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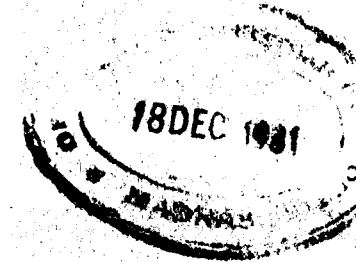
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[No. 12.

THE
VILLAGE PANCHAYAT

(A MONTHLY PERIODICAL)

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SEPTEMBER 1931

PUBLISHED BY
The Madras Provincial Co-operative Union,
ROYAPETTAH, MADRAS.

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CONTENTS.

	PAGE No
FORMATION OF VILLAGE PANCHAYATS ...	209
EDITORIAL NOTES ...	214
ROUND LOCAL BODIES ...	216
AGRICULTURAL INTEREST ...	219
SUPPLEMENT:—	

BILL TO AMEND THE MADRAS ESTATES LAND ACT

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ANNOUNCEMENTS

(1) To the Panchayats and Presidents of Taluk Boards.

The Editor of the "Panchayat" will be pleased to have short occasional notes from and about all the Panchayats now existing in the Presidency for publication in this Journal. Irrigation, Forests, Co-operative Panchayats and Panchayat courts and voluntary organisations doing arbitration work are all requested to send notes of interest. It is desired that the notes should be fairly brief and to the point, so that the Editor may be able to deal with the maximum matter in the minimum space without sacrificing clearness.

(2) To the Readers.

The Editor will always be pleased to hear from the readers any suggestions for the improvement of the Journal.

Any contributions bearing upon the Panchayats and their future in particular and all rural development in general are welcome. Contributors are requested to note that an article covering more than a thousand words may not be in form for this Journal. Contributors are also requested to note that they will please send their contributions in that language in which they desire them to appear.

(3) Please Note.

All copies for the Press have to be legibly written on one side of the paper. It will always be helpful if contributors note that quarter sheets of foolscap size make a standard manuscript.

OUR EXCHANGES.

We have very great pleasure in acknowledging with thanks the following journals sent to us in exchange.

The Gramani.	The Health
The Calcutta Municipal Gazette.	The Sadgope Patrika (in Bengali)
(Bengali) Palli Swaraj.	The Madras Co-operator.
(Maharatti) Poona Municipal	The Madras Local Self-Government
Rural India. [Gazette.	Quarterly.
(Tamil) Village Uplift.	The Samadarsani (Telugu).
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THE VILLAGE PANCHAYAT.

(Formerly the Village Panchayat Bulletin).

VOL. I.]

SEPTEMBER 1931.

[No. 12

Formation of Village Panchayats.

Though the life of the present Local Boards and Municipalities has been extended by recent legislation to the end of March 1932, electoral rolls are well under preparation and it is expected that elections to Municipalities will take place in October next and elections to Local Boards will follow. The Electoral Rolls for Panchayats will be really extracts from the Taluk Board Rolls to the extent that they apply to the particular area defined as the 'village.'

Apart from elections to Panchayats already formed both under the act of 1920 and after the new amended act, if any, the formation of new Panchayats is a question that must immediately occupy the attention of the country under the amended act. No Panchayat could be started, in the first instance, by the Government through nomination. By section eight the Act laid down that all the members of every local board shall be elected. For purposes of vacancies that may arise in the meanwhile the Government did take steps, under powers vested in them by the transitional clauses, to prescribe the old method of electing members to Panchayats. As, perhaps, no great purpose could be served by extensive establishment of Panchayats on a temporary footing of the nature, it appears that the Government did not contemplate even the appointment of the district panchayat officers contemplated by the Act of 1930 under Section 68 (1). The preparation of electoral rolls was the first essential to form fully elected bodies and now that work has well progressed. District panchayat officers, may be expected to be appointed ere long. Whatever other duties these officers may be called upon to discharge, the select committee considered that their primary duty would be organisation, in the first instance. We re-produce below the paragraph from the Select Committee's report relevant to this subject.

THE VILLAGE PANCHAYAT

"The Committee have made it incumbent on the District Board to provide for a District Panchayat Officer, if so required by the Local Government. The Committee envisage that it would be the business of this officer to organise Panchayats, to exercise such of their functions as they may think fit to delegate to him, and generally to advise and supervise the work of the Panchayats. In view of the obligation cast on the Local Government to organise Panchayats for villages with a population of a thousand and more this officer will be found to be necessary".

No doubt, the obligation cast on the Government to form panchayats compulsorily for every village with a population of a thousand has disappeared because of the disappearance of the Congress Party members at the time of passing the measure; but, the intention of the Legislature was clearly expressed in regard to the appointment of this officer by the Select Committee and it is still there. We hope district panchayat officers will address themselves to their primary duty, when they are once appointed, and nearly fulfill the expectations of the progressive select committee which advocated extensive organisation of Panchayats.

Miss D. Tickell an honorary organiser in the Kurnool District has sent us a number of questions to be answered concerning the formation of Village Panchayats. They are helpful to elucidate the position as it now stands.

In what type of village can panchayats be formed? Must the population of the village be above a certain number as a minimum? Under what circumstances can villages be grouped together for Panchayat purposes? The Local Boards Act as it now stands does not contemplate either a minimum population or any particular type of village for the formation of a Panchayat. It is open to any village, however small, to make an application for the formation of a Panchayat. It is equally open to the Local Government to constitute a Panchayat for such village. The act by section six really contemplates compulsory formation of a panchayat for each village. The words are clear.

"There shall be constituted for each district, a District Board, for each Taluk a Taluk Board, and for each village, a Panchayat."

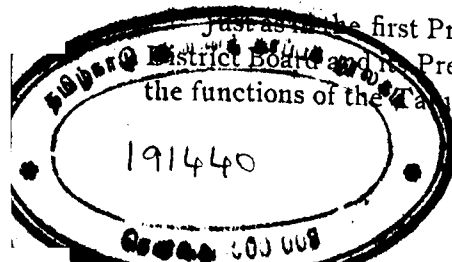
Just as in the first Proviso to the section, provision is made for the District Board and its President to discharge the duties and perform the functions of the Taluk Board and of its President where there

FORMATION OF VILLAGE PANCHAYATS

is no taluk board in any part of the district, so also is provision made in almost identically similar terms for the Taluk Board and its President to discharge the duties and functions of a Panchayat Board and its President, where a Panchayat Board does not exist. It is evident, therefore, that the act contemplates universal establishment of panchayats as a very normal measure. However, the power of the Local Government to make or unmake panchayats arises out of section 5 and the definition of "Village" in section 3 (23). The Government has the right, by notification published, to declare any part of a revenue taluk to be a village, name it, exclude areas from it or include areas therein or, what is most important for our purpose, cancel notification of a "village" and obliterate a Panchayat out of existence. By a manipulation of these powers the Government may retard the formation of Panchayats, if they choose. But we do hope the Government will do no such thing.

The organisation of Panchayats must be pressed forward. Honorary organisers and others concerned have some guidance in the original amendment of the select committee that considered the bill of 1930. Villages with a population of not less than a thousand deserve immediate attention. Ordinarily every revenue village may have a panchayat. However, the reason why the Act made a departure from that definition of a "village", if understood, will give further guidance. Some revenue villages are not sufficiently populous to allow of a panchayat to function. Therefore, where a greater aggregation of people is considered desirable, more than one revenue village may join in forming a panchayat. Next there is the question of some common interest like the Village Forest or an Irrigation source. Where some one or more of such institutions is very important aggregation of villages into one panchayat may ultimately be of great advantage. In addition, we have, in many quarters, to face the question of party factions. One village without factions when clubbed with other villages may be able to carry on administration and ultimately set factions at rest. The influence of a panchayat has really to be in this direction. All these aspects will have to be considered by those who undertake formation of panchayats.

What action must first be taken when a village has decided that it wishes to have a Panchayat? The first thing that has to be done is that the Government should declare the area decided upon, as "Village" under the act. Where a District Panchayat Officer has



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Editorial Notes

Gandhiji has left our shores to take part in the Second Round Table Conference to be shortly held. We welcome the decision that made this possible and we wish Victory to him. According to his own confessions the humanity in him is frail; yet the Divinity in him is so strong and surging that he considers no circumstance hopeless and no result impossible provided his one great concept Ahimsa spreads in widening circles. We assure him his fundamentals of life have caught and he may with confidence go forward to reshape not only India but the wider world. In his latest Aden speech he has shown how clearly he thinks of higher humanity even while he thinks of a freer, higher and nobler Indian Nation. His is not narrow nationalism. It is pure gold. It is nationalism that is part of universalism. It is nationalism that is bound to be the first string in a harmony that produces the great music of the worlds of the poets and the seers. England has just to recognise this to recognise the right of India to Freedom, and we are sure she is regenerate enough to achieve it.

Messrs. V. Ramadas Pantulu and Visvanadha Das on behalf of the Presidency Proprietary Ryots Association have issued a very clear statement of the case against the present Bill to amend the Estates Land Act. It is published as a supplement to this issue. A special extra-ordinary conference of Zamindari Ryots held at Tiruttani on the 6th of this month under the presidency of Raja Bopparaju Ramakrishna Rajulungaru and in the immediate presence of the Chief Minister, has reiterated the request that the present measure should be dropped and the way should be made clear for a comprehensive consolidating Bill to be introduced into the new Reformed Council. The Zamindars are mere accidents in the history of India. They were created as convenient instruments to gather taxes for the East India Company. During a time of political turmoil they were invested with some part of state powers. The Permanent Settlement, however, made them Proprietors of land and created a new land tenure which had no natural warranty whatsoever. The land tenures of India themselves have to come under review when a reformed constitution is postulated and all land revenue has to be levied not under executive decrees, as at present, but under fair and equitable laws. Even if the Zamindar may be tolerated as a tenure holder, there is no reason why the barbaric relics of feudal power should be left as his prerogatives. A Lord Beethhoven or a Lord Lithlinglow is not under English Law entitled to do more than what an ordinary pattadar does in respect of his undertenants. Why should our Zamindar, of all landed

proprietors, be entitled to extraordinary powers? The age is past when even acts of Legislatures will be accepted lying down. Let not the present council with its predominant influential Zamindari interests commit the astounding folly of this unsatisfactory and piece-meal amendment of the Estates Land Act as its swansong. If it cannot do better, let it drop the Bill and leave the future in the lap of gods.

