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A Study in Revenue Collection System in Nepal; 1846—1923

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Introduction

Agricultural land has always been considered as the most important national resource in Nepal by the people and the state alike. The major proportion of the state income has historically been collected in the form of land revenue. There was no uniformity in the land tax assessment system in Nepal. This was because of the physionomy of the country as well as the lack of improved transport and communication facilities within the country, which prevented the centre from closely supervising the work of the district level tax collectors. As a result, there existed a very complex tax assessment system in Nepal during the period in question. It is therefore useful here to present a general account of Nepal's geographic divisions. Then this study deals successively with the influence of geography on land, the communications problem created by geographic features of the country, land type and taxation systems, the amounts of tax fixed, the organisation of collection of revenues, taxes and other levies.

Geographical Features

Modern Nepal lies between 26^{o} to 30^{o} North Latitude and 80^{o} to 88^{o} East Longtitude (Gurung 1973: 25). Nepal is a mountainous country. There are three principal mountain systems in Nepal. They are the Great Himalayan range, the Mahabharat range, and the Siwalik range. In the South, the Siwalik hills averaging 1500 metres in altitude rise suddenly and straight from the plains of the Terai. These foothills have a general elevation of 2500 feet to 5000 feet and more in the Eastern section (Gurung 1973: 26). Immediately North of the Siwalik hills rises the Mahabharat Lekh. The elevation of the mountains in this range varies from 5000 feet to over 9000 feet (Gurung 1973: 26). The Mahabharat Lekh runs close and parallel to the Siwalik hills from West to East across almost the entire country. They can be distinguished only by the superior height of the Mahabharat Lekh where these two ranges converge. The Mahabharat Lekh has been broken through only by narrow gorges and rivers: it provides an effective natural barrier to the interior parts of the country (Gurung 1973: 26). About 60 miles farther North of the Mahabharat Lekh rises the Great Himalayan range, which represents the third range system of Nepal (Gurung 1973: 26). The landscape is wild, and no vegetation is possible. This range includes all the biggest and highest mountains of Nepal.

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In Western Nepal another mountain range, lying 20 to 30 miles North of the Great Himalaya, defines the boundary between Nepal and Tibet. These Tibetan marginal mountains have an average elevation of 19,000 feet and the terrain is less rugged than that of the Great Himalaya (Stiller 1973: 4). Although mountains in this range are lower than the Great Himalaya mountains in altitude, they form the chief watershed between the rivers of the Ganga and Bramhaputra (Stiller 1973: 6).

Geography and Communication

These three mountain ranges are separated by lowlands. Although the ranges themselves are roughly parallel from East to West, numerous spurs run off from each peak toward the North and South dividing the central lowlands into many long narrow valleys. These irregular valleys are drained by a netowrk of streams and rivers, which further divide the country (Stiller 1973: 6). In certain seasons of the year these streams and rivers become raging torrents and are almost impossible to cross. If the alternating highlands and lowlands have made the establishment of easy communications between the Northern and Southern parts of Nepal, difficult Nepal's river systems make East-West communication equally problematic. Nepal's three main river systems, the Kosi in the Eastern region, the Karnali in the Western region, and the Gandaki in the central region, each with seven major tributaries, further divide the country (Regmi 1978a: 1). In addition, each of these twenty-one major rivers is fed by numerous other tributary streams and rivers. Hence both the mountains and streams tend to isolate sections of the country from one another (Karan 1960: 17). As a result, communications have always been difficult in Nepal. This fact is enhanced during the monsoon season, wehen all paths become slippery due to heavy rain (Stiller 1973: 9). There are few passes even today in the Great Himalayan ranges, most of which are above 16,000 feet (Karan 1960: 16).

This is the geographic framework in which agriculture developed in Nepal. This difficult terrain also imposed serious constraints on the types of agricultural revenue collection systems that were adopted.

