

RURAL INDEBTEDNESS IN TELANGANA DURING THE ASAFJAHİ PERIOD (1930-1945)

Smt. P. Shanthi

Assistant Professor, Department of History, Government Degree College, Nelakondapalli, Khammam District, Telangana.

INTRODUCTION

The AsafJahi dynasty, popularly also known as the Nizams of Hyderabad ruled the princely state of Hyderabad from 1724 to 1948. They ruled the vast territory an extent of 2,65,61,280 acres of land comprising of 10,217 villages. After the acceptance of the subsidiary alliance in 1800, the Nizams were gradually becoming under the control of British. The Nizams enacted so many agrarian acts during the period from 1900-1948 with the influence of British imperialistic policies. These policies not only adversely affected the ownership relations and land rights of the farmers, but also, they fell into the debt trap. This paper mainly focusses the issue of rural indebtedness of Telangana region of princely state of Hyderabad during the period 1930-1945.

OBJECTIVES OF THE STUDY

This paper concentrates on the following objectives:

1. To find out the nature and composition of debt in Telangana during 1930-1945
2. To study, how this period witnessed a turmoil due to an agrarian unrest which led to armed struggle by rural poor.

METHODOLOGY

The present study is based on purely historical methods such as analyzation of various survey reports. The principles of heuristics were applied. In this context both primary and secondary sources data are taken into consideration., Basic and advanced data gathered from the Primary sources like Nizam Government Administrative Annual Reports, Statistical reports, The General Administration Reports and Ethnographical records of the Nizam's

state. Besides that, data from the S. KesavaIyangar's *Economic Investigations in the Hyderabad State (1929-30)* book is also taken into consideration.

SCOPE OF THE STUDY

This study focuses on the Telangana region during the period 1930–1945, a time when the region was predominantly characterized by an agrarian economy. The Asafjahi rulers enacted several agrarian laws aimed at improving the financial position of the state. However, over time, these laws adversely affected land ownership relations and the land rights of farmers, ultimately forcing them into a cycle of indebtedness. The study is limited to the period between 1930 and 1945, as this era witnessed the implementation of key agrarian acts and a sharp rise in rural indebtedness.

RURAL INDEBTEDNESS

During the Asaf Jahi period, rural indebtedness in the Hyderabad State was a significant issue. The main reason for farmers were drowning in debt was poverty, which was fueled by factors such as exploitative revenue administration, high interest rates, and rigid social customs. Money lenders, including Arabs who were also part of the Nizam's army, charged exorbitant interest rates, trapping farmers in cycles of debt. Farmers were often burdened with family debts, even if they had not personally benefited from the loans. Traditions and social customs further reinforced this practice. At times, poor harvests or floods destroyed crops, forcing farmers to borrow from moneylenders.

This led to a cycle of debt for many rural families, culminating in agrarian unrest. Farmers were often forced to sell their land to pay off debts, leading to landlessness and displacement. The burden of debt led

to increasing discontent and agrarian unrest in Telangana, eventually resulting in armed struggle by the rural poor.

Nizam Government introduced so many Agrarian acts under the influence of British Raj. Among them, one is *The Land Revenue Act, 1317 F* drastically changed the position of cultivators. This act was first of its kind introduced in the Nizam state, which abolishes the age-old practices of Indian agricultural systems. With this act real cultivators became bataidar or share-cropper, after some time, they became an unsecured tenant, in the final stage they became a landless agricultural labourer. This study reveals that the

percentage of this class increased gradually, census after census. Neither the provisions of the Act nor its implementation extended help or cooperation to the actual cultivators to retain possession of the land or to cultivate it continuously under stable legal, economic, and social conditions. Furthermore, cultivators were unable to pay their taxes in cash due to insufficient crop yields. This forced them to sell their produce to middlemen at lower prices, against their will, in order to meet their financial needs.

Keshava Iyengar survey report of 1929-1930 reveals that, in the princely state of Hyderabad, on average fifty percent of the yield was collected as Land taxes¹.

Category	Armoor Taluqa	Bodhan Taluqa
Average yield of 1 acre of wet land	1286 seers of paddy	1286 seers of paddy
Price thereof	Rs.67-10-11	71-7-1
Fodder *	Rs.10-0-0	14-4-0
Value of the total yield	Rs.77-10-11	Rs.57-2-6
Expenses of cultivation **	25-13-4	16-7-4
Net yield of 1 acre of wet land	51-13-7	40-11-2
Assessment	20-0-0	20-05-7
Percentage of assessment to annual value	39	50

* Expenses of cutting,

** Deducting price of fodder

Source: S. Keshavalayangar, Economic Investigations in the Hyderabad State (1929 30) vol. I.