The Government of India have introduced fresh legislation against the freedom of the press. The Bill brought forward is said to be very much more restricted than its predecessor which was sought to be introduced during the last Budget session but was dropped on account of the political situation. It is stated that the present proposal is that only those writings should come within the scope of the Bill which incite to or encourage the commission of murder or any offence involving violence or which express approval or admiration of any such offence or of any person real or fictitious who has committed or is alleged to have committed any such offence. But provisions for almost compulsory deposit of security by presses as a normal measure and forfeiture for alleged offences form the main features of the operative clauses. This can only be a handy weapon to cripple poor Indian Journalists as a whole but it can never be an effective weapon against the type of writings contemplated. If there is an incitement to murder or violence the ordinary penal law is there to bring the offender to book. That can deal with offenders of the type in a more deterrent manner than demand of security or forfeiture thereof can ever do. The second object mentioned is, that the Government desire to stop publication of approval or admiration of any such actual offence. That again is matter for the ordinary criminal law. Abetment is an offence and, if need be, the Government may strengthen the law against abetment. There is yet a third object contemplated by the Government. They desire to stop expression of admiration of any person real or fictitious who has committed or alleged to have committed any such offence. When serious this may again be brought under abatement. However in the present move for legislation, this appears to be the real crux of the matter. The only remedy lies in what Gandhiji is doing. Public opinion aroused and formed against wrong cults is a greater shield than all so called laws. We are afraid that suppression of opinion in print by a dangerous law, will only drive the cult into deeper and subtler channels and make the problem more difficult than ever. It would be a personal catastrophe if the Hon. Sir C. P. Ramaswami Ayer, once the general Secretary of the Home Rule league and Mrs. Besant's advocate in press security proceedings should now, as the Law member in the Government of India, carry a Press security law, however restricted its scope may be in all legal form.

been appointed the village may send him an application asking for the formation of a panchayat and requesting that Government may be moved to declare the area a "village". The application may take the form of a mahazar with signatures and thumb impressions. It may state really the actual needs of the area in specific terms and also indicate whether men can be found who can shoulder the responsibility of administration. All these may help the Government to form an opinion. Where a district panchayat officer has not yet been appointed, the application has necessarily to be sent to the Inspector of Municipalities and Local Boards who is really the actual Government head for all these purposes. Under the old act, the government had made rules for procedure in this connection and fresh rules will, we are sure, ere long issue under the amended act.

When, after due notification, the Local Government has declared the area a "Village" under the act, they have to declare the number of members that should constitute the Panchayat. This has to be done under section 10. But the limitations of numbers have been laid down in section 7. No Panchayat may have less than 8 members nor can it have more than 16. The Government has to decide the number within these limits. Under section 49 they have to consult the panchayat not only in regard to the total number of seats but also in regard to the wards into which the panchayat area may be divided and the seats to be reserved for women, Adi-dravidas, Moslems Etc. Where a Panchayat has to form for the first time, those who desire formation may send up their own suggestions to the government. This may have to be done through the district Election Officer, where he exists, because it is his province to assist government in these matters. Once electoral rolls get ready and the number of Panchayatdars and the constitution of wards in any area are declared, the actual machinery provided in the act for elections comes into motion and the panchayat is constituted.

What is the minimum amount of taxation that a panchayat must enforce when it is first formed? Must this always be a money tax or can labour be substituted? The Panchayat as such has no powers of levying taxation. There are three authorities that levy taxation under the Local Boards Act. The Act itself is the first authority. Under sec. 74 B, it levies a land cess compulsorily. Under section 78 it fixes the rate unalterably at one anna six pies in the rupee of the annual rent value. Under sections 79-91 it arranges for collection by the district Collector laying down the whole

procedure. The second authority contemplated is the District Board. It has the power to levy a profession-tax, a house-tax in certain areas *i.e.* in areas which were hitherto Union Boards, and subject to the previous sanction of the Local Government and the Government of India, a Pilgrim tax. The third authority is the Local Government. However, the Local Government may not take the initiative. A panchayat may recommend under section 75 (2-a) as convenient and suitable to the village any tax other than those leviable by the District Board, of course including house-tax, if the panchayat is not one which was a Union Board under the old act. The recommendation has to be in the form of a sanction by not less than one half of its sanctioned strength at a meeting specially convened [Section 75 (2-b).] This limited power of taxation need not necessarily be exercised always in favour of a money-tax. Certainly every panchayat has the right to recommend to the government the levy of a labour tax. Half a day's labour every Monday or Rs. 13-8 in lieu thereof, is working very well in Mysore and there is no reason why our panchayats should not adopt it. Though Panchayats need not, as per the law, levy any taxation to start with, we are sure once they start on their career, they cannot subsist upon the 3 pies cess that is allowed to them from the collections in the village unless they are put in possession of customary samudayam incomes, which are, in some villages sufficiently large. In other villages some kind of levy must become essential. We are sure this labour tax will be absolutely in keeping with our genius and most equitable under our conditions. It is bound to be equally effective.

KISTNA AND GODAVARI RESETTLEMENT.

The Government of Madras have issued a fresh press communique on the question of the Kistna and the Godavari resettlement. They refer to their original G. O. and draw special attention to one portion thereof which runs as follows :—

"The question whether the increment remissions granted under occupied lands in each fasli should be increased, will be considered at the time when the kist collections are due to begin, with reference to the economic situation then prevailing."

From the above, the Government state that it will be seen that the question whether any increase and, if so, what increase shall be imposed on the existing rates of assessment during the current fasli is still open to consideration. They state that it will further be seen that the highest increase that may be imposed on any class of land this fasli will be at the rate of one anna in the rupee.

THE VILLAGE PANCHAYAT

subject to clause (b) of the proviso to paragraph (1) and except in cases where the local board has before the date of this notification levied profession tax in accordance with the said provisions be assessed to profession tax at the rates prevailing in the local area concerned; and

- (3) that no person whose liability to pay profession tax or house tax arose for the first time by virtue of the provisions of Madras Act XI of 1930, except in cases where the local board has before the date of this notification levied such tax in accordance with the provisions of the Madras Local Boards Act, 1920, as amended by the first mentioned Act, and no person who became exempt from the payment of such tax by virtue of the provisions of Madras Act XI of 1930 shall be assessed to such tax in respect of the half-year ending 30th September 1931 or in respect of the half-year ending 31st March 1932."

* * * *

Narasapur Panchayat President removed.

Under sub-section (1) of section (43) of the Madras Local Boards Act, 1920, the Local Government have removed M.R.Ry. K. S. Brahma-nandam from the office of the President of the Narasapur Panchayat Board for not convening any meeting from 23rd January 1931 more especially a requisitioned meeting; for suspending the clerk of the panchayat holding no enquiry; and not sending connected papers to the president Taluk Board when asked for; and for not taking steps to place before the board the question of its reconstitution and division of the panchayat area into wards.

* * * *

Tachanallur Panchayat suspended.

Tachanallur Panchayat Board in the Tinnevely District has been suspended by the Local Government for one year from 4th August 1931

In 1928—29 the number of Hindus receiving instruction was 47 per cent; Parsis 22.7, per cent; Anglo-Indians and Europeans 18.5 per cent; Indian Christians 13.7 per cent; Moslems 5.2 per cent.

* * * *

For 120 millions of population America spends 600 crores of rupees on education. For three times that population we spend 27 crores of which about ten crores come from the Government.

Agricultural Interest.

Rice Research in India.

The Empire Marketing Board has made a grant of £ 15,700 (Rs. 2,03,279) spread over five years, towards a scheme for the development of rice research in India which aims at increasing the yield and improving the quality of Indian rice.

The scheme is organised by the Imperial Council of Agricultural Research of the Government of India. The Empire Marketing Board has offered to bear half the cost of developments in Burma, the principal rice exporting province, and Bengal where Patna rice is grown for export. Schemes for development of research in the remaining five provinces are to be financed entirely by the Imperial Council.

The area under rice in India is nearly half as much again as the whole area of the United Kingdom. About 33,000,000 tons are produced annually of which only a small proportion is exported. The United Kingdom imports about £ 17,90,000 worth of rice annually from all sources. The scope for research is immense. Improvement may come through breeding better varieties of rice already grown in India, or through establishing new and better kinds of rice from other countries. A beginning has already been made and over a million acres are under improved varieties.

Electric Power from the Ganges.

Holy Ganges has been laid under contribution to yield electricity. It is the Upper Ganges Canal that is utilised. In addition to serving 4½ million acres of irrigation, this canal is to-day supplying Shaharanpur, Meerut, Aligarh, Muzaffarnagar, Balandshah, Hathras, Khurja, Sambhal, Chandausi, Nagina, Najibabad, Amroha, Hardwar Union, Hapur cities and towns with electricity. There are fifteen other towns with populations between 10,000, and 20,000 and thirty between 5,000 and 10,000 served. Aggregate urban population served is well over a million. The East Indian and North West Railways also get supplies. The transmission system is 880 miles in length and covers an area of 10,000 square miles. This system is providing cheap power at suitable points for pumping water from rivers hitherto untapped. The Kalinadi scheme supplies 30,000 acres, Ramganga scheme 50,000. Power is also being provided for rural industries and farms to villages with population of less than 5000. All this is work done after 1928.

Prize for Agricultural Economics.

An annual prize to be known as the Humbert Marie Josie Prize has been instituted by the International Institute of Agriculture, Rome, for the best work in Agricultural Economics—comprising all problems relating to Economics and Agricultural Statistics. The prize consists of a gold medal and a sum of 10,000 liras. [A Lire is just 10 ds. or about as. 8.] The last day for the presentation of the work is 30th September and for the grant of prize 31st December, each year. The prize will be awarded for the first time on the 31st December, 1931.

VILLAGE PANCHAYAT

Maynard Gangaram Prize.

The first award of Maynard Gangaram Prize of Rs. 3,000 value given away every three years by the Punjab Government for a discovery or an invention, or a new practical method which will tend to increase agricultural production has been made in favour of Dr. C. A. Barber, D.S.C., C.I.E., 294, Cherryinton Road, Cambridge for his fundamental discoveries which have resulted in the production of Coimbatore seedling sugarcane which are much higher yielders under Punjab conditions than the old indigenous varieties and which are expected to replace totally indigenous varieties. This prize is open to all persons all over the world and applications for the next award should reach the Director of Agriculture, The Punjab, Lahore on or before 31st December 1932.

