Chapter Two

THE COLONIAL CONTEXT

Under colonialism political domination and economic exploitation were closely inter-related. The control of polity and economy in India was in the hands of the British capitalist class which gradually integrated the Punjab also into the world of modern capitalism. The capitalist quest for cheap raw materials for utilization in the metropolitan industries was the obverse of the need for markets for the goods thus produced. The import and export trade with India was thus a necessary adjunct of imperial economic interests. Even more than the raw materials, the British market siphoned off the surplus wheat produced from the Punjab. Within half a century of annexation of the Punjab the British colonial dominance noticeably altered the character of agricultural production and its marketing in the region.¹ The colonial economic interests dictated commercialization of agriculture to force agrarian production and labour into the market. This situation facilitated the collection of government revenues in cash and also provided cultivators with cash incomes to purchase British imports.² The need for cash made the cultivator turn to the export crops. The cultivation and marketing of wheat in the Punjab became the


² Richard Fox, Lions of the Punjab: Culture in the Making, Low Price Publications, Delhi, 1990 (Indian reprint, cited hereafter as Lions of the Punjab), 16.
apropos of the economic power of the British and the *raison-de-etat* of their tug administrative control of the province.

I

Under a century of British rule the Punjab went through several territorial and administrative changes. The underlying philosophy of British administration was the rigorous collection of land revenue and tighter control. After annexation in 1849, the Punjab province was divided into twenty-four districts and seven divisions, with headquarters at Ambala, Jullundur, Amritsar, Lahore, Multan, Rawalpindi and Leah. Several territorial adjustments and additions (including that of Delhi in 1858) took place till the most important administrative event of 1901 when the frontier districts of the Punjab were separated to constitute the North West Frontier Province. In 1904 the districts of Attock and Lyallpur were created. In 1911 Delhi was separated from the Punjab and its *tehsils* of Sonepat and Ballabhgarh were transferred to the Rohtak and Gurgaon districts, respectively. In 1919 Sheikhupura district was created out of parts of Lahore and Gujranwala districts. Thus, in 1919 there were five divisions, each controlled by a Commissioner and comprising in all twenty-nine districts administered by Deputy Commissioners. After partition in 1947, thirteen of these districts remained in the Indian Punjab.

3 *Report on the Administration of the Punjab and its Dependencies for 1901-02*, Lahore, 1903 (all subsequent references to *Administration Reports* are cited as PAR), ii; *PAR 1903-04*, 3. See also V.S. Suri, *Punjab Through the Ages*, Punjab Itihas Prakashan, Chandigarh, 1971, 304-41. North West Frontier Province was established with effect
Though the British borrowed a number of administrative practices from the Mughals, they introduced new tiers in the division for stronger administrative control. They lowered revenue administration to local levels and dispersed police control not only to maintain law and order but also to facilitate the collection of revenue. An average district of the Punjab spread over an area of 8,632 km². It was subdivided into tehsils, which were primarily revenue administration units. These tehsils were sub divided into kamungo circles, each of which had a police thana. This thana comprised of a group of villages and was the lowest unit of police administration. A patwar circle functioned as an intermediate tier between a kamungo circle and the village for revenue administration.

The administrative organization of space and hierarchy of administrative units enabled the British to centralize powers and responsibilities in the hands of one person at the head of the district.  

from 4-11-1901 by separating the districts of Hazara, Peshawar and Kohat, two-fifth of Bannu and one-third of Dera Ismail Khan. The districts of the Punjab were thus reduced to 27. The remaining parts of Bannu and Dera Ismail Khan namely tehsils of Bhakkar, Mianwali, Isa Khel and Leiah, constituted a new district, Mianwali.

The means of transportation facilitating the physical movement of persons and goods were as essential for administration as for marketing. These brought distant markets into closer contact, enabling them to move the surplus produce quickly and cheaply to places where the best price was assured. This was as true of the factory production in the United Kingdom as of the agricultural production in the Punjab. The means of transportation served as the conduits between the two markets. Transportation made it profitable to grow more than what was needed to meet the local demand. The modes of transportation used in the Punjab in the early twentieth century were largely three, namely rivers, roads and railways.

Prior to annexation, the river transport was fairly common. Boats plied on all rivers and afforded a cheap means of transport. The British tried to improve the existing river communications and in 1858-59 a number of steamers were put into operation on the Indus. This river was navigable from Attock to Karachi. The Jhelum helped goods to reach Multan; the Chenab served important trade centres of Gujrat, Wazirabad, Ramnagar, Chiniot and Jhang and it also helped to carry goods to Kabul via Dera Ghazi Khan. The commerce on the Sutlej was limited as it was navigable only from its confluence to Ludhiana. Yet, considerable traffic from Karachi to Ferozepur plied on this river, with


They founded the chain of communication between the garrisons and cantonments which guarded the North West Frontier of India and were the main artery for military transport during times of war or peace. David Ross, *The Land of Five Rivers and Sindh*, Languages Department Punjab, Delhi, 1970 (Reprint, first published, 1883), 9.
Fazilka and Bahawalpur as the other trade centres. Ferries were commonly used for transport on this river. The Ravi was not much important for navigation. Even the other rivers had insufficient water in dry seasons. The construction of canals further reduced the volume of water needed for the river transportation. The provincial government constructed dams across the rivers to control the flow of water so that a perennial supply could be obtained.

