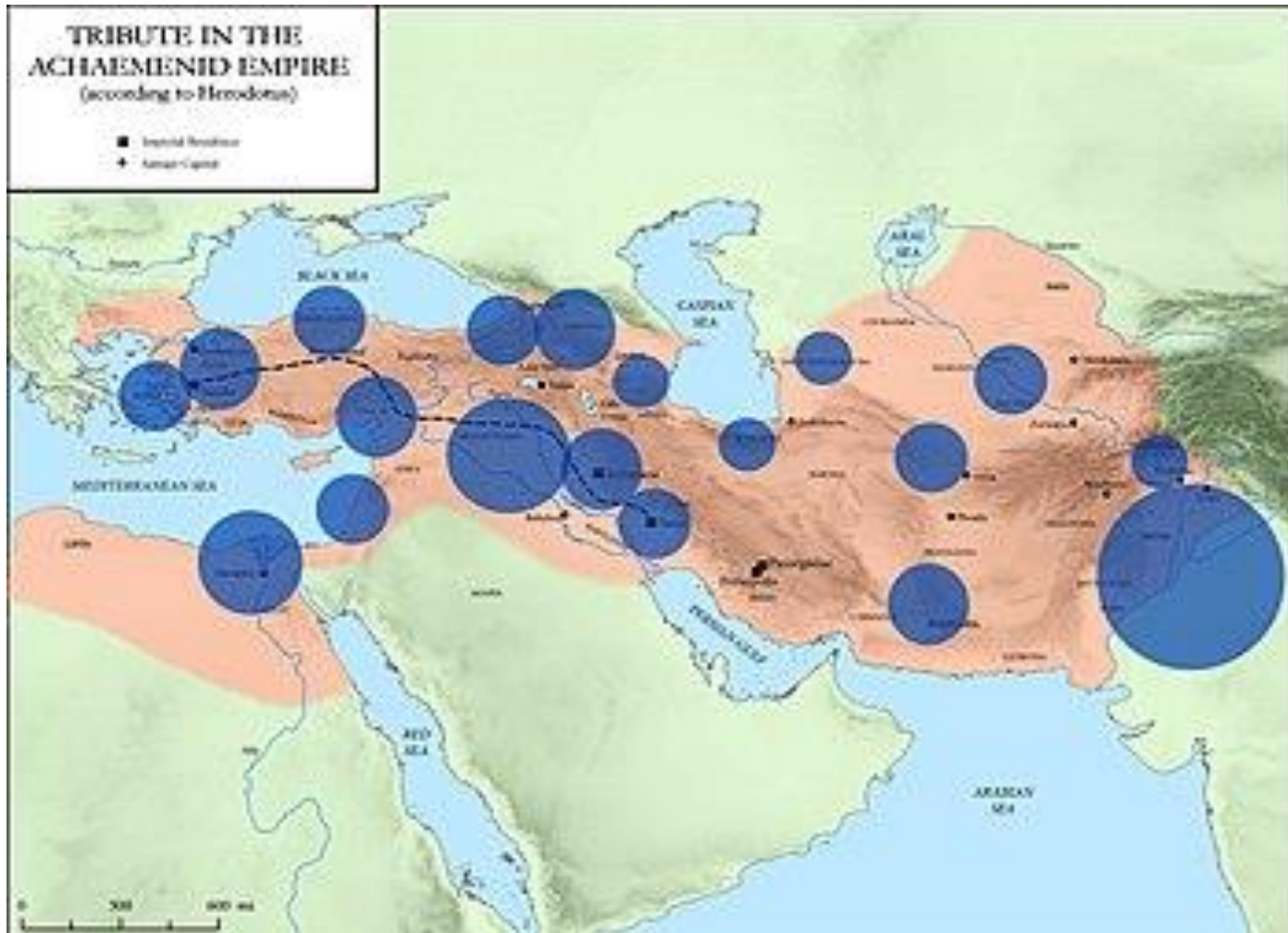


Some Issues in Indian Economic History

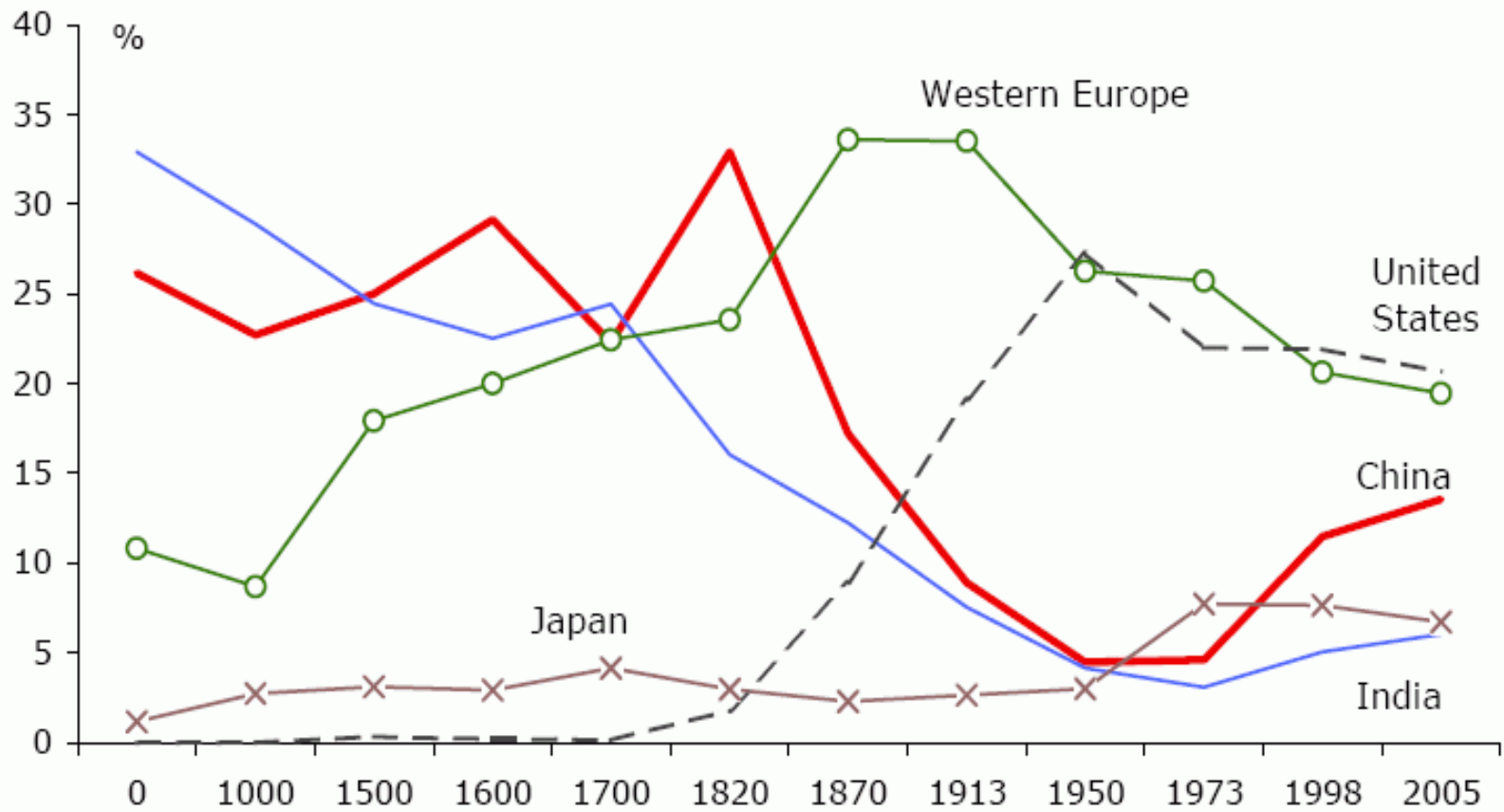
Land and People, State and Taxes

From the two Indian Provinces



