

CHAPTER III

ECONOMIC ADMINISTRATION

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The economic administration of the Baroda State is divided into two main parts:

- (A) Agriculture; and Land Revenue Administration
- (B) Income Tax

(A) Agriculture

Agriculture has been considered and has remained the main occupation of the majority of the people of India since ancient time. The richness, the prosperity of trade and the stability of the government largely depend on it. Agriculture pre-dominated the economy and the people remained deeply attached to the soil. At the close of the nineteenth century, more than 80% of the population of India depended upon agriculture for its livelihood. There was no significant improvement in the system of cultivation. The people continued the age-old cultivation methods with a few changes here and there under various rulers. On the one hand, the population of the nation slowly and gradually started increasing, but, on the other hand, the production

in agriculture did not increase much. As a result, the economic life of the people of India remained stagnant.

Like other parts of India, majority of the inhabitants of the Baroda State were agriculturists. Till the first quarter of the 20th Century, as per the census report of 1921, in the State 640 persons (64%) out of every 1,000 were supported by agriculture. The following table makes this abundantly clear.

| Sr.No. | Name of the District | Total in Agriculture per thousand | Percentage |
|--------|----------------------|--------------------------------------|------------|
| 1. | Baroda City | 58 | 03.10 |
| 2. | Baroda District | 717 | 71.07 |
| 3. | Navsari | 748 | 74.08 |
| 4. | Kadi | 623 | 62.03 |
| 5. | Amreli | 589 | 58.09 |
| 6. | Okhamandal | 370 | 37.00 |

From the above table, we find that the proportion of persons depending on agriculture was the highest in Navsari District and the lowest in Okhamandal. These percentages then declined according to the census report of 1951, because of various reasons which are discussed at relevant places in this chapter.

For instance, in Baroda District it decreased from 71.07 to 62.96, i.e. by 8.11 per cent. Likewise in other districts it also decreased.

Area:

The total area of the Baroda State according to the Baroda State Administrative Report of 1939-40 was 8176 square miles. The total area in terms of Bighas (1.7 bighas = 1 acre) was 88,90,442. Out of this total area, only 70,60,892 bighas were available as cultivable area. Of this total cultivable area, 66,80,796 bighas were already under actual cultivation i.e. 79.42 per cent of the total area and 94.61 per cent of the cultivable area were under cultivation. The district-wise details can be known from the following table:

| Sr. No. | District | Total Area in Bighas | Cultivable Area in Bighas | Area Occupied under Cultivation in Bighas | Unoccupied Cultivable Area |
|---------|------------|----------------------|---------------------------|---|----------------------------|
| 1 | Baroda | 21,02,721 | 17,69,196 | 17,50,541 | 18,655 |
| 2 | Mehsana | 33,42,332 | 29,26,963 | 27,31,888 | 1,95,075 |
| 3 | Navsari | 19,72,119 | 11,53,938 | 11,41,315 | 12,623 |
| 4 | Amreli | 11,67,247 | 9,65,628 | 8,86,412 | 79,216 |
| 5 | Okhamandal | 3,06,023 | 2,45,167 | 1,70,640 | 74,527 |
| Total | | 88,90,442 | 70,60,892 | 66,80,796 | 3,80,096 |

In spite of the industrial expansion of the State and a serious fall in the prices of agricultural products, the area of cultivation has steadily started increasing since 1891. The following table gives us the progress of cultivation decade-
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wise:

| Year | Total Area | Cultivable Area | Cultivated Area | Percentage of 3 to 2 | Percentage of 4 to 3 |
|------|------------|-----------------|-----------------|----------------------|----------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1881 | 93,31,641 | 56,09,011 | 45,47,889 | 60 | 81 |
| 1891 | 89,58,114 | 66,23,327 | 54,94,193 | 75 | 88 |
| 1901 | 88,19,811 | 67,61,362 | 58,15,095 | 75 | 86 |
| 1911 | 89,10,198 | 67,61,362 | 60,74,321 | 75 | 90 |
| 1921 | 88,50,303 | 69,68,511 | 64,37,079 | 82 | 92 |
| 1931 | 88,90,596 | 70,91,298 | 66,98,376 | 77 | 94 |
| 1941 | 88,90,460 | 70,60,892 | 66,87,452 | 77.72 | 96 |

Cultivation Area:

The above-mentioned figures regarding the total area of the State clearly indicate that the changes in it were insignificant and negligible. It had remained more or less constant since 1891. The cultivable area formed 60% of the total area in 1881 while in

1941 it was 77.72% of the total area. Thus 17.72% more land was brought under cultivable area. Fifteen percent more land was brought under cultivation during this period. This clearly suggests the effective measures taken by the State and the favourable response of the people to the State measures which enable them to increase and sustain their interest in agriculture.

Cultivated Area:

Only in 1901, we see a temporary reverse trend of cultivated area having gone down from 88% in 1891 to 86% ~~in 1901~~ i.e. 2% because of the great famine of 1899-1900. The final picture that emerged in 1941 was that 96% cultivable area was brought under cultivation. In other words, the available land under cultivation was favourably and fully utilized by the agriculturists of the State. The possibilities of extension of agriculture were, therefore, very limited and hence it was decided that every step towards the maximum use of agricultural land must be directed through intensive development of agriculture. By intensive development of agriculture, we mean that people would try to raise higher yields from the same land by employing improved agricultural implements, better seeds, manure, use of irrigation facilities, improving soil, cultivating land round the year, etc.

The most important problem in the agricultural economics of the State was that of the increasing fragmentation of agricultural land on account of the divisions in the families from time to time, sale of land and mortgage of land.

Looking to the several agricultural problems of the State and also because agriculture was the most important source of income of the State, the Maharaja Sayaji Rao III, immediately after coming to power, rightly thought of improving the administration of agriculture. In 1881, Sir T. Madhavrao advised the Maharaja to encourage multiplication of agricultural production and to produce sufficient articles, by better ploughing, manuring, weeding and irrigation, and to convert some unfertile land into fertile land so that the economic position of the State can be improved. ⁴ He decided to attend to the problems of agriculture.

One of the most important and earliest acts after his assumption of control was the touring of the whole State. His first district tour was to Kadi in November 1882. Since then, he visited almost all the major places of the State and surveyed the situation of the State. The practice of district tour by the Maharaja never stopped inspite of his busy schedule and his visits to Europe.

The agricultural administration of Sayaji Rao III may be divided into three major parts as under:

- (1) 1886 to 1908
- (2) 1909 to 1927
- (3) 1928 to 1939

Before 1886, he surveyed the complete picture of agricultural development of the State by appointing a Committee. To improve agriculture he thought of establishing an Agricultural School in the State. His main objective behind this was to give training to the farmers so that they could improve the cultivation method and thereby they could increase the production. He got the idea from the letter dated 16th November, 1886, from Shri Hargovinddas Dwarkadas Kantawala, one of the leading citizens of Baroda. In the letter Shri Kantawala urged the Gaekwad to establish an Agricultural Class and to make provision for the funds. He also suggested some measures for the betterment of the agricultural developments. After careful thinking and inviting views from the different sections of the department, Sayaji Rao replied to this letter and mentioned that he had passed orders accepting his proposals and suggested Unjha, a village town situated in North Gujarat, as a place for the establishment of an Agricultural School. He selected this place because the majority people of the place had been primarily enthusiastic agriculturists. He also passed an order and made it compulsory for the Government servants of the Revenue Department to attend

this school as observers and to report to him about the progress of the school. He did this because, if the experiment over there succeeded, then he would start one or two more such schools at places like Songadh in South Gujarat and other places. He also passed an order that the boys, who, after joining the school, were doing good work and progressing well, might be provided with scholarships. From this letter, it seems that the Maharaja wanted to improve the agricultural structure of the Baroda State and that is why he gave priority to the development of agriculture.

Agricultural Administration:

Several attempts were made by Sayaji Rao for the improvement and betterment of the agricultural administration in the State. The first major attempt was in the Education of Agriculture. As such, he had put more emphasise on education right from the beginning of his rule. Though not much educated himself, he took keen interest not only in the development of general education but also in the special kind of education. He felt that the system of general education would create curiosity among the cultivators for adopting new scientific measures. He thought that without general education, the best of the endeavours would fail. In 1902, he said that he wanted the cultivators to have primary education which would help them in their life and profession. He also desired to establish Agricultural Colleges and Model Farms

in different parts of the State so that requirements of the people of the State would be fulfilled.

As a real promoter of developments, his attempts between 1886 and 1920 to improve the old agricultural methods, were unique. The first movement in which agricultural education was provided for better farming, better ploughing, better manuring, better weeding and better irrigation was initiated in Baroda. In 1890, it was only the Baroda State in the Western part of India to open the first Agricultural Institution where the progressive farmers were encouraged for learning the scientific "agro-know-⁷hows". A class with twenty-five students was started. Eight different classes for a period ranging between 2 and 12 months were conducted on Baroda Farm while 3 months' courses were conducted at Jagudan and Amreli Farms. The courses on Baroda Farm were as under:

- (1) Annual agricultural class;
- (2) Course in important features of modern agriculture (3 months);
- (3) The Mali class (10 months);
- (4) Short courses in fruit preservation;
- (5) Virginia tobacco curing course (2 months);
- (6) The oil engine and tractor class (12 months);
- (7) Dairying and live-stock practical class at Makarpura; and
- (8) Apprentice or better farming class.

In 1895, for the benefit of the boys of the backward classes, separate schools were opened at Songadh, Arhati and Maha in Navsari District and at Kadi in North Gujarat. All school syllabuses were reframed with the agriculture courses. Various new courses were introduced. Kalabhavan in Baroda and Dhamka Boarding School in Navsari were conducting such courses. These institutions were emphasizing both theoretical and practical training in agriculture. The institutions' premises were also provided with the experimental farms. Having experienced the devastating famine of 1899-1900, the Maharaja gave priority to agriculture courses in many institutions. In 1916, a special school for training boys of the agricultural classes was opened at Jagudan and was later transferred to Baroda. The Department of Education was advised by the Maharaja to open experimental education classes in selected rural schools. In those days, the Royal College of Agriculture of England at Cirencester had a great reputation. Therefore, the Maharaja visited it. Soon after his arrival from Europe's tour, he sent a batch of skilled and enthusiastic progressive farm students to the college for higher education. The agricultural implements were imported from abroad and the cultivator was to be encouraged to an imitation of the methods of the West. He also managed to import some high-breed varieties of Sugar Cane, Cotton, Wheat, Tobacco, Indigo, Potatoes, Mulberry, etc. for the farmers. He instructed the Agricultural Department to experiment on tobacco-curing, cheese-making and even breeding sheep imported from Australia. He intro-

duced the visual-film documentary in the State. In this way, he made the Agricultural Department busy with its action plans and novel ideas.

