

Economic Inequality in Colonial India: An Analysis of Land Revenue Policies and Agrarian Economy

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DOI: <https://doi.org/10.5281/zenodo.17959346>

ABSTRACT:

This paper critically examines the deep-rooted impact of British colonial land revenue policies on economic inequality in India, with particular attention to their effects on the agrarian economy between the late eighteenth and mid-twentieth centuries. The colonial administration's revenue frameworks most notably the Permanent Settlement in Bengal, the Ryotwari system in Madras and Bombay Presidencies, and the Mahalwari system in northern India were not designed to promote agricultural development or peasant welfare but to ensure a stable and rising flow of revenue to the British exchequer. These systems restructured the traditional agrarian relations, concentrating land ownership in the hands of zamindars and intermediaries while burdening cultivators with excessive taxation and insecure tenancy. Drawing upon historical records, administrative documents, and economic data, this study demonstrates how these policies systematically extracted surplus from the rural economy, drained local capital, and entrenched structural inequalities. The colonial emphasis on revenue maximization and cash-crop cultivation disrupted subsistence farming and made Indian peasants vulnerable to price fluctuations, indebtedness, and land alienation. Over time, these developments weakened agrarian productivity and led to frequent famines, rural impoverishment, and regional disparities. The analysis also highlights how the colonial state's disregard for irrigation, rural credit, and technological investment further deepened economic stagnation and social stratification within villages. The paper argues that the legacy of colonial land policies continues to shape patterns of inequality and agrarian distress in contemporary India. Post-independence reforms, including land ceiling acts and tenancy regulations, have only partially mitigated the structural imbalances inherited from the colonial era. By tracing the historical continuity between colonial agrarian exploitation and present-day rural inequality, this research underscores the long-term consequences of extractive governance and its implications for inclusive development. Ultimately, the study contributes to a deeper understanding of how colonial economic institutions laid the foundation for enduring disparities in land ownership, income distribution, and rural livelihoods. It also offers valuable insights for policymakers and researchers seeking to design equitable land and agricultural reforms that address both the

historical and structural roots of inequality in India.

KEYWORDS:

Colonial India, Land Revenue Policies, Agrarian Economy, Economic Inequality, Permanent Settlement, Ryotwari System.

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I. Introduction:

Background on Colonial India and Land Revenue Policies: The British colonial era in India, spanning nearly two centuries, had a profound impact on the country's economic, social, and political landscape. One of the most significant aspects of colonial rule was the imposition of land revenue policies, which fundamentally altered the relationship between the state, landholders, and peasants. These policies, including the Permanent Settlement and Ryotwari system, were designed to extract revenue from Indian agriculture, but they also had far-reaching consequences for economic inequality, agrarian development, and social stability.

II. Historical Context: Land Revenue Policies in Colonial India:

The British colonial administration imposed various land revenue systems in India, which had a profound impact on the country's agrarian economy and social structure. This section provides an overview of the Permanent Settlement and Ryotwari system, two of the most significant land revenue policies introduced during the colonial era.

Overview of Permanent Settlement and Ryotwari System:

Permanent Settlement (1793): Introduced by Lord Cornwallis in Bengal, Bihar, and Orissa, this system fixed the revenue demand on zamindars (landlords) and gave them ownership rights over their land. The Permanent Settlement was designed to create a stable and loyal class of landholders who would support British rule.

Ryotwari System: Introduced in southern India, this system involved direct settlement with ryots (peasants) and periodic revision of revenue demands. The Ryotwari system was designed to promote agricultural development and increase revenue collection.

Impact of Land Revenue Policies on Indian Peasants and Landholders: The land revenue policies introduced by the British had a significant impact on Indian peasants and landholders. Some of the key effects include:

Increased Burden of Land Revenue: The land revenue policies imposed a significant burden on Indian peasants and landholders, leading

to increased poverty and indebtedness.