Tribute was about 8300 kg or 8.3 tons of gold annually amounting to 32% of Persian State revenues

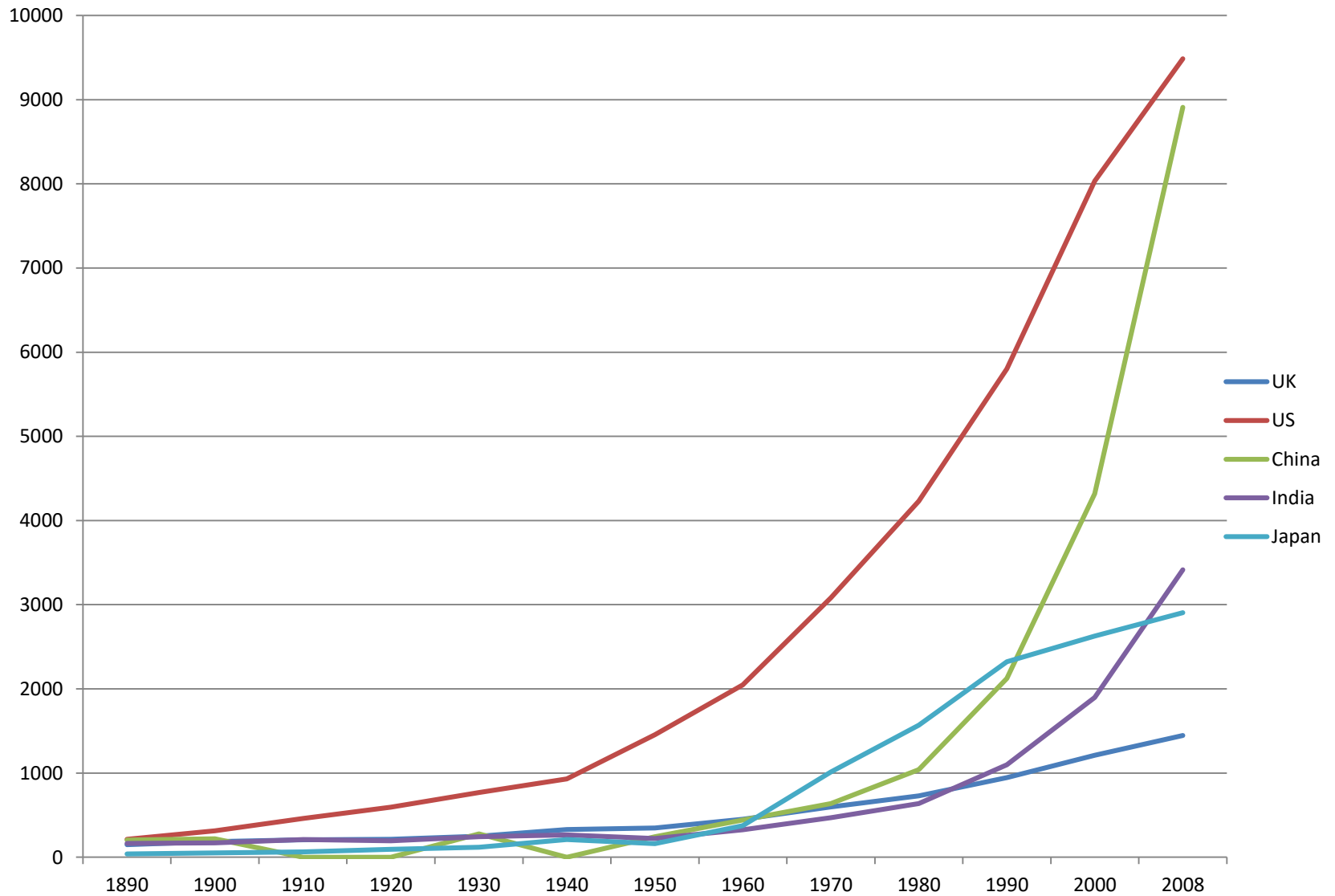
Chart 1: Major economies' share of global GDP, 0 - 2005