Re-Organisation of the Agricultural Department:

Later on he re-organised the Agricultural Department. Between 1900 and 1904, several measures were taken by the Government of India to reorganise their Department of Agriculture and several experts in Agricultural Chemistry, Economics, Botany, Mycology, and Entomology were engaged. An Imperial Research Institute was founded at Pusa (Bengal) and Provincial Departments of Agriculture were similarly re-constructed. To co-ordinate their activities and to carry out a well-considered policy for the whole of India, the office of the Inspector-General of Agriculture was created in the Government of India. Influenced by the agricultural policy of the Government of India, the Maharaja of Baroda felt the need for reorganising his Department of Agriculture. Upto 1909, agriculture in Baroda had been under the supervision of a branch of the Revenue Department. In that year, an independent Department of Agriculture was set up, and in 1912 Dewan Bahadur V. A. Samarth, who had rejoined the Baroda service as Amatya, took charge of it and endeavoured to give expression to the agricultural policy contemplated by the Maharaja.

To guide and regulate the activities of the Department the Maharaja passed the order that, "the State being comparatively a small one, offering a limited scope for working out a large scheme of scientific work, the best course would be to watch the results obtained at the British Institutions and particularly at those located in our immediate neighbourhood, and to try to demonstrate improvements of proven value to the people of the Raj".¹¹

The Department of Agriculture was placed directly under the control of the Dewan, because it was felt that interests so important to the State should receive the personal attention of the administration. After that, arrangements were made for periodical visits by the various Departments of Agriculture in British India to the Model Farm at Baroda.

Agricultural Research:

The State carried out systematic research and experiments on introducing indigenous and exotic varieties of different crops, garden crops, etc. The agricultural research was divided into five main groups:

(i) Experimental Farms;

- (ii) Seed Supply;
- (iii) Agricultural Chemistry;
- (iv) Plant Breeding; and
- (v) Plant Pathology.

As a part of the agricultural research programme, experimental farms were organised as early as 1893 and were placed in charge of the persons who were specially trained by the State at the Royal College of Agriculture, England. These farms performed two main duties. The first was experimenting under local conditions and the second was creating a big quantity of the improved seeds for distribution to the farmers. The State offered a variety of seeds that were made suitable to and improved for the different soils of the State. The Maharaja seriously felt that serious ryots should sow only the best seeds and pay some¹² attention to the best rotation of crops.

In 1912, the Agricultural Association was established in¹³ Kadi District with over 1200 members. A similar association was also established in the Baroda District. The main objective of the Maharaja was to improve the agriculture methods and to organise various programmes for improvement in the quality of the articles. In Kadi District, an Agricultural Museum was set up by Suba Rao Bahadur Govindbhai Hathibhai Desai. A fixed deposit was made available for the cattle shows and displays. Agricultural

shows were held, and the benefits of improved implements were¹⁴ practically demonstrated, at Jagudan and other places. For the first time in India, a mobile agricultural exhibition was introduced in Kadi in 1914. A railway coach was hired from the B.B. and C. I. Railway at the State expense and used to be shunted loose at each station for the public shows. The coach was chimerically decorated with the seed samples, yield samples,¹⁵ implement models and other many agro-activities. Lectures were delivered by the Revenue Officers and Inspectors of Agricultural Department at the exhibitions. The big implements carried by the coach were put to actual demonstration in nearby fields. Thus, thousands of cultivators came to know about modern techniques and their possible uses. This mobile exhibition coach also started selling a few of the exhibited extra implements at half-price and there was a provision to replace the sold ones also. Travelling through the rural centres, the mobile exhibition-cum-selling coach started distributing freely leaflets and pamphlets in the regional language so as to draw more attention of the farmers and to further encourage their enthusiasm in agriculture. The contents of the pamphlets proved very useful for the farmers as those comprised interesting information on advantages of raising fodder, improvement of cattle-breeding, betterment of rotation of¹⁶ crops and the inconvenience of the small holdings. Like this, many more exhibitions were started in Baroda District in 1928 and 1930. The Jubilee exhibition in 1936, the exhibitions of the Rural Reconstruction Centres at Kosamba and Karjan and the plantain exhibition at Asoja were other such examples.

Baroda and Jagudan (near Mehsana) were selected for operating the agricultural research stations. These two stations experimented mainly on the pre-dominant crops of the region. The growers were advised to take proper guidance and to learn the fundamentals of crop behaviour, modern methods, modern implements, innovations, etc. These stations were also considered as model farms for tobacco, wheat, chilli, etc. production. Later on the Maharaja ordered the establishment of another model farm in Amreli District. After the establishment of model farms, demonstration plots at various places were started. For example, the one about three miles from Dabhoi, where cotton and rice crops were being grown, and, if more water can be secured,¹⁷ sugar-cane and fruit could be tried.

In each district an Agricultural Inspector was appointed. His main function was to propagate and conduct tests on the farms for the farmers. He did such tests on tobacco at Petlad, on wheat at Kadi, etc. The need for intensive cultivation was systematically preached everywhere.

The Agricultural Inspectors, while they were on tour, found that the question of water-supply was the most vital of all. Many years of scanty rainfall, which succeeded the great famines, awakened the mind of Sayaji Rao. The possibilities of well-boring

had the serious attention of the Maharaja and his advisors. His Highness, in 1883, first spoke publically of his desire to see irrigation works opened all over Baroda.

Agricultural Engineering:

Another noteworthy contribution of the Maharaja was the establishment of the agricultural engineering section in 1909. The main functions of this section were:

- (i) the improvement of wells;
- (ii) the introduction and demonstration of power driven machinery suitable to the farm needs;
- (iii) the creation and trial of agricultural implements;
- (iv) the oil engine and tractor training; and
- (v) the demonstration of the value of electric power to agriculture.

The activities of this section in Baroda started with boring operations for the improvement of agricultural well water. It was started in 1911 with the help of demonstration at the Model Farm by the Superintendent from Nadiad, in the British territory, near the Petlad Taluka of Baroda. In 1917, the first Agricultural Engineer was appointed.

This section put a proposal before the Maharaja for the purchase of a boring machine. It was sanctioned and a student was sent to Nadiad for training. Since then, twenty more machines were purchased and 971 successful boring operations were made till 1925, and the increase in the quantity of water made available, thereby, being about 4,37,500 gallons an hour.¹⁹ Then in 1925, the possibilities of improving the wells were successfully investigated, and, in 1927, demonstrations regarding the effectiveness of portable pumping sets on the co-operative basis were given.

Another notable work of the Maharaja was the introduction of tractor ploughing. The agricultural tractor made its first appearance in India by about 1919. The Maharaja showed a very keen interest in this form of power and employed a staff for the purchase of tractors, either for use on their own land or for engaging in contract ploughing. The introduction of tractors played a significant role in ploughing the black soils of Navsari and Baroda Districts.

Agricultural Implements:

The Maharaja hoped that peasants would adopt new agricultural implements like iron flails and threshing machines that

would help them to get better yield from their farms. But due to the bad financial condition of the majority of the cultivators, it was not possible for many of them to purchase such implements. But in the year 1937, the first systematic effort was made to design and prepare agricultural implements suited to local needs and to create a local industry. This attempt became successful, and since then the peasants started using new implements for cultivation purposes.

A workshop was also established at Baroda for repairs of boring materials, ploughs and for the construction of the other requirements of the department institutions.

Agricultural Co-operative Societies and Agricultural Banks:

The country being predominantly agricultural, nearly 95% population was engaged in the fields. In those days, there were no co-operative societies or banks to come to the rescue of needy farmers. But it was Maharaja Sayaji Rao III, who came to the rescue of such farmers. The farmers were in the clutches of private money-lenders. The private money-lenders or the 'Sohukars' (Shahukar) met the needs of the farmers (Khedut). The Shahukars very well knew about the needs of the farmers and as also their capacity to repay the loans. The Shahukar visited his client regularly during the year and carefully noted changes in

his condition. He was present on the spot to receive the produce, when the crop was ready. This system was very elastic and met the needs of individual farmers easily. But it had many disadvantages also. The first disadvantage was the heavy rate of interest. The poor farmer succumbed under this system in the long run. There was no restraint on the borrowing. Thus at the close of the 19th Century, thousands of farmers were either landless and poor or were ploughing the lands of the Jagirdars only. The majority of the farmers were under the control of the Jagirdars. Due to this, the major profit of agriculture used to go to the landlords, while the poor peasants suffered a lot. Realising such condition of the farmers, the Maharaja made up his mind to improve the condition of the farmers. First of all, he made the allotment of necessary plots to the needy farmers. He, then, brought many technological changes in agronomy. He introduced scientific methods in the cultivation of land.

The introduction of Agricultural Banks was unique and it was another testimony to the Maharaja's developmental schemes. The Baroda State was the first in the country to open such banks. The most important objective of the Maharaja in the establishment of banks was to promote yields and to develop interest among the farmers in agriculture. In the beginning, at the end of the nineteenth century, two banks were opened in Songadh and Vyara of the Navsari District. Both the banks were working successfully. The rules and regulations were made, including the terms and

conditions, on which the State was prepared to help such Banks.

The principal concessions granted by the State were:

- (i) subscription of half of the share capital;
- (ii) exemption from the payment of Stamp and Registration duties;
- (iii) collection of arrears by revenue process (subsequently withdrawn); and
- (iv) the State audit and inspections.

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Later on two more banks were opened in Kadi District, in Harjit in 1901 and Visnagar in 1905, but both of them were subsequently closed because their management was found to be incompetent. The local people did not take any interest in them and the managers who were poorly paid, abused their powers. After that, two more banks were opened at Amreli in 1909 and at Ehadran (Baroda District) in 1910. With the exception of the two Kadi banks, the success was not satisfactory in other banks, and therefore, in 1913, it was decided that the Co-operative Credit Society System offered better prospects, and no more banks of the above type were opened.

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Co-Operative Credit Society:

The establishment of co-operative credit societies in rural areas was the best testimony of his attitude towards the poor farmers. In 1904-1905, he came up with the action plan of the

co-operatives. The Co-Operative Credit Societies Act was passed in the State in 1905 soon after the enactment of a similar nature in British India in 1904. This Act provided for the organisation of Credit Societies only. It was amended in 1912, and the new act now permitted all sorts of co-operative societies intended for the economic and moral benefits of the members. The Act was primarily intended for the benefit of small agriculturists and artisans. Through co-operative societies, he assisted the farmers in selling off their yields, extended financial aids for hire purchases, especially implements, grains, seeds, fodder and cattle also for installed hydrolic pumps. The co-operative societies were established in all important villages. In the first two decades of the 20th Century, the State registered some 509 societies, with 17,590 members and Rs. 25,70,790 as working capital. Out of these, 461 were Agricultural Societies with 13,049 members²³ and Rs. 14,78,608 as working capital. The average membership for Agricultural Society was 28.3, with an average working capital, per society, of Rs. 3,207 and per member of Rs. 113. The total deposits amounted to Rs. 3,87,672. The usual rate of interest charged by these societies was 9.75%, but in a few cases it was 12 per cent. For the financial support of these co-operatives, the Maharaja opened six Central Banks and three Agricultural Banks. The rate of interest charged by these banks varied²⁴ from 6.25 to 9 per cent.

