Introduction
This is the first lecture on the condition of peasants under colonial rule. Broadly, we address peasants, rural credit, landless labour and indebtedness in India under colonial
rule. This lecture is divided into four sections. The introduction is followed by a general background, and then we deal with two regional case studies—eastern India and south India.

Colonial rule brought about far-reaching changes in the Indian agricultural sector. The traditional feudal society was dismantled and in place there arose a colonial and semi-feudal society. New land revenue settlements were introduced in three different regions of the country. Indian society was pushed into the whirlpool of the global capitalist network and Indian agriculture was converted into a raw-material supplying appendage to metropolitan Britain. Far from introducing a model of development which catered to the needs of the basic Indian masses, the colonial rulers only brought about development of Britain at the cost of the underdevelopment of India. One of the major consequences of this change was the creation of a huge mass of alienated and impoverished peasants and their ever-growing indebtedness to the usurer-cum-trader-cum-middlemen-cum-zamindar, who served as one of the main props of colonial rule.
Background

As we saw, new land settlements were introduced in three different parts of the country to serve the interests of the British raj. Land became a commodity—alienable private property—and peasant’s traditional right of occupancy to land was abolished. A new legal system based on concepts of private property and contract was introduced. India was drawn into the global capitalist market and there was greater commercialization and greater penetration of commodity-money relations. Commercialization of agriculture, differentiation within the peasantry and production for the market is generally understood to encourage capitalist agriculture. In India commercialization of agriculture under colonial rule, however, ended up producing a mass of impoverished and discontented peasants.

On the other hand, the extraction of the maximum surplus from the produce of the peasant became the basis of the early colonial system of plunder. And the mode of appropriation of the agricultural surplus was feudal. This naturally led to the colossal destruction of men and other
productive forces. Another source of colonial plunder was unequal trade which was added to the rent-revenue. Rent-revenue till 1850 remained the “basic pillar of British colonialism”.

For the realization of this as also profits from unequal exchange, the colonial ruling class re-established and strengthened feudal landlordism on a new basis and encouraged the growth of comprador trade and usury capital. It is this situation that played havoc for the basic masses. Landlessness, indebtedness, emergence of a huge mass of landless labourers and impoverishment were the inevitable outcome. Side by side, commercialization and the spread of commodity-money relations also generated a group of rural creditors who exercised a firm control over the peasants. Against this general background we now propose to take up some regional case studies to illustrate the point.
Eastern India

In the Bengal Presidency land revenue was fixed on a permanent basis. The zamindars, empowered by some new acts, such as the acts of 1799, 1812, 1819, could easily enhance the rents to be collected from the peasants. At the same time, introduction of uniform coinage helped in the development and systematization of networks of credit throughout the country which in turn accelerated the growth of money markets. The issues of payment of revenue and rent and the increase in rent has to be appreciated against this context.

Both peasants and landlords required regular access to cash. If the former had to pay rents to the zamindars, the latter owed his revenue to the state, that is, the colonial government. Both peasants and the newly emerging landowning class had therefore to borrow money from the moneylenders and usurers. They had to offer some property as mortgage or security against the loans. The rate of exchange, or interest, was very high. When they failed—especially when peasants failed—to pay off their dues in
time, and very often they did fail, they were forced to part with their land, and become landless.

Precolonial India was no stranger to impoverishment of the peasantry and rural indebtedness. Speaking of India under Mughal rule, Irfan Habib writes that extent of peasant indebtedness was very high and the rates of interest were quite exorbitant. Not a great deal of information is, however, available on this aspect of pre-British Eastern India. Of course, meagre income of peasants, coupled with harvest failures or other natural disasters often led a large number of peasant families to borrow regularly. There were the recurring Maratha raids during the 1740s and regular exaction of heavy land revenue from Orissa by the Marathas during 1751-1803. Assam suffered a virtual breakdown of central authority in since 1783, and the short Burmese rule caused great miseries to the people of Assam. Between them, these developments produced conditions which made borrowing almost inevitable.

During British rule pervasive rural indebtedness remains an incontrovertible fact. Binoy Bhusan Chaudhuri, addressing
the role of grain merchants as rural creditors, has referred to data provided by the Grain Department between 1794 and 1801. In Burdwan and Jessore, nearly 50 per cent of the cultivation depended on the advance made by them. In Dinajpur, they controlled, through such advances, the largest part of the peasant’s crop, so that the quantity coming to the local hats/markets barely sufficed for the normal local consumption. In Sahabad and Gaya, as Buchanon found, even rent payment, apart from other financial obligations of the peasants, necessitated borrowing. Mr. Tytler, who in his capacity as a revenue and judicial officer extensively toured large parts of central and western Bengal during the 1810s, found that ‘nine-tenths’ of the peasants were ‘forced to borrow their food and corn to sow their lands from the mahajans. The Patna Commissioner Metcalf concluded in 1875: ‘the agriculturist regards a village without its moneylender as an abnormal state of things’.

In the districts of Bengal there existed both organized markets controlled by the aratiya (wholesale dealer), and unorganized markets, where numerous petty traders
collected the produce. Rice and jute and tea were the most important export crops. Big trading firms in addition to the mills operating from Calcutta controlled the market prices of these crops. Ralli Brothers, Graham and Shaw Wallace, for instance, were engaged in the rice trade. Peasants sold both paddy and husked rice generally to the village byaparis, who in turn operated as agents of the aratdars or the rice mills. In the mid-1930s, aratdars controlled 14% of the paddy and 10% of the rice marketed. The commercial interest of large foreign farms were thus profitably nurtured the feudal interests of local landlords, moneylenders and middlemen, together operating with a vice like grip on the primary producers. Feudal fetters in other words, were reinforced by the colonial regime.