Land Type and Taxation System

Historically speaking, farm land in the Hill regions of Nepal has always been classified according to two basic agricultural characteristics: the land's ability to retain irrigation water and its productivity. Fairly level land, which held irrigation water relatively well, was called khet and was used to grow rice. Arable hillsides, from which water drained rapidly, were called pakho and were used for the cultivation of millet and maize. Because paddy was the more valuable crop, taxes on khet lands were heavier than taxes on pakho lands. Khet lands were originally assessed at 50% of the paddy crop, and the area of khet land was usually measured according to the amount of grain a field produced, i.e. 5 muris, 10 muris, or the like. The taxation of pakho lands falls under the general heading of homestead taxes and will be discussed below. The taxation of khet land is of considerably more importance, since this was the major source of government revenue.

As mentioned above, khet land was originally assessed at half the crop. This system, called adhiyan, was in use throughout the central hills of Nepal. In 1812, a contractual system of taxation was introduced into parts of the central hills. This system spread relatively rapidly throughout the whole hill region. Under this contract system, each tenant agreed to pay a fixed amount of his crop in tax. These kut or tenancy contracts were renegotiated from time to time in order to maximize the revenue yield. Tenants who refused to pay the increased rates were obliged to yield their right to farm the land in favour of tenants who were willing to accept the new rates. If no one came forward to accept such enhanced rates, the rate obviously had to be lowered. To simplify this assessment of khet land, efforts were made to further classify land by productivity. A four-category classification system came into general use.

Historical evidence shows that these four divisions of land were introduced during the time of King Pratap Singh Shah between the year 1775-1777 (Regmi 1978a: 57), though the use of these divisions came into prominence in 1812. The categories were Abal, Doyam, Sim, and Chahar. This classification, of course, is still effective (Regmi 1978a: 56-57). The defining characteristics of the categories are as follows:

Abal: Land of the best quality with good and moist soil. The entire plot can be irrigated by means of irrigation channels or otherwise, and where water, used once, stays for three to four days. The yield is at least 3.5 muris per ropani either with two crops or one paddy crop.

Doyal: Land, where only three-fourths of the plot can be irrigated by means of irrigation channels or otherwise and water, used once, stays on the land for two to three days. Though the level of the land may be somewhat high, the yield is not less than 2.5 muris per ropani either with two crops or one paddy crop. Soil is good and moist on such land.

Sim: Land, where half of the plots can be irrigated by means of irrigation channels or otherwise and water, used once, stays for only one day. Even though the soil is fertile, yield is less than 2.5 muris, but more than 1.75 muris per ropani, either with two crops or one paddy crop.

Chahar: Land, which cannot be irrigated and is dependent upon rainfall and water does not stay at all. The land is dry, stony or sandy and the crop is less than 1.75 muris per ropani, with only one crop in the year (Regmi 1978a: 58-59).

Thus, in the hills, land was classified on the basis of irrigation facilities and productivity. Both of these characteristics are, of course, related (Regmi 1978a: 58-59). But in the Terai region, the policy followed in classifying the land was different. In the Terai, classification of the land was based upon the location of the land, the

type of crop cultivated on the land, the irrigation facilities available, the level of the land and sometimes even the value of the land and its salability (Regmi 1978a: 59). Therefore, the method of classification appears to have been more complex in the Terai region. Land taxes on pakho land were assessed in a different manner. Pakho land was measured in terms of the number of ox teams required to plough it or in terms of the number of hoes required to spade it. Both were very rough estimates of the land area. The tax was actually assessed, however, not on the area of land but on the homestead (Regmi 1978a: 59).

In addition to the classification of land, the tax assessment system then followed in different districts of Nepal indicates that the policy of the government in determining the taxation level must have been based on two main considerations. First, the government appears to have taken into account the difficulties and hardships of the people in fixing the level of taxation. Second, the government appears to have tried to establish a policy through which rates of tax assessment could be fixed without imposing any loss on the government. As a result, a very complex assessment system developed in Nepal, because tax assessments necessarily differed with time, distance from the centre and the area, quality and basic productivity of the land.