Out of the total Farmers' Co-operatives:

- (i) 727 extended loan facility;
- (ii) 28 were saving units;
- (iii) 40 land collection units;
- (iv) 29 did cotton marketing and selling;
- (v) 12 were engaged in animal husbandry;
- (vi) 2 remained as milk supply units;
- (vii) 15 as material supplying units;
- (viii) 3 as cattle breed rearing units;
- (ix) 4 as seed and plant suppliers;
- (x) 1 as water supplier;
- (xi) 4 assisted in water-draining by pumps to horticulturists;
- (xii) 2 as fodder suppliers;
- (xiii) 3 for better living; and others as subordinate units.

While out of 184 non-farmers' societies, there were 149 shroffs or finance units, 8 savings, 5 godowns, 16 student stores, 1 subordinate and 5 housing societies.

Through these societies, the State also advanced monetary aid as Tagavi or loan, at a low rate of interest to the farmers.

The State granted three kinds of Tagavis namely:

- (a) Fixed or Jathu;
- (b) Famine; and
- (c) Special.

(a) Fixed tagavi, also known as Jathu tagavi, was granted to cultivators to each taluka for specific purposes:

(i) To dig up and construct new wells for irrigation or drinking water and also to construct pacca wells out of kachcha;

(ii) To make agricultural improvements, including purchase of bullocks, seeds, implements, fodder and building of farm houses; and

(iii) To maintain the family. The Maharaja issued orders to the department of agriculture to recover Tagavi loans in small instalments, with 5% interest so as to facilitate poor cultivators. In 1921, Rs. 2,99,500 were²⁵ allotted annually to all the talukas.

(b) The famine Tagavi was generally advanced during bad weather days i.e. during famine or scarcity periods for purchasing seeds, fodder and water-lifts or for the digging of wells. These loans were granted without interest.

(c) The Maharaja's personal interest in agricultural development and improvement gave birth to the Special Tagavi. The Special Tagavi was granted when some special improvements were to be effected such as construction of new wells, installation of oil-engines, pumps, tractors, etc. Such loans were granted in special circumstances. For instance, soon after the great famine of 1899-1900, large sums were

sanctioned, without interest, as tagavi for the construction of wells. Between 1900 and 1908, about 5,500 wells were constructed from special grants.

The Maharaja asked the Department of Agriculture to extend financial aid at once, whenever a farmer desired to change his primitive agricultural system to equip himself with the modern scientific techniques of cultivation. By extending this tagavi facility, he envisaged the change in the quality of cultivation and an increase in agricultural output.

With the co-operative societies facility, farmers improved their traditional methods of cultivation. Slowly and gradually, the living standard of insolvent farmers improved considerably. Such reforms made thousands of farmers direct owners of land and then they became active in the agro-task of 'grow more food'.

The Maharaja also promoted a voluntary service unit named "Shri Sayaji Sahakar Sewa Sangh" in 1926. In this unit, any one could get an opportunity to come forward for voluntary service in the area. One could bring forward a creative suggestion and could draw the attention of the administration for the betterment of the rural subjects. The chief motto of the Sangh was to "work co-operatively". The Sangh started publishing magazines,

quarteries titled "Gram Jivan" (Rural Life) and "Sahakarya and Kheti" (Co-Work and Agriculture) for the betterment of the rural life. The Maharaja remarked that "In rural life the principle of co-operation is especially important and it should permeate all activities, making each centre a single economic unit. The trend of modern civilization is towards the aggregation of their unity, if the production of consumption, its income and happiness will proportionately increase". He also said "we must introduce the benefits of civilization amongst our people in rural areas, there is nothing more potent, more stimulating to that end than the co-operative society".²⁶

Inspite of the facilities provided by the State, the cultivators preferred to have their dealings with private money-lenders and applied for Government loans only when they could not obtain such loans from the local money-lenders. In view of the difficulties experienced by cultivators in obtaining necessary finance for development of agriculture, the Baroda State established The Land Mortgage Bank²⁷ in the year 1931-1932 with an authorised share capital of Rs. 25 lakhs. It served as an important link in the agricultural organisation of the State. After the merger of the State in the Indian Union, the Government of India decided to establish a permanent agency to finance agriculture. In the former Bombay State, it was the Bombay State Co-Operative Land Mortgage Bank. After the formation of the Gujarat State, the Land Mortgage Bank in the State was renamed as the

Gujarat State Co-Operative Land Development Bank.

Animal Husbandry

Animal Husbandry is closely connected with agriculture and plays a vital role in its development. India, being an agricultural country, can make progress if proper attention is also paid to the live-stock. Live-stock forms the main source of supply of power for cultivation and rural transport. It provides protective feeds such as milk, meat, eggs, and other products like wool, hides, skins, and organic matter. The cow dung also provides substantial field manure. The majority of the cultivators in India rear some milch animals to meet their daily milk requirements. The Maharaja of Baroda encouraged the farmers to keep as many milch animals as they could. The State was fortunate to have the country's best herdsmen Bharwards or Rabbaries of Kathiawad who were known for live-stock rearing. Charotar in Baroda District, Gir and Dhari in Amreli District, Chaurashi in Surat District are still popular for their high capacity in milk yielding. The Maharaja extended monetary aids for the milch cattle breeding schemes. To improve the breed and to protect the cattle from common diseases, he opened well-equipped animal husbandry units. The first Veterinary Dispensary unit was opened in 1880-1881 at Baroda and then at Mehsana and Amreli. The State, in all, created 21 animal husbandry dispensaries, out of which 7 each in Baroda and Mehsana Districts, 5 in Navsari and 2 in Amreli Districts. By 1941, the total veterinary dispensaries

were 37. Almost all the taluka headquarters were provided with such dispensaries.²⁹ These units rendered veterinary aid to ailing animals that were brought to the dispensaries and supplied medicines for those ailing animals which could not be brought to the dispensaries. They castrated scrub bulls at the institutions. These units also carried out preventive measures against various diseases. These units also advised and trained the farmers in taking special care of the cattle. Each unit was provided with the best specimens of high-breed animals and was expected to improve the local breed of cows, bulls and buffaloes. To provide drinking water for animals each village was supplied with leather water bags. The State was also instructed to share half of the expenses of animal husbandry and the rest was shared by the respective district panchayats.

To improve the livestock, a premium bull system was established in 1907 and concessions were made available for co-operative breedings. Later on, the premium bull system was further developed and two new schemes were introduced for livestock improvement.

- (i) The first was the Kankreji Breeding farm scheme. The Kankreji breed is well-known throughout Gujarat and is much esteemed for the size of bullocks. These large and strong animals are suited to ploughing and other heavy work. About domestic animals, Elliot remarks that "the domestic animals found are

oxen, cows, buffaloes, horses, sheep, goats, asses and camels. The camels are for the most part not indigenous, but are imported from Rajasthan. The bullocks are used in ploughing and for driving carts. A well-to-do cultivator³⁰ generally keeps two cows and two she-buffaloes".

- (ii) The second scheme was the Rabbaries or Bharwards development scheme. The Rabbaries were the main professional cattle raising community in Gujarat. They were landless and depended on cows and she-buffaloes. They sold their produce in the form of clarified ghee or butter. Their stock generally remained poor. The main objective of the Maharaja for the development of this scheme was to put the Rabbaries "in a position to produce necessary feeding material for their cattle by developing the available Government grass and waste lands and improving their conditions by carrying³¹ on their work systematically and scientifically".

Land Classification, Crop Pattern and Distribution of Land Holdings:

Another remarkable and noteworthy work of the Maharaja in the administration of agriculture was the classification of land. The land was divided, according to the use made of it, into three main parts, namely:

- (a) Jirayat (dry);
- (b) Kyari (for Paddy); and
- (c) Bagayat (Gardening).

Kadi District had the first kind of land where Bagayat system did not exist. Baroda District had neither the monopoly of Kyari nor Bagayat, but had a mixed distribution. Navsari District was having all the three types of lands, while Amreli and Okhamandal Districts had only Jirayat. The percentage of each kind of lands was:

| | | |
|------------------|---|------------|
| 94.06 percentage | - | Jirayat; |
| 04.00 percentage | - | Kyari; and |
| | | 32 |
| 01.04 percentage | - | Bagayat. |

Crop Pattern:

The crop pattern, which existed before the turn of the 20th Century, was that, "of the 5,85,361 acres arable land, 5,622 acres under garden cultivation, 419,940 acres under dry crop and the rest under rice and cotton crop cultivation. It was since then an essentially subsistence agriculture turned into a commercial one and the crops, instead of being raised for domestic needs of the family, began to meet the requirements of the market. More and more commercial crops, the most important of which was cotton, began to be cultivated.

Land use surveys and new laws regarding land reforms were his prominent contributions in this field. He opened a new Department of Survey Settlement in 1883. He also introduced a³⁴ Land Revenue Code in 1915.

Distribution of Land Holdings:

The most serious problem of the State was that of the increasing sub-division of agricultural land. Due to this, the Maharaja brought an important change by making a rule to hold a plot of land permissible upto 1.07 acres of Jirayat and in no case less than half an acre for Bagayat. While preventing such fragmentation of land, the State Revenue Department during the year 1917 amended, for the convenience of a small farmer, the condition of minimum one acre and for wetland 0.2 acre. As a result of such concession, the State noticed that neither the quantity nor the quality of crop was properly maintained. To solve this problem and to prevent excessive land divisions, in the same year, i.e. in 1917, the State organised a Special Committee to look into this problem. Since then, the problem of land holdings has been solved.

Forest Produce:

To improve the economic position of the State, the Maharaja took special interest in the forest produce. Forests play an important part in the economic life of a nation. The forests not only provide the building and other materials required for the domestic and industrial life of the people, but they are also of great value in the preservation of moisture, in bringing rain and in the gradual feeding of the rivers which rise in the protection which their shade affords. There were 630 square miles of forests in the State. Out of which 71 square miles were in the Amreli District, 11 square miles in the Sankheda Taluka of the Baroda District and 548 square miles in the Navsari District.³⁵ Navsari had the largest share, that is 76.82% of the total. There were no forests in the Kadi District, but an attempt was made to develop some in the Atarsumba Peta Mahal. The Maharaja's afforestation policy was unique. The 548 square miles of forests in the Navsari District were distributed into five ranges:

- (i) Vyara range - 098 square miles
- (ii) Songadh range - 123 square miles
- (iii) Vajpur range - 143 square miles
- (iv) Sadadvel range - 068 square miles
- (v) Vankal range - 116 square miles

| | |
|-------|-------------------|
| | 36 |
| Total | 548 square miles. |

The Navsari range, which was highly productive with various specimens of timber, tanning and dyeing materials, medical herbs, oil-seeds, fiber yielding plants, gum, honey, etc. was well looked after. The teak wood of Navsari earned fame in its superiority, even when Burma and Malbar teak wood was competing with it.