The point may be illustrated with reference to the business of sugarcane and jute cultivation. Bengal was once self-sufficient in sugar production. The expensive nature sugarcane cultivation called for the aid of the moneylender. In Rajshahi, for instance, cultivators took advances at the commencement of the season and they repaid the debt in gur (molasses). The same was true of Pabna. The
expansion of jute cultivation was one reason behind the decline of the sugar industry. The domination of the moneylender, however continued unabated. The whole business of jute and seed distribution was in the hands of the moneylenders. In addition, the byaparis cheated the peasants in weights and measures and by means of offering lower prices. All these resulted in widespread peasant indebtedness. In Nadia district, for instance, more than 75% of the peasants were under the thrall of moneylenders.

Amit Bhaduri has demonstrated how the commercialization of tenurial rights in land and the consequent rise in claims by the expanding class of rent-receiving intermediaries progressively reduced the consumption level of the peasants. The latter found it next to impossible to generate any surplus with which to fuel consumption. The whole colonial state machinery, in alliance with native landlords and usurers ground the peasant down to the barest minimum of means of subsistence. An inevitable result of that process was that the peasants had to take increasing recourse to borrowing more and more, thereby entangling
themselves more in debt-bondage than ever before. This was very close in effect to debt bondage. The colonial rule presided over this vicious cycle.

This process led also to a differentiation among the peasantry. There was on the one hand an explosion of landless peasants and on the other, the rise of a small section of substantial middle peasants. Interestingly, the scholars more or less agree that this situation did not lead to a concentration of landholding primarily because there was more and more subletting of land. This in turn encouraged the growth of the sharecropping or bargadari system. Sharecropping too thus was a product of the colonial rule.

**South India**
In south India Ryotwari system was introduced. It was an agreement between the state or the government and the ryot to settle the land revenue payments. The change in the agrarian scenario here was due to the rise of substantial middle peasants who had established direct access to the market. Important too was the role of Marwari
moneylenders who migrated into the Krishna Godavari delta region. These men, who migrated to other parts of India too, provided credit to the peasants.

Speaking of south India, Dharma Kumar said that the very high rates of revenue acted as the “severest brake on agricultural production”. There was little change in the production processes or field tools. Peasants could employ little capital, and landlords, instead of investing in land, were keen on extorting from the peasantry the maximum rents and abwabs or illegal exactions. Almost every landlord maintained an apparatus of coercion for the purpose. They also used legal means against which poor and ignorant peasants were helpless. As in pre-colonial days, the jajmani system, that is, customary exchange of goods and services between agriculturists and artisans and menials, continued. As a result a considerable section of the rural economy remained only partially monetized. It inhibited the development of the productive forces, that is, the primary producers of the soil.
In the Krishna Godavari delta region, agriculture was dominated by large or substantial peasants called Mirasdars. The land of the Mirasdars was cultivated by tenants in return for grains as wages and by bonded labourers. High revenue demands, illegal exactions and absence of any authority to support the peasants gradually led to peasant indebtedness and concentration of wealth in the hands of the new breed of usurers, moneylenders and substantial middle peasants.

The situation was not markedly different in the Madras presidency. Dharma Kumar argues that cash debts were extensive in Tamil areas but comparatively less in the dry Telugu districts where there was little commercialization. But according to Srinivas Raghava Aiyengar’s report of 1893, moneylenders were in fact more powerful in areas where commercialization was less.

**Central Provinces**

In central provinces, particularly at Sagar and Narmada areas, revenue demands were pitched at a very high rate. Here tenants were exposed to a different kind of insecurity.
A large instalment of the revenue was to be paid in the month of February. As a result, the landlords used to collect the rents from the peasants in January when the crops were still lying in the field. Since the crops were still unsown, and the peasants were obliged to pay their rent to landlords, the peasants had necessarily to borrow money from the same landlords cum moneylenders to pay off their rents. Only after the peasants had paid would the landlords be able to pay their revenue to the state. In other words, the peasants were forced, in order for the landlords to pay off their revenues, to pay their revenues a month before their crops were ready to be reaped. More and more indebtedness was the obvious result.

Since the revenue settlement was temporary, and the Settlement Officer alone was invested with the authority to fix the rates of rent, the civil courts could not question any rent so fixed. The peasants could not go to court to seek redressal of his grievances. The result was more and more indebtedness, depeasantization and impoverishment of the peasantry.
Conclusion

The British introduced a revenue system catering exclusively to the needs of British imperialism and its Indian collaborators. Land became a commodity and peasant’s traditional occupancy right to land was abolished. A new legal system based on the concepts of rights and contract was introduced. India was drawn into the world capitalist market and there was greater commercialization and greater penetration of commodity—money relationships. All these led to the rise of intermediary authorities such as landlords, moneylenders, traders and mahajans. One of the major consequences was the creation of a huge mass of indebted and impoverished peasants. In the Bengal Presidency, the zamindars, empowered by particular acts, could easily enhance the rents. Estimates by colonial officials themselves show that in some areas nine tenths of the peasants were forced to borrow their food and corn to sow their lands from the mahajans. They were so submerged in debt that even for their domestic consumption they borrowed from the moneylenders. In South India, the change in the agrarian scenario was due to the rise of substantial called Mirasdars with direct access to
the market and Marwari moneylenders. In central provinces, tenants were exposed to a different kind of insecurity. There peasants were forced to pay their rent a month before crops were ready to be reaped in order for the landlords to pay off their revenues.