The plains of the Punjab afforded good alignment for roads. Soon after annexation macadamized roads were introduced in the province. Initially, these roads were constructed mainly to boost military operations but with increasing mileage they became great channels of the import and export trade of the province. By the beginning of the twentieth century there were about two thousand miles of metalled and twenty thousand miles of unmetalled roads which were serving local markets. The G. T. Road started at

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6 These steamers did not prove very useful for commercial purposes as they were mostly occupied by passengers, troops and government stores. They also had to compete with native boats which plied up and down the rivers to Karachi. The freight was 60-80 per cent more than the native boats. F.C. Arora, *Commerce by the River in the Punjab or a Survey of the Activities of the Marine Department of the Government of Punjab, 1861-62 to 1871-72*, Lahore, 1930, 92-93. See also Himadri Banerjee, *Agrarian Society of the Punjab*, Manohar, Delhi, 1982, 48, 68.

7 DG Lahore 1916, 161; DG Ferozepur 1915, 207.

8 The only navigable canal was the Sirhind canal. *Census of India, 1931, Punjab*, Vol. XVII, Lahore, 1933 (cited hereafter as Census of 1931, Punjab), 154.

Calcutta, ran through northern India and ended at Peshawar.\textsuperscript{10} In 1918-19 with the construction of a bridge over the Chenab, the G.T. Road from Delhi to Peshawar was completed.\textsuperscript{11} In 1922-23 the G.T. Road Beas section was macadamized thereby connecting Sialkot and Wazirabad.\textsuperscript{12} By 1921, there were 4,073 miles of macadamized roads in the Punjab. In 1923-24 agricultural tramways were constructed from Shahdara to Narowal to save the cost of metalled roads.\textsuperscript{13} In 1925-26 the roads were tarred and the mileage under tarred roads increased from twenty-four miles in 1924-25 to 3,297 miles in 1938-39.\textsuperscript{14} In 1937 the Multan road was metalled and it became possible for the first time to motor from Lahore to Multan.\textsuperscript{15}

The introduction of the railways remained the most important element in the communication linkages that changed the economic scene of the Punjab. Since their inception in 1853 the railways expanded rapidly in India, and by 1910, India had the fourth largest rail network in the world. The first railway linking Lahore and Amritsar was

\begin{small}
\textsuperscript{10} Imperial Gazetteer of India, Volume XX : Punjab, Oxford, 1908 (cited hereafter as \textit{Imperial Gazetteer Punjab}), 326.
\textsuperscript{11} PWD, Administration Report of the Buildings and Roads Branch for the Year 1918-19 (all subsequent references to the \textit{Buildings and Roads Reports} are cited as \textit{PWD, B&R}), 5.
\textsuperscript{12} PWD, B&R, 1922-23, 6.
\textsuperscript{13} PWD, B&R, 1923-24, 6.
\textsuperscript{14} PWD, B&R, 1925-26, 8-9; \textit{Ibid.}, 1938-39, 8.
\textsuperscript{15} PWD, B&R, 1936-37, 1.
\end{small}
opened in 1862. In 1865 Lahore was linked with Multan, and by 1870, the line was extended to Muzaffargarh. In 1878 the Indus Valley Railway linked Kotri to Multan via Lodhran. Lahore was linked to Peshawar via Jhelum and Multan. In 1886, after the amalgamation of different railway lines, the North-Western Railway came into existence. The Southern Railway from Delhi to Ferozepur opened in 1901. Thereafter, the new lines opened were Mari to Attock, Wazirabad via Lyallpur to Khanewal, Nirwana to Kaithal and Ludhiana to Jakhal via Dhuri. The Wazirabad-Khanewal railway line brought the furthest tracts within sixteen miles of railway stations. In 1902-03 the railway mileage was 3,086 miles, and by 1912 it rose to four thousand miles. However, after 1914 the railways underwent negligible extension, and in 1930, there were only 4,153 miles of railways in the Punjab.


18 SR Gujranwala District 1909-13, 14; SR Attock District 1901-04, 5; PAR 1901-02, 37.


20 Requirements in Mesopotamia and other Eastern war areas were supplied mostly by Indian railways. The attention of the British was devoted to supplying military demands and as a result, formally only 487 miles of new branch lines could be opened during 1911-1921. H.K. Trevaskis, *An Economic History of the Punjab ( 1890-1925)*,
A related development was the construction of arterial roads which ran parallel to the railway lines. The traditional carts supplemented by the motor lorry in the 1920s helped to open out the country and get the produce to market towns, thereby connecting them to railway stations. To maintain and construct roads that served the railways small towns, with a population of about four thousand, were developed within a distance of five miles. Together the road and rail network, said to be one of the best in the subcontinent, widened the internal and external markets of the Punjab, reaching out not only to the other parts of India but also the overseas markets.

On account of its suitability for the movement of the bulky commodities the river-borne trade continued to hold a place of its own despite fluctuations (Table 2.1). Though it did not expand much after the extension of railways and metalled roads at places it complemented the rail connection. On the whole, the British intention to use

