition if it could be shown that the capital accumulated through all these various forms of surplus appropriation was being invested in some way in the production process itself; in other words, that all these forms were articulated within an overall tendency towards the growth of capitalism in agriculture. But if it can be shown, as we have tried to do here, that in Punjab, as much as in Bengal, all these forms of surplus appropriation were integrated into a structure that perpetuated and intensified semi-feudal relations in agriculture, that the accumulations made through various forms of surplus appropriation in fact resulted in a further structuring of semi-feudal relations and of agricultural backwardness, then these forms of surplus appropriation, even when they are used not by pure rent-receiving landlords but by well-to-do peasants-cum-landlords, can be characterized as semi-feudal. They could be characterized as transitional only if the classes using these forms of appropriation were spearheading a process of transition to another set of economic relations or mode of production.

One would like to point out here that the problems posed by the task of characterizing agrarian relations in the colonial situation in India are not the same as those encountered in the task of characterizing agrarian relations in periods of transition from one economic system to another, such as from feudalism to capitalism. The similarity is only in that under the colonial structure in India, as in periods of transition from feudalism to capitalism, a wide variety of forms of surplus appropriation coexist, but here the similarity ends. In the periods of transition from feudalism to capitalism, certain older feudal forms of exploitation coexist with the new capitalist forms till such time as the new capitalist structure emerges fully and leads to their dissolution, or they are being increasingly articulated and integrated within the emerging capitalist structure and serve its new needs and purposes. Under colonialism in India, on the other hand, a whole variety of forms of surplus appropriation and also many modes of

[34] N. Bhattacharya, *Agricultural Labour and Production*, p. 121.

production coexist and are articulated into a distinct structure that serves colonial needs and which is characterized in agriculture by the perpetuation of the petty mode of production and intensification of semi-feudal or pre-capitalist production relations. There may even be a dissolution of some older forms, such as cash rents in Punjab and the increase of some others, such as share-cropping, but this change of forms was not representative of a transition from one set of agrarian relations to another, but merely a change of forms in response to changes within the existing set of agrarian relations.

If Punjab under colonialism was in a transitional stage, the question is of transition to what? Clearly, if our evidence on this question is any guide or pointer, it was a transition not along capitalist lines but in the direction of the intensification of semi-feudal semi-colonial or pre-capitalist production relations. Therefore, even if it is argued that the specific nature of commercialization in the Punjab was quite different from that in other areas (though we have argued here that in this too the similarities are quite striking), it is quite clear that its long-term impact on agriculture and agrarian relations was very similar, or rather that the trend of change was in a similar direction, though all its potentialities may not be realized at the same time and to the same extent at that particular time as in other regions. Or, to put it more provocatively, it was not as if, had the Depression not intervened or had colonial rule lasted longer, Punjab agriculture would have developed along capitalist lines without any structural break occurring somewhere along the line.

IV
Initial Conditions for Capitalist Development

The argument is often made that even if agriculture in Punjab did not develop along capitalist lines in the colonial period, it had better initial conditions at Independence than regions like Bengal which placed it in a more favourable situation for the transition to capitalism. Very briefly, the following initial conditions are said to have been created: (*a*) Levels of productivity and general economic conditions in Punjab were more favourable than elsewhere; (*b*) the hold of merchant-usury capital was weak in Punjab, preventing a siphoning out of surplus from agriculture; (*c*) The accumulations which were thus made and retained by sections of the agrarian population created a basis for capital investment, at least after Independence when conditions were significantly altered.

We have already seen in Chapter 5 earlier that in terms of productivity and private capital investment in agriculture, Punjab did not present a very favourable picture when compared to many other regions in the country. Second, though admittedly, due to various reasons, the hold of the non-agriculturist merchant-usurer was comparatively weak in Punjab and a larger share of the surplus appropriated through usury and mortgage was retained by agricultural classes such as landlords and well-to-do peasants, this surplus, as has been repeatedly shown, did not find its way into capital investment in agriculture.