GDP in billions international \$

Year	1890	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000	2008
UK	150	185	207	213	250	331	348	453	599	728	945	1211	1447
US	215	312	460	593	768	930	1456	2047	3082	4231	5803	8032	9485
China	205	218	0	0	278	0	245	442	637	1041	2124	4319	8909
India	163	170	210	194	244	265	222	327	470	637	1098	1900	3415
Japan	41	52	65	95	119	210	161	375	1014	1568	2321	2628	2904

GDP in billions international \$



Land, State and Taxes

Hindu Canonical Land Taxes

- Bhishma instructs Yudhishtira in the *Mahabharata* that:
- "*With a sixth part, upon fair calculation, of the yield of the soil as his tribute,, a king should fill his treasure*" [Ganguli 2003 Volume VIII :156]
- Manu states in his *Laws* that: "A fiftieth part of [the increments on] cattle and gold may be taken by the king, and *the eighth, sixth, or twelfth part of the crops*" [1886: Chapter VII, verse 130]

Hindu Canonical Land Taxes

- Kautilya in his *Arthashastra* says the king's taxes are: "The taxes that are fixed [pindakara], taxes that are paid in the form of one-sixth of the produce" [shadbhaga]"
- During 629-645 AD, the Chinese Buddhist monk Hiuen Tsang travelled through India and commented that: "The king's tenants pay one-sixth of the produce as rent"

Hindu Canonical Land Taxes

- Alberuni writing about Hindu peasants around 1017-1030 AD says:
- “With regard to that which he earns by crops or from cattle...pays him one-sixth of the income in recognition of the protection which he affords to the subjects, their property, and their families.”

Abul Fazl 1556-1605 states:

- “Throughout the whole extent of Hindustan where at all times so many enlightened monarchs have reigned, one-sixth of the produce was exacted...”

Islamic Canonical Land Taxes for Muslims

- Al-Qadrawi states the Islamic case based on the Hadiths (sayings of the Prophet):
- **Al-Bukhari** : 'A **one-tenth** due is obligatory on that which is watered by the sky or springs or that which is not watered at all, and a **half-tenth** is obligatory on that which is watered by carried water.
- **Muslim** : 'On that which rivers and clouds water, there is **one-tenth** due, and that which is watered by water carried by camels, there is a **one-half tenth**.'

Land tax on non-Muslims

- *Al-Hidayah*, the 12th century *Hanafi* manual of guidance:
- "The author of traditional Islamic *fiqh*, *Hidaya*, lays down that the *Kharaj* to be paid by the *Dhimmis* amounted to one-half the produce of the land, while the Muslims were to pay a tenth called '*usher*' and '*zakat*.'" "

Land tax on non-Muslims.