The Government Central Press, Hyderabad-Deccan, 1931.

With the above table statistics, the main reason for rural indebtedness of Telangana was heavy taxation. Especially, during the economic depression, lakhs of acres were alienated from small and marginal farmers to the landlords. It was also mentioned by Ravi Narayan Reddy in his work *VeeraTelangana – Naa Anubhavaalu*². During times of famine, the tax dues of small and marginal farmers were often paid by local landlords by mortgaging the farmers' holdings. Despite the Nizam government announcing a partial tax holiday, the benefits did not reach the masses, and the land remained in the hands of local landlords³. The Annual Administrative Report for the year 1926 reveals that most Telangana farmers lost their lands due to the non-payment of taxes amounting to Rs. 27,000. From this, it can be concluded that the requirement to pay land tax in cash became a deathblow to small and marginal farmers in the Telangana region⁴.

The survey report by Keshava Iyengar for the period 1929–1930 provides data on debts secured through land mortgages in the Mahabubnagar, Nizamabad, and Warangal districts of the Telangana region. In Mahabubnagar district, 13 individuals borrowed loans amounting to Rs. 1,399 against the mortgage of 302.13 acres of dry land, 36.32 acres of wet land, and 1.24 acres of garden land. In selected villages of Nizamabad district, 5.4 acres of wet land were mortgaged for Rs. 1,000. In Warangal district, 48 individuals borrowed Rs. 24,845 against land mortgages, including 512 acres of dry land, 113.10 acres of wet land, and 15.38 acres of garden land mortgaged for Rs. 12,876.

These observations indicate that, in selected villages of Warangal, debtors received only 51.8 percent of the land value as loans against the mortgaged property⁵. By 1949–50, this percentage had declined to 19.3 percent. The main reason for this decline was that many debtors had multiple loans and reduced repayment capacity. As a result, creditors charged interest over extended periods, enabling them to eventually recover the full value of the mortgaged

land, even if the debtor failed to repay the principal loan.

In Nizamabad district, 681 individuals availed loans based on personal assurances, without mortgaging land. Survey reports for the period 1929–30 reveal that, based on the assurance of cultivated crops, only

one person availed a loan in Nizamabad and Mahabubnagar districts, whereas 368 individuals availed such loans in Warangal district during the same period⁶. The causes for the indebtedness of Warangal farmers are mentioned in the following table⁷.

Causes of Debts	Debts	
	With Land Mortgage	Without Land Mortgage
Household Expenses	10	47
Marriage occasions	7	230
Outstanding debts	9	66
Cultivation expenses	4	268
Payment of Land Tax	2	47
Tenancy dues	1	16
Repayment of cash to Cooperative societies	13	16
Total	46	1074

From the above table, it is evident that most of the debts were incurred without land mortgage. These unsecured debts were primarily taken to meet household expenses, cultivation costs, land tax payments, and tenancy dues.

DEBTS ON LAND MORTGAGE

District	Number of Indebted Families	Dry Land	Wet Land	Garden Land	Present Land Value	Total Debt
Adilabad	74	330-26	44-33	0-20	70,490	24,262
Hyderabad	7	9-8	0-14	0-36	1,700	1,182
Karimnagar	19	62-32	5-36	1-7	12,845	2,305
Mahabub Nagar	71	392-35	51-10	8-5	43,265	24,573
Medak	20	50-21	3-23	----	11,955	4,557
Nalgonda	52	124-25	28-28	2-5	32,685	7,960
Nizamabad	37	18-15	29-4	----	15,265	5,516
Waranagal	26	587-35	58-23	---	47,000	9,080
Total	306	1572-243 or 1578-30	218-207 or 223-18	11-226 or 16-07	3,35,655	79,435

From the above table, 306 families from eight districts of Telangana mortgaged 1,578.30 acres of dry land, 223.18 acres of wet land, and 16.07 acres of garden land valued at Rs. 3,35,655 to obtain loans amounting to Rs. 79,435⁸.

The government survey report of 1950 reveals that 132 individuals from eight districts of Telangana availed loans amounting to Rs. 24,003 for household expenses, while 66 individuals borrowed Rs. 15,599 for marriage expenses. It was further observed that

new loans were often taken (a second time) to repay previous debts. In six Telangana districts—Adilabad, Mahabubnagar, Nalgonda, Nizamabad, Medak, and Warangal—30 individuals availed second-time loans totaling Rs. 7,378 for this purpose. Only 2 individuals borrowed Rs. 450 for house construction, whereas 42 individuals took loans amounting to Rs. 11,464 to purchase cattle or invest in cattle fields. In total, 317 debtors availed loans worth Rs. 79,433 against land mortgages⁹.