Further, the assumption that the commercialization of agriculture under colonialism had resulted in a steady and uninterrupted growth of accumulations in the hands of certain agrarian classes itself needs to be questioned. Apart from the reasons already discussed, historically speaking, it is a fact that any accumulations that may have occurred in the hands of some sections in the pre-Depression days of high prices were almost completely wiped out by the Depression. This was especially true of the canal colonies, which were linked much more closely with the world market[35] and therefore suffered the most. And if we remember that it was here that the greatest potential for capitalist development is said to have existed, if it did anywhere at all, then the impact of the Depression in killing any such potential was clearly significant. In other words, the accumulations had not structurally transformed Punjab agriculture to a higher level, in which case a reversal like the Depression, though it may have caused great distress, could not have pushed the agrarian system back by a few decades. What actually happened was that accumulations which remained virtually neutral to the level of agriculture merely got wiped out due to the Depression—leaving agriculture at the same level.

Therefore, if at Independence we find some sections of the agrarian classes holding some accumulations of capital, they were not the benefits of commercialization accumulated over a century of British rule, but largely the result of high agricultural prices during the few years of the Second World War.[36] Even the war years were not uniformly beneficial to the peasantry and in many years the terms of trade were in fact against agriculture.[37] Besides, the accumulations were as much the product of forced economies due to war-time shortages of essential consumer goods (such as kerosene, cloth, etc.) and prohibitive prices of others (capital goods such as iron implements, cement, etc.)—and to that extent represented a pent-up demand

[35] A study conducted in 1934 showed that there was a "direct relationship" and "close interdependence" of prices between the markets in Karachi and Lyallpur. The coefficient of gross correlations was +0.82 between Lyallpur and Karachi, whereas between Lyallpur and Amritsar it was only +0.61. This meant that prices in Lyallpur were much more in a direct relationship with Karachi, which was linked with the world market, rather than with Amritsar, which catered much more to the internal and local market. BEIP, *Some Factors Affecting the Price of Wheat in the Punjab*, pp. 66–68.

[36] The index number of prices received by the farmer in the Punjab rose from 100 in 1939 to 320.8 in 1945 and further rose to 514.7 in 1949. BEIP (India), *A Statistical Analysis of the Economic Conditions of Peasants in the Punjab, 1939–49*, p. 66.

[37] *Ibid.*, chapters 4 and 5.

or postponed current requirements of consumer and especially capital goods—as also of the very large inflow of money from the army which had been recruited as usual in huge numbers from the province.[38]

In any case, it is difficult to see how Haryana, the other major Green Revolution state, which formed perhaps one of the most backward, drought-prone, famine-ridden tracts of the old Punjab and the Patiala and East Punjab States' Union region of the present Punjab, which was also extremely backward in the pre-Independence years, had favourable "initial conditions". It is also usually forgotten that the most advanced regions of Punjab, which contributed heavily to its positive aggregate figures of production and the like and which are the only areas for which the case of development of capitalism in agriculture during the colonial period has at all, and can at all, be seriously argued, were the canal colonies, which by virtue of the partition of the country and the province, are now in Pakistan and could not therefore have contributed to the initial conditions for the Green Revolution in the Indian province of Punjab.

However, there were certain features of Punjab—which were not structurally born out of the developments in Punjab agriculture under colonialism but were a result of certain extraneous and incidental factors—which explain why a particular kind of capitalist development was relatively easier here than say in Bengal, once a concerted attempt in this direction was made some years after Independence. Some of the features are discussed next.

Political

For various reasons, including the fact that land revenue settlements had been temporary (and not permanent as in Bengal and Bihar), the problem of enactment of land reforms and their implementation was less complex in Punjab. There was not, in Punjab, the extreme proliferation of rights in land which in Bengal, because of their extremely complicated and confusing nature, and also because they resulted in a multiplicity of interests which were reflected in politics as well, made the task of identifying which right in land should be recognized as *the* right in land—and the category in whose favour land reform laws should be enacted—much more difficult. The primary task in Punjab was not that of vesting occupancy tenants with proprietary rights, as in Bengal, but of abolition of landlordism by means of imposition of a ceiling on landownership and by the enactment of protective tenancy legislation.

However, even the second phase of land reforms, enactment of ceiling laws, etc., was made easier in Punjab by the historical accident of partition which transferred west Punjab and the canal colonies, the two regions in

[38] See Chapter 5, Section IC in this volume.

which the big landlords of Punjab were concentrated, to Pakistan and along with them the problem of landlordism. One can speculate that the process of enactment and enforcement of tenancy legislation and ceiling laws would have been much more arduous, if it had to proceed in the face of resistance from the highly politicized big landlords of western Punjab, who, through the Unionist Party, had dominated Punjab politics for at least two decades before Independence. In fact, in the Punjab province of Pakistan, big landlords continue to dominate the agrarian scene.