Table 2.1: River-borne trade in the Punjab (1900-01 to 1911-12)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports Qty. (maunds)</th>
<th>Imports Value (Rs.)</th>
<th>Exports Qty. (maunds)</th>
<th>Exports Value (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900-01</td>
<td>172,064</td>
<td>1,049,245</td>
<td>834,807</td>
<td>3,218,274</td>
</tr>
<tr>
<td>1901-02</td>
<td>183,010</td>
<td>1,094,584</td>
<td>1,719,750</td>
<td>4,928,510</td>
</tr>
<tr>
<td>1902-03</td>
<td>143,260</td>
<td>929,599</td>
<td>1,422,598</td>
<td>4,004,555</td>
</tr>
<tr>
<td>1903-04</td>
<td>138,150</td>
<td>914,103</td>
<td>1,184,422</td>
<td>3,445,575</td>
</tr>
<tr>
<td>1904-05</td>
<td>134,880</td>
<td>979,863</td>
<td>1,761,429</td>
<td>4,523,770</td>
</tr>
<tr>
<td>1905-06</td>
<td>162,910</td>
<td>1,106,501</td>
<td>1,494,376</td>
<td>5,145,064</td>
</tr>
<tr>
<td>1906-07</td>
<td>166,090</td>
<td>1,138,647</td>
<td>1,617,683</td>
<td>4,978,591</td>
</tr>
<tr>
<td>1909-10</td>
<td>222,020</td>
<td>1,591,281</td>
<td>2,001,519</td>
<td>7,874,220</td>
</tr>
<tr>
<td>1910-11</td>
<td>238,780</td>
<td>1,648,553</td>
<td>2,018,975</td>
<td>6,989,559</td>
</tr>
<tr>
<td>1911-12</td>
<td>246,020</td>
<td>1,758,896</td>
<td>2,279,630</td>
<td>7,575,212</td>
</tr>
</tbody>
</table>

Sources: PAR 1903-04, 57; Ibid., 1904-05, 30; Ibid., 1906-07, 34; Ibid., 1911-12, 126.

22 For example, the railway station at Ghazi Ghat was connected by an unmetalled
the Punjab rivers as feeders to the railways did not go far and the railways captured most of the trade. In 1900-01, the imports by railways in terms of quantity were two thousand per cent more than those by rivers. Similarly, export trade by railways was 883 per cent more. By 1906-07 the railways outdid the rivers in terms of the quantity of goods exported by 2,658 per cent. The volume of wheat alone exported by rail increased by 180 per cent from 1908 to 1924-25. A direct outcome of the use of rail net for trade was the development of Karachi as an international port in the early twentieth century.

road and by boats on the Indus. The Sind Sagar railway was opened on the east bank of the Indus. Wheat was generally exported by river to Leiah and Karor railway stations on the Sind Sagar railway. Some produce also went by boats to Dera Ghazi Khan and Sukkar. SR Dera Ghazi Khan District, 1906, 7; SR Dera Ghazi Khan (1893-97), 23. See also Himadri Banerjee, Agrarian Society of the Punjab, 48.

Table 2.2: Rail-borne trade of the Punjab (1900-01 to 1906-07)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports Maunds</th>
<th>Value in Rs.</th>
<th>Exports Maunds</th>
<th>Value in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900-01</td>
<td>4,013,354</td>
<td>13,346,195</td>
<td>8,204,893</td>
<td>26,036,050</td>
</tr>
<tr>
<td>1901-02</td>
<td>1,415,916</td>
<td>4,584,943</td>
<td>23,681,644</td>
<td>60,641,377</td>
</tr>
<tr>
<td>1902-03</td>
<td>1,885,921</td>
<td>5,542,793</td>
<td>17,553,997</td>
<td>41,804,139</td>
</tr>
<tr>
<td>1904-05</td>
<td>1,193,688</td>
<td>3,702,575</td>
<td>42,284,271</td>
<td>93,557,701</td>
</tr>
<tr>
<td>1905-06</td>
<td>1,887,188</td>
<td>6,658,215</td>
<td>33,221,977</td>
<td>91,725,269</td>
</tr>
<tr>
<td>1906-07</td>
<td>1,281,101</td>
<td>4,647,519</td>
<td>44,612,716</td>
<td>119,950,457</td>
</tr>
</tbody>
</table>

Sources: PAR 1902-03, 57; Ibid., 1906-07, 34.

In earlier days Calcutta and Bombay were the chief ports for the produce of the Punjab. The opening of the Suez Canal made Karachi the nearest port to Europe. After 1880 wheat became the main item to be exported from Karachi which had the advantage also of lower humidity and freight rates. Report on the Marketing of Wheat in the Punjab, Lahore, 1940, 11; Census of 1931, Punjab, 51. See also Indu Banga, ‘Karachi and its Hinterland under Colonial Rule’, Ports and their Hinterlands, 1600-1950, Manohar, Delhi, 1992, 339-42.

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26
Together, the means of transportation made a substantial difference to the volume of goods traded. From 1901 to 1914 the exports by rail, road and river showed an increase by sixty-two per cent. Though the major portion of exports comprised of wheat, oilseeds and cotton also gained importance.

It is relevant to note that the development of the rail network was financed by the capital raised in the UK. The British capitalists benefited by getting returns on their investments. In fact, the capital that came to India from the UK for the railway construction formed the single largest unit of international investment in the nineteenth century. Without the development of railways it would not have been profitable to

