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## **Unit – III :**

# **Beginning of Modern Bihar**

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## **The Permanent Settlement of 1793: Policy, Objectives, Structure and Its Impact on Bihar**

The Permanent Settlement of 1793 stands as one of the most decisive turning points in the early phase of modern Bihar's history. It was introduced by Lord Cornwallis during his tenure as Governor-General of India. This land revenue system fundamentally altered the agrarian structure of Bengal, Bihar, and Orissa, and its consequences shaped the socio-economic framework of Bihar for generations. To understand the beginning of modern Bihar, it is essential to examine not only the administrative logic behind this settlement but also its deep and long-lasting effects on rural society, class relations, agriculture, and colonial governance.

By the late eighteenth century, the British administration, operating under the authority of the East India Company, had acquired the Diwani rights (the right to collect revenue) in Bengal, Bihar, and Orissa in 1765. However, the Company initially lacked administrative experience and struggled to establish an efficient revenue system. Frequent changes in revenue policies created instability in rural areas. The British were primarily concerned with securing a stable and predictable source of income to finance their expanding administrative machinery and military expenditure. Therefore, they sought a system that would guarantee fixed revenue to the Company without annual negotiations and uncertainties.

The Permanent Settlement was introduced with the declared objective of creating stability in revenue collection and promoting agricultural development. Under this arrangement, zamindars were recognized as the hereditary owners of the land, and a fixed amount of land

revenue was permanently settled with them. This meant that the revenue demand from the zamindars would remain unchanged in perpetuity, regardless of future increases in agricultural production or land value. The British administration believed that by granting ownership rights to zamindars, they would be encouraged to invest in agricultural improvements such as irrigation, better seeds, and infrastructure. It was assumed that security of property would lead to economic progress and rural prosperity.

However, the practical implementation of the Permanent Settlement in Bihar revealed significant structural weaknesses. Although zamindars were legally declared landowners, the actual cultivators—the peasants who tilled the soil—were not granted ownership rights. They became tenants under the authority of zamindars. The revenue fixed by the Company was often set at a very high rate, based on optimistic assessments of agricultural productivity. Zamindars were required to pay the fixed revenue to the Company punctually. Failure to pay on time resulted in the auction of their estates. This strict enforcement led many traditional zamindars to lose their lands, which were then purchased by new landlords, moneylenders, or urban elites who were primarily interested in revenue extraction rather than agricultural welfare.

For the peasantry of Bihar, the Permanent Settlement brought severe hardships. Since the Company's demand was fixed and uncompromising, zamindars often extracted as much rent as possible from peasants to secure their own position. There was no effective mechanism to regulate the rent demanded from cultivators. As a result, peasants faced excessive rent, forced evictions, and economic insecurity. The traditional relationship between landlord and cultivator underwent a transformation, becoming increasingly exploitative. The agrarian system shifted from a relatively customary and community-based structure to a rigid, revenue-oriented hierarchy.

The social consequences of the Permanent Settlement were profound. It led to the emergence of a powerful landlord class in Bihar that enjoyed legal recognition and administrative support from the colonial state. This class became socially and politically influential, aligning itself closely with British interests. At the same time, the peasantry became economically vulnerable and heavily indebted. Many peasants were forced to borrow money from moneylenders at high interest rates in order to pay rent. Rural indebtedness became widespread, and the economic gap between landlords and cultivators widened significantly.

In addition to social inequality, the Permanent Settlement also affected agricultural productivity. Contrary to British expectations, many zamindars did not invest in agricultural improvement. Since the revenue they paid to the Company was fixed permanently, any additional income generated from increased production went directly to them as profit. However, instead of reinvesting in agriculture, many landlords focused on maximizing immediate rent collection. The absence of state intervention in regulating landlord-peasant relations further aggravated the situation. Over time, this neglect contributed to stagnation in agricultural development in many parts of Bihar.

Economically, the system ensured financial security for the colonial state but transferred all risks of agricultural fluctuation to zamindars and peasants. In years of drought, flood, or

crop failure—common occurrences in the Gangetic plains—peasants suffered immensely because revenue obligations remained unchanged. The rigidity of the system made it insensitive to natural calamities and local realities. This rigidity contributed to periodic rural distress and heightened resentment against both zamindars and colonial authorities.

Politically, the Permanent Settlement laid the foundation of a new rural power structure that would influence Bihar's modern history. The alliance between the colonial administration and the landlord class shaped local governance and rural politics throughout the nineteenth century. At the same time, the exploitation experienced by peasants gradually gave rise to agrarian discontent. Although organized peasant movements would emerge later, the roots of rural resistance can be traced back to the structural inequalities created by this settlement.

Thus, the Permanent Settlement of 1793 was not merely a revenue reform; it was a transformative policy that redefined land ownership, reshaped class relations, and institutionalized socio-economic inequalities in Bihar. It marked the transition from a pre-colonial agrarian order to a colonial land revenue regime driven by fiscal priorities. The long-term consequences of this policy played a significant role in shaping the trajectory of modern Bihar's social, economic, and political development.