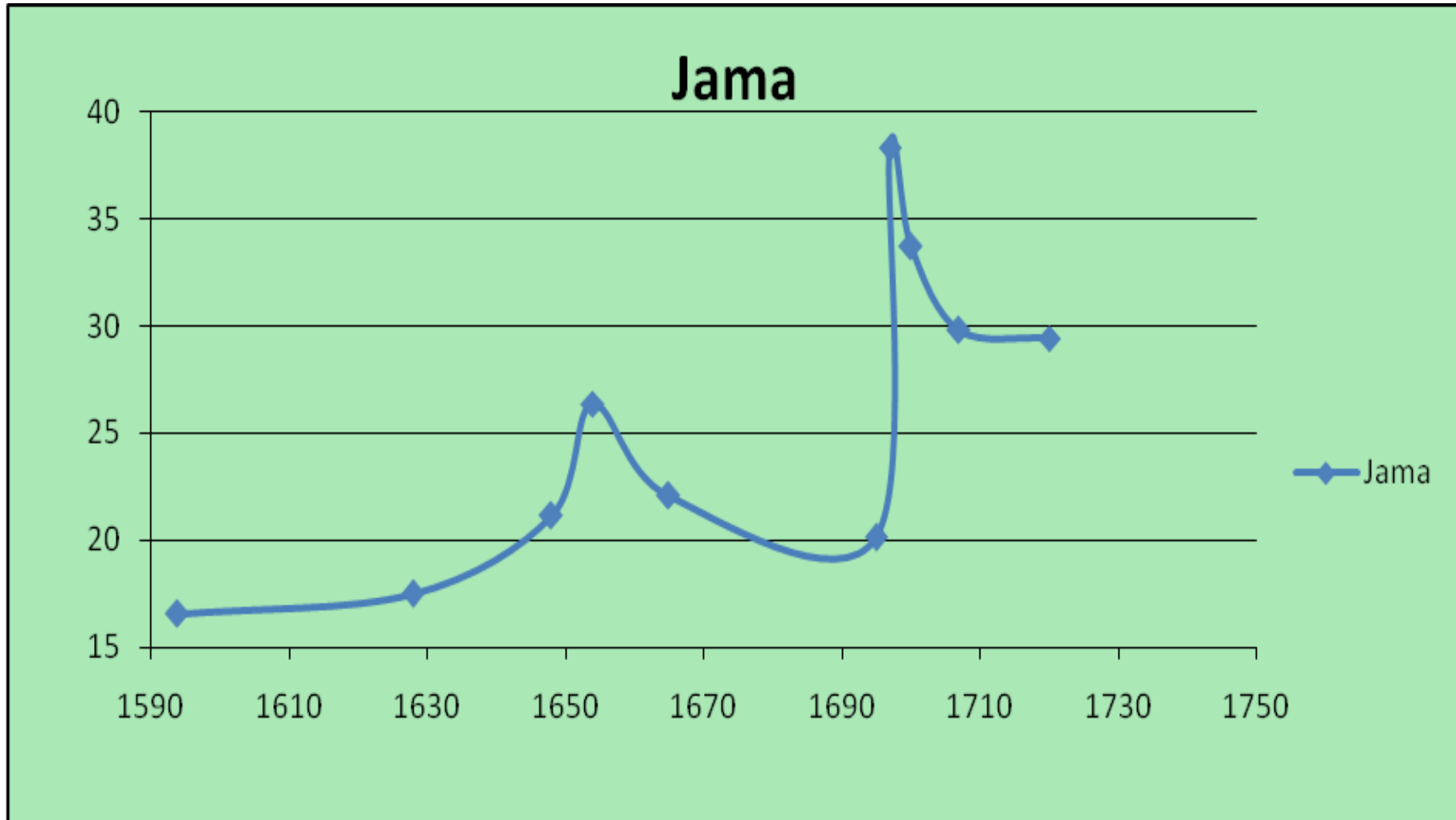
- The religious scholar and priest Qazi Mohammed A'la stated:
- “First, the established custom of kings, past and present, in most territories is that they take half the produce from the subjects [*Zimmis*], and by other cesses and imposts take [something] out of the other half as well.”
- [Quoted in Irfan Habib 2014:18].
-

TAX RATES AS % OF CROP VALUES, AGRA PROVINCE (based on Abu Fazl)

Rabi Crops	Output Value	Tax	Tax/Output	Kharif Crops	Output Value	Tax	Tax/Output
	Rs per bigha		%		Rs per bigha		%
Wheat	155.52	67.08	43.13	Mung	139.50	49.50	35.48
Barley	103.44	49.08	47.56	Maash	124.00	40.24	32.45
Gram	82.80	44.02	53.16	Moth	61.92	29.08	46.96
Lentil	75.60	29.08	38.47	Jowar	103.50	44.72	43.21
Arzan	48.25	24.38	50.53	Shamakh	48.24	15.68	32.50
Mustard	96.84	33.60	34.70	Kodron	90.72	31.32	34.52
Peas	63.48	31.32	49.34	Sesamum	120.00	44.72	37.27
Fenugreek	116.40	44.72	38.40	Bajra	64.60	31.32	48.48
				Lobiya	93.00	31.32	33.68

REVENUE COLLECTION (in Crores) BY THE MUGHALS

Source: Sarkar [1901: xxxi]



East India Company

- Buyer of Indian goods mainly cotton textiles, indigo, saltpetre, spices, opium for British, Chinese and African markets
- Paid for in bullion- mainly silver
- Built hundreds of cargo vessels including warships in India.