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports Maunds</th>
<th>Value in Rs.</th>
<th>Exports Maunds</th>
<th>Value in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901-02</td>
<td>20,305,133</td>
<td>154,803,623</td>
<td>38,387,408</td>
<td>155,190,401</td>
</tr>
<tr>
<td>1902-03</td>
<td>25,278,300</td>
<td>155,541,800</td>
<td>26,294,933</td>
<td>118,993,028</td>
</tr>
<tr>
<td>1903-04</td>
<td>21,934,931</td>
<td>150,947,156</td>
<td>36,105,550</td>
<td>146,666,094</td>
</tr>
<tr>
<td>1904-05</td>
<td>24,402,169</td>
<td>175,237,084</td>
<td>52,648,111</td>
<td>186,551,449</td>
</tr>
<tr>
<td>1905-06</td>
<td>34,263,417</td>
<td>220,815,208</td>
<td>43,175,238</td>
<td>183,615,724</td>
</tr>
<tr>
<td>1906-07</td>
<td>28,696,430</td>
<td>223,704,458</td>
<td>54,837,968</td>
<td>218,830,406</td>
</tr>
<tr>
<td>1908-09</td>
<td>42,190,762</td>
<td>242,469,842</td>
<td>24,393,143</td>
<td>153,095,643</td>
</tr>
<tr>
<td>1909-10</td>
<td>39,743,586</td>
<td>250,128,904</td>
<td>45,501,556</td>
<td>251,711,928</td>
</tr>
<tr>
<td>1910-11</td>
<td>42,340,721</td>
<td>266,299,310</td>
<td>50,299,736</td>
<td>254,382,426</td>
</tr>
<tr>
<td>1911-12</td>
<td>55,731,214</td>
<td>300,128,820</td>
<td>58,815,182</td>
<td>276,321,458</td>
</tr>
<tr>
<td>1913-14</td>
<td>60,150,000</td>
<td>315,900,000</td>
<td>62,100,000</td>
<td>341,150,000</td>
</tr>
</tbody>
</table>

Sources: PAR 1902-03, 57; Ibid., 1904-05, 30; Ibid., 1905-06, 34; Ibid., 1906-07, 33; Ibid., 1910-11, 29; Ibid., 1911-12, 124; Ibid., 1913-14, xiii.


revolutionize the methods of agricultural production, as the surplus grain could not have been marketed. At the same time, the absence of profits would have curtailed the surplus production. In this context it can be said that there was no advantage in putting the construction of canals before railways. On the other hand, the construction of railways would have been unprofitable if there were no commercial commodities to transport. The railways and canals thus were not only mutually dependent, but also related to the increase in road mileage, extension in the cultivated area and enhancement in the revenues (Table 2.4).

Table 2.4: The correspondence between the means of transport, canals, the cultivated area and revenue of the Punjab

<table>
<thead>
<tr>
<th>Year</th>
<th>Railway Mileage</th>
<th>Canal Mileage</th>
<th>Metalled Roads Mileage</th>
<th>Cultivated Area (million acres)</th>
<th>Land Revenue (lakh rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1872-03</td>
<td>410</td>
<td>2,744</td>
<td>1,036</td>
<td>18.8</td>
<td>201</td>
</tr>
<tr>
<td>1882-03</td>
<td>600</td>
<td>4,583</td>
<td>1,467</td>
<td>23.4</td>
<td>206</td>
</tr>
<tr>
<td>1892-03</td>
<td>1,725</td>
<td>12,368</td>
<td>2,142</td>
<td>26.7</td>
<td>223</td>
</tr>
<tr>
<td>1902-03</td>
<td>-</td>
<td>16,893</td>
<td>-</td>
<td>26.8</td>
<td>230</td>
</tr>
<tr>
<td>1912-13</td>
<td>4,000</td>
<td>16,935</td>
<td>2,614</td>
<td>29</td>
<td>360</td>
</tr>
<tr>
<td>1919-20</td>
<td>4,441</td>
<td>19,664</td>
<td>2,938</td>
<td>30</td>
<td>400</td>
</tr>
</tbody>
</table>


Railway mileage registered an increase of 983 per cent from 1872 to 1920, the increase in the canal mileage was a phenomenal 617 per cent. During this period the increase in the total cultivated area was sixty per cent and the government earnings from land revenue increased by ninety-nine per cent. Their simultaneous growth in the Punjab formed the base for the rapid expansion of agriculture in the province.

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For the construction of canals capital was raised in the United Kingdom by the sale of bonds. The British capitalists benefited through interest charges remitted by the provincial government. On the part of the colonial government the development of canals was an investment intended to raise agricultural production which would lead to an increase in total revenue receipts as well as the export surplus. \(^{30}\) State capital investment in irrigation works began in the mid 1880s with the Sirhind canal and finished in 1926 with the Nili Bar Colony. By the 1920s over five million acres of formerly wasteland had come under irrigation and came to be known as the ‘canal colonies’. \(^{31}\) This region specialized in the production of export crops mainly wheat, cotton and oilseeds. The development of agriculture in these areas was also expected to increase the number of towns and cities leading to an increase in employment and thereby presenting the government a larger source of taxable income. \(^{32}\)

Apart from contributing towards general enhancement of productive capacity and land revenue, *abiana* or water tax also added to the total income from land. As is evident from the Table 2.5 given below, nearly forty per cent of the revenue receipts between 1921 and 1936 came from irrigation.

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\(^{31}\) For further detail on the canals see Chapter Three.