Prior to his accession, his ancestors had established a regular forest department and State income on forest wealth was made on Ijara (contract base) system. However, from 1877 to 1884, a special department was put under the supervision of the Bombay Forest Department. In 1890, it was put under the Naeb-Suba. Instructions were issued to the Department to check serious damages, if any, to young plants by the wood-cutters. To make this department upto-date, in 1894, a full-fledged forest conservator was appointed. The expert was trained at the State expense and the department was furnished with responsible personnel. Two assistant conservators were also employed for supervision of several rangers, deputy rangers and foresters who were then recruited.

By 1921, the Navsari forest areas were declared as reserved forest. Then, the Maharaja developed the carpet greenery in non-forest areas by sanctioning a special project. He advised the Chief Conservator to reclaim wastelands in Runn areas (Kotars)

and have them afforested. Finally, some 3,154 acres of wasteland was selected in 10 villages. The Navsari Forest Department sent seed supplies for this task in 1917 on the banks of Vatrak, Meswo and Khari rivers. This project was successfully implemented. By 1913-1914, a new afforestation plan was worked out wherein the norm of 40 trees per acre, for maintaining growth standards, with rotation of every 40 years, was laid down. Strict rules were laid down for cattle-grazing in the forest. A nominal fee was charged from the local farmers for the purpose. During famine years (complete failure of rain) the Navsari forest supplied huge quantities of fodder. The department was instructed to store hay in reserve for the untoward drought situation. To meet the urgent demand of hay-supply during failure of monsoon, a fair weather road of 46 miles was specially laid in Navasari District.

During his regime 7 forest rest houses, 45 forest check-posts and depots were provided at various vantage places in the State. Auction halls for the forest commodities were also installed in Vyara and Songadh; while in Vaghjipura, a nursery was established to supply and produce a few valuable specimens.

Irrigation:

India's main water source in any village has been a well. The well generally provides daily water requirement including

drinking for man and cattle; and for irrigation also. But at places where the water table is low, it is difficult to irrigate farms. So Sayaji Rao attached great importance to irrigation schemes in the State. Therefore, in 1900 he set up a permanent Irrigation Department. He further planned the possible irrigation schemes for all districts.

Prior to 1885, irrigation was done by means of crudely managed rice ponds or 'paddy tanks'. Tanks in villages served the water needs of the people, as well as wells. But all tanks did not have sufficient water for irrigation. Therefore, many new tanks were constructed and the old ones were renovated. The paddy-growing regions were given top priority in providing tanks. The Karachia, Haripura, Vadhavan, Khokara, Kumbharia, Raval, Dhanor, Muval, Manorpura in paddy-growing Savli Taluka of Baroda District, Kadarpara, Thol, Khokhla, Piplana, Sanlej, Vagas, Tharood in Kadi District; while Thabi, Kumbhnath, Dhamel, Pichhavi and Bhimgaya in Amreli District, Dosawadia, Chikhali and Zankhari in Navsari District were the main tank irrigational works constructed by the State Irrigation Department. ³⁷ The State, since the year 1886, had dug 12,000 wells with a facility of advance loan of over 30 lakhs. Some 2000 old wells were also repaired by advancing Rs.3 lakhs to the people. Between 1880 and 1890, the State provided several drainage channels in Baroda and Kadi Districts, to encourage reclamation of water-logged areas.

It was in the early 1890s that a regular, well-defined and controlled system of irrigation started. The catastrophic famine of 1899-1900 gave further impetus to the Maharaja for the installation of well-defined irrigation schemes in the State. As part of the relief measures, he ordered the construction of the Orsang (River) Irrigation in Baroda District and, in 1900, he performed its opening ceremony. In a speech, he said, that in times of calamities, "the pressing need a Government feels is to relieve the stricken population in whose welfare it feels its own³⁸ involved". After Orsang Irrigation, Wadhvana tank system in Baroda District, Dosuwada tank in Navsari District, Bhimgaya tank in Amreli District and Kadarapur tank and a weir across the Sarasvati river in Mehsana District and other similar works in other districts were constructed.

Soon after Orsang Irrigation, Water works came into existence. The Maharaja also thought very precisely about the problem of drinking water for the city people. He decided to construct a massive artificial lake. His main aim was to supply water not only to the city itself but also to those villages that come along the way of the pipe lines. While announcing this, he said, "it was my cherished desire to give my people abundance of pure water and improved sanitation. Every village should be supplied with good water which is the first requisite of health. Between them the State and the Local Board bear half the cost, the people contributing the rest, in the right principal that

they should learn to help themselves. I have tried to lead the people to abandon some of those externals which are out-worn and it is my earnest hope that soon we shall find the caste-lion-drinking from the same pool as the outcaste lamb, to the great advantage of all". He also said that, "this water scheme is but the foremost instance of what I am doing or hope to do for all the 3,500 villages and towns of the State". Good wells are being provided for all villages. Except where water is quite close to the surface or where a river flows past the village State".³⁹

The State witnessed a bitter experience of famine of 1899-1900. The Irrigation and Agricultural Departments were kept alert to face the challenge of drought. The special officer, with the responsible personnel was set up to give Tagavi loan for construction of wells. This policy of the Maharaja helped considerably the people of the State. As a result of this liberal and farsighted policy, the number of wells had increased from 40,272 Pacca and 16,400 Kachha in 1900-1901 to 60,433 Pacca and 17,370 Kachha in 1920-1921.⁴⁰ Since then the number of wells gradually started increasing.

The modern appliances of oil-engines, pumps and agro-motors had been provided with the State's aid of about Rs. 2 lakhs. In 1921, some 5.60% of the State's total agricultural land was put directly under irrigation. Out of this 5.23% was irrigated by

wells, 0.03% by channels from protective irrigation, 0.24% by ordinary village tanks and 0.10% by other sources. The area⁴¹ under irrigation in 1921 was 5,892 bighas.

But after 1927, a policy of preserving and rectifying past irrigation works was pursued. The State satisfactorily introduced field drainage system in the Talukas of Petlad, Karjan and Sinor. By the end of 1939-1940, there were 88,213 wells, 10,195 tanks and 564 other sources of irrigation which included river irrigation,⁴² irrigation by pumping and irrigation by tube-wells.

Revenue Administration:

Land Revenue Administration During Early Days:

The Revenue Department comprised Land Revenue, Barkhali and Giras, Boundary and Railway demarcation, Registration and Stamps, Guardians and Wards, Attached Estates, Compensation, Devasthan and Charitable Institutions, Customs, Excise and Opium, Local⁴³ Boards and Municipalities. The Survey and Settlement Department, originally a separate department, was merged with the Revenue Department during the last decade of the 19th Century. Since then this department was part and parcel of the Revenue Department.

The head of the Revenue Department was the Sar Suba, who held a position corresponding to that of the Revenue Commissioner in the Bombay Presidency. He was assisted by another officer, the Joint (Sah) Sar Suba, who was in charge of the excise, customs, commerce, agriculture and co-operative societies' departments. His main function was to develop the resources of the State. Under these two officers, there were Subas, Collectors, as the head of each of the five districts of the State. The divisions in-charge of the Subas were divided into from 8 to 10 talukas or mahals, of which groups of three or four were in-charge of a Naeb, Assistant Suba, whose main duty was to inspect the records and work of the talukas and generally help the Suba in routine matters. As the head of the each taluka was a Vahivatdar or Mamlatdar or Kamavisdar. There was also a peta mahal, and it was under the charge of a subordinate officer called Mahalkari. He exercised more or less the same powers as the Vahivatdar. His main duties were:

- (a) to visit the villages;
- (b) to collect land revenue and taxes;
- (c) to inspect the boundary marks set to demarcate fields from fields;
- (d) to protect Government interest; and
- (e) to maintain peace and order within their talukas or peta mahals. He was an ex-officio of a second class Magistrate and the main task was the prevention and investigation of crimes under his jurisdiction. All judicial work was trans-

ferred to the taluka Munsiff, Sub-Judge. The Vahivatdar was assisted in his revenue and judicial work, by an Aval Karkun (first clerk), who was responsible for jamabandi. In each taluka or peta mahal, there were 50 to 100 villages, the village being the basis of the revenue organisation. Over each group of 15 to 30 villages, called tappa, there was a Tajvidar (Circle Inspector), who supervised the work of the village headman and accountants.

Village Staff and Farming System:

In Revenue and Police matters the charge of each village was entrusted to Patels or headman. The office of the Patel was hereditary as he was also a big Zamindar. The yearly pay of the headman depended on the amount of revenue derived from his village. But it was restricted to Rs.30 p.m. only. Besides, the headman, there were, except in the Navsari District, members of his family called matadars who were in receipt of hereditary grants from the State. In large villages, there were separate Patels for revenue and police work. To keep the village accounts, prepare statistics and help the headmen a number of stipendary village accountants or talaties were employed. The headmen and the talatis had to see that justice was done to their village in revenue matters.

The Desais' and the Mazmundars performed the same duties for the district. It was also the duty of these officers to superintend the improvement of the Paragana, to make the lavni abadi (the preparation for sowing and to settle the jamabandhi or other rates of assessment). These local officers were called ⁴⁴ Watandars or Possessors and were appointed for the security of the Government and as a convenient means of communication with the inhabitants. They did not directly assist the farmer in the collection of the revenue. It was their business to aid him indirectly in persuading the people to work, to take up land, to pay their taxes and to obey the laws. The Desai had more particularly to assist in the settlement of the revenue and to report on the State of the crops. The Mazmundar's duty was to keep the accounts, that is to write out the jamabandhi of the mahal. In Baroda State, as elsewhere, the Maratha Government did not interfere with the old village system, but simply superimposed the machinery at district level by which money might be collected and a few general services to the public be rendered. The Kalambandhi or Circular order of 1827 enjoined that an annual statement of the sums paid to hereditary officers were to be sent in by the farmers, together with vouchers and receipts.

Izardars and Cultivators:

The Kalambandhi of 1827 shows that farmers were treated like cattle. By the Kalambandhi of 1827, the cultivators were ordered

to till Sarkari land first in order that private interests might not militate against the public profit, and the extent of Sarkari land cultivated was in all cases to be at least the double of all other kinds of land.⁴⁵ If, within the village limits, the Sarkari land did not so much exceed other land, the villagers were to proceed to the neighbouring village and cultivate Sarkari land there, before attending to the private interests. In old days, the villagers were often so badly treated by some Kamavisdars that they were driven to desert their fields and take up work offered to them by some more liberal farmers. Though the Kamavisdar was permitted to receive within his mahal rayats from other parts of the country, he could only do so if they had previously paid up all arrears due to them by other Kamavisdars; and he could only guarantee land to strangers during his tenure of office. His successor was not bound by any terms he might have made. Colonel Walker's remarks on the farming system, "as it was early in the 19th Century, bear out the deductions that may be made from a perusal of the Kalambandhi of 1827". The rayats, he said, that "may move from one district into another, and the Kamavisdars sometimes are forced to combine not to afford those who quarrel with their landlords any employment within their districts. There are no pattas or other written leases granted to the desai or jamindars by the Government in Gujarat. The Government leases the districts to the Kamavisdars for one, two, three, four or even five years".⁴⁶

Maharaja Khanderao's Reforms:

The most important objective of Khanderao was to destroy the izara or farming system. This he did by taking the following measures:

- (i) he made an onslaught on the holders of inam lands;
- (ii) he introduced a revenue survey, substituting a fixed money payment and a ten years' settlement for the old levies in kind; and
- (iii) he introduced a new system of management.