Estimated domestic Indian cotton consumption, production and Imports & Exports with Britain

Year	Cotton consumption (m yds)	Domestic production(m yds)	Domestic production (1871=100)	Imports from Britain(m yds)	Exports to Britain (pieces)
1600	946	946	72.4	0	
1650	876	876	67.1	0	
1700	970	970	74.3	0	868,095
1750	1,098	1,098	84	0	701,485
1801	1,178	1,178	90.2	0	1,037,440
1811	1,076	1,075	82.3	1	691,640
1821	1,046	1,026	78.6	20	758,397
1831	1,139	1,101	84.3	38	287,814
1841	1,407	1,266	97	141	
1851	1,722	1,374	105.2	348	
1861	1,989	1,475	112.9	514	
1871	2,099	1,306	100	793	

Export of Bullion to India by EIC (1708–1810)

Years	Bullion (£)	Average per Annum
1708/9-1733/4	12,189,147	420,315
1734/5-1759/60	15,239,115	586,119
1760/1-1765/6	842,381	140,396
1766/7-1771/2	968,289	161,381
1772/3-1775/6	72,911	18,227
1776/7-1784/5	156,106	17,345
1785/6-1792/3	4,476,207	559,525
1793/4-1809/10	8,988,165	528,715

Land Taxes In British India

As before land taxes were large part of Company revenues.

In the early period it adopted the Mughal land revenue system in Bengal, Bihar, UP and Orissa.

Due to difficulties in collection, sold tax rights to Indians as the Permanent Settlement in perpetuity.

Later in South India and elsewhere it entered into direct relations with farmers and made calculated tax assessments valid for 30 years

LAND TAX COLLECTION BY THE EAST INDIA COMPANY

5-year average from	Land Revenue Rs Crores	Total Revenues Rs Crores	LR /Total Revenue %
1792	4.07	8.08	50.33
1797	4.13	9.82	42.02
1802	4.53	14.15	31.99
1807	5.08	16.03	31.68
1812	9.02	17.23	52.33
1817	13.26	20.04	66.17
1822	13.57	21.94	61.83
1827	13.11	21.53	60.90
1832	11.94	20.95	57.00
1837	12.38	20.97	59.05
1842	13.43	24.05	55.85
1847	14.95	26.66	56.06
1852	16.18	29.21	55.40
1857	17.11		