Salt for grazing Cattle.

It had never been the general practice to give salt habitually to cattle especially to grazing cattle, except as a religious observance or as medicine when sick. But the Bombay agricultural department has made experiments since 1925. The results are summarised as follows. The block of rock salt recommended has not to be less than 4 lbs. in weight having a flat surface on which the animal can lick larger area. The most convenient and suitable receptacle for placing the salt blocks is a rectangular wooden box 1½ ft. long, 1½ ft. broad and ½ foot thick.

SUMMARY OF RESULTS.

1. The giving of salt to animals on grazing areas is a novelty in India. Grazing animals, however, get salt in a slight quantity by licking rock, soil, ash and body of other animals.
2. Rock salt is convenient for grazing animals, since it is in compact crystalline mass and little hygroscopic.
3. Animals consume more salt during stall-feeding than open-grazing. They consume more when feeding on poor dry grass than on green succulent growth.
4. Salt is relished with great avidity by all bovines, who forget the habit of licking rock, soil ash and body of other animals.
5. Salt facilitates easy control of animals and proper utilization of growth.

Agricultural and Milk Industry in the Irish Free State.

The Irish Free State consists of twenty six out of thirtytwo counties which constitute Ireland. It contains 17,019,154 acres of land and has a population of 2,971,992 persons of whom 672,129 work either at the cultivation of the land as farm owners, gardeners, etc., or aiding those who do so. The Irish Free State has few towns whose population rises above 20,000 and only two, Dublin and Cork, where the figures exceed 100,000. The total quantity of whole milk produced in a year is estimated at 589,000,000 gallons and the total butter produced at 1,491,000 cwts. It is said that Irish farming is small farming and the average farmer is a very poor man. His annual income is put at £ 88 per annum. Holdings under 30 acres number 310,824 out of a total of 443,406. The co-operative movement, however, is responsible for what prosperity the Irish ryot has.

Bill to Amend the Madras Estates Land Act.

**STATEMENT ISSUED
ON BEHALF OF THE PRESIDENCY PROPRIETORY
RYOTS' ASSOCIATION**

BY

V. RAMADAS PANTULU,
BISWANADHA DAS AND B. JAGANNADHA DAS.

A COMPREHENSIVE MEASURE WANTED.

The Madras Estates Land Act I of 1908 is the first enactment in this Presidency to define the substantial rights of landholders and ryots. The statement of objects and reasons appended to the Bill concedes that defects in that piece of legislation came to light within an year of its enactment and that, so far back as 1913, the Government of Madras contemplated the introduction of a Bill to amend the Act in the light of the defects and difficulties disclosed "by numerous decisions of the High Court, the Board of Revenue and other sources". In 1914, private bills were also introduced to amend the Act. The matter was dropped during the War. In 1922 and 1924, it was again revived and some committees sat on the matter. A Bill was framed in 1928. No action was taken, however, since then. The present Bill XII of 1931 was published for the first time in the Gazette on the 28th July, 1931. There was a public announcement that it would be introduced into the Council on the 6th August, 1931, that is, within eight days of its publication. But it was not eventually introduced on that date and it is said that it might be introduced at the next meeting of the Council which meets at the end of October.

The Bill in its present form is merely an amending Bill and not an amending and consolidating Bill. Under legislative procedure, sections of the Act not touched by the Bill cannot be amended by the Council, nor can fresh amendments even to the sections covered by the Bill, not arising out of those embodied in the Bill, be moved. So, there will not be any scope to radically improve the existing Act. We consider that the procedure adopted by the Government does not constitute the proper mode of approach to the question of placing the tenure in the zamindaris on a sound and satisfactory footing.

The Bill affects a very large proportion of the agricultural population of the province. Of the cultivated area of the land in the province, 27 million acres are directly held under the Government under ryotwari tenure and 19 millions under the zamindari tenure. These zamindari ryots suffer from numerous disabilities under the existing law and we desire to draw attention to the more serious among them, in order to show that a radical amendment of the present Act is called for to improve the lot of the tenantry in the zamindaris.

FIXITY OF TENURE.

The Madras Estates Land Act 1908 is said to have given fixity of tenure. It has given fixity of tenure. But it has materially reduced the value of the permanent right of occupancy by vesting in the landholder such summary powers of enforcing his demands as are calculated to make Zamindari ryot's tenure precarious from an economic stand-point. Moreover, the ryot is liable for eviction if he renders land unfit for cultivation by building houses etc. and in some cases, for non-satisfaction of rent decrees. Again the landholder's rent demand on the land in some estates is so excessive as to virtually destroy the economic value of the Kudiwaram right. If 50 or 60 per cent of the gross produce or its equivalent in cash is absorbed in the rent payable to the landholder, the occupancy is but a nominal right. The Madras Provincial Banking Enquiry Committee therefore found that "land in zamindari is less readily saleable outside and therefore less valuable than, that in ryotwari villages." (Vide para 26 of their Report.)

FIXITY OF RENTS.

The most outstanding characteristic of the zamindari ryot tenure, is the abnormal features of the existing rents in the several zamindari areas of the Province. The reason for this is to be found in the history of the revenue administration of the province. When the East India Company made its land revenue settlements at the end of the 18th century and the beginning of the 19th, its main concern was to set up a stable agency to collect its revenues and remit them to its treasury. The zamindars who were created under the Permanent Settlement Scheme, were conceived as proprietors of the soil and later regulations reiterated this position. In that arrangement, the customary and other rights of the actual cultivators of the soil and the extent of the fiscal demands that can be legitimately imposed on them, did not come under investigation. The notion of the English landlord and tenant prevailed. The landlords were vested with rights to enter into con-

tracts with their tenants, both in respect of duration of tenancy and amount of rents. Later regulations, which provided for exchange of *pattas* and *muchilikas* and the prevention of illegal exactions, left the landlords' supposed proprietary rights substantially unaffected. The Madras Rent Recovery Act of 1865 was a mere processual law and did not deal with the substantive rights of landholders and ryots, except by making the exchange of *pattas* and *muchilikas* obligatory and providing that improvements effected by ryots should not be taxed. This immunity of such improvements from taxation was, however, a futile concession, for the right of eviction, which could be exercised by the enforcement of a stipulation to quit at the end of the term, coupled with the absence of any provision for compensation for improvements before eviction, enabled the landlord to virtually confiscate the land with the improvements thereon. Eminent Judges of the High Court, like the late Sir Subrahmania Ayyar and Sir R. Benson, exposed the basic fault of these notions and pointed out that the relations between the zamindar and the ryot in this province were not those of ordinary landlord and tenant. They tried to set right, to a small extent, the position by demanding from the landholders proof of their right to eject whenever they wanted to exercise that right. Whether the right of eviction was actually exercised or not, it undoubtedly served as a powerful lever to enhance the ryots' rent, and was largely used, in practice, on the expiry of the term, to obtain the highest rents possible. The rents paid by zamindari ryots on the date of the passing of the Madras Estates Land Act were thus undoubtedly competitive rents and were much higher in many zamindaris than the rates of assessment paid on ryotwari lands of similar nature and with similar advantages.

EXISTING RENTS NOT FAIR AND EQUITABLE.

Nevertheless, the present Act perpetuates these high rents by raising a presumption in favour of their being fair and equitable; this is a wholly unsustainable position. These rents, moreover, vary from zamindari to zamindari, from village to village in the same zamindari and sometimes from ryot to ryot in the same village on the same kind of lands. The basis of assessment not infrequently varies with the crop or the yield; cropwar rents and *Varam* rents still prevail. Commutation of *Varam* rents into cash rents cannot be claimed as of right and the principles of commutation laid down in the Act do not secure to the ryot a fair and equitable rent in cash. Notwithstanding these unfair and inequitable features of existing rents, the Act provides for current rents being en-

hanced by $12\frac{1}{2}$ per cent every 20 years on the ground of rise in prices and other causes. The provisions of the Act for survey and settlement of rents to adjust inequalities and put rents on equitable and fair standards are unavailable to individual ryots. Recourse to settlement of rents can at best be resorted to by them collectively. The cost of the operations is prohibitive to a degree even to large land-holders and the ryots can hardly bear it. Even here, the Settlement Officers have to start with the presumption that existing rents are fair and equitable, a position which is certainly inconsistent with the aims of a settlement. Further, the Madras High Court so interpreted the provisions for settlement as to allow existing rents being enhanced to any extent by the Settlement Officer and held that the rule, limiting enhancements to $12\frac{1}{2}$ per cent of the rents once in 20 years, did not control the increase of rents under the settlement operations. We are aware of cases in some of the northern zamindaris, where the survey and settlement of rents, combined with the commutation of grain rents into cash rents, resulted in claims by landholders of 200 per cent increase over the existing rents.

The Bill has not improved matters in these respects. On the other hand, it has made the position of the ryots distinctly worse by including under rent tree taxes, unascertained claims for use of water and certain other demands like forest fees. There are no provisions in the Bill to enable ryots to get rents, which are unduly high, reduced to a fair and equitable level. The provision against taxing improvements is modified to the disadvantage of the ryots by validating contracts between landholders and ryots in respect of enhanced rents, if the landholders make any contribution for improvements, however little such contribution may be. The Collector's sanction for such contracts affords no real relief in practice. This provision can be easily used to the real detriment of the ryots. Again, enhancements, which can now be claimed only by suits, are allowed by the Bill to be claimed on petition, thereby making it easier for the landholders to take advantage of Section 30 of the Act.

REMISSION OF RENTS.

The zamindari ryots cannot claim any remission of rents, even when a total failure of crop occurs, by drought or flood. Though the Government ryot also has no legal claim for remission of revenue, yet some well-understood executive orders at least purport to provide for relief by way of remission of revenue in deserving cases. The landholders are not committed to any such policy. The Famine

Commission have referred to this grave injustice and urged the adoption of measures to remedy it.

The Bill, however, does not give any relief to the ryots in this matter.

REPAIR OF IRRIGATION WORKS.