\(^{32}\) Paul W. Paustin, *Canal Irrigation in the Punjab, An Economic Inquiry Relating to Certain Aspects of the Development of Canal Irrigation by the British in the*...
### Table 2.5: Total revenue receipts of the Punjab Government and net receipts from irrigation during 1921-22 and 1935-36 (in thousands of rupees)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue Receipts (a)</th>
<th>Receipts from Irrigation (b)</th>
<th>Percent of b/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921-22</td>
<td>86,518</td>
<td>33,278</td>
<td>38.46</td>
</tr>
<tr>
<td>1922-23</td>
<td>94,347</td>
<td>36,377</td>
<td>38.56</td>
</tr>
<tr>
<td>1923-24</td>
<td>102,150</td>
<td>39,211</td>
<td>38.39</td>
</tr>
<tr>
<td>1924-25</td>
<td>108,580</td>
<td>43,002</td>
<td>39.60</td>
</tr>
<tr>
<td>1925-26</td>
<td>113,857</td>
<td>35,708</td>
<td>31.36</td>
</tr>
<tr>
<td>1926-27</td>
<td>108,674</td>
<td>37,979</td>
<td>34.95</td>
</tr>
<tr>
<td>1927-28</td>
<td>109,032</td>
<td>30,827</td>
<td>28.27</td>
</tr>
<tr>
<td>1928-29</td>
<td>104,344</td>
<td>37,439</td>
<td>35.88</td>
</tr>
<tr>
<td>1929-30</td>
<td>105,392</td>
<td>39,380</td>
<td>37.37</td>
</tr>
<tr>
<td>1930-31</td>
<td>100,069</td>
<td>36,159</td>
<td>36.13</td>
</tr>
<tr>
<td>1931-32</td>
<td>96,071</td>
<td>38,083</td>
<td>39.64</td>
</tr>
<tr>
<td>1932-33</td>
<td>98,663</td>
<td>36,788</td>
<td>37.29</td>
</tr>
<tr>
<td>1933-34</td>
<td>103,802</td>
<td>44,221</td>
<td>42.60</td>
</tr>
<tr>
<td>1934-35</td>
<td>104,986</td>
<td>30,176</td>
<td>28.74</td>
</tr>
<tr>
<td>1935-36</td>
<td>102,394</td>
<td>30,896</td>
<td>30.17</td>
</tr>
</tbody>
</table>

Sources: Agricultural Statistics of the Punjab 1921-22 to 1935-36

Colonial interests underpinned the way the colony lands were settled. With the objective of alleviating the pressure of population in the central Punjab, its best cultivators were induced to move to these colonies. Initially, the colony land was allotted primarily to the peasant proprietors who used family labour to boost earnings. The British believed that maximum revenue could be derived from a cultivator-owner. The holdings allotted were larger than what was necessary for subsistence. As the British had anticipated, the small holder committed his surplus produce to the market. At this stage, to keep the

31


colonies producing for the world economy and to prevent the native merchant capital from entering the colonies, the British limited the proprietary rights of the canal colonies. The government also derived additional benefits from the contractual breeding of horses and camels for military use in the colonies. These became the major centres to supply army requirements even in terms of recruitment.

However, with its growing fiscal dependence on the canal colonies, the government felt obliged to increase allotment to large grantees and to resort to auction sales to bypass the provisions of the Land Alienation Act which had prohibited the transfer of land to non-agriculturists. These auctions thus became the means for the non-cultivating castes to acquire property. This created a market for the government land sales and it also pushed up the price of land as the merchant capital could not be freely used to purchase other land. Prior to 1915 the highest return to the government from a single auction was Rs.266 per acre and by 1918 it stood at Rs.793. By 1924 nearly fifty per cent of the land in colonies was sold by auction. The Nili Bar Colony had the largest area earmarked for auctions. With the slump in the 1930s, when the world market collapsed and there was a fall in the exports of wheat and other crops, the government thought of

35 Richard Fox, *Lions of the Punjab*, 60.


37 *Punjab Legislative Council Debates, 1931*, Volume XVIII, Lahore, 1931 (all subsequent references to the *Legislative Council Debates* are cited as *PLCD*), 274. For detail see Section V below.

utilizing these canals for generating hydro-electric power. In the 1940s, however, after the receding of the Depression, these plans were given up.\textsuperscript{39} Till the end of our period the canal colonies remained the major centre of export trade and the most important revenue payers.

\textbf{IV}

Land revenue system had traditionally been the main source of the state’s income in India and it continued to remain the single most important source till 1947. The British system was geared to extract the maximum of land revenue. From its revenue collections the Government of India also sent large sums to the Home Government for all costs of administration in India, incurred both in India and Britain. Thus periodic reviews of revenue went side by side, with the revenue rates increasing with each settlement.

After annexation land revenue in the Punjab was fixed in cash which by 1900-01 was one-fifth of the gross produce, though the peasant actually paid one-half of the net assets.\textsuperscript{40} This was qualitatively different from the previous regime in which crop sharing was the dominant method of assessment and in which the cultivator and state benefited and suffered alike from a good monsoon or failure of crops or other vagaries of nature.\textsuperscript{41} The annual remissions allowed by both the regimes were not substantial. But the situation


\textsuperscript{40} \textit{Land Revenue Policy of the Indian Government}, Calcutta, 1902,84.

\textsuperscript{41} Indu Banga, \textit{Agrarian System of the Sikhs}, Manohar, Delhi, 1978, 88-90.
was markedly different under the British. While determining land revenue they gave no allowance for the high cost of cultivation. Instead of calculating the net assets of the peasant proprietor, the government calculated on the basis of the landlords' net assets which were substantially larger. Furthermore, while making resettlements the settlement officers adopted high yields as the basis. This becomes evident from the year-wise statistics for land revenue. To illustrate the contrast the figures only for the years 1901-02 and 1940 are given below.

Table 2.6: Incidence of land revenue in the Punjab

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cultivated Area Assessed (acres)</th>
<th>Total Land Revenue</th>
<th>Land Revenue on Fully Assessed Area</th>
<th>Incidence of Land Revenue for Total Area (per acre)</th>
<th>Incidence of Land Revenue for Cultivated Area (per acre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901-02</td>
<td>23,781,693</td>
<td>26,252,892</td>
<td>25,689,533</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>1940-41</td>
<td>24,665,900</td>
<td>53,792,490</td>
<td>49,873,956</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
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Source: Report on Land Revenue Administration of the Punjab for the Agricultural Years 1901 to 1940. (For details see Appendix B).