In the hill districts and in Kathmandu Valley, tax assessments on pakho land, fixed usually in cash, was called serma (Regmi 1978b: 57-58). Talukdars were appointed by the government to collect taxes and submit them to the government according to the settlement. A number of other levies were also payable in the hill districts and in Kathmandu Valley for pakho lands in addition to the fixed amount. In the hill region of Nepal, saune-fagu was levied on each roof averaging one anna on each homestead and serma was fixed on the basis of the size of homestead and was assessed between eight annas to one rupee. Both the taxes were payable in cash (Regmi 1978a: 73-74). But in the case of other levies, e.g., ghiukhane, char-dam-theki and charsa rakam, payments were made either in cash or in kind (in the form of paddy or wheat). Both the levies, char-dam-theki and ghiukhane, were paid before the establishment of the centralized administration in Nepal. It appears that char-dam-theki was introduced by King Prithvi Narayan Shah after he conquered Kathmandu Valley in 1769. This tax was abolished in 1934 (Regmi 1978a: 75). However, the assessment fixed in 1934 for newly-cultivated lands of Kathmandu Valley and some of the lands of the hill districts did not abolish the ghiukhane levy.

In the Terai region, a single payment was made with very rare additional levies, among which charsa rakam was the one introduced for the compensation of the government in its loss of revenue (Regmi 1978a: 75). Tax assessments were made both in cash and in kind and determined on the basis of the land's quality (Regmi 1978a: 72).

Amount of Tax

It has already been mentioned above that there was no uniformity in tax assessments and that the rates of tax differed in different regions.

Terai region: The land tax was usually fixed and collected in cash in the Terai region. The rate of tax assessment differed however from region to region and even from place to place in the same region, depending on the type of crop cultivated. At first the tax on rice-land was roughly one-third of the produce. This was later increased and reached nearly 40 percent in early 1840s (Regmi 1978b: 54).

Baisi region: In the Baisi region, the rate of the rice-land tax appears to have averaged two to four pathis per muri (or 16 pathis per ropani), depending upon the productivity of the land (Regmi 1978b: 54).

Central Hill region: In the central hill region, the rice-land tax was fixed at half of the produce (Regmi 1978b: 54). Thus the actual produce of the land was divided equally between the peasant and the state either in the form of paddy or cash.

Later, after the introduction of the kut system, the rate of assessment increased.

During Jung Bahadur's time Mal offices were erected in different parts of the country was collection centres for land taxes and other revenues. This trend was further emphasized during Chandra Shumsher's rule: Mal offices were set up in the districts of Siraha, Bara, Rautahat, Hanuman Nagar, Jhapa, Biratnagar, Palhi, Majhkhand, Seuraj, Bardiya, Kanchanpur, Dang-Deukhuri, Khajahani, Sarlahi, Banke, Mahottari and Parsa as the main revenue offices of the government during the Rana period (Shree Panch Ko Sarkar 2007: 219-20). The officers of these different Mals were empowered not only to collect revenue but also to carry out other functions within the district e.g., maintenance of peace and justice.

Organisation of Revenue Collection

It has already been noted that the major portion of the state income was realised from land revenues. As the state expanded after the unification of Nepal, the government was obliged to increase land revenue from different parts of the country to meet the increased costs of administration. Historical evidence shows that the government faced three main problems at this time (Regmi 1978b: 53-54).

1. There were different kinds of land in different parts of the country. They differed in productive capacity, depending mainly on water resources and fertility.

2. There were different rates of land taxation, which differed from region to region and even from place to place in the same region.