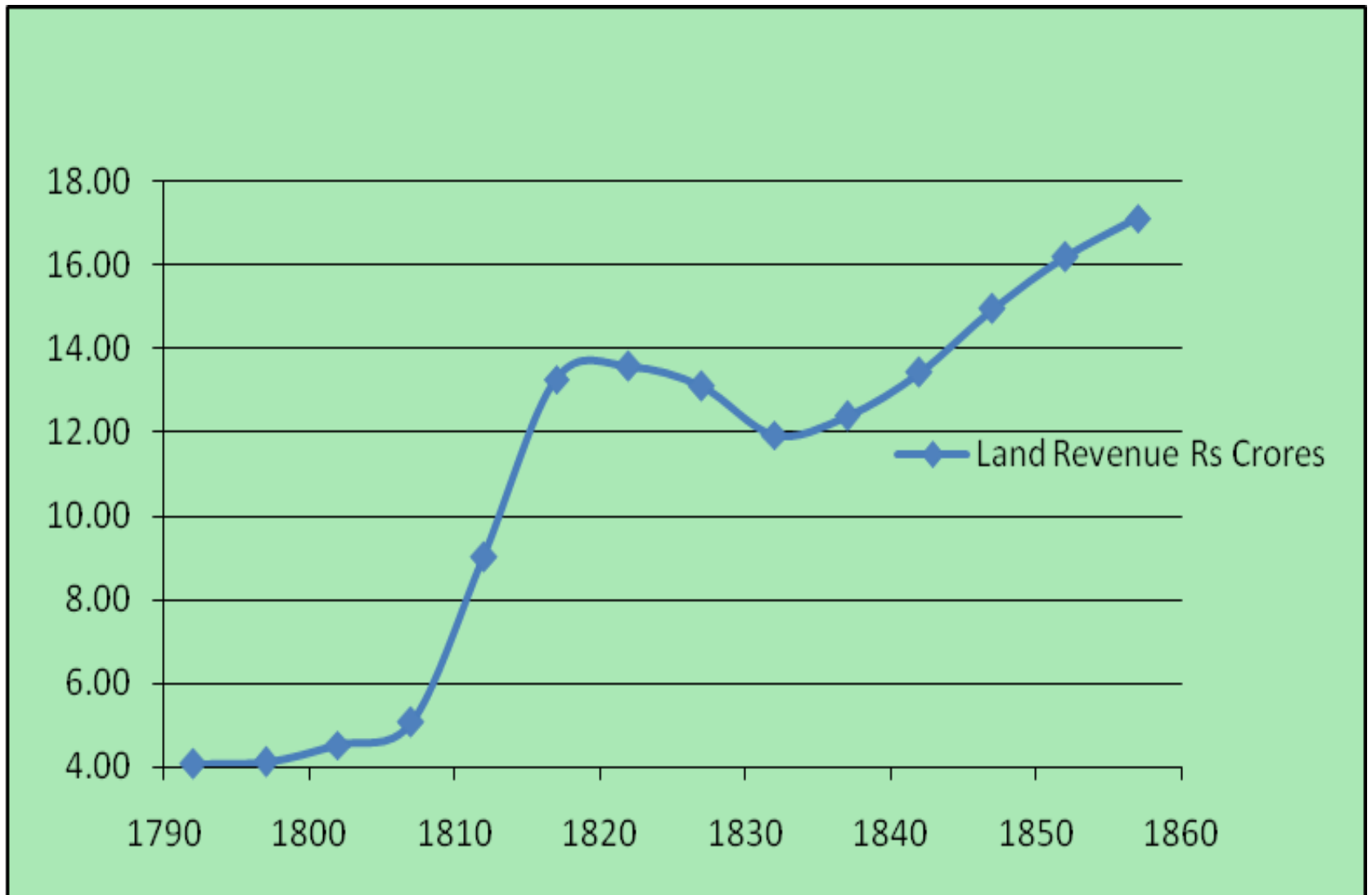
Madras under Company Raj

- Sir Thomas Munro (1830-40):
- “I am, therefore, of the opinion, that in a permanent settlement of the Ceded Districts, the rent of the Government should be about one-third of the gross produce. The present assessment is about 45 per cent.” [Dutt 1960, Vol.1: 97]