These figures clearly show that there was no substantial increase in the total cultivated area assessed in 1901 and 1940. The total land revenue however almost doubled during the period, registering an increase of 104 per cent. The incidence of land revenue for the cultivated area also showed an upward trend and rose by 177 per cent. These substantially high figures for land revenue, which formed the major source of income for the government could not be maintained without the ready availability of credit.

42 While calculating yield two *maunds* of wheat per acre was taken as the basis. The average yield was thus arrived at without any consideration for the cultivated area. *PLCD, 1935*, Volume XXVI, 635-45,647,727-28.
The government’s demand of land revenue in cash at a time when the prices were low or when the sale proceeds had not been received by the peasant, forced him to repeatedly borrow from the money-lender. In the absence of any other source of credit for cultivators, the money-lender became the accomplice of the British regime. He was favoured by the British because he provided the peasant with cash to pay the revenue, and thus helped the revenue machinery to work. Besides, he also aided both the production and export of cash crops, as he forced the peasant indebted to him to sow crops like wheat which had a ready market. The money-lender thus functioned as the intermediary between the colonial state and the peasants. In fact, the colonial administrators felt obliged to declare him a ‘necessary evil’. In the absence of industrial development, investment in landed property presented an unprecedented opportunity to those who possessed capital. With the growth of commercialization the number of money-lenders, mostly of the urban middle class, also grew and they added to their landed possessions.

years the British government was not concerned with the plight of the debtors. In fact, the British administrators welcomed these developments because they felt that the transfer of land from the peasantry to the money-lender would bring in capital, intelligence and enterprise in the agricultural sector.47

Through successive legislation and recording of different levels of rights in land, the government actually facilitated the borrowing against its security. The working of the British judicial system made the eventual transfer of land easy. Consequently, when the debt mounted and the borrower was unable to repay, it resulted in the transfer of land to the money-lender.48 The money-lender accepted land as mortgage because the British law made provisions for him to become the absolute owner of the land or the virtual owner of the labour and produce of his debtor, in case the loan was not repaid.49 With commercialization the money-lenders and the large landowners added to their possessions through state patronage and purchase. It was the small holder who was losing out on his land. By the end of the nineteenth century alienation of land was rapidly increasing. This growing alienation could have resulted in discontent and even political disaster as most of the agriculturist population of the province was that of the small landowners who also

47 The British argued that such ‘enlightened’ enterprise had been the principal cause of the ‘progressive’ character of agriculture in Britain. B.S.Saini, The Social and Economic History of the Punjab 1901-1939, Ess Ess Publications, Delhi, 1975,223.
sent recruits to the British Indian army. The British realized that the armed forces would loyally serve the government if the landowners were protected from the money-lender and saved from political discontent.

The Land Alienation Act 1901 was passed to check the growing discontent against transfer of land to the money-lenders. Now the land could not be legally conveyed from the 'agriculturist' tribes to the 'non-agriculturists'. The British continued with their pro-rural policies. The Descent of Jagirs Act 1902 was passed to regulate succession in accordance with the principle of primogeniture. The Pre-Emption Act in the same year provided that agnates and agriculturists residing in a village had first claim on land sold by a villager. The Court of Wards Act 1903 gave the local government the right to place insolvent aristocratic families under official management without prior consent of the

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50 The Punjab stood first among the provinces of India in the number of recruits for the army. At the outbreak of World War I about 65 per cent of the Indian combat troops came from the Punjab. In 1917 the number of recruits from the Punjab was about 50 per cent of the figure for the whole of India. By 1941 the total number of the British Indian army personnel was 418,000 out of which the Punjab contributed 201,000 or 48 per cent. DeWitt C. Ellinwood, 'An Historical Study of the Punjabi Soldier in World War I', Essays in Honour of Dr. Ganda Singh, The Panjab Past and Present, Punjabi University; Patiala, 1976, 341; Satya M. Rai, Legislative Politics and Freedom Struggle in the Punjab 1897-1947, Indian Council of Historical Research, Delhi, 1984, 281.


52 PLCD, 1931, Volume XVIII, 274.

family. The Agricultural Debt Limitation Act extended the period during which debt could be instituted from three to six years. The Cooperative Societies Act was passed in 1904 to enable the agriculturist to borrow loans at lower rates of interest and reasonable terms. The Land Alienation Act was amended in 1907 and the clause relating to 'statutory agriculturists' was removed thereby adversely affecting the interests of statutory 'non-agriculturists' earlier treated as 'agriculturists' because they had been in possession of land. The Redemption of Mortgages Act of 1913 provided a summary method of redemption in all cases in which the principal money secured was not more than one thousand rupees.

The peasant, however, could not manage without the money-lender and he continued to borrow by mortgaging his land instead of selling it. From 1902-03 till 1929-30 there was an increase by seventy-five per cent in the area mortgaged by the 'agriculturist' tribes. The mortgages in the years of the Depression were the highest, registering an increase of fifteen per cent from 1930-31 to 1934-35 (Table 2.7). Besides these land mortgages the 'non-agriculturists' also invented a method to evade the provisions of the Act of 1901 by resorting to *benami* transactions.