Revenue Management:

There was a rule that a talati should be employed for each village, a mehta for one or more villages according to their size, and a thanedar for a group of ten or more villages and these again were placed under the vahivatdar of the district or pargana. In each district there was a treasury into which the collections were paid in the first instance. From it, the amount was transferred to the general treasury at Baroda, which was in charge of the Sar Suba or Revenue Commissioner of all the districts in the State and so it came finally to the treasury. The complaints of cultivators against talatis were to come before the officials, commencing with mehtas upto the Sar Suba at Baroda, and finally to His Highness the Maharaja himself. Before the sowing season, in districts where the survey rates were in

force, it was settled how much land each villager was to cultivate. When the crops were ripe, the village talati began to arrange for the payment of taxes. Until that was done, there would be no harvest. This system was very old. Therefore, the Maharaja Khanderao made a change in 1860 by separating police from revenue work in large villages. During his time a matadar, who could read and write was chosen. If the village was small, he did both the revenue and police work, but if the village was large, two such men were selected, one being subordinate to the other. These were styled as mukhi patels and they were assisted in the collection of the revenue by all other matadars. The selection of the patel was made by the Vahivatdar. The office was generally retained for one year in rotation.

Maharaja Malharrao's Izara System:

During the time of the Maharaja Malharrao, the management of districts and revenue was granted to certain court favourites who then became Kamavidars. These people did not actually do anything themselves. They entrusted all business to clerks who were chosen not for their ability, but for their willingness to falsify accounts. In course of time, many evils crept into the izara (ijara) system. Due to this, discontent prevailed among all the classes. So the Maharaja Malharrao resurrected the old practice of accepting presents (nazarana), while disposing off revenue and judicial matters. In short some-what good work was

done by him for the material development of the State and for the moral upliftment of the people. After his dethronement and during Maharaja Sayaji Rao's minority period, Sir T. Madhavrao, the Dewan of the Baroda State, faced many complicated problems of the revenue administration.

The first problem which he faced was the Izara System. The Marathas entrusted the collection of the State revenue to the agents or farmers or ijardars. The ijardars collected what they could from the village people and paid to the State only a stipulated amount. Sometimes the ijardars put pressure on the villages for increasing the amount of revenue. Due to this, the village headmen alienated some portion of the Khalsa village land to particular persons in order to meet the demands of the ⁴⁷
ijardars.

Owing to this, the Dewan introduced the simple system of accounts to ensure their regular keeping of the village accounts.

The second problem was barkhali (bar = outside, and khali = the grain yard) or alienated land of the State. The form barkhali was applied to all lands which were entirely or partially free from assessment. The parties which were concerned with these lands, belonged to different classes such as "the sardars, shiledars, darakhbars, vatandars, parekhs, concubines, dancing⁴⁸
girls, karkuns and bargirs".

The first step which was taken by the Dewan was the creation of the Settlement Department. This department dealt with claims to allowances of various kinds and also to alienate land in villages. In this connection, Mr. Pestonji, the first Head of this Department, wrote, "a man receives one allowance from one treasury in the name of Balam Bhat, another from another treasury in the name of Bal Bhat, a third allowance from a third treasury in the name of Dam Bhat which was alleged to be his alias, for the fourth allowance from the fourth treasury, the same man was^{49.} metamorphosed into some other Bhat and so on".

The labours of the department during the administration of the Dewan were continued only for the disposal of claims to cash allowances. It did not make any inquiry. When the Maharaja Sayaji Rao found that the land taxation was uneven and a reform was necessary both in the interests of the Government and the people, he first ordered for the Survey and Settlement of all lands and then a settlement of alienated lands. Then in 1884, a Survey and Settlement Department was created and was placed under Mr. Elliot. In 1888-89, Mr. Elliot submitted proposals for the re-organisation of the barakhali department which received the sanction of His Highness's Government and came into force from 1st May, 1889.

Besides this (Barakhali), there were many different kinds of lands in the State such as devasthan, pirasthan, dharmadaya,

chakariat, jat dharmadaya, pasaita chakariat, jat pasaita, vechania, ranvatia, or hadia, gharania, and bathamania. Some of these were nakari, which did not pay any kar (tax) of their lands, some of these paid mamul hak i.e. the old customary levy on land and the rest paid salami, a form of tax.⁵⁰ Besides these, there were also an other type of grants of land known as Varshashans (annuities) which involved the State in great loss of revenue.

There was also a division of the village land for the purpose of revenue between the ruler and the jamindars. 'Talpat (Original): Three parts of the land of each village, under the denomination of talpat were acknowledged as the property of the king, and one-fourth was given to the jamindars under the denomination of 'wanta' who accepted to furnish guards and protection to their own villages and showed readiness for the service of the king whenever called upon. As a mark of submission, such jamindars paid salami to the crown from their holdings i.e. Wanta.⁵¹ The holders of wanta were known as watandars or girassias.

Another kind of giras, which arose from the custom of primogeniture by which the eldest son succeeded to the Sansthan (gadi) and the younger sons of the deceased chief were called jivai or subsistence, which was called his giras "Toda Giras",

another kind of giras, originated from a system of black-mail, which predatory girassias levied from villages. Like this many kinds of village land were divided for the purpose of revenue.

All these complicated problems were faced by the Dewan. Then he made up his mind to prepare a programme for the improvement of land revenue administration. He placed the land revenue on a sound basis and substituted the ryotwari system for the old farming system.⁵² The land revenue assessments were carefully organised and all other taxations were systematically fixed, so that the ruler and the ruled knew about the demands from year to year. Other problems were left to the Maharaja.

Before Sir T. Madhavrao became the Dewan, the accounts of the State were in confusion. From 1872 to 1877 i.e. a five year period, the Government demand in land revenue was much more compared to the actual collections. So the position of the Government was becoming more and more deplorable day by day. The total arrears of land revenue were about Rs.67 lakhs. So the Dewan made up his mind to improve the position of the Government by introducing several remedial measures in every direction and endeavoured to normalise the affairs. In the matter of land revenue, he introduced changes into the administration of the land with reference to demands and collections. First of all, he adopted a process of summary reduction of the land assessment. As

a general rule, the maximum rate of reduction was 25% and the whole reduction was estimated at about Rs. 12 lakhs.

Besides the summary reduction of the land tax, the rayats were freed from the gadi nazarana and several undefined exactions of izardars (farmers), and also those of the unscrupulous Sardars and officers. In the assessment and collection of the land revenue, a large temporary establishment was employed and a simple system of accounts was introduced, and, to insure their regular keeping, the village accountants were directed. For the convenience of the rayats the revenue instalments were re-adjusted and a fixed demand for a certain number of years was made on a certain village paying a lump-sum amount. Besides this, several petty taxes were either reduced or done away with.

In the matter of more reforms and efficient land revenue administration, the Dewan adopted the theories, policies and practices of the British Government, because he was very much acquainted and familiar with them. There were many kinds of land revenue systems in India. In Bengal, Lord Cornwallis, the Governor-General of the British East India Company, had established the Permanent Land Revenue Settlement. In Oudh, the land was held by great proprietors. In some places there was the Zamindari system under which the Government looked to few persons or big holders for its revenue. In Madras, Sir Thomas Munro had

introduced the Ryotwari System. It proved very successful. So the English introduced it in Bombay Presidency also. From amongst all these systems, in the matter of land revenue reforms, the Dewan adopted the system of ryotwari of Bombay Presidency, because he had become familiar with it.

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The ryotwari system was not entirely new to the Gaekwads, because the Maharaja Khanderao Gaekwad had undertaken a survey on ryotwari lines but unfortunately the work was left half done, and what was done was done carelessly. Due to this carelessness, huge arrears had mounted up. The actual cultivators were left more or less to the mercy of those who were in effect farmers of the revenue. So Malharrao introduced the farming system to improve upon it by giving the farms to a court favourite whose main purpose was to collect what he could from the unfortunate ryots. The result was that he "falsified his accounts, collected as much as he was able to and paid to the Government as little as he (decently) could". In short whatever was good in Maharaja Khanderao's reforms was swept away by his successor.

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Under the ryotwari system, Sir T. Madhavrao conducted a regular field survey. The lands were registered in the names of individual farmers and a fair assessment of tax was made with regard to soil, rainfall, prices and other factors. Under this system, the Government had the advantage of revising the assessments at fixed intervals. It has been observed that the demand of

the Government was excessive in the ryotwari areas.

The Dewan introduced the ryotwari system in the State in the same manner as that under the Bombay Presidency System and organised the work systematically. His achievement in the matter of Government demands, realizations, and outstanding balances land revenue district-wise between 1877-78 and 1880-81 can be seen from the following information.

| Sr. No. | District | 1877-78 Rupees | 1878-79 Rupees | 1879-80 Rupees | 1880-81 Rupees |
|---------|------------------------|-------------------|-------------------|-------------------|-------------------|
| 1. | <u>BARODA:</u> | | | | |
| | a. Government Demands | 36,31,618 | 38,29,872 | 37,67,159 | 37,87,125 |
| | b. Realizations | 31,01,345 | 33,46,562 | 34,63,014 | 35,46,103 |
| | c. Outstanding Balance | 05,30,273 | 04,83,310 | 03,04,145 | 02,41,022 |
| 2. | <u>KADI:</u> | | | | |
| | a. Government Demands | 31,21,080 | 32,61,950 | 32,38,129 | 32,09,367 |
| | b. Realizations | 26,17,777 | 28,78,417 | 30,15,773 | 30,71,214 |
| | c. Outstanding Balance | 05,03,303 | 03,83,533 | 02,22,356 | 01,38,153 |
| 3. | <u>NAVSARI:</u> | | | | |
| | a. Government Deamnds | 18,67,697 | 18,31,650 | 19,60,662 | 19,04,938 |
| | b. Realizations | 18,50,183 | 16,16,764 | 18,87,708 | 18,51,938 |
| | c. Outstanding Balance | 00,17,515 | 02,14,886 | 00,72,954 | 00,53,000 |
| 4. | <u>AMRELI:</u> | | | | |
| | a. Government Demands | 06,92,394 | 05,05,529 | 08,22,347 | 08,08,475 |
| | b. Realizations | 06,10,510 | 04,23,080 | 07,68,472 | 07,76,212 |
| | c. Outstanding | 00,81,884 | 00,82,449 | 00,53,875 | 00,32,263 |

Consolidated Statement of the above-mentioned district-wise

Records:

| Total | 1877-78 | 1878-79 | 1879-80 | 1880-81 |
|------------------------|-----------|-----------|-----------|-----------|
| a. Government Demands | 93,12,789 | 94,29,001 | 97,88,297 | 97,09,905 |
| b. Realizations | 81,79,814 | 82,64,826 | 91,34,967 | 92,45,457 |
| c. Outstanding Balance | 11,32,975 | 11,64,175 | 06,53,330 | 04,64,448 |

From the consolidated district-wise reports, it can be said that the Dewan carefully organised the land revenue administration. The total Government demands were increasing year by year, while the outstanding balances after deduction of realisations were decreasing. For example, the Government demands in 1877-78 were Rs. 93,12,789 and, in 1880-81, they were Rs. 97,09,905 as against the outstanding balances which were Rs. 11,32,975 and Rs. 04,64,448 respectively. From these differences, it can be said that the Dewan tried to reduce the outstanding balances. The total receipts of the State year by year were increasing considerably. Thus, from the table, it can be said that the Dewan improved the financial position of the State by improving the land revenue administration.