The zamindari ryots, who pay wet assessments on their lands which are irrigated from the zamindari water sources, cannot compel the zamindars to maintain the water sources in good repair nor can they withhold wet rents on failure of crop owing to inadequate water supply from these sources. The right to claim reduction of rents consequent on the *permanent impairment* of those sources is utterly ineffective and unworkable. The right to get the repairs effected through the agency of the Revenue authorities is also of little use in practice and the ryots cannot take advantage of the provision, for they are nowhere in a position to incur the expenditure in the first instance or to combine to carry out the repairs.

The Bill attempts to improve the position by empowering the District Collector to collect the cost from the landholders in the first instance, but it is still unsatisfactory. The liberty given to individual ryots to apply to the Collector for execution of repairs is seriously circumscribed by the provision requiring a deposit up to Rs. 200 with the risk of the same being forfeited, if the applicant is unable to successfully face the landholder's influential opposition.

CUSTOMARY RIGHTS AND COMMUNAL LANDS

The old customary rights of the peasants to graze their cattle in the waste lands of the estates or to get fuel, green manure and timber for agricultural implements from the adjoining zamindari forests, are not recognised by the Madras Estates Land Act; and we frequently come across cases in which the zamindars deny these rights and cause considerable harassment to the ryots, thereby compelling them into submission to some untenable demands.

The Bill has not improved the position; on the other hand, it has legalised, by implication, the levy, in addition to rent, of certain kinds of fees for the enjoyment of these customary rights.

PREMIUM ON ADMISSION.

At the first admission of a ryot into the ryoti land of an estate and at each of the subsequent lettings of ryoti land, which has come into the hands of a zamindar, he can exact premium at his pleasure. No limits are placed on the amount of such premium. He can virtually sell occupancy for its competitive market value and some-

He was improvised by a Trading Company for facilitating its revenue collections. There can be no doubt that the system operates to-day to the serious prejudice of millions of small cultivators and tends to their economic deterioration. The apprehensions of administrators like Sir John Shore, about the pernicious effects which might result from the Permanent Settlement, have come to be realised. The zamindar has to make some contribution to his country's economic development, if he wishes to survive the onslaught of current economic forces. Mr. Darling, I.C.S., an experienced administrative officer, well informed on questions of Indian Rural Economy, says: "At a time when all ancient institutions are being subjected to a critical scrutiny, it is difficult to find sufficient justification for the landlord who neither helps his tenants nor develops his land."

ABANDON THE BILL.

We, therefore, feel that the tenancy legislation undertaken by the Government at this juncture and in the form of a Bill to amend only certain provisions of the Madras Estates Land Act, does not meet the requirements of the situation, which is really serious. The volume of discontent among the tenants is growing and with it the opinion in favour of the annulment of the Permanent Settlement itself. The Government must take courage in both hands and do something to improve the economic position of the ryots, by bringing down the high level of rents now levied by landholders and by other forms of economic relief. The landholders must come into line with the spirit of the times and take a wider outlook in the matter of improving the condition of the tenants. We are of opinion that the present time is not suitable for the enactment of a measure of such far-reaching importance. We, therefore, plead for the abandonment of the Bill, until the Local Legislature is reconstituted under the Reformed Constitution. If the Government persist with their Bill, some non-official members of the Council will be obliged to introduce a comprehensive Bill to consolidate and amend the Act radically and obtain leave of the Council to refer it to the same Select Committee which deals with the official Bill. It is an undesirable and unsatisfactory procedure. The best course for the Government, therefore, is to drop their Bill and leave the task to the first Council under the Reformed Constitution.

*The Presidency
Proprietary Ryots'
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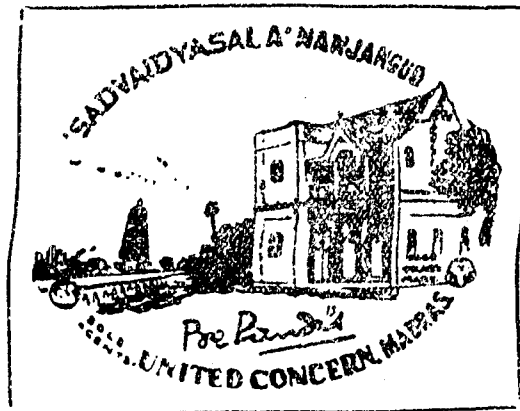
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CONTENTS.

	PAGE No
FORMATION OF VILLAGE PANCHAYATS ...	209
EDITORIAL NOTES ...	214
ROUND LOCAL BODIES ...	216
AGRICULTURAL INTEREST ...	219
SUPPLEMENT.—	
BILL TO AMEND THE MADRAS ESTATES LAND ACT.	

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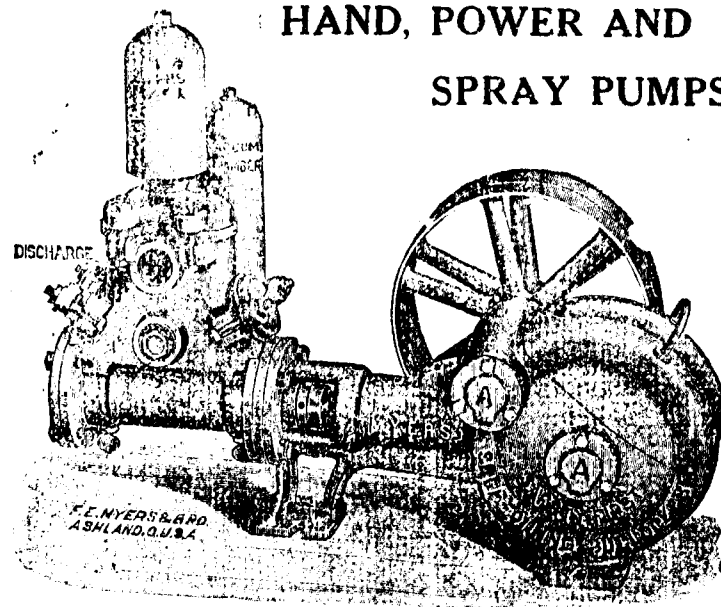
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THE VILLAGE PANCHAYAT

(A MONTHLY PERIODICAL)



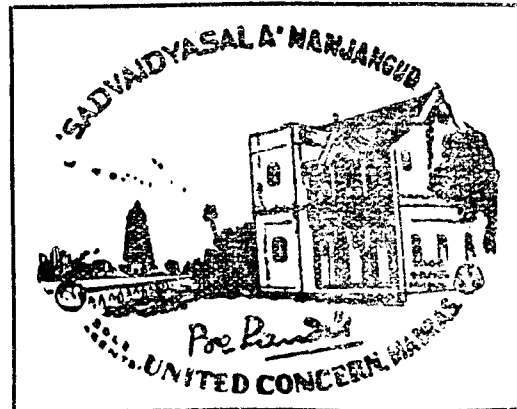
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CONTENTS.

	PAGE No
OURSELVES ...	1
EDITORIAL NOTE ...	3
THE GOLD STANDARD CRISIS AND THE INDIAN AGRICULTURISTS ...	5
FORESTS PANCHAYATS IN MADRAS-REPORT FOR 1930-'31	17
PROCEEDINGS OF THE INSPECTOR OF MUNICIPAL COUNCILS AND LOCAL BOARDS—	
(i) ORDER D. DIS. NO. 23455-31, DATED 10—9—'31 ...	20
(ii) ORDER D. DIS. NO. 30937-31, DATED 6—10—'31 ...	21

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ANNOUNCEMENTS

(1) To the Panchayats and Presidents of Taluk Boards.

The Editor of the "Panchayat" will be pleased to have short occasional notes from and about all the Panchayats now existing in the Presidency for publication in this Journal. Irrigation, Forests, Co-operative Panchayats and Panchayat courts and voluntary organisation, doing arbitration work are all requested to send notes of interest. It is desired that the notes should be fairly brief and to the point, so that the Editor may be able to deal with the maximum matter in the minimum space without sacrificing clearness.

(2) To the Readers.

The Editor will always be pleased to hear from the readers and suggestions for the improvement of the Journal.

Any contributions bearing upon the Panchayats and their future in particular and all rural development in general are welcome. Contributors are requested to note that an article covering more than a thousand words may not be in form for this Journal. Contributors are also requested to note that they will please send their contributions in that language in which they desire them to appear.

(3) Please Note.

All copies for the Press have to be legibly written on one side of the paper. It will always be helpful if contributors note that quarter sheets of foolscap size make a standard manuscript.

OUR EXCHANGES.

We have very great pleasure in acknowledging with thanks the following journals sent to us in exchange.

The Gramani.
The Calcutta Municipal Gazette.
(Bengali) Palli Swaraj.
(Maharatti) Poona Municipal
Rural India.
(Tamil) Village Uplift.
(Telugu) The Sadhana.

The Health
The Sadgope Patrika (in Bengali)
The Madras Co-operator.
The Madras Local Self-Government
Quarterly.
The Samadarsani (Telugu).
The Koumodaki (Telugu).

THE VILLAGE PANCHAYAT.

(Formerly the Village Panchayat Bulletin).

VOL. II.]

OCTOBER 1931.

[No. 1.

Ourselves.

With the publication of this issue we enter upon the second year of our existence. We took shape almost immediately after coming into force of the Amended Local Boards Act and filled the place left vacant by the disappearance of the Village Panchayat Bulletin that was originally being published by the Registrar-General of Panchayats. During the course of the last twelve months, we have done what best we could to render assistance to those who have been interested in the development of Panchayats and Village Government. These twelve months, however, could not be very fruitful because the formation of Panchayats had practically to come to a standstill on account of various circumstances. The new Act, as hitherto pointed out in our pages, contemplated formation of panchayats only on an elected basis. The Local Boards Act made the preparation of electoral rolls of the Panchayats dependent on the preparation of electoral rolls for the Taluk Boards. The voters' lists for the Taluk Boards are still in the making and it will be a few months more before they are ready. The abolition of the post of Registrar General of Panchayats created for sometime difficulties of an administrative nature; and until after the advent of the new ministry, the Inspector of Local Boards was practically recognised as the old Registrar-General under a new name, even the old Panchayats that existed had to suffer to some extent. The financial stringency that has so enveloped all activities of a progressive nature has equally affected the Panchayat Movement.