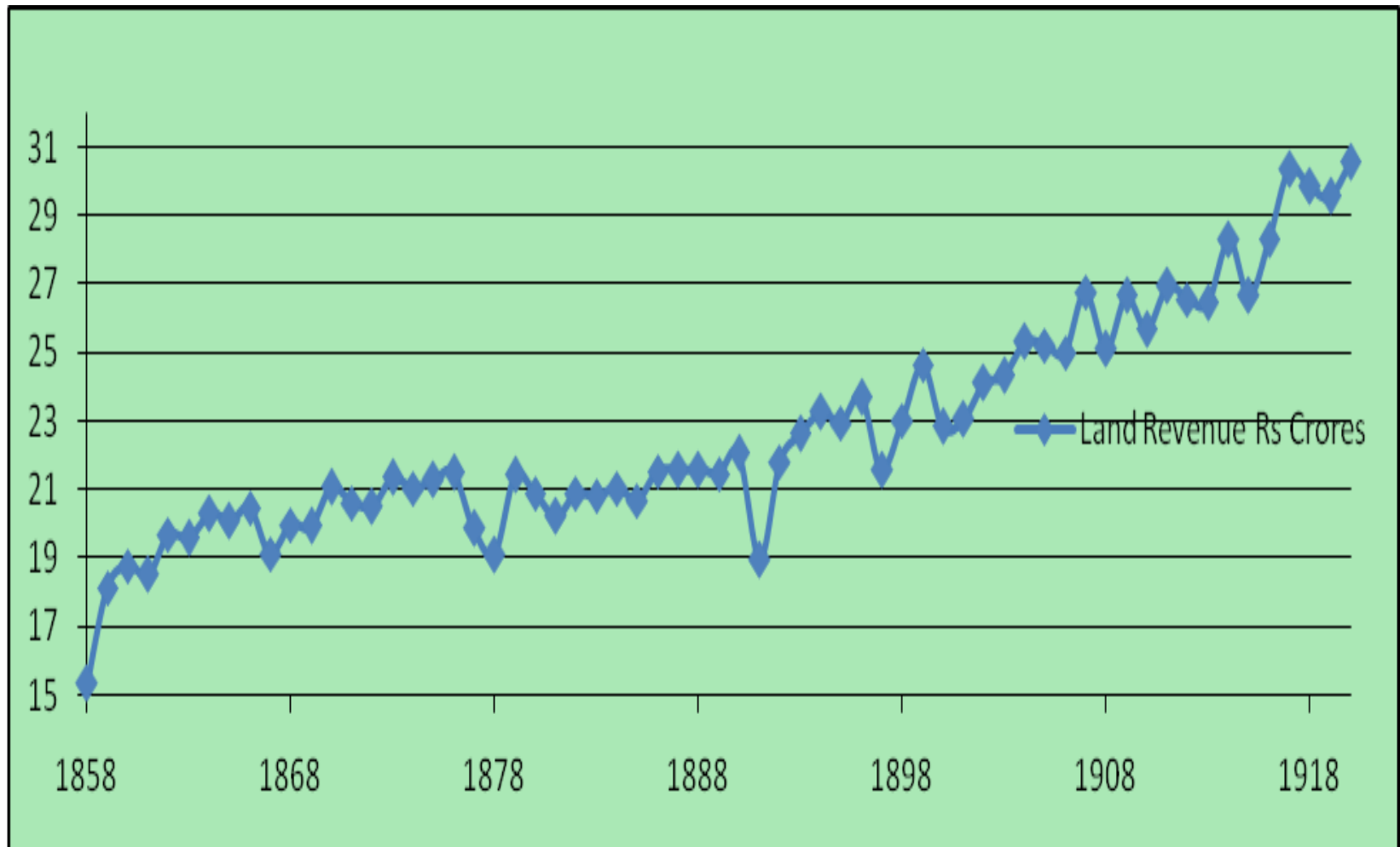
Punjab under Company Raj

- After the British conquest of the Punjab(1849), Governor John Lawrence was more radical:
- “He soon perceived that the demand of one-third the gross produce, payable in money, was oppressive to the peasantry. Within a few years, the Punjab Administration corrected the mistake. *The Land Tax of the Punjab was reduced to one fourth, and then to one-sixth of the gross produce.*”

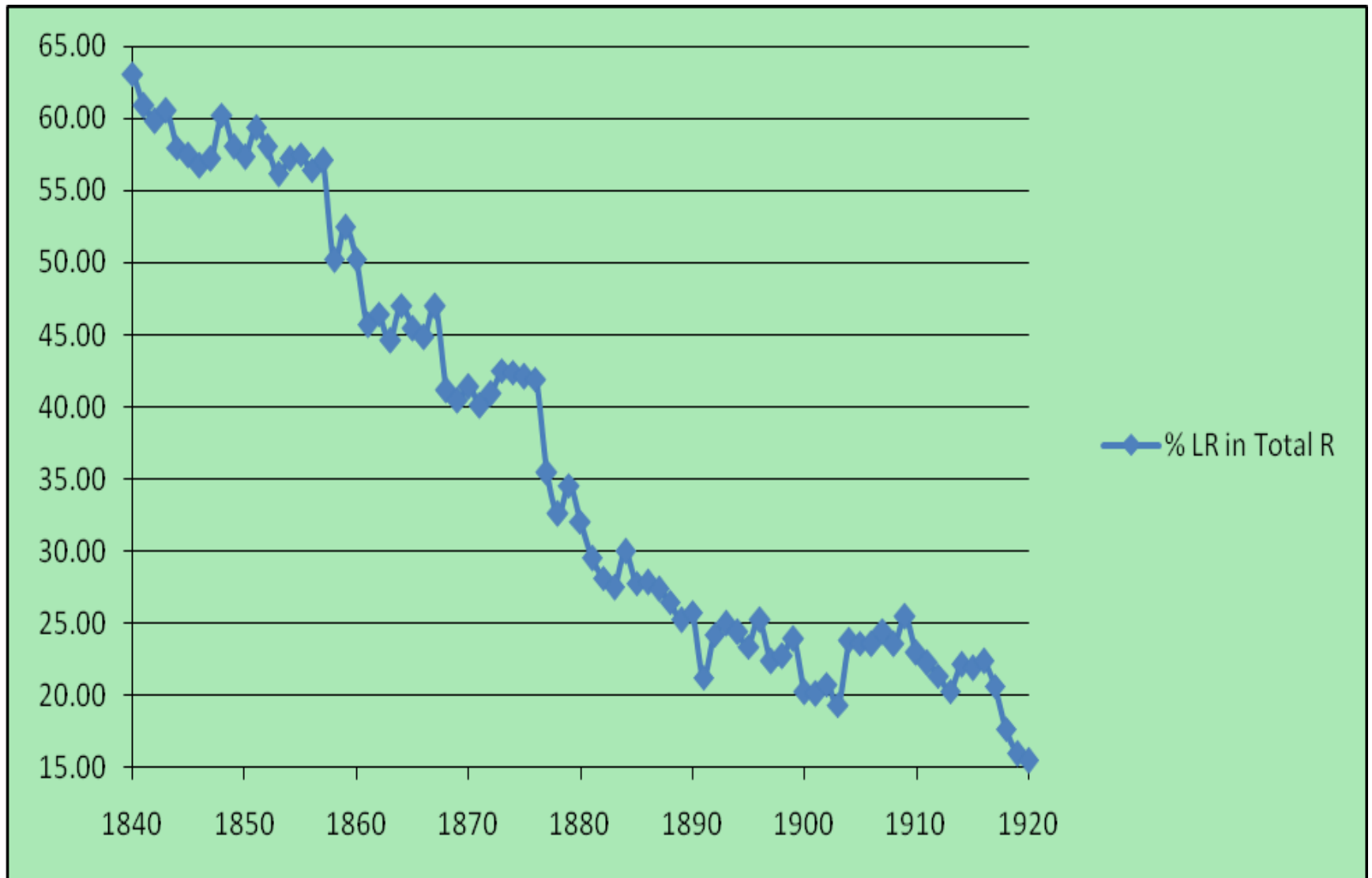
LAND REVENUE - THE COMPANY RAJ



LAND REVENUE - BRITISH INDIAN EMPIRE



LAND REVENUE AS % OF TOTAL REVENUE



LAND REVENUE RATIO TO GROSS OUTPUT

Year	Land Revenue Rs Crores	LR % of Agricultural Output
1900-1	26.3	5
1921-2	34.7	3
1931-2	33.0	5
1937-8	26.6	4
1940-1	27.6	3
1946-7	31.3	2