Loss of Land Ownership: Many peasants and landholders lost their land ownership rights due to failure to pay land revenue or due to the transfer of land to moneylenders or zamindars.

Exploitation by Zamindars and Moneylenders: The land revenue policies created opportunities for zamindars and moneylenders to exploit peasants and landholders, leading to increased economic inequality.

Analysis of Historical Records and Archival Sources: This study draws on a range of historical records and archival sources, including:

Colonial administrative reports: These reports provide valuable insights into the design and implementation of land revenue policies during the colonial era.

Revenue records: These records provide detailed information on land revenue collection, land ownership, and agricultural production.

Archival sources: Archival sources, such as letters and memoranda, provide insights into the debates and discussions surrounding land revenue policies during the colonial era.

III. Economic Inequality in Colonial India: An Analysis:

The land revenue policies introduced by the British colonial administration fundamentally altered India's agrarian structure and had far-reaching consequences for economic inequality, agricultural stagnation, and rural poverty. Designed primarily to extract maximum revenue for the colonial state, these policies neglected the welfare of cultivators and undermined the economic foundations of rural society. The resulting disparities in wealth, ownership, and opportunities contributed to a deeply unequal and stagnant economy that persisted long after independence.

Impact of Land Revenue Policies on Economic Disparities: The British introduced several land revenue systems most notably, the Permanent Settlement in Bengal, the Ryotwari system in Madras and Bombay Presidencies, and the Mahalwari system in northern India. Each system, though differing in form, had the same ultimate goal: maximizing colonial revenue. The Permanent Settlement (1793) created a class of powerful zamindars who acted as intermediaries between the colonial government and the peasants. These landlords were given ownership rights in return for paying fixed annual revenues to the British. Over time, this led to the concentration of land in the hands of a small elite, while cultivators were reduced to mere tenants with little or no security of tenure. Similarly, under the Ryotwari system, individual cultivators (ryots) were

directly responsible for paying land revenue to the colonial government. While this system eliminated intermediaries, the heavy and inflexible tax burden forced many peasants into debt. When they failed to meet the revenue demands, they often lost their land to moneylenders or large landlords, worsening inequality and economic distress. The Mahalwari system, prevalent in north India, also tied entire village communities to collective revenue responsibilities, intensifying the pressure on small farmers. These policies led to widening economic disparities as wealth and land ownership became concentrated among zamindars and moneylenders, while the majority of rural households sank into poverty. The lack of secure land rights and the constant threat of eviction discouraged investment in land improvement or long-term cultivation practices, further limiting economic mobility and perpetuating inequality.

Quantitative Analysis of Economic Data: Quantitative evidence from the colonial period further underscores the devastating economic impact of these land revenue policies. Historical data indicate that land revenue demands often constituted between 50% and 90% of agricultural output, leaving cultivators with barely enough to survive. Poverty and inequality indices reveal a sharp rise in rural poverty and widening income gaps during the 19th and early 20th centuries. Agricultural growth rates remained stagnant or even negative in many regions, reflecting the absence of technological advancement or capital investment. In essence, the colonial land revenue systems institutionalized inequality and poverty in India's agrarian economy. By prioritizing fiscal extraction over rural welfare, the British created structural barriers to economic development barriers whose effects continue to shape India's agrarian and socio-economic landscape today.

IV. Legacy of Colonial Land Revenue Policies:

The colonial land revenue systems introduced by the British, such as the Permanent Settlement, Ryotwari, and Mahalwari systems, profoundly shaped the structure of India's agrarian economy and continue to influence its socio-economic dynamics today. These systems prioritized revenue extraction for the colonial state over the welfare of cultivators, establishing exploitative relationships that have persisted into the post-independence era. The enduring legacy of these policies is visible in the persistence of rural poverty, unequal land ownership, and recurrent agrarian crises that define much of India's countryside.