Social and Economic

The fact that in Punjab the process of depeasantization had not, for various reasons suggested earlier, reached the extent it had in regions like Bengal, was a clear advantage. Also, at Independence, Punjab had a higher average size of landholding than other regions and there existed a significant section of peasants with reasonable-sized holdings. *Once the colonial constraints were removed* (through land reforms, provision of cheap credit, lowering of rates of taxation, state inputs and research, etc.) *and a new agricultural infrastructure created*, these sections could quickly move in the direction of developing agriculture on *rich peasant capitalist lines*. This does not, however, mean that they were already moving in this direction before Independence.

It can therefore be said that by these criteria, though not by the ones discussed earlier, due to various historical factors, Punjab was more favourably placed or had better initial conditions than some other regions for the growth of the *particular* model of capitalist development that was adopted in India: the rich peasant model. I would argue that while Punjab had no significant advantage over other regions for the development of capitalism in agriculture, it did perhaps have better initial conditions for the adoption of the rich peasant model of capitalist development than some other regions like Bengal where—due to particular tenurial arrangements, early integration into the colonial system, the comparative dearth of non-agricultural sources of income such as from the army and migration—the process of depeasantization and parcellization of agricultural holdings had reached a much more acute stage and therefore the sections who could adopt the rich peasant-based strategy of agricultural growth were fewer and functioned under greater constraints. I am emphasizing this point because I find that the fact that Punjab was better placed than some other regions for adopting the rich peasant-based strategy for agricultural growth is very often seen as its being better placed for the growth of capitalism in agriculture as such. It is perhaps worth speculating that if, in a different socio-political context after Independence, an alternate strategy of agricultural development based not on rich peasants but on large capitalist farmers (as in America) or on capitalist landlords and capitalist tenants (as in Britain) had been adopted, whether it could still be argued that Punjab possessed better initial conditions for capitalist development in agriculture.

The fact, however, remains that colonialism did not *create* initial conditions for capitalist development in Punjab. All one can say is that the impact of colonialism was differential in different regions and while it put constraints on capitalist development everywhere, it did so differentially, creating uneven conditions in different regions for the subsequent unstructuring of colonialism and the development of capitalism through one path or another.

V
Conclusions

The comparison of Punjab and eastern India throws up certain basic questions regarding the nature of the transformation occurring in Indian agriculture under colonialism. Eastern India and Punjab *supposedly* represented two opposite poles, with semi-feudal, semi-colonial agriculture at one end and an incipient capitalist agriculture, or at least an agrarian system which was creating the initial conditions for a capitalist transformation, at the other. My broad observation, however, is that over time, both these regions began to demonstrate features which could not be easily identified with capitalist development or as its structural initial conditions.

In terms of forms of surplus appropriation and production relations, both the regions were increasingly throwing up forms which are usually identified as "semi-feudal". For example, tenancy on a share-cropping basis, *barga* system in Bengal and *batai* in Punjab, emerged as a major form of surplus appropriation in agriculture in these regions despite great variations in tenurial structure. In fact, the proportion of the total area covered by *batai* in Punjab was actually larger than that under *bargadars* in Bengal. Ironically, it was the advanced regions in Punjab that had the largest proportion of *batai* or produce rents, and cash rents were prominent in the backward areas with fewer markets, undeveloped communications and the like.

Further, contrary to normal expectation, *apparently* capitalist relations, such as direct cultivation through wage labour, showed an upward tendency in Bengal, and possibly covered a much larger area than cultivation through *bargadars*, the latter in fact tending to decline at least till the famine in the 1940s upset the land–man ratio and gave a new lease to the *barga* system. In Punjab, on the other hand, there was hardly any evidence of the growth of cultivation through hired labour and the trend was unmistakably in favour of increasing cultivation on *batai* terms. As it can hardly be argued that Bengal was moving in the direction of a capitalist transformation of its agriculture, it is clear that the existence of wage labour, by itself, is no proof of the emergence of capitalist development, just as the existence of slavery in the southern states of America was no proof of the existence of a slave society. This does not, however, mean that in the long run wage labour is not an inevitable part of capitalist production relations, but only that it can and does exist when conditions are otherwise favourable, even in the absence of a capitalist system.