The Range of Paddy Yields Per Crop per Hectare

Source	Period	Tons/ha.	
		Highest	Lowest
Pandya/Chola	945 to 1300	16.10	1.63
Jaghire I	1774-1776	5.66	2.50
Jaghire II	1774-1776	6.25	5.15
Canara, Mysore	1800-1801	2.30	1.11
Nala-Rayana-Pallyam	1800-1801	6.88	3.33
Madras Presidency	1853-1887	4.11	0.79
Telangana	1875-1876	9.13	1.94

Export Crops

Cotton

Tea

Coffee

Jute

Tobacco

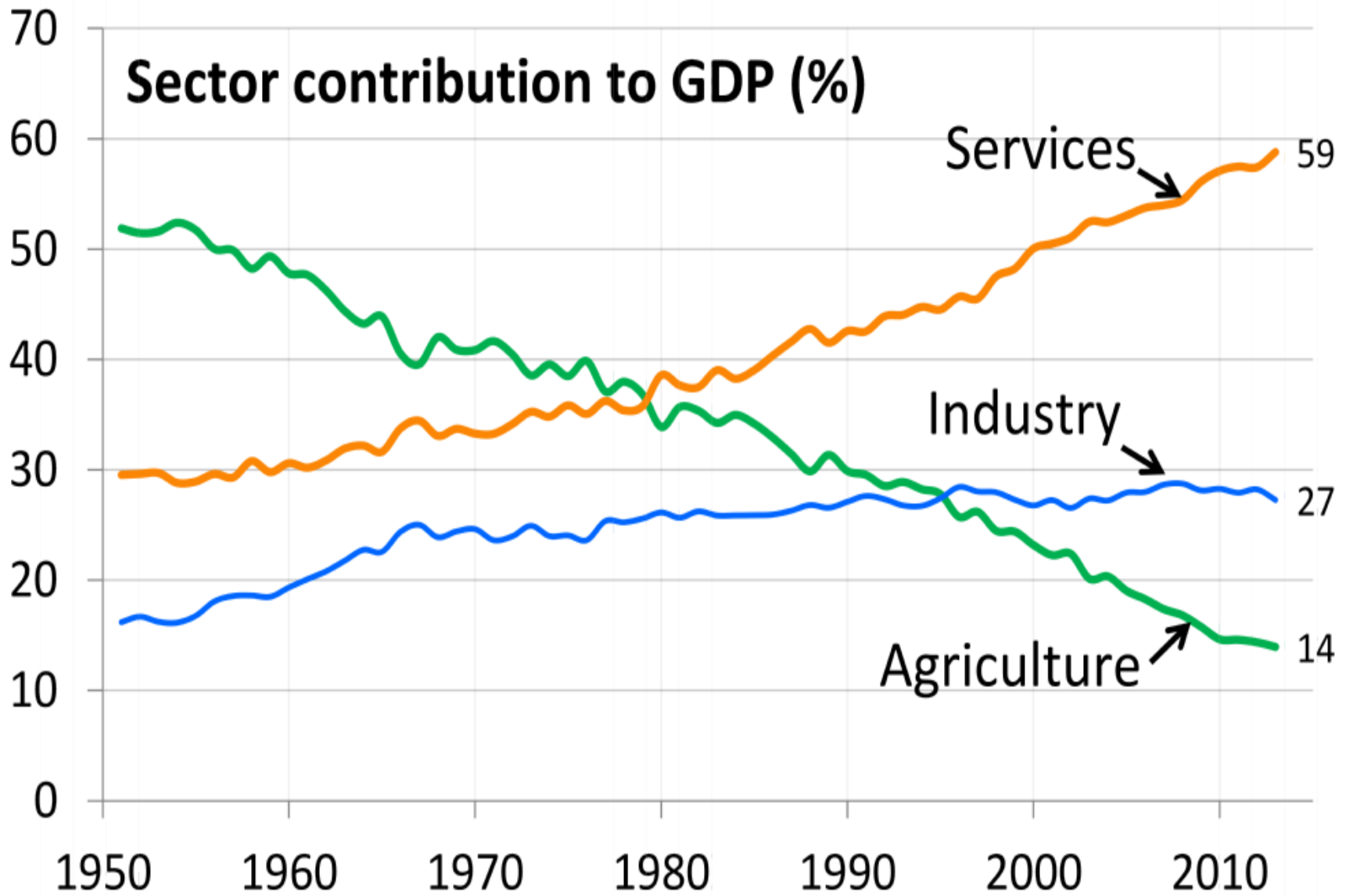
Rubber

Groundnut

Sugar

Rice

Sector contribution to GDP (%)



Employment by Sector (%)

2009-10