THE VILLAGE PANCHAYAT

Therefore we have had mostly to rely upon the old Panchayats that existed before the passing of the Amended Local Boards' Act for patronage. As is well-known, a large majority of the old panchayats did not function. Such as did function were mere "Local School Committees" as per the report of the Registrar-General. Under such limited conditions, and equally limited interests, we have had splendid response, and we thank our friends who have so well supported us. We have more especially to express our gratitude to the Co-operative Department and Registrars thereof, D. N. Strathe Esquire., I.C.S. and Mr. Deivasikhamani Mudaliar, for the sympathy that they have been showing us in our endeavours to serve rural populations, though we regret that the Local Government, as such, has not seen its way to render material assistance to us, in spite of the excellent relationship that have existed between us and the Inspector of Local Boards, from whom the idea of a journal like this originated. Some Presidents of District Boards and Taluk Boards also have taken keen interest in our welfare and we are deeply indebted to them for it. We do hope that others ere long join with us in our endeavour and help to make it the success it deserves to be. We are sure that our other patrons will continue to give us the co-operation that they have so far given in a larger measure. We expect within a few months development of panchayats on a large scale, and therefore, we feel that our mission will be fulfilled in a larger measure day after day. After we had written these sentences we received the copy of a circular from the Inspector of Local Boards which we publish elsewhere and which, if taken proper advantage of by the people, will help to start work immediately and establish a large number of panchayats on a strong basis in six months time. Every national enthusiast has good constructive work to do if he can give six months time to lay the foundations of one Panchayat.

We have a word to say to the general public in this connection. The Village Panchayat must be the concern not merely of the Panchayatdars or the Presidents, but of all men and women who are interested in the future development of the country. All rural uplift must centre round this institution and so we appeal to public men to fix their gaze for a moment upon the enterprise we have undertaken and give their best to us, so that their dream of building up an India of the future from the bottom, may come into the realm of real probability. We have for that reason endeavoured all these twelve

OURSELVES

months, within our limited space, to discuss subjects of immediate general interest to the village community. We have always attempted not to be technical, and we shall in the future follow up this policy in a measure equal to the encouragement that we get from the general public.

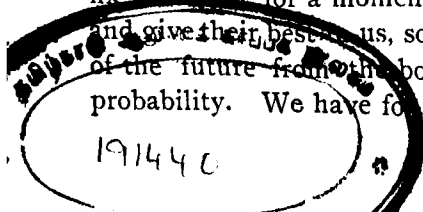
As we desire that the Village Panchayat should be a permanent institution in Purna Swraj, we shall do all we can, during the time that we are responsible for its publication, for its full success. We therefore earnestly solicit all assistance from our readers and from our sympathisers in this endeavour, and we know it will be given without stint. We thank the Providence that moulds our destinies for the grace that it has bestowed on us, and we shall ever pray that It may vouchsafe to us continued beneficence so that we may carry on the work of service we have voluntarily imposed on ourselves.

Editorial Note

The report on the administration of the Forest Panchayats during the year 1930—31, just published, is very dry reading. There is not much in it to gladden the hearts of friends of Panchayats. We are told that out of a total of 994 Panchayats those enjoying legal status at present are 29 in number. The story of this number is discussed in the following sentences :—

"One Panchayat was newly empowered in the Cuddapah district under the Forest Act during the year while the powers enjoyed by two Panchayats in North Arcot were withdrawn because of improper and injudicious exercise of the powers. Two other Panchayats in the same district which had been empowered went out of office and the Panchayatdars who succeeded them have not yet been invested with powers."

Thus actually the number of Panchayats enjoying legal status was three less than in the previous year. Our readers will please note that these Panchayats began to form as long ago as 1913. If within 18 years not more than 29 out of 994 Panchayats can enjoy legal status, how can any Government claim that the working of the Panchayats on the whole has been satisfactory. On the admission of the Government itself, the working of 133 Panchayats was good, of 559 fair. Twenty one per cent of even good panchayats have no legal status, not to speak of the "fair". What a sad commentary on the efficiency of the department that deals with this subject.



THE VILLAGE PANCHAYAT

We shall notice but one point more in this Report. We are told that the number of Panchayats has fallen from 1047 to 994 and that the area managed by them also decreased from 3425'19 square miles to 3383'78 square miles. According to the very unsatisfactory reclassification that was made in 1926-27 in defiance of the recommendations of Mr. Whitehead, the area contemplated to be handed over to Panchayats was 3421'26 square miles and the last administration report claimed that the process of handing over was complete. Why now we have gone back to 3383'78 square miles is not satisfactorily explained in this report. It is stated that the decrease in the area is due to the transfer of three reserves to Class I and the handing back to the Forest Department of eight reserves in the Kurnool District and one in the Nellore District. If the story of these changes had been given in more detail, we are sure that would have raised substantial questions of policy.

We have no space at present to dilate further upon this report, but from the vital points we have just examined, it is clear that the administration of Forest Panchayats has suffered a real setback instead of making progress. There is no remedy to better the position except to take out of the hands of the executive ordering of the administration of Ryots Forests. A law should be separately framed and Village Panchayats formed under the Local Boards Act or their Joint Committees must be empowered to administer these Forests subject to that law. Nothing short of it will avail.

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The Gold Standard Crisis and the Indian Agriculturist*

(EDITORIAL ARTICLE).

The large and depressing fall in prices, the disturbances in the budget situation, both in England and in India, the abandonment of Gold Standard by England, the monetary ordinances of the Indian Government, temporary closure of Banks for three days by the orders of India Government, the announcement of the Secretary of State for India that the rupee remains linked with sterling at 1s. 6d. as usual, the peculiar trend of events in regard to gold in Indian markets, have all created a puzzling situation for the ordinary citizen, more especially the Indian agriculturist and he does not know where he stands. His confidence in the financial conditions of the country is badly shaken; and it is therefore essential that all attempts should be made to place before his mind facts which may help him to understand the tangled web to the best of his ability.

It is a simple fact within the experience of every one that commodities change hands every minute of our existence for mutual enjoyment and benefit. The simplest method of this exchange is for one man to offer a commodity that another wants and take in return what is required for himself from the other. This is what is known as barter. But as commodities increase in number and wants grow, this method becomes impracticable, because the exact thing that one man wants, and the exact measure of it, may not be available in one who is nearest to him. Therefore to serve as a medium of exchange between the buyer and the seller of commodities, what is known as money or currency has come into existence. Truly, all money, all paper notes, and all other forms of modern currency are merely media which may have in themselves not much of intrinsic value as commodities. However, to create confidence between buyer and seller, these media have had to be valuables or tokens which have at their back valuables deposited somewhere safe and sound. Governments therefore have had to control these media of exchange and as even gold, the most precious of metals, could not be conveniently and readily transported in bulk, from one country to another to answer modern trade requirements which, if actual gold were to be the medium, would necessitate the circulation and transport of hundreds of crores of gold coins, a system of exchange through credit instruments known as bills

of exchange grew up by the encouragement of States and the development of the Banking Systems. Confidence in the Banks depends upon the soundness of their resources and is the measure of the stability of modern finance. So far as Governments are concerned, confidence in the reserves that they possess in the form of the precious metals and other sound assets to back up their currency is the real measure of stability. Our readers will therefore be able to see that however extensively paper currency or token coins may be used in full confidence for the transaction of business, the ultimate power behind the paper or the token coin lies in the resources of the nation in terms of its reserves of precious metals or its capacity to clear its outstanding obligations by supplying commodities required by its creditors.

The two functions traditionally ascribed to money are the function of acting as the medium of exchange and the function of acting as the standard, (or common denominator) of value. The Macmillan Committee in their interesting report draw attention to the alteration in the emphasis placed on these two functions by economic science. They say "Victorian theory emphasised the first and the modern theory emphasised the second of these functions. This is significant of more than a mere academic change of fashion. Whereas in the 19th century the symbols (pound sterling and dollar etc.) which express values corresponded to coins actually in circulation, this is not often the case in the modern world. To an ever increasing extent paper representatives of the monetary unit constitute the hand-to-hand currency in circulation. The symbolic character of the monetary unit has emerged into the foreground, while its actual relation to some physical metal has receded."

The Gold Standard was adopted by a large number of modern States in the hope that it would provide us with a currency system based on the most stable standard as a measure of value of money. What is meant by it is this. Every country that adopted it standardised its currency in relation to a fixed weight of gold of a certain fineness. For instance, the pound sterling of England was fixed at 113.0016 grains of gold of a certain fineness irrespective of the fluctuations in the world values of gold, that depend upon ordinary laws of demand and supply. Similarly the gold dollar is fixed at 23.2 grains of gold. The currency authority of the country bound itself to give that quantity of gold or gold coin in exchange for the currency in circulation. The State in gold standard countries further

guaranteed a free market for gold. A free market for gold implies the absence of restriction on import or export of gold, and where a gold coin is in circulation, the liberty to melt the coin into bullion and to take bullion to the mint for being coined. As long as England's commodities were largely bought in the markets of the world, and other countries sent her gold freely for the excess of her trade balances, the situation was convenient, and the pound sterling had a credit of its own, whatever the value of gold outside might be and it did not generally fluctuate very much. This credit and the predominant position, held by England as a clearing house for the world, kept her supreme in the realm of finance. After the war, these conditions changed. By a coincidence of various circumstances, into the details of which we need not go here, England's position in trade changed materially, and instead of gold flowing into England, gold has had to go out of the country. It ultimately found its way more and more into the vaults of the central monetary reserves of France and America. The war and subsequent events made England's budget position also difficult. Decreasing national income, and increasing national expenditure during times of world depression shook the confidence of the outsiders, even in such a hitherto financially unassailable nation as England, whose investments outside are still very extensive and sound. The foreign depositors began to withdraw funds from England, and therefore she found herself in an awkward situation, being obliged to go to the Banks of France and New York for credit. England woke up to the situation and her statesmen did the only right thing that they should. They effected substantial cuts in the national expenditure and balanced the budget. But as Mr. Leonard J. Reid pointed out "even the renewal of confidence in London position, vouchsafed by the forming of a national government, the reform of the 'dole' system and the balancing of the budget failed to stem the relentless tide of withdrawals." They then dropped the Gold Standard, and the pound sterling was divorced from the value of gold, making its value depend on the internal conditions of demand and supply for it. In other words, they allowed the pound sterling to adjust itself in terms of gold values and thus avoided having to pay in more and more gold for the pursuit of a mere policy of adherence to the Gold Standard. With equal promptness they discouraged investment in foreign securities and stemmed the flow of gold from England to other countries. It is hoped that these measures, in conjunction with the reputation that England has for

her foreign investments, will ere long re-establish British finance on a stable footing.