3. There were different units of land measurement in different parts of the country.

From 1769 to 1816 there was growth in land size and area, but there was a corresponding growth in the administration and in the army also (Stiller 1976: 19). In 1816, the government of Nepal agreed to give up some of its Terai and Farwestern land to the British government according to the Treaty of Sugauli (Stiller 1976: 23). This reduction in the total area of land belonging to Nepal necessitated an increase in taxation rates; government revenues from this smaller area would not have been adequate to meet the demands on revenue. The increased taxation rates were in force until 1846. In that year the Kot Massacre took place, in which many leading nobles lost their lives. In the weeks after the Kot Massacre a number of nobles were exiled and even more fled from Nepal. Their lands were confiscated. As a result, larger tracts of Birta and Jagir land reverted to the government. Jung Bahadur Rana, who came to power after the Kot Massacre, took advantage of this reversion of land to the government to introduce a new revenue settlement (raibandi) and to lower taxes throughout the kingdom. Jung Bahadur also introduced the civil service system in Nepal to facilitate the collection of land revenue. Under this system, the power to collect revenue was assigned to government employees instead of the local authorities, contractors, or revenue farmers (Regmi 1978b: 72). Prior to this time revenue collection had been entrusted to non-governmental agencies, who were obliged to pay the estimated revenue in advance. This system, though it guaranteed the government the total estimated revenue, put an unhealthy burden on the farmers, from whom the collection agents felt free to squeeze the maximum tax in order to recoup the money they had paid to the government. In addition to this basic change, the new system changed three main aspects of revenue administration:

1. All local authorities were made responsible for the collection of revenue within the area assessed, a practice not strictly followed in the previous system.

2. Regulations were promulgated forbidding government tax collectors from acquiring lands or engaging in business in the tax collection areas for which they were responsible.

3. Revenue collectors were forbidden to put pressure on the tenants or to collect unauthorized taxes or levies from them.

Though the government introduced this system and tried to remedy other difficulties in the revenue collection system, it failed to improve revenue collection, and the system remained unadequate. Several factors that contributed to this failure are the following:

1. Since the government could not easily send its representatives to different parts of the country to supervise the tax collection process, tax collectors monopolized the system and the government was deprived of the real amount of the land revenue collected from the peasants.

2. There were different kinds of tax levies in addition to the land taxes which the government could not estimate in advance. Given lack of a sufficiently precise projection leakage in revenue administration was unavoidable, the government got less, and the villagers paid more.

3. There was no organised policy of revenue collection maintained by the government, Tax collectors felt free to manipulate the system of collection.

Thus we see that, since regular supervision from the centre in district level administration was difficult at that time due to the inadequate means of transport and communication, the government was forced to employ various non-official agencies, who actually controlled and collected the different taxes, levies, and rents imposed upon the land. It was the time and situation of the country that produced such non-official agencies in the country for the collection of taxes. Hence, there existed different systems for the collection of the land revenue and other taxes and levies at different times during the early nineteenth century. Among these, four were mostly practiced in different regions of Nepal and lasted until the fall of the Rana regime (Regmi 1978b: 73). They were the Amanat, Ijara, Thekbandi, and Thekthiti systems.

1. The Amanat System

The amanat system was used in the villages of the central hill region of Nepal along with two other systems, thekbandi and ijara, for the collection of homestead taxes. During the nineteenth century, this system was used again and again on an "experimental" basis. Under this system, a functionary, dware, was appointed either directly by the government or by the jagirdars in each village for the collection of taxes imposed upon each homestead (Regmi 1978b: 73). These dwares were made responsible not only for the collection of homestead taxes, but also for the maintenance of peace and justice in the village. The total amount of revenue collected from each homestead was either submitted to the government or to the jagirdar by them depending on their appointment specification (Regmi 1978b: 74-75). Then the accounts of such collection were submitted at the end of the each year.

2. The Ijara System

This system was used in the villages of the central hill region of Nepal either simultaneously with two other systems amanat and thekbandi, or to replace them. The ijara system was also used repeatedly on an "experimental" basis for the collection of homestead taxes. Under this

system, the authority to collect taxes, levies and revenues was given to an individual, ijaradar, who agreed to pay the amount on a periodic basis to the government with all risks of fluctuation in agricultural production (Regmi 1978b: 72).