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54 N.G.Barrier, 'The Punjab Disturbances of 1907', 446.
57 *Benami* transactions were reported from Gurgaon, Ambala, Amritsar and Sialkot districts. *Report on Land Revenue Administration of the Punjab for the Agricultural Year 1930-31*, Lahore (all subsequent references to the *Land Revenue Administration* cited as *LRA*), 28.
and subsequent legislation linked the landed people of all the regions of the Punjab, and divided the population into the ‘agriculturist’ and ‘non-agriculturist’ tribes and castes. This Act also resulted in the rich peasants and landlords adopting money-lending as a side business.

VI

Even when the British looked upon the landed classes per se as their ‘natural allies’, they had a bias in favour of the richer sections. They had encouraged loyalist landlord interests from the time of annexation, and more particularly, after 1857. To gain their support the government gave landlords grants in the canal colonies, nominated them to local bodies and gave them honorary titles. In 1919 the British government went a step further and granted the ‘agriculturists’ a preferential right of recruitment to the government service. The institutionalization of the province into rural and urban constituencies was effected by the Montagu-Chelmsford Reforms of 1919. With this the British paved the way for the successful operation of an inter-communal landlord party.58 Initially known as the Zamindara Party, the Unionist Party was thus formed in 1923 by Fazal-i-Husain and Chhotu Ram on the basis of the economic interest of agriculturists.59


The Unionist Party worked in collusion with the imperial interests and its measures were tilted in favour of the agriculturists with substantial surplus but not with the subsistence cultivator. The Act of 1928 which lowered the standard of assessment from one-half of net assets to one-fourth did provide some relief to the peasants, but in years when nature denied them good harvests or good prices, the peasants continued to suffer.\textsuperscript{60}

Even though revenue was remitted from time to time, in the decade before the Depression there was a great divergence in the revenue remissions. Table 2.8 shows that the canal colonies enjoyed greater revenue remissions. These colonies were the biggest producers of surplus wheat and it was natural for the Unionists as well as the British to favour them. These remissions did afford some relief to the peasant. But once again things became bleak when the Depression caused a sharp decline in prices in the 1930s. As most of the population of the Punjab was engaged in agriculture this recession reduced their purchasing power. To combat this adversity a remission of twenty-eight lakh rupees was given for the \textit{kharif} crop and a land revenue remission of 83.6 lakh rupees was given for the \textit{rabi} crop in 1931.\textsuperscript{61} The remissions for the wheat crop were much more than the other crops as it occupied nearly sixty per cent of the area under the \textit{rabi} crop.\textsuperscript{62}

Besides these remissions, the sliding scale system was introduced in the Lyallpur and Montgomery districts in 1930. This system was evolved because the peasant suffered


\textsuperscript{61} \textit{PLCD, 1931}, Volume XX, 352, 583; \textit{The Tribune}, Volume L, 31\textsuperscript{st} January, Lahore, 15.

\textsuperscript{62} This comes out clearly from Graph 5 given in Chapter Three.
if the prices at the time of assessment were high and later receded. This system enabled the government to pitch its demand high enough to take into account the possibility of prices rising to average level of the last twenty-thirty years, and meanwhile, to adjust this demand at harvest time to current prices. This was decidedly better than the fixed assessments. To illustrate this point, the actual assessment in the Lyallpur district in 1935-37 was sixty-one lakh rupees vis-a-vis an initial assessment of sixty-nine lakh rupees for the same period under fixed assessments. This works out to a difference of eleven per cent. After the elections of 1937, the Unionists came to power and decided to extend the sliding scale system to all districts of the Punjab as and when settlements fell due, because like all other aspects prices were likely to fluctuate. Besides this, the fluctuating assessment system was extended in the canal irrigated parts of central and the barani areas of western Punjab. This provided for the greater correspondence between the assessment and the conditions of crops and the actual areas harvested.

VII

The Unionists had a common front against trading and money-lending interests. The Punjab Regulation of Accounts Act 1930 made it obligatory for all persons who

63 PLCD, 1935, Volume XXVI, 649, 583. See also B.S. Saini, Social and Economic History, 344.
64 H.K. Trevaskis, Economic History (1890-1925), 159-60.
65 PLCD, 1935, Volume XXVI, 649; Punjab Legislative Assembly Debates, 1939, Volume VIII, Lahore, 1939 (all subsequent references to the Punjab Legislative Assembly Debates are cited as PLAD), 962.
advanced loans to maintain regular accounts and to furnish each debtor annually or six monthly with a statement of accounts in respect of each loan transaction, failing which the interest would be forfeited. The Relief of Indebtedness Act passed in 1934 checked the high rates of interest and abolished penalty of civil imprisonment for defaulting debtors. It also provided for the scaling down of debt through Debt Conciliation Boards. By 1939 every district of the Punjab had a Debt Conciliation Board. Though this Act provided that a debtor against whom a decree had been passed could not be imprisoned for non-payment of dues, the debtor’s whole land could be leased and his other assets could be sold in the execution of a court decree. In order to protect the debtor from the malpractices of the money-lender the Punjab Debtors Protection Act 1936 was passed. This Act protected from attachment the agriculturist’s standing crops, ancestral property, furniture, sufficient portion of self-acquired land for maintenance of his family, thus providing relief in terms of security of land. This Act also laid down that the agriculturist should not be kept away from his land for more than twenty years.