Sir T. Madhavrao's administration had done much for the improvement of the land revenue administration of the State, but more remained to be done.

Sir Sayaji Rao Gaekwad became the ruler of the Baroda State in 1881. He declared his intention to re-organise the land revenue systems in the State. For that, first of all, a regular Survey and Settlement Department for the entire State was established in 1883. Mr. F.A.H. Elliot, his old tutor, was put⁵⁷ incharge of the Department. Then the Maharaja started his tours to visit various places of the districts. His main objective was to know the conditions of the State. In 1900, when he was making tours throughout the State, he himself saw the prevailing famine conditions. He was struck by the Petitions which he received from the Kaliparaj folk, the aborigines who inhabit the forest tracks of Navsari. In the 'Famine Notes' he said, 'I am thinking of trying in these districts the "varying Bighoti" system, which is expected to combine the advantages of both the Bighoti (cash rents) and the Bhagbatai (shares in kind) systems. I never realized how crushing were the effects of the Bighoti or fixed assessment system till the present year of famine and never did I receive more petitions and requests for saving the people from the burden of the Bighoti, whose incidence is every year the same, irrespective of the prospects of the season... Under the old system the Government probably took more in good times; but it also showed great generosity in the grant of remissions during⁵⁸ hard times like these'.

To improve the condition of the affected areas the Survey and Settlement Department, under the direction of the Maharaja,

abolished the tax burden on the land for a time being and introduced several schemes for the development of the affected areas. Within a couple of months, the position of the areas considerably improved.

Principles of Survey and Settlement Department:

The system that was adopted for the State was in fact the Bombay System which was originally formulated on the famous Joint Report of 1847. It was laid down in paragraphs 69 to 76 of that Report that the land revenue assessment of a district was to be fixed by an examination of the revenue settlement of previous years, and by enquiring into the past history and the capabilities of the district. When this amount was settled, it was to be distributed among the different villages and fields comprised within the districts. The three major principles of settlements which were in order in India were also adopted and implemented in the Baroda State. The principles were as under:

- (i) "The Land Revenue demand of a taluka should be fixed after considering what it had paid in the past, and can pay in the future, without detriment to agricultural property;
- (ii) no enhancement should be made unless there had been a rise in prices, or other similar reasons; and
- (iii) no cultivator should be asked to pay more than one-half of the net produce of his field".

The net produce of the field meant the average produce of a field, minus the cost of cultivation, which included the fair wages of the cultivator and his family labouring in the fields, and also a fair rate of interest on his agricultural stock.

The unit of assessment in the Survey Settlement was the survey number or the plot of land of a size adopted for cultivation by a peasant with a pair of bullocks. The arable land, whether cultivated or waste, but available for cultivation, was divided into survey numbers. Then the soil of each number was valued according to its depth, texture, capacity of retention of moisture and other physical properties. The valuation of soil of each number was expressed in annas of a rupee. Generally valuation of sixteen annas represented good soil.

Then the rates of assessment were fixed. The Settlement Officer was appointed to work out the rates of assessment. The rates were determined by dividing the areas into groups like climate, rainfall, general fertility of soil, communication, etc. For each of these groups, the maximum rates to be levied upon a field were to be the same. The soil valuation of which was sixteen annas. But before fixing the maximum rates the Settlement Officer considered what direction the revision should take. For this purpose, he examined the past revenue history, prices, markets, communications, rents, selling, letting and mortgage

value of land, vicissitudes of season and every other relevant fact indicating the incidence of the previous assessment and economic condition of the tract, and, upon this indication, he prepared his proposals for enhancement or reduction of assessment. In this way, the total assessment which it was reckoned that the taluka could bear, was equally distributed throughout each group, village and field.

The duration of Survey and Settlement Department was fixed for a period of 15 years. Immediately after the introduction of this settlement, a large number of veros or special taxes on agriculturists were abolished and were amalgamated with the land assessment. The Revision Settlement was made for 30 years at the expiry of the 15 year period. But this settlement made some exceptions. The Settlement in Mahuva Taluka of the Navsari District was made for 15 to 60 years, in Kodinar (Saurashtra) for 15 years and in Amreli, Vaghodia (Baroda District) and Patan (Mehsana District) for 20 years. He made this variations looking to the capabilities of the soil of these areas. In this way, by establishing the Survey and Settlement Department, he improved the land revenue administration of the State.

Continuation of the Ryotwari System:

After the Survey and Settlement System, the principal tenure prevailing in the State was the ryotwari system or survey

assessment system, which was introduced by Sir T. Madhavrao, the Dewan of the Baroda State. Under this system, the revenue was assessed on each prevalent measure of land such as, the bigha, and the State collected the revenue in cash directly from each cultivator without the intervention of a third party. The other old tenures that existed before the introduction of the survey settlement system were the:

- (i) bhagbatai or collection in kind according to a fixed share of the produce;
- (ii) halbandhi or plough assessment system or collection in cash according to assessment per plough and other such rough methods;
- (iii) bighoti or fixed cash rent;
- (iv) assessment by the pickaxe; and
- (v) by the Perch or stand on which the cultivator sits to watch his crop.

Sir Sayaji Rao's land revenue collections including public revenue can be reviewed from the following tables:

Public Revenue:

The total receipts of the State for the year 1941-42 amounted to Rs. 252.45 lakhs. We can know from the following decade-wise table (Table A) that the multiplying duties of the State had been generally accompanied by the increasing receipts.

The sizable fall in the revenue in 1901 (owing to the impact of the great famine of 1899-1900) and 1941 was noticed due to the grant of substantial land revenue reduction and other concessions.

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Table : A (Figures in Lakhs)

| <u>1881</u> | <u>1891</u> | <u>1901</u> | <u>1911</u> | <u>1921</u> | <u>1931</u> | <u>1941</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 143.82 | 177.45 | 136.61 | 172.72 | 208.55 | 259.66 | 252.45 |

From this table it may be noticed that there was an increase of about 53% in the revenue of the State.

From the beginning, we find that the main source of income of the Government was the land revenue. But later on, slowly and gradually, the Government started taking revenues on other sources such as excise, customs, railways, forests, interests, etc. The following table (Table : B) shows the principal heads of revenue in which there had been significant changes during the period from 1880-81 to 1940-41.

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| <u>Heads</u> | <u>1880-81</u> (Rs. in Lakhs) | <u>1940-41</u> (Rs. in Lakhs) |
|--------------|----------------------------------|----------------------------------|
| Land Revenue | 112.84 | 95.07 |
| Customs | 012.41 | 27.79 |
| Railways | 000.86 | 21.92 |
| Interest | 009.34 | 19.72 |
| Forests | NIL | 04.64 |
| Excise | 002.77 | 27.85 |

From the above table, we see that the Maharaja reduced the burden of taxes on the land revenue. It seems that the Maharaja wanted to improve the position of the agriculturists by reducing the sizable amount of land revenue. From the other Head of the above table, it is noticed that railways show the greatest increase in revenue. It was increased from Rs. 00.86 thousand in 1880-81 to Rs. 21.92 lakhs in 1940-41. The second in importance was the custom duties which had grown from Rs. 12.41 lakhs in 1880-81 to Rs. 27.79 lakhs in 1940-41. This increase was mainly due to the development of Okha Port. The receipts from interest had also more than doubled; excise shows an appreciable increase. From this table, it is clearly understood that the receipts from land revenue decreased from Rs. 112.84 lakhs in 1880-81 to Rs.95.07 lakhs in 1940-41.

The following table gives us an idea of the proportion or variation in the percentage of land revenue to the total revenue of the Baroda State during the seven decades beginning from the accession of Sir Sayaji Rao III.

| Year | Total receipts in lakhs | Receipts from land revenue | Percentage of 3 to 2 | + Increase or - decrease |
|------|-------------------------|----------------------------|----------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 |
| 1881 | 143.82 | 097.42 | 67.7 | - |
| 1891 | 177.45 | 116.07 | 65.4 | - 2.3 |
| 1901 | 136.61 | 087.69 | 64.0 | - 1.4 |
| 1911 | 171.72 | 103.15 | 60.0 | - 4.0 |
| 1921 | 208.55 | 111.25 | 53.0 | - 7.0 |
| 1931 | 259.66 | 117.48 | 45.2 | - 7.8 |
| 1941 | 252.45 | 095.07 | 37.6 | - 7.6 |

The total receipts of the State in the year 1880-81 were Rs.143.82 lakhs, out of which Rs.097.42 lakhs were contributed by land revenue. This means that of the total receipts, as much as 67.73% were received from land revenue only, while the contribution of the other sections of the people (non-agricultural) was only 32.27%. After knowing this fact, the Maharaja decided to reduce the land revenue tax. For this purpose, he began introducing new schemes. Accordingly, he started increasing

the tax on other sections such as customs, railways, excise, etc. As a result of this, slowly and gradually, the burden of the people in land revenue started decreasing. Within the first decade i.e. in 1890-91, the total receipts were Rs.177.45 lakhs while receipts from land revenue were Rs.116.07 lakhs. Percentage wise it was reduced from 67.7% to 65.4%. Therefore, during this decade the land revenue burden of the people was decreased by 2.3% inspite of the increase in the total receipts of the State. From the table, it is clear that, decade after decade, the burden of agriculturists continued to be lightened as shown by the fall of per centage of land revenue to the total receipts of the State. The reductions of 7%, 7.8% and 7.6% were noticed during the last three decades i.e. 1921, 1931, and 1941 in the land revenue receipts. There were many reasons responsible for the reduction in land revenue. Actually, the other sources of income were developed, expanded, improved and effectively controlled in order to enhance the State income. The share of non-agricultural sector in 1940-41 was 62.4 per cent, which was significant. Apart from human efforts, agriculture in India depends greatly on natural forces, and, therefore, there are bound to be fluctuations and uncertainties. Thus human and natural forces, separately or jointly, played their part in the reduction of land revenue, as relief measures had to be adopted which could be clearly seen from the factors such as the heavy rainfall and flood of 1927, the adverse seasonal conditions during 1931-41 arising out of the Great World Economic Depression of 1929. Due to the depression, the prices of agricultural

produce began to decline and the position of the agriculturists became deplorable. So Sayaji Rao issued an order on 26th December, 1938, granting relief to agriculturists in the State from annas two to annas four in rupee (one rupees = 16 annas) in the land revenue assessment for five years.