But the question of Indian finance is not so simple. Our currency has not been merely managed as elsewhere but mismanaged. The rupee itself has not much intrinsic value, compared with its legal tender value. We have no gold currency. Our note-issue and rupee coinage have to maintain their credit by the reserves at their back. Owing to the financial conditions of the world in general and England in particular and the currency and exchange policy of the Government of India, these reserves have been very badly depleted. The value of our rupee has been made dependant on its relationship to sterling. This relationship has not been very stable. The Government not unoften artificially manipulated it, and produced difficult financial situations, the latest being the decision to continue to link the rupee to the sterling at the ratio 1s 6d. even after the gold standard has been dropped in England and pound sterling itself has depreciated in world values. These problems of Indian currency have necessarily to be understood by our agriculturists and all those that buy from or sell to other countries, if they want not only to follow the trend of events in the world markets but also to know how their own finances and family budgets are affected.

Let us take one of the crops raised by the agriculturist and see how its financing is done. He sells his groundnut crop, let us say, either to a local dealer or to a dealer in the nearest market town. This dealer in his turn, sells it to Rally Brothers or Louis Dreyfus or some other company that is stationed in the town. The companies make arrangements with their bankers to get money and pay for the produce bought. These companies export the material to the overseas markets and their bills are paid for in sterling. The clearance is effected mostly in England, though, in very many cases to-day where the exported material goes to other countries like France, Germany, Italy, or America, the payment is ultimately made in terms of the currency of those countries. In a similar manner does the Import Trade operate. Our ryot gets some of his requirements from America, Germany, Austria, Japan and so forth. All these countries require payment in terms of their own currency ultimately, but these transact business through the medium of sterling. Therefore, Indian currency needs are at the other end connected with the currencies of the world. The medium is mostly British sterling. The local currency needs in India of her internal trade are

met by paper notes and the silver rupee which is practically token money, or note printed on silver—that is, money which has not its full intrinsic value represented by the material used in its manufacture.

The relationship of our rupee to the coinage of other countries was hitherto determined by two factors, (1) the relationship of the value of silver to the value of gold, and (2) the relationship of the value of our rupee to the pound sterling. The former was not essentially important inasmuch as our rupee became a token coin after 1893. Indeed the object of the currency decisions taken in 1893 was to cut out the link between the silver and the rupee so that the value of the silver may not have any effect on the value of the rupee. Notwithstanding the fact that this object broke down in 1919, when the price of the silver contents of the rupee went up to much above its legal tender value or its sterling value the essential purpose of the currency system still is to disassociate the value of the rupee from that of its silver contents. So, it was a disturbing factor mainly in our internal currency problems, and to the extent of its effect upon the deposits of silver rupees or silver bullion in the paper currency reserve and gold standard reserve, it used to affect the book values thereof. Beyond that it had not much effect. The latter however, that is, the relationship of the value of our rupee to the pound sterling was a very much more important factor. It was managed by the State, and its standard was maintained by legislation. On occasions it did cause great hardships to us; for, the drop or rise of a penny in the ratio meant to that extent loss or gain to the Indian ryot in real values of his export produce. For instance, when last time, the ratio was raised from 1s. 4d. to 1s 6d. per rupee, all other things remaining where they were, the Indian exporter, for produce delivered in England for £ 100 would have received under the old ratio Rs. 1,500, but under the new ratio he received only Rs. 1,333-5-4, the loss entailed being Rs. 166-10-8. The countervailing advantage to the ryot as a consumer in the form of easier imports was not so large as to compensate for his loss on export account; his wants were few and the material that he bought from outside was less than the material that he sold. In other words the balance of trade being in India's favour, her exports being larger than her imports, the net loss on account of the high exchange rate fell on India. The advantage of 1s. 6d. ratio was no doubt real to consumers of imported goods in some measure, specially

to urban population who were the chief consumers of foreign imported commodities. This was not however without its advantage to England herself. The cheapness of her imports into India in terms of the rupee gave England also a real encouragement to England's exports to India and in the same measure operated to discourage the development of Indian industries in so far as the manufacture of the goods which England was interested in sending out to India was concerned. There are many other factors in the financial situation that put our ryot at a disadvantage, such as the manipulation by the Government of the volume of the rupee coinage and paper currency in circulation and the Government's policy in regard to borrowing in the open market. The recent contraction of currency made money scarce in rural areas and put up the price of money to the agriculturist; the large and frequent borrowing by government for short terms at high rates in the open market crippled the resources of the indigenous bankers as well as of joint stock banks and rural credit facilities were thus largely curtailed.

But what has happened to-day by the fiat of the Secretary of State for India gives rise to a further complication in the relationship of the values of Indian currency to the currencies of the world. The rupee is inalienably linked to the sterling. As long as the gold value of sterling was regulated or fixed on the basis of the gold standard, there may have been a justification for linking the rupee to gold through sterling, provided the ratio was properly fixed, although it would still not amount to giving India a pucca gold standard. But when gold standard itself was given up and the pound sterling had to be adjusted in relation to the internal conditions of demand and supply for it, it is adding one more uncertainty to the Indian situation to link up the rupee with pound sterling. As Sir Chunilal Mehta rightly pointed out at a meeting of merchants in Bombay, we were really throwing ourselves into a rudderless boat thrown on a stormy sea. Let us assume that in regard to all transactions with England, linking up of the rupee with sterling may have some advantage. But day by day our trade is increasing more and more with other countries, and so their currencies will greatly influence the profit or loss that will accrue to our ryots.

The relationship of values of gold and silver which hitherto did not play a very important role in the history of Indian currency may probably assume large proportions in future, not of course as a result of the linking; the linking, if at all, will reduce the

importance of such relationship. But as gold is being concentrated in a few countries, and is likely to be shy for world's monetary purposes, silver may assume an importance hitherto unknown. And there are not men wanting who have begun to advocate bimetallism. Whatever be the results that may or may not arise by changes in the silver situation, one thing is clear; by linking up the rupee with the pound sterling which is not to-day a current standard currency of the world, our ryot must share the consequences of all the changes that may take place in the value of the pound sterling in its relation to other currencies. This is an uncertainty which no government would have committed itself to, if it could take an independent line of action of its own. As a matter of fact, the Governor-General of India, in his earliest ordinance after England had gone off the gold standard did leave the rupee free without linking it with pound sterling. Nothing was more natural from the Indian standpoint. That must be accepted as the instinctive, unbiased solution that suggested itself to the financial advisers of the Governor-General in India before they were pulled up by the home authorities. It was really the Secretary of State for India with his eyes fixed primarily on British interests that felt the necessity for "stabilising" the rupee by insisting upon its linking with sterling at 1s. 6d. If truth be told, when the pound has depreciated in value, this connection clearly acts as a preference for British trade at least in respect of commodities in the supply of which Britain plays a predominant part. The instance recently narrated in the papers by a member of the Legislative Assembly may be remembered. He placed orders for American machinery before England went off the gold standard. Then he had to pay only Rs 13-5-4 for 4.86 dollars which represented the equivalent of one pound sterling when England and America were both on gold standard. But to-day he has to pay more as instead of getting 4.86 dollars value for Rs. 13-5-4 he will now get only 3.75 dollars value because the pound sterling to-day has dropped in value as against the dollar while our rupee is still linked to the pound sterling. He estimated his loss on this account in the transaction referred to by him at about Rs. 1 lakh. Therefore as the loss can be avoided by buying similar machinery in England, he is now forced to go in for it instead of getting it from America. To the extent of the difference in the rupee value based on the cross rate, the English article will be now cheaper though it was actually dearer when the order for the American article was placed.

Let us explain what cross rate means and show how the rupee dollar exchange is arrived at. The gold sovereign contains 113·0016 grains of pure gold, and the gold dollar contains 23·22 grains of pure gold; therefore, gold pound is equivalent to $\frac{113\ 0016}{23\ 22}$ or 4·87 gold dollars. This was the cross rate, that is, the exchange rate between the pound and the dollar, when both England and America were on gold standard. The English pound being no longer on gold standard, it is not to-day worth as much as 4·87 dollars. Say, it is worth 4·32 dollars. The fall of ·55 of a dollar (55 cents) in the cross rate is expressed as the degree to which the pound sterling has been *inflated* or the degree to which it *depreciated* in terms of gold, both the expressions conveying the same idea. Let us now see what the rupee is equivalent to at the Cross rate. The rupee is linked to sterling and the ratio is fixed at 1s. 6d.; it means that the rupee is worth $\frac{3}{40}$ of one sterling. We can now easily work out the dollar value of the rupee. It is $\frac{3}{40}$ of the quoted cross rate, 4·32 dollars or ·324 dollar. This is quoted in the financial columns of news-papers as Rupees 324 on New York; that is to say, the value of 100 dollars is Rs. 324. Then in order to arrive at the value of the rupee in grains of gold, we have merely to multiply the dollar value of the rupee by 23·22, as one dollar contains 23·22 grains of gold. So, when according to the cross rate, the rupee is equal to ·324 of a dollar, its gold value in grains of gold is $·324 \times 23\ 22$ or 7·523 grains of gold. It is now easy to find what this means in relation to the sovereign. The sovereign contains 1130·016 grains of gold. The rupee in relation to dollar at the cross rate has the value of 7·523 grains of gold. So, the rupee is $\frac{113\ 0016}{7\ 523}$ or 1/15 of the sovereign. In other words according to the cross rate in question, the rupee is worth 1s. 4d. If the sterling-dollar cross rate is not 4·32, as in this illustration, but falls to, say, 3·77 dollars, the rupee will be obviously worth less than 1s. 4d.; it will be nearer 1s. 2d. In this way, 1s. 6d. ratio is scrapped, as far as the trade with America and countries other than Britain is concerned, and the rupee is left free to find its own level. The decision of the Government to link the rupee with sterling has no effect on our trade outside Britain. Our rupee is not linked to other currencies than sterling in any fixed ratio. It means that the rupee is artificially made to have greater value in Britain than elsewhere.