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69 Five Years of Provincial Autonomy in the Punjab 1937-42, Director Information Bureau, Punjab, n.d. (cited hereafter as Five Years of Provincial
Under the Provincial Autonomy, the Unionists exercised, for the first time, the power vested in the local government under Section 61 of the Civil Procedure Code by issuing a notification in 1937, exempting the whole fodder crop of an agriculturist debtor and a certain proportion of the yield of his grain crops from attachment in the execution of civil decrees.\(^70\) The Restitution of Mortgaged Lands Act (Punjab Act IV of 1938) provided for the cancellation of mortgages of land effected before 1901, without compensation to the mortgagee, if the latter had already derived from that land benefits amounting twice the mortgage money.\(^71\)

During the same year, The Punjab Registration of Money-Lenders Act made it obligatory for every money-lender to get himself registered by obtaining a license failing which he would not be helped by law courts to recover his loans. This license could be cancelled or suspended if the court found him making fraudulent entries into his book, or charging a rate of interest higher that that fixed by the Relief of Indebtedness Act 1934. The Punjab Alienation of Land Third Amendment Act 19 was intended to protect agriculturist debtors from agriculturist money-lenders. This Act laid down that when an agriculturist advanced loans to another agriculturist, the debtor could not alienate his land in favour of the creditor until the debt had been repaid and three years had elapsed after


\(^{71}\) *Five Years of Provincial Autonomy*, 16.
the repayment. If the debtor or creditor tried to evade this restriction through benami transactions, the Deputy Commissioner was empowered to cancel the transaction and restore the land to the alienator as in the case of benami transfers of land under Punjab Alienation of Land Second Amendment Bill. In 1940 came the Relief of Indebtedness Amendment Act to help Debt Conciliation Boards to fight debt better and it also lowered the rate of interest. It stated that if a creditor failed to be present in person or through his agent or failed to produce all documents, the debt payable to him was discharged for all purposes. This Act also exempted the sale of residential property.

Though the major concern of the Unionists was to curb the money-lender and provide debt relief to the peasants, they simultaneously worked at policies that would benefit the Zamindars. To check malpractices and regulate the functioning of mandis, Punjab Agricultural Produce Markets Act was passed in 1939. This Act gave statutory protection to the agriculturist against traders and their commission agents in the markets. To check fraudulent weights Punjab Weights and Measures Act was passed in 1941.
During the war years the Unionists also strove for a good incentive price for wheat. They staunchly refused to let cultivators supply wheat at six rupees per maund and got the price fixed at eleven rupees per maund in 1942. However, a major crisis occurred for the provincial government when in 1942 the Government of India appointed a Food Grains Policy Committee for rationing of food grains and price control. A syndicate for distribution of wheat in the rationing areas was formed by the government with the objective of obtaining an efficient body chosen from the trade to do the work of wholesale distribution. The syndicate was responsible from the point of receipt of supplies at the railway station to the point of distribution to retail depots and establishments. All dealers were to obtain a license for trade in wheat. All wheat exports from the Punjab were controlled by the Price Controller Punjab, while the movement of wheat in the province was controlled by the Wheat Commissioner at Delhi. The price of wheat comprised two items - destination price of wheat and coverage of wholesaler’s and retailers expenses, including a profit margin.

The statutory maximum price fixed by the Punjab Government for Lahore prior to the introduction of rationing was ten rupees per maund for wholesale wheat of fair average quality with a premium of four annas for superior quality. This price came into well. PLAD, 1941, Vol. XVII, 401; The Agricultural Produce Markets Act, 1939, Chandigarh, 1958.

See Chapter Four below.


The Tribune, Volume LXII, 16th April, 1942, Lahore, 3; Ibid., 1st May, 5.

PLCD 1944, Volume XXIII, 171, 175.
effect on 3 April 1944. On 4 July price was raised to Rs. 10-8-0 per *maund* for average quality and a premium of four *annas* per *maund* for superior quality. In May 1942, wheat reserves were set up. By June 1943 all surplus foodgrain was procured by appointed purchase agents. In 1943, sixty thousand tons of wheat were procured for the Provincial Reserves of 1943-44 at a price ranging from Rs. 9-4-0 to Rs 11 per *maund*. In 1944, forty-three thousand tons were procured for the reserve of 1944-45 at a price varying from 7-13-0 to Rs 9-4-0 per *maund*. This procurement resulted in acute shortage of wheat and other foodgrains and starvation subsequently. This starvation was paradoxical as the Punjab was producing surplus but that surplus was not available for consumption.

The Punjab Muslim League managed to make tremendous political gain from the rationing and requisition of food supplies, which had been forced on the Unionists Party by the central food department. The League harped upon the Unionists inability to curb inflation and profiteering of the business class. The League also manipulated the discontent of the demobilized soldiers to suit its own purpose. Until 1944, high prices of

81 *The Tribune*, Volume LXII, 16th May, 1942, Lahore, 3.
83 PLAD, 1945, Volume XIII, 648.
85 When the demobilized soldiers returned there was massive unemployment. The Unionists who had promised great rewards to the soldiers could only manage to get a meagre five rupees per head and 50,000 acres of land for a million soldiers. Ian Talbot, ‘Political Mobilization’ 258.
wheat and other commodities had compensated the farmers in the province for inflation and shortage of consumer goods. Towards the end of 1944 a fall in prices set in which recovered slightly in 1945. The farmers however were reluctant to market their commodities because of political instability, unfavourable *rabi* prospects and black-marketing. By December 1945 wheat and gram had virtually disappeared from the market and a 'wheat famine' came about in many towns of the Punjab. Though some wheat did come to the markets from west Punjab, no contribution came from east Punjab. This shortage forced the Unionist Government to requisition grain from villages which in turn aroused opposition and resulted in disturbances in Ludhiana, Ferozepur and Hoshiarpur districts in 1946. The growing inability of the Unionists to extricate themselves from the situation was a major factor in their electoral losses in 1946. But on the whole their regime remained favourable to the agricultural production.