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One significant fact that emerges from this discussion is that, with the growth of public revenue in the State, there had been a growing decrease in the percentage of land revenue, definitively proving the fact that the State exchequer was not an increasing burden on the agriculturists during the reign of Sayaji Rao Gaekwad.

Suffice to say that Sayaji Rao III, benevolent ruler as he was, took great care of the agricultural section of the society and sincerely, seriously and systematically tried to ease the burden of the agriculturists through direct (various measures in the agricultural sector) and indirect (raising income of the State from the non-agricultural sectors) measures.

(B) Income Tax : Ayapat Vero

In the earlier administration, the revenue of the State was not collected by any Government agency as at present, but was

farmed out to individuals who were, as a rule, either court-favourites or the highest bidders.⁶⁴ The farmer's main object was to squeeze as much money as he could out of the ryots, and to fill his own pockets. These farmers forced upon the ryots many exactions of different kinds and in course of time, these exactions assumed the form of regularly payable taxes. Thus, in different places, different kinds of veros (taxes) came into existence. There was no uniformity in their collection and it was flexible also. It varied according to the temperament of the payers. If the Government servant was strong and oppressive, he could levy more, while, if the payers were turbulent, they paid only a little. At one place, the amount of tax might be 4 annas, while at the other it might be Rs.50. This lack of uniformity created many problems in the State.

During the time of the administration of Sir T. Madhavrao, no effective steps were taken to reform the system of taxation, because he could not spare any time to deal with them. He became successful only in reducing some of these veros in the Baroda, Navsari and Amreli Districts, and prohibited levy of new veros or increasing them.

With the commencement of his rule, Sir Sayaji Rao aimed at finding out the means to lessen the burden of tax payers in the agricultural sector. He abolished taxes tagged to the agricul-

turists in the talukas, where Survey Settlement was introduced. At the same time, precautions were taken that the land assessment should not be excessive. As regards the non-agricultural taxes, a survey was made by the Survey and Settlement Commissioner in 1892. It was found that the taxes were not uniform. It was also found that there were in all 182 non-agricultural taxes, of which 31 realised Rs.10 or less; 16 realised Rs.11 to 20; 27 realised Rs.21 to 50; 18 realised Rs.51 to 100 and 19 realised Rs.101 to 212.⁶⁵ In 1892, the Commissioner reported in favour of revising them and recommended a uniform plan, while in the same year, the Sar Suba, head of the Revenue Department, recommended a tax on income on the lines of that levied in districts under the Bombay Presidency adjoining Baroda.⁶⁶

These suggestions were subsequent to the Maharaja's own initiative in 1889, when he ordered the collection of information on the subject of veros with a view to systematising them. He continued to take a deep interest in the matter.

It was in 1896, that the income-tax was first introduced in the State. In the same year, the Maharaja visited Padra, a town near Baroda. The inhabitants took the opportunity of complaining against veros and petitioned for their reform. The Maharaja asked the Suba of the Baroda District to submit a practical scheme of reform. The Suba recommended that only a single tax (ayapat vero)

on income alone be levied and all other veros be abolished. The Maharaja welcomed the recommendation but, as usual, determined to introduce reform gradually. First of all, he introduced the ayapat vero in Padra town. Accordingly, a notification was published, by virtue of which all the taxes were abolished and only one tax under the name of ayapat vero was levied upon all the people of Padra town without any distinction of caste, colour or creed.⁶⁷ In 1897, the Maharaja sanctioned the introduction of the ayapat vero in all the villages of the Padra taluka. After getting satisfactory results of the ayapat vero from the whole of the Padra taluka, the Suba, in 1898, proposed its introduction in the other talukas of the district. The Maharaja sanctioned his proposals and introduced it to most of the Baroda District, (except Baroda city) and then into the towns of Vadnagar, Visnagar, Unjha and the whole of the Kalol taluka in the Kadi District. The ayapat vero of the Padra scheme was ordered to be introduced in the city of Baroda in 1902. Accordingly, it was introduced as per the notification No.305 dated 9th March, 1902. As its working proved satisfactory in all areas, the Maharaja introduced it in the whole of the State in the year 1904. In the beginning, there were different rates for the towns and villages, but by the commencement of the financial year of 1904-05, they were done away with and a uniform system was introduced.

Taxable Income:

The new ayapat vero brought a net increase of Rs.16,000 in revenue over the amount realised by the taxes that were abolished. Therefore, the Government raised the minimum taxable income from Rs.300 to Rs.500 to give relief to persons of moderate incomes, and to put adequate burden on the well-to-do. This new revised scale was implemented from 1st August, 1906. By the revised scale, 12,007 persons, who paid income-tax under the old scale, were exempted from it altogether. The financial result was that the Government got Rs.72,960 under this revised scale against Rs.96,146 under the old scale i.e. there was a net loss of Rs.23,186 which was considered insignificant as compared with the contingent advantages conferred on the ryots.

On the occasion of the celebration of the Silver Jubilee on the 5th March, 1907, the Maharaja ordered that the scale of income-tax be re-revised. Accordingly, the minimum taxable income was further raised from Rs.500 to Rs.750. In this way, on this occasion, he gave a sizable relief to the moderate income-tax payers. The following table shows the scale of revised and re-revised income-tax.

| Annual Income | Annual Rate of Income-Tax Revised in August, 1906 | Annual Rate of Income- Tax Re-revised scale in March 1907 |
|------------------------|--|---|
| Rs. 300 to Rs. 500 | Nil | Nil |
| Rs. 501 to Rs. 750 | Rs. 7.00 | Nil |
| Rs. 751 to Rs.1,000 | Rs. 10.00 | Rs. 10.00 |
| Rs.1,001 to Rs.2,500 | Rs. 15.00 | Rs. 15.00 |
| Rs.2,501 to Rs.5,000 | Rs. 35.00 | Rs.2,501 to Rs.4,000 Rs. 35.00 |
| Rs.5,001 to Rs.10,000 | Rs. 75.00 | Rs.4,001 to Rs.6,000 Rs. 60.00 |
| Rs.10,001 to Rs.1 5000 | Rs.125.00 | Rs.6,001 to Rs.10,000 Rs. 90.00 |
| Rs.15,000 onwards | One percent of the Income | Rs.10,000 to Rs.15,000 Rs. 150.00 Rs.15,001 onwards at Rate of Rs.1.8%. |

This re-revised scale released 3,192 more persons from paying income-tax. This means, within eight months, he gave relief to 15,199 persons. By the re-revised scale, the Government's net loss was reduced from Rs.23,186 to Rs.8,326, that is about 1/3 of the amount remitted.

In this way, by virtue of the re-revised scale, the ayapat vero was gradually brought to the level of the British Income-Tax. It indicates that the Maharaja established this on the most modern lines.

To systematise the whole scheme of income-tax, the Maharaja passed an act known as 'Ayapat Vero Nibandh and Niyam', on 20th June, 1908 framed by the Sar Suba. This Act and the Rules under it took effect from 1st August, 1908. By it no material change was made in the previous scales and procedure. Upto 1939-40, experiments were made with the minimum taxable income which, in course of time, was raised from Rs.100 in 1896 to Rs.750 in 1907 - the latter being in force upto 1939-40, in which year it was raised to Rs.2000.

A special staff was appointed for the scrutiny of income-tax assessment. By it a large gain was made by the State. In 1908-09, the income-tax realisation for the whole State was Rs.98,653. In 1921-22, it rose to Rs.2,68,357. Since then the amount gradually started increasing. In 1924-25, it rose to Rs.4,65,991. By 1939-
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40, it rose considerably.

To reduce the burden of income-tax on lower incomes, the Government took up the revision of the existing scale of income-tax assessment in 1939, and sanctioned amendments in the income-tax Act and Rules incorporating the consequential changes. Accordingly the minimum taxable limit was raised from Rs.750 to
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Rs.2000. The new scale rates of income-tax were as under:

| <u>Annual Income</u> | <u>Rate</u> |
|--------------------------|--------------|
| Rs. 2,001 to Rs. 5,000 | 1.8 per cent |
| Rs. 5,001 to Rs. 10,000 | 3.0 per cent |
| Rs. 10,001 to Rs. 20,000 | 4.0 per cent |
| Rs. 20,001 to Rs. 30,000 | 5.0 per cent |
| Rs. 30,001 to Rs. 40,000 | 6.0 per cent |
| Rs. 40,001 onwards | 8.0 per cent |

Besides this, a super tax (Corporation tax) of one anna to a rupee was also levied on all incomes in excess of Rs.1 lakh, except from registered firms.

This change in the scale of assessment was made not with the object of securing higher revenue, but to make the higher earners bear the burden according to their capacities. The most important and immediate effect of the changes in this income-tax scale was to exempt about 19,000 out of the total of about 24,000 assesses.

Economic Legislation:

The functions of the State have been a subject of controversy among the economists from the very early times due to the changing patterns of economy. The doctrine of Laissez-Faire,

according to which the functions of the State were limited to the protection of the private property and individual liberty, remained in practice for a long time, but the progress of thought in economic matters led to important modifications in the old doctrine. Owing to the modifications and changes, it was completely discarded in India by the end of the 19th Century. Since then, every-one admitted the legitimacy of the State's intervention in the economic matters and regulation of economic life. The State now considered it a part of its duty to formulate laws for the improvement of the economic life of the community.

The Baroda State, as one of the most progressive States, undertook the work of securing economic justice to the people. For that, the State passed certain laws known as economic legislation. This work was very well handled by Sir V. T. Krishnamachari, the Dewan, (18th February, 1927 to May 1944) of the State. He showed continuous zeal for improving the economic condition of the masses.

The Baroda State passed two economic legislations, namely, (I) Tenancy Legislation; and (II) Debt Legislation.

I. Tenancy Legislation:

One of the major evils in India was rack-renting. It means the tenant, who cultivates a piece of land on the

basis of rent, has to pay a very heavy rent. Besides this, he is not sure that he would be allowed to cultivate his holding next year. It led to a continuous deterioration in production. In order to check such evils the Maharaja thought that the State should enact such laws. Accordingly, the State passed three Acts for the protection of the tenants. These were:

- (a) The Rent Regulation Act;
- (b) The Ankadia Villages Tenants Act; and
- (c) The Backward Classes Land Protection Act.