According to the same survey report, in Warangal district, 22 debtors availed loans worth Rs. 117,187 by mortgaging 242.36 acres of land in the year 1940. In 1941, another survey conducted in Nizamabad and Warangal revealed that 61 individuals received loans amounting to Rs. 54,510 against the mortgage of 771.03 acres of land. In 1942, 100 members availed loans totaling Rs. 1,38,320 against 701.03 acres of mortgaged land. In 1943, 113 individuals took loans worth Rs. 1,16,169 against the mortgage of 2,381.28 acres. By 1945, 350 members had borrowed Rs. 2,73,951 by mortgaging 4,167.35 acres of land. An

analysis of this data shows that the number of indebted families rose from 42 in 1942 to 350 by 1945. Similarly, mortgaged land increased from 242.36 acres in 1942 to 4,167.35 acres in 1945. In terms of borrowing, loans worth Rs. 14,177 were sanctioned in 1940, rising sharply to Rs. 2,73,951 by 1945¹⁰.

Furthermore, survey reports from the period 1929–30 reveal that an interest rate of 12 percent was most commonly prevalent in Warangal district. The following table provides information about the interest rates on loans taken without land mortgage during the period 1949–1950¹¹.

Rate of Interest	No of Debts	Rate of Interest	No of Debts
4 1/2	1	22 1/2	71
6	242	23	1442
7 1/2	240	25	1073
9	460	30	867
10	3	36	34
12	6135	40	155
15	704	45	2
16	54	50	328
17	2	60	4
18	1661	60 2/3	1
21	5	100	5
Total	13296		

The above table indicates the interest rates applied to 13,296 borrowings. The most commonly applied interest rates were 12 percent and 18 percent. There were 6,135 borrowings with an interest rate above 12 percent, 1,661 borrowings with an interest rate above 18 percent, 1,442 borrowings at an interest rate of 23 percent, and 867 borrowings at 25 percent interest.

In the Telangana region, debts were sanctioned at varying interest rates, ranging from 12 percent to 30 percent. Due to this heavy financial burden, owners of small landholdings were often forced to sell their properties and became *baagelaas* (landless laborers). As a result, the agricultural labor force increased by 10 percent¹². According to the 1950 survey, there were 12,23,423 professional moneylenders, and 14,21,694 families who became moneylenders using their agricultural surplus¹³.

The report submitted by Barucha, Additional Secretary for Revenue department, calculated that the accumulated debt value was six times higher than the land tax per acre in the Telangana region.

Furthermore, each agricultural family held an average debt of Rs. 390.80¹⁴. In 1937, the estimated debt across all *taluqs* of Warangal district amounted to Rs. 2,06,292 which was 77 times higher than the total land tax collected in that area. In Karimnagar, the estimated debt was Rs. 1,06,143, which was 26 times higher than the total collected land tax¹⁵. According to the 1929–30 survey report, 9.1 percent of dry land, 24.6 percent of wet land, and 16.1 percent of garden land were alienated from farmers to others. Of the total alienated land, one-third was sold to repay debts.

The main objective of the Land Revenue Act of Hyderabad State of 1317 F (1907 C.E.) was to enhance state revenues, along with fostering private ownership of land. However, in reality, this objective was not achieved, as the Act contained several loopholes. Exploiting these loopholes, local landlords and upper-caste individuals acquired the lands of small and marginal farmers. In most cases, lands were alienated to moneylenders due to the non-payment of debts, which had been incurred to pay land taxes.

Although the government attempted to regulate moneylending practices through laws such as the Money Lending Act of 1349 F and the Prevention of Agricultural Land Alienation Act No. 3 of 1349 F, these measures proved ineffective. The growing distress and discontent among farmers eventually escalated, culminating in the historic Telangana Armed Struggle.

After the introduction of capitalist economic policies in Hyderabad State, the autonomous economic system in the Telangana region disintegrated. It was replaced by a capitalist economy and the enforcement of a private property system. The spread of capitalism, along with the emergence of new forms of land tenure and cultivation practices, led to the dispossession of the original peasant population.

As a consequence, small and marginal farmers became increasingly indebted. Many landless farmers also fell into debt and were eventually reduced to wage earners and agricultural laborers. Despite the enactment of various laws by bourgeois governments to curb this process, these measures have failed in practice. Such outcomes are inevitable in an unequal economic system where structural disparities persist.

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