3. The Thekthiti System

The thekthiti system was used in the Baisi region and in other districts of Nepal such as Rolpa and Salyan in the West and in Pallokirat in the Eastern hill region for the collection of taxes on ricelands and homesteads (Regmi 1978b: 74). Under this system the tax contract was given not to an individual but to the whole village community (Regmi 1978b: 74). An individual, called a mukhiya, was empowered to represent the village community and divide the total amount of revenue assessed equally among all members of the community. As the settlement was made on a long term basis, all the village households were made responsible to bear a hand if the collection did not reach the figure contracted for. On the other hand, if the collection amounted to more than the figure fixed, individual households were entitled to share equally, thus protecting the government against loss of revenue (Regmi 1978b: 74).

4. The Thekbandi System

This system was used in the villages of the central hill region of Nepal. The revenue contract was given to the mukhiya for a specific period. The mukhiya was then obliged to make the collection and pay to the government, according to contract, the agreed payments. This system differed from the thekthiti system in that, in the thekthiti system, the mukhiya was responsible only as the head of the village, and full responsibility for revenue payments fell on the village community as a whole, whereas, in the thekbandi system, the mukhiya entered into the contract in his personal capacity and the responsibility for payments to government fell on him alone. Thekbandi was also similar to the panchasala-thek system used in the Terai region (after 1820) for the collection of land and other taxes. In the panchasala-thek system, the chaudharis were contracted to collect the taxes and pay the revenue to the government on the basis of a five year assessment (Regmi 1978b: 72). Panchasala-thek differed from thekbandi in that, under panchasala-thek, the arrangement was for five years, whereas in thekbandi the arrangement held until a new contract was negotiated either with a mukhiya or with an ijaradar or with the village community as a whole (Regmi 1978b: 72-73).

Apart from these four systems, during the Rana period, there existed other systems for the collection of local taxes, such as the mukhiyabhar and lokabhar systems and the jimidari system.

The mukhiyabhar system was very similar to the thekbandi system and the lokabhar system was similar to the thekthiti system. On the assumption that a contractor (ijaradar) held the revenue contract for a specific village, if the mukhiya agreed to pay a sum to government equal to

that offered by the ijaradar, the revenue contract was given to the mukhiya. Of course, if the ijaradar agreed to pay a higher sum, the mukhiya must agree to pay at least that much in order to retain the revenue contract (Regmi 1978b: 77). The contract went to the higher bidder, but if the bids were equal, preference was given to the mukhiya. In the lokabhar system the same sort of bidding was permitted except that it was the village community as a whole that bid against the ijaradar.

Under the jimidari system, followed in the Terai region, functionaries called jimidars were appointed to each mauja (a cluster of villages forming one revenue unit) to collect taxes and improve the condition of the land and actually settle the land (Regmi 1978b: 78). The old revenue system continued at the level of the praganna, but under the jimidari system, the mauja became the basic Terai revenue unit. To compensate for clearing and settling the land and making irrigation facilities available the jimidar was given a certain percentage of the land as birta as also the right to use the compulsory unpaid labour of the tenants on the land within his mauja.

Conclusion

The discussion in these pages has hinted at and discussed in brief the reasons for the failure of the Nepal government to establish a uniform revenue collection policy in Nepal both in the early post-unification period and in the Rana period. The nature of the political structure of the Himalayan states before the Gorkhali unification and the difficult terrain and poor communication within the country dictated that the new central government accept the tax collection systems already widely used in Nepal at the time of the unification. Efforts to simplify these systems were not successful because poor facilities for communication prevented the centre from closely supervising the work of tax collectors. Chandra Shumsher introduced a more strict accounting technique, but the actual collection machinery could hardly be policed under the difficult communication network prevailing in those days. This certainly led to unnecessary hardships for the farmers in pre-1951 Nepal and made any modern land reform programme difficult to implement.

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