(a) The Rent Regulation Act:

This Act was passed on 1st March, 1934, to regulate rents payable by tenants of the backward class to superior holders. First of all, it was applied to Vyara, Mahuva, Songadh and Mangrol Talukas of the Navsari District in 1934, because such evils very much prevailed in those areas. Then it was extended, in 1936, to Sankheda Mahal and about 30 villages of Tilakwara Peta Mahal of Baroda District. When the Act (1934) was passed, the total cases were 6942. After implementing the provisions of this Act, the number of cases went on decreasing. Within six years, it was reduced from 6942 to 989 cases.

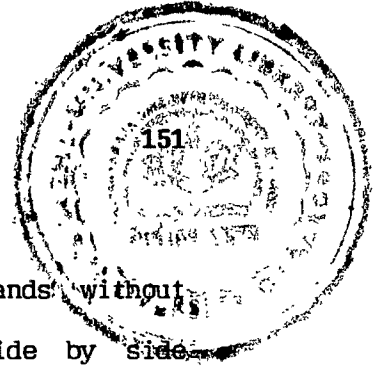
One important result that emerged from the working of the Act was that "gradually superior holders, themselves in many cases have voluntarily fixed reasonable scales of rent based on the terms of the Act. It was also noted that in a large proportion of cases, the Naeb Subas were fixing rents with the⁷² consent of all parties".

(b) The Ankadia Villages Tenants Act:

This Act was passed on 12th April, 1934. It was made applicable to 33 villages in the State. The rules under the Act were passed on 20th September, 1934. The main object of this Act was to safeguard the interests of the tenants in the Thakarati villages of the State and to regulate the relations between the Ankdedars or such villages and their tenants. This Act considerably reduced the number of applications and established friendly relations between the tenants and Ankdedars.

(c) The Backward Classes Land Protection Act:

The Raniparaj people and other backward classes were given protection under this Act. The main aim of this Act was to prevent the land of such Khatedars passing into the hands of others. Under the Act, they



were prohibited from transferring their lands without the permission of recognised authority. Side by side co-operative societies were organised for giving necessary finance to them. This Act improved the position of the backward classes.

(II) Debt Legislation:

In India, social customs generally had a powerful influence on the people, particularly in rural and backward areas. The poor ryots borrowed money not merely for marriages and other festivals, but also for the purchase of grains and manure. Such borrowings made them indebted to the money-lenders.

In the beginning, the State Government did not pay much attention, because it was busy in collecting land taxes and solving other administrative problems. For example, before 1875, there was no law which could oblige the money-lender to submit his accounts for periodic inspections. The increase in the debt of the cultivator was regulated by the rule of dam dupat, which provided for the recovery of interest to the extent of the amount of the principal dues. Sir T. Madhavrao re-organised the State's administration in this respect in 1875. The new Courts of Law facilitated the

recovery by the money-lender from the borrowers and farm lands served as a valuable security. This resulted into the systemisation of the recovery of the debt of the money-lenders through the court procedure, which in turn also helped the borrowers in protecting themselves against the arbitrary recovery.

In spite of the efforts on the part of the Government to legalise the borrowing and lending system in the State, there was no notable impact on the traditional system of lending and borrowing. This could be due to the growing demands of the borrowers from the money-lenders, because of the deeprooted religious and social beliefs, practices and customs. Thus apparently the relations between the money-lender and borrower remained cordial. This resulted into the gradual losing of the land by the borrower to the money-lender. Such an alarming situation made the Government
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reduce the land assessment.

The famine of 1899-1900 hit the Baroda State territories very hard. Due to the famine, human beings and cattle perished in large numbers and valuable property was sold at a very low price.

Land value also depreciated, and with it the credit of the farmers. So Sayaji Rao III ordered for prompt measures and organised a Famine Department instantly. He himself

visited the more affected areas to know about the miseries of the people. After his visit, he gave ample relief to the people and also ordered an inquiry into the problems and took steps to relieve the extent of indebtedness.

The first estimate, which was made in 1901, revealed that the total amount of debt was about Rs.7.57 crores in the State. Thereafter, estimates were made in 1912 by a special committee appointed by the State, in 1918 by the Baroda Economic Development Committee, and in 1925 by the Land Mortgage Bank Committee, which revealed that the indebtedness of the agriculturists in the State had practically remained the same. Therefore, in September 1929, the Maharaja appointed the Baroda Banking Inquiry Committee under the Chairmanship of shri Manilal B. Nanavati, who was the Development Commissioner, to inquire into the causes of indebtedness among the farmers in the State. ⁷⁴ The causes of indebtedness generalised by this committee were:

- (a) uneconomic holdings of land;
- (b) social customs;
- (c) drinking habits of the people; and
- (d) famines.

As the indebtedness had grown considerably, it was necessary to give relief to the farmers by reducing debts proportionately. The following remedial measures were

suggested for this purpose:

- (a) wholesale liquidation of debts by means of conciliation proceedings;
- (b) passing of legislation similar to the Deccan Agriculturist's Relief Act or the Punjab Land Acquisition Act; and
- (c) slow liquidation of debts through land mortgage banks or the co-operative societies.

The Committee did not consider wholesale liquidation of debts through conciliation, as it would amount to a large burden on the States' resources. It was also not in favour of passing any legislation regarding the settlement through conciliation proceedings. The Committee also did not favour legislation measures for reduction of debts. However, it favoured liquidation of debts through land mortgage banks or the co-operative societies as the best measure. The Committee was of the opinion that the period of loans should be increased to 15 or 20 years, and that such lendings should be made by a land mortgage banks.

Three important legislative measures were enacted by
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 the State:

- (a) The Agriculturist's Debt Regulation Act, 1935;
- (b) The Debt Conciliation Act, 1936; and
- (c) The Record of Rights Over Lands Act.

The first was passed to give relief to small land holders and was a purely temporary measures. The courts were empowered to examine the history of the debt, reopen the transactions and fix, on equitable ground, the amount that should be paid and the decree of repayment in easy instalments. As a result of the implementation of this act, the majority of cases received, were disposed off by way of compromise. For instance, the total number of suits received in 1936-37 were 7608. Out of this 5316 cases were disposed off. Since then, the number of cases was reduced. In 1939-40, the total cases received were 5437 and out of these, 5302 cases were disposed off. It means that by passing this Act, the State was able to lessen the debt burden of the agriculturists.

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The primary object of the Debt Conciliation Act was (the establishment of Debt Conciliation Board) to reduce the burden of agricultural indebtedness and to effect the settlement of the agriculturists' debts amicably. However, the relief under this Act was available to small agriculturists whose income from land did not exceed Rs.750 per annum. The amount of debt for which conciliation was sought should not be less than Rs.100 and more than Rs.25,000. This Act was first applied to certain selected areas such as Sankheda, Sinor, Karjan, Mahuva, Kodinar,

Dhari, Mangrol, Vyara, Patan, Harij, Amreli, Khambha, Songadh and Gandevi talukas and, later on, to Dabhoi, Tilakwada, Waghodia, Kamrej, Palsana talukas. In order to systematise its working, the Debt Conciliation Boards were set up. The composition of the board was of five members. The president, two members from the money-lender class and two from the land-holder class. It met at least twice a month. Its main function was to examine the accounts of the money-lenders and to make attempts in reducing the debts of the agriculturists by way of conciliation. The main provisions of the Act were:

- (i) If both parties fail to come to a settlement, the board files the application;
- (ii) If the creditor refuses to accept a settlement, a certificate is issued to the debtor and the creditor loses his right to costs and to interests exceeding 6% in subsequent civil suits.
- (iii) If the creditor fails to present himself or to produce his accounts within the given time, the debt becomes abolished. As a result of these provisions, the working of the Act was very efficient. In short, by passing this Act, the State was able to reduce the burden of agricultural indebtedness.

The third Act, the 'Record of Rights Over Lands Act', was passed after studying the situation of the European

countries. The Maharaja found that in all the European countries, where agricultural banks were opened, complete Record of land Rights was to be found, and, on their strength, the mortgage banks were doing good, safe and large business. The Maharaja thought to establish the same type of system in the State.

Before giving loans to the land-holders from the Agricultural Bank, it was necessary to know the complete record of their land rights and titles. In the villages, only the money-lenders, being their clients, were aware of the rights of the land holders but an outsider and particularly, an institution like a Bank, did not know any thing about it. Therefore, some times it was noticed that the land holders, before settling their accounts of loan with the money-lenders, used to demand loans from the agricultural Banks. To check this, it was, therefore, desirable that steps should be taken to establish a complete Record of Land Rights. Hence, the Record of Rights Over Land Act was passed. It was first applied only in Karjan Taluka of the Baroda District and then extended to other parts of the State.

The working of the above mentioned acts was satisfactory and congenial to the interests of both the debtors and

the creditors or the tenants and the landlords. These acts were necessitated owing to the wide-spread depression that started in 1929 and the abnormal conditions of the last decade of 1931-1941. The State expected that with a return to normal level in prices, "the necessity for interference⁷⁷ with the ordinary credit machinery will cease to exist".

CHAPTER III

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34. V. P. Dandekar, Srimant Sayajirao Maharaj Vyakti Ani Karya, (Poona, 1933), Vol. III, pp. 95-110.
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39. K. C. Saunders, Speeches and Addresses of Maharaja Sayaji Rao Gaekwad III, 1927-1934, (London, 1934), edited, Vol. III, pp.568-569.
40. GBS, Vol. I, p. 271.
41. Ibid.
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43. GBS, Vol. II, p. 1.
44. Watandars: The word, Watan literary means one's own native country or place of birth but here it is used as a revenue term which signifies the right of the holder (Watandar) to collect the revenue from the specified territory and remit the fixed share to the Royal treasury and retains the rest with him.
45. GBS, Vol. II, pp. 5-6.
46. Ibid.
47. G. H. Desai, A Statistical Atlas of the Baroda State (edited) (Bombay, 1918), pp. 10-11.
48. GBS, Vol. II, p. 86.
49. BSAR, 1876-77, p. 45.
50. GBS, Vol. II, p. 82.
51. Ibid., p. 101. Cited.
52. G. A. Natesan, Indian Statesmen, (Madras, 1927), pp. 216-217.
53. BSAR, 1875-76, pp. 17-18.
54. Stanley Rice, Life of Sayaji Rao III Maharaja of Baroda (London, 1931), Vol. II, pp. 24-25. Henceforth cited as Stanley.
55. GBS, Vol. II, p. 13. Also cited by Stanley, Vol. II, p. 26.

56. BSAR, 1877-78; 1878-79; 1879-80 and 1880-81. Cited in GBS, Vol. II, p. 17.
57. Stanley, Vol. II, p. 27.
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60. M. H. Shah, op.cit., p. 170. Quoted.
61. Ibid., p. 171.
62. Ibid., p. 173.
63. BSAR, 1938-39, p. 104.
64. GBS, Vol. II, p. 145.
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69. Sergeant, p. 265. Foot Note
70. M. H. Shah, op.cit., p. 177. Quoted.
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75. M. H. Shah, p. 189.
76. Ibid., p. 190.
77. Ibid., op.cit., p. 194. Quoted.