The non-existence in Punjab of certain extreme forms of controls exercised by merchant-usury capital over agricultural production, such as those identified with the *dadan* system under which jute and, to a lesser extent, rice was grown in Bengal, is, again, by itself, no indication that commercialization in that region was not a "forced" one in character. The specific features of both the regions, such as the type of crops, the areas where they were grown, the nature of the demand for these crops and the like were responsible for the particular forms through which merchant-usury capital exercised its hold. The existence of extreme forms certainly did indicate a greater degree of domination and exploitation, but this domination and exploitation was exercised even without certain extreme types of control.

Again, in spite of wide variations in tenurial structure, crop patterns, legislative enactments and the like, we find a general tendency towards the growth of *jotedar-mahajans* or agriculturist-moneylender-mortgagees in both Bengal and Punjab. Further, there is a strong coincidence between the increasing share of these groups in rural credit and the extension of *barga* and *batai* cultivation.

Our general observation from this comparison of the two regions, therefore, is that, first, there is no obvious, one to one, correlation between the stage of development and the forms of exploitation. In fact, while sometimes the same forms of surplus appropriation seem to appear in very diverse conditions, at other times the divergent forms of surplus appropriation emerge in similar conditions and at yet other times, as was the case in both the regions we are concerned with, very different forms, such as wage labour, tenancy and *dadan* coexist.

One may repeat here that the coexistence of various forms of surplus appropriation in our kind of situation is not comparable to the classic situation of transition from one mode of production to another, where aspects of the specific forms of surplus appropriation identified with one or the other coexist in the transitional period. This is because in the latter case these modes and their corresponding forms of surplus appropriation represent contradictory and contending tendencies which ultimately get resolved with one mode and form gaining ascendency over the other. In our kind of situation, however, these very diverse and apparently contradictory forms of surplus appropriation easily coexisted in a symbiotic relationship within the same structure, under the colonial system.[39]

[39] For a very interesting discussion of this aspect, see Hamza Alavi, "The Structure of Colonial Social Formation", *Economic and Political Weekly*, Annual Number, March 1981.

The second broad feature that emerges from a comparison of Punjab and Bengal is that there was a common tendency in both the regions towards stagnation of the productive forces. Further, we find that the classes emerging in these regions were either unwilling or unable to participate in the process of transformation of the productive forces in agriculture. Therefore, there was no general tendency towards a basic transformation of the productive forces, showing rapid increases in productivity through capital investment. In other words, extended reproduction which appears to us to be central to the capitalist system was not generally occurring in Indian agriculture, including in Punjab under colonialism.

In this sense the Indian case is different from certain other colonial countries where "extended reproduction" occurred in agriculture on some scale. In colonial Egypt, for example, cotton was produced on very modern lines with massive capital investments. However, even for Egypt it is not argued that full-scale capitalist development was occurring, as both the processes of generalized commodity production and extended reproduction were articulated via the metropolis, that is, they were not internally articulated, and the economy thereby remained structurally colonial.[40] Clearly, the form that colonialism takes in a particular colony varies in accordance with the specific needs of the particular metropolis on the one hand and the specific conditions prevailing in the particular colony on the other.[41] The forms may therefore be semi-capitalist within colonialism or semi-feudal within colonialism (as by and large reflected in Indian agriculture), or both.

Therefore, while in order to understand contemporary developments it is important to identify their historical antecedents, quite often the break with the past may be more important in explaining the emergence of the new phenomenon. This seems to us to be very true for the phenomenal transformation that has occurred in contemporary Punjab agriculture, where the *break* with colonialism has played the determining role rather than the developments that occurred in the colonial past.

[40] See Hamza Alavi, "The Structure of Colonial Social Formation", and Samir Amin, *Accumulation on a World Scale*, 2 Vols, New York, 1974, for a fuller discussion of this aspect.
[41] This point is argued in some detail by Bipan Chandra, "Colonialism, Stages of Colonialism and the Colonial State", *Journal of Contemporary Asia*, 10, 3, 1980.

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