Ongoing Impact on India's Economic and Social Landscape: Colonial land revenue policies left behind an economic structure

characterized by deep social and economic inequalities. The British institutionalized systems that concentrated land and wealth in the hands of a few landlords and intermediaries, while the majority of cultivators were reduced to tenants or laborers with limited rights. This legacy of concentrated land ownership continues to perpetuate inequality in rural India, where access to land remains a major determinant of social status and economic opportunity. The agrarian crises that periodically afflict Indian agriculture manifested in debt traps, crop failures, and farmer suicides can be traced to this colonial legacy. The neglect of agricultural investment during colonial rule weakened the sector's foundation, and the post-independence state inherited a structurally fragile agrarian economy. Even today, limited access to credit, exploitative lending practices, and inadequate infrastructure continue to hinder the progress of small and marginal farmers, reflecting the long shadow of colonial exploitation.

Contribution to Persistent Inequalities and Agrarian Crises:

The patterns of land ownership established under British rule have remained remarkably resilient. Large estates and unequal land distribution have deprived millions of cultivators of direct access to productive land, perpetuating rural poverty and social exclusion. Furthermore, the colonial emphasis on revenue collection over agricultural improvement discouraged investment in irrigation, technology, and productivity, resulting in low agricultural output and vulnerability to environmental shocks. Debt and credit-related problems, deeply rooted in colonial fiscal policies, continue to plague rural India. The colonial state's demand for fixed revenues regardless of crop outcomes forced peasants into dependence on moneylenders, a cycle that has persisted in various forms. Today, institutional credit often fails to reach smallholders, pushing them back into informal credit networks that replicate exploitative colonial-era dynamics.

Implications for Contemporary Debates on Agrarian Reforms and Economic Development: The legacy of colonial land revenue policies continues to shape contemporary debates on agrarian reform and rural development. Land reforms remain an urgent necessity to rectify historical injustices and ensure equitable access to land. While several post-independence initiatives aimed at redistributing land and protecting tenants were introduced, their limited success underscores the deep-rooted nature of colonial legacies. Moreover, agricultural development and rural investment are vital for promoting inclusive economic growth. Strengthening rural infrastructure, ensuring fair access to credit, and promoting sustainable farming practices are key to breaking the historical

cycle of inequality and stagnation. Finally, policies aimed at inclusive growth must recognize that addressing the structural inequities inherited from colonial rule is essential for achieving long-term social justice and sustainable economic development. In essence, the colonial land revenue systems did not just shape India's agrarian past they continue to define its present challenges. Overcoming this legacy requires a comprehensive approach that combines land reform, investment in agriculture, and inclusive policy-making to create a more equitable and resilient rural economy.

V. Conclusion:

This study has critically examined the long-term impact of colonial land revenue policies on economic inequality in India, emphasizing their influence on the agrarian economy and patterns of rural development. The analysis reveals that the colonial land revenue systems, particularly the Permanent Settlement, Ryotwari, and Mahalwari arrangements, created structural imbalances that deepened socio-economic disparities across rural India. These systems facilitated the concentration of land ownership in the hands of a few, leading to widespread poverty, indebtedness, and a decline in agricultural productivity among small and marginal farmers. As a result, the foundations of inequality established during the colonial era have persisted well into the post-independence period, continuing to shape India's rural economy and social structure.

The study's findings underscore that the legacy of colonial land policies remains deeply embedded in the agrarian fabric of India. The institutional patterns of land ownership and the hierarchical rural power structures that evolved under colonial rule have hindered equitable growth and contributed to recurring agrarian crises. These outcomes highlight the need for a policy paradigm that not only addresses historical injustices but also fosters inclusive and sustainable development.

In conclusion, addressing the enduring legacy of colonial land revenue policies demands a multidimensional approach that combines equitable land distribution, sustainable agricultural practices, and inclusive rural development. Only through such integrated and inclusive strategies can India overcome its historical inequities, ensure balanced rural growth, and achieve a more just and sustainable economic future.

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Funding:

This study was not funded by any grant.

Conflict of interest:

The Authors have no conflict of interest to declare that they are relevant to the content of this article.

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