An interesting situation regarding the rupee dollar exchange has arisen owing to the internal market conditions of the supply and

demand for gold in India. The rupee price of gold in Bombay has been below import parity, owing to large quantities of gold having been put on the market due to economic depression and other causes, so much so that this gold is called "distress gold". As the rupee has thus not the same value in relation to gold as sterling has, buying dollars from Bombay has become dearer than buying them in London. The following quotation from the October issue of 'Cotton and Finance' will illustrate the point: "With London and New York cross rate at 3·75 dollars, the rupee exchange should be Rs. 355 on New York (i.e., Rs. 355 should fetch 100 dollars) and Rs. 175 on Tokyo (i.e., Rs. 175 should fetch 100 yen). But actually, the quotations are Rs. 363 on New York and Rs. 180 on Tokyo. In other words, it is cheaper to buy dollar, or franc or yen in London than in Bombay."

There are some well-informed Indians, who apprehend that the linking up of the rupee to the sterling at 1s. 6d. may not unlikely have the disastrous effect of further depletion of our gold reserves which have already become very thin. If this contingency happens, it will lead this country to the brink of insolvency. To avoid further depletion of our gold reserves, the Secretary of State for India and the Finance Member of the Government of India, assured India that the British Government will accommodate India with the requisite credit in London, on which the Secretary of State may operate to meet the Government of India's obligations in England without depleting India's gold reserves. It remains to be seen how far this promise will be kept up.

A learned professor of Economics in this Province, whom we hold in high estimation, states that the real question to be answered in this connection is whether we shall be in a more advantageous position by the rupee being left free to adjust itself than by linking it with the sterling. He condemns all other tests as negative tests. Assuming the answer to his own question is "likely not", it will still be a negative test. The Professor who criticised the opponents of linking as indulging in merely negative tests, seems to us to be doing precisely the same thing in opposing his opponents. The special plea that the rupee, left to itself, would fluctuate as badly as the rouble or the mark did at one time, has to be substantiated before it is accepted. So far as the rupee is concerned, the value of silver has its relationship to gold, and below the point of that relationship the value of the rupee cannot fall. Even that should not be

expected. It is neither the silver in the rupee, nor its relationship with the pound sterling that will establish credit for the rupee. But, it is the position of the rupee in terms of commodity values in the country that will make or mar its reputation. As long as India accepts the rupee as its legal tender and conditions in the country are not so disturbed as to cause panic, there is no reason why the rupee should fall abnormally. Therefore, in relation to other currencies of the world, the rupee stands a fair chance of steering clear of troubles, provided there are enough gold and enough reserves for meeting outside obligations. If these conditions are not forthcoming, then there is no reason why the rupee should not deteriorate as much as the rouble or the mark even when it is linked with the pound sterling. We decline to believe that any serious argument can be advanced against the rupee being left free under the present unstable conditions of the world, and until such time as it can again be linked with a gold standard currency or India herself adopts the gold standard.

The paper note circulating, no doubt, stands on a different footing from the silver rupee, in so far as the intrinsic value of its material is concerned. But, our observation that it is neither the silver in the rupee nor its relationship with the pound sterling that will vouchsafe the credit of the rupee, but its position in terms of the commodity values in the country, will apply to the paper note also. If the Government does not unduly inflate paper currency and proper connection is maintained between the volume of such currency, and the price level of commodities, then there is no reason why the paper note should suffer a catastrophic fall either. Even with gold reserves at the back of the paper currency, the purchasing power of such currency depends upon the decision of the currency authorities who hold the gold reserves as to how much purchasing power they will allow the currency to have. This has been made abundantly clear by the Macmillan Committee. They say: "Actually, in the modern world, gold plays in the main only an indirect role in the determination of the price level, because the circulating media consists overwhelmingly of paper money and bank deposits; it is this volume of purchasing power which directly affects the price level and not the amount of gold which may be held in reserve. Gold itself affects the price level mainly through the decisions of the holders of gold reserves as to the amount of purchasing power which they will allow to be outstanding against a given holding of gold."

Whether there are positive advantages or not by this linking up has also been discussed. We are not prepared to dogmatise that there are no advantages. All controlled policies have their own temporary advantages and it is possible that by being linked with British sterling, the rupee will have a stability till such time as the pound sterling is itself not badly upset in its value. We are also prepared to concede that the pound sterling may, after all, not meet with such violent a disturbance as some people foresee for it. An immediate advantage claimed for the linking is that it will mitigate the budgetary difficulties by effecting a saving of about 5 crores in our remittances to England to meet our sterling obligations. So far as this statement goes, it is true. It is simple arithmetic; we continue to pay Rs. 13-5-4 for every £1 of our obligation to England by reason of this linking. Otherwise we shall have to pay more, say Rs. 16 or more to-day. But from what we have said before regarding the adverse effect on our exports by the high ratio of 18d., it becomes evident that the Finance Member gains Rs. 5 crores by diminishing the resources of the poor agriculturists to the extent of perhaps Rs. 20 or 30 crores by the loss resulting to them on their exports by reason of the high exchange. The Indian nation cannot forget its ryot. His whole life depends upon his exports amounting to hundreds of crores of money. This economic loss to the producer of raw materials and the consequent reduction in his purchasing power may have their reactions on Governments' income by loss of revenue from various sources. So, what is gained in meeting the sterling obligations may be more than counterbalanced by the loss arising from other sources. A word of explanation is necessary to make our position clear in regard to this economic loss. We are not denying that, with the depreciation of the sterling, as a result of its divorce from the gold standard, the Indian producer has benefited to the extent of his getting better prices in terms of sterling; nor are we unmindful of the fact that, as a result of such depreciation of the sterling, the rupee has in effect also gone down and in terms of gold it is to-day more near 1s. 2d. than near 1s. 6d. But what we do maintain is that the linking stands in the way of the rupee attaining a still lower level if conditions for such fall exist but for the linking and the Indian producer getting more price for his exports to England. What again will be the effect of the linking, if the exchange ratio goes above 1s. 6., say, to 1s. 8d.? Then, can anyone deny that England will have an unwarranted preference

THE VILLAGE PANCHAYAT

over other countries in the matter of her imports into India? What is the justification for the introduction of so many complications by thus linking up the rupee with the fortunes of the sterling? So, we do not see the wisdom of our government trying to be so solicitous about stabilising our rupee in relation to an unstable medium in the present abnormal financial situation of the world. The best course to follow would be to leave the rupee free to adjust itself, leave it as free as the British sterling. We have every hope that it will stabilise itself somewhere in the neighbourhood of 1s. 4d. or 1s. 5d. eventually and that there will be no catastrophic fall in the mean time.

The question which is now uppermost in every one's mind in regard to the crisis in the Gold Standard and its reactions on the Pound sterling and the Rupee, is *what next*? Are there indications to the effect that the Pound will return to its old gold parity? Has the gold standard disappeared for good, or will England revert to it as she did in 1925 after having abandoned it in the Great War? If gold standard is revived, will the pound be linked to gold at its old parity or at lower rate? If return to gold standard cannot be accomplished, will there be some other device whereby a new relationship will be established between the currencies of the different countries by possible international control of currency parities? It is difficult to answer these questions. One writer on financial matters to the daily press ventures the following opinion: "There appears to be something like a consensus of opinion among leading economists both in this and in other countries that a proper relation would be re-established by a depreciation in the Pound of something in the nature of 20 per cent. If these conclusions are soundly based they suggest a stabilisation of level of somewhere around 4 dollars or 100 French francs to the Pound. That represents, perhaps, the commonest expectation in British business circles to-day." It remains to be seen how far these expectations will be fulfilled. Their realisation involves international co-operation and international action conceived in the interest of all the countries. Such goodwill is woefully absent to-day and schemes based on its forthcoming are at best problematical. In the meantime, we plead for the maintenance of the volume of our currency at a level which will supply the needs of our trade, industry and commerce, and justified by price levels and for the abandonment of the policy of tying down the rupee to the sterling.

Forest Panchayats in Madras.

REPORT FOR 1930-31.

The Board of Revenue, Madras, in its report on the administration of forest panchayats in the Presidency for the year ending 30th June 1931 states:—

During the year under report, there were 994 panchayats managing an area of 3,38,378 square miles and paying a rent of Rs. 1,55,448 as against 1,047 panchayats with an area of 3,42,519 square miles and paying a rent of Rs. 1,59,026 in the year 1929-30. The decrease in the number and in the area of the Panchayats is due (a) to the clubbing of small contiguous panchayats into larger units in the interests of efficiency and economical management; (b) to the transfer of three reserves to Class I and the handing back to the Forest department of eight reserves in the Kurnool district and one in the Nellore district; and (c) to the disafforestation of small portions of a few others in Chingleput and North Arcot districts. The decrease in the rent was partly due to the decrease in the area and partly to the reduction of rents necessitated by a revision of grazing limits so as to give a more normal grazing incidence than before.

OFFENCES.

As in the year 1929-30, there was a further increase in the number of offences reported by panchayats during the year under report, the number being 13,109 as against 11,207 in 1929-30. Eleven thousand eight hundred and thirty offences were compounded for a sum of Rs. 86,694 as against 9,441 offences compounded for Rs. 80,796 in the previous year. Most Collectors attribute this improvement in detection of offences by panchayats to the increased interest taken by panchayats consequent on the orders granting panchayats a moiety of half the compounding fees and fees realized in respect of offences reported by them; and the Board is inclined to agree with them. One panchayat in the Cuddapah district was newly empowered under the Forest Act during the year, while the powers enjoyed by two panchayats in North Arcot were withdrawn because of improper and injudicious exercise of the powers. Two other panchayats in the same district which had been empowered went out of office and the panchayatdars who succeeded them have not yet been invested with powers. The number of panchayats enjoying legal status at present is therefore 29. Most of these are reported to be exercising their powers properly and judiciously; but a few of them (three out of the five in Trichinopoly and one out of two in

THE VILLAGE PANCHAYAT

Guntur) did not detect any offence during the whole year and hence had no opportunity to use their powers.

Out of 994 panchayats, the working of 133 panchayats or 14 per cent is reported by Collectors to be good, 559 or about 56 per cent fair, 99 or about 10 per cent improving and 203 or about 20 per cent indifferent. Last year 13 per cent was reported to the good, 56 per cent fair, 12 per cent improving and 19 per cent indifferent.

WORK OF PANCHAYATS.

During the year under report, 370 panchayats dug new wells or repaired old ponds and wells in their areas at a cost of Rs. 27,907 as against an expenditure of Rs. 31,433 by 395 panchayats in the previous year. One hundred and twenty four panchayats effected other improvements such as, formation of cart-tracks, construction of culverts, etc., at a cost of Rs. 3,359; in the previous year 281 panchayats spent Rs. 10,258 on such objects. The slight decrease in the expenditure for improvements to water sources is attributed to the fact that some panchayats were not able to find the necessary funds as the expected grazing revenue was not realized owing to the prevailing economic depression. The reason for the large decrease in expenditure under the other improvements is due to the introduction of the cochineal insect for the destruction of prickly-pear which costs practically nothing and for which large sums of money were being spent in previous years. As stated in the Board's Administration report for the year 1929-30, the work of eradicating prickly-pear in panchayat areas by this means was taken on hand systematically. The Forest Panchayat Officer after making himself familiar with the nature and habits of the insect, gave personal instructions to all the Forest Panchayat Deputy Tahsildars and also introduced the insect in 44 panchayat areas in their presence. The method of propagating the insect and helping it to spread was also demonstrated to them. Detailed instructions were also issued by the Board in the matter and Forest Panchayat Deputy Tahsildars were ordered to introduce the insect into all panchayat areas containing prickly-pear. This has been done and the cochineal insect has been introduced in almost all the panchayat areas containing prickly-pear. The insect is reported to be spreading well in all the districts and the destruction of prickly-pear is progressing satisfactorily.

During the year under report the method of dibbling avaram seeds in as large an area in the panchayat reserves as possible, immediately after every shower, was tried in panchayat areas in preference to sowing the seeds on limited extents after ploughing. This method is reported to be a success in places where the rainfall was timely and adequate. Pancha-

FOREST PANCHAYATS IN MADRAS

yats seem to have been evincing greater interest in tree plantation and preservation this year than in the past. The total number of trees reported to be alive on 30th June 1931 is 81,186 as against 75,496 in the previous year.

During the year, the Land Revenue Commissioner inspected 60 panchayats as against 52 in the previous year. The Collectors of 18 districts inspected 169 panchayats and the Revenue Divisional Officers inspected 771 panchayats. The inspection by Revenue Divisional Officers has been generally systematic and adequate. The Forest Panchayat Officer inspected 167 panchayats during the year as against 163 in the previous year. The touring of Panchayat Deputy Tahsildars has been adequate.

The provision for allotting lands to watchers for temporary cultivation in order to supplement their pay and to stimulate their zeal in protecting the forest appears to have been little used in the year. Only 5 watchers have been granted lands under this rule during the year (two in the Cuddapah district, two in the Trichy district and one in the North Arcot district.) Collectors will be asked to make greater use of this provision.

There were 26 Panchayat Deputy Tahsildars at the beginning of the year. Two additional Panchayat Deputy Tahsildars, one for each of the Nellore and North Arcot districts, were sanctioned with effect from 1st May 1931 but were abolished later as a measure of retrenchment.

The Board submits that the working of the panchayats in the Presidency has on the whole been satisfactory.

(Extract for Hindu.)

Round Local Bodies.

Why is a Panchayat Officer required?

Why is a Panchayat officer required? The Ramnad District Board has the following note on the subject:

"There are now 225 panchayat boards in this district including the old union boards, and proposals for the constitution of 28 more villages into panchayats have recently been submitted to Government for sanction. There is every possibility for a good number of panchayats being formed in this district. Most of the panchayats are in out of the way places, and administration cannot be successfully carried on without proper guidance. As the introduction of panchayats in villages under the new Act involves several technicalities, and the presidents and the members of panchayats in several cases may not be educated in a narrow sense of the term, they cannot be expected to administer the Act successfully, nor, is it possible for the presidents, taluk boards, or the president, district board, to be always issuing instructions to those panchayat Boards. It is considered necessary that there should be an officer of the district board who could be entrusted with the work connected with the panchayats. The district panchayat officer will also attend to the organisation of panchayats, give them necessary advice and supervise their work. He will also be delegated with such other powers as would afford relief to the taluk boards and the district board in the successful working of the panchayats. The Local Government, it is hoped, would provincialise these appointments, and it may be pointed out that it would greatly relieve the Local Fund Audit Department if the audit of the panchayats also is transferred to the district panchayat officers."

Rural School Hours.

The Penukonda Taluk Board in the Anantapur District has resolved as follows in regard to school hours:

"The Board is in favour of having 6 days of 5 hours' work during a week. Fridays for Muhammadan schools and Sundays or market days for Hindu schools shall be holidays. The working hours of the schools shall be fixed by the president in consultation with the headmaster and the deputy inspector of schools according to local needs. Harvest seasons shall be substituted for summer season. In Muhammadan schools during Ramzan, the school shall be held from 7 a.m. to 10 a.m. and harvest season or summer holidays will be the same as in Hindu schools."

No Reservation of Seats.

The Taluk Boards of Anantapur and Palghat and the panchayats of Adoni, Badagara and Tiruporur do not want any reservation of seats in their areas.

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Encouragement of admission of Adi-dravidas.

Devakottai Taluk Board sanctions the payment of a personal allowance to such of the teachers who took special care to admit large number of Adi Dravida pupils in their schools. May not other boards copy the same to put a stop to communal schools?

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Khaddar and Local Board Servants.

The Nellore District Board has passed the following resolution in regard to wear of khaddar by subordinates:

"In view of the fears entertained by the local board employees whether they can wear khaddar or not on account of the G. O. No. 2414-L & M dated 17th June, 1930, and the counter propaganda against khaddar that is being carried on by certain over-zealous Government officials, this board wishes to point out to their employees the opinion of this board that the wearing of khaddar is not at all objectionable."

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Taxes as usual upto 31st March 1932.

The Government have made the following rule and published it as G. O. No. 3000, L. & M.

- (1) "That any local board, which on the 25th August 1930, was levying any tax or fee, may continue to levy such tax or fee in respect of the year ending 31st March 1932 at the rates at which and in the local areas in which such tax or fee was being levied, except in cases where the local board has before the date of this notification levied such tax or fee in accordance with the provisions of the Madras Local Boards Act, 1920, as amended by Madras Act XI of 1930.

Provided that nothing herein shall—

- (a) apply to the levy of companies tax, or
 - (b) authorise any taluk board to levy profession tax in any village for which a panchayat has been constituted.
- (2) that companies which, if Madras Act XI of 1930 had not been passed, would have become liable to companies tax in respect of the half-year ending 30th September 1931 or in respect of the half-year ending 31st March 1932 shall,

Proceedings of the Inspector of Municipal Councils and Local Boards.

Order D. Dis. No. 23455-31 dated 10-9-1931.

1. In para 2 of this office circular No. 27993-C. 1. dated 3—2—1931 certain Presidents, Taluk Boards and Honorary Organisers were authorised to hold elections in accordance with the rules framed under the old Madras Village Panchayat Act 1920, in respect of the Panchayat constituted under the Madras Local Boards Act as amended. As the legality of holding elections to such panchayats according to the franchise and the rules framed under a repealed enactment was however open to doubt the Inspector held over orders of constitution on the reports received from the Honorary Organisers and Presidents, Taluk Boards pending the preparation of an electoral roll and the prescription of election procedure under the new Act.
2. The Madras Local Boards Act contemplates the appointment of a Special Officer when a Local Board is constituted for the first time to exercise the powers, discharge the duties and perform the functions of a local board and its president vide sub-Section (1) of Section 240. It is accordingly proposed to appoint an honorary special officer hereafter in respect of every panchayat whose constitution is ordered under Section 240 of the Act. And arrangements will be made for elections being held within 6 months from the date of the constitution.
3. A list of villages for which reports for the constitution of panchayats are pending in this office is given in the appendix to these proceedings. The Honorary Organisers or the Presidents, Taluk Boards from whom the said reports have been received are requested to recommend at once a suitable person for appointment as special officer in respect of each of the panchayat proposed. These proposals should be sent through the President, Taluk Board and the Revenue Divisional Officers concerned where they are from the Honorary Organisers, and through the Revenue Divisional Officers concerned where they are from the Presidents, Taluk Boards, themselves. The persons chosen should command the confidence of all sections in the locality and should be thoroughly reliable.
4. Reports, in future, for the constitution of panchayats should be accompanied by proposals for appointment of suitable persons as special officers under Section 240 (1) in each case.
5. Separate instructions will be issued as regards the duties of these Special Officers.

D. Dis No. 30937. (6—10—1931)

SUBJECT :—*Instructions to Special Officers.*

ORDER :—The following instructions are issued for the guidance of the Special Officers appointed under Sub-section (1) of Section 240 of the Madras Local Boards Act as amended.

2. Under Sub-section (3) of Section 240, a Special Officer can exercise the powers, discharge the duties and perform the functions of a Panchayat Board and its President, until the board is constituted and its president elected. The Special Officers should, therefore, maintain all the books and forms prescribed for the use of panchayats for the time being, of which a set can be had from Messrs. Hoe & Company, Madras, at a cost of Rs. 6-4-0 per set. The Special Officer should record his proceedings in the minutes book and extracts thereof should be forwarded to the President, Taluk Board, concerned within three days of the date of the proceedings.
3. A Special Officer can in the capacity of panchayat raise funds in the village by the levy of taxes after obtaining the sanction of the Inspector under Section 75 (2) (a) of the Act. In framing and submitting proposals for taxations for the sanction of the Inspector, the Special Officer should exercise the utmost care and should always consult the villagers. The Inspector will not sanction any proposals for taxations unless and until he is satisfied that they have the approval of a majority of the residents of the village. The Special Officer should observe the following preliminary procedure before sending up such proposals.
 - (1) He should first draw up a list of taxes which he considers may conveniently be levied in the village, convene a meeting of the villagers after due notice and place before it the proposals framed by him.
 - (2) If the list is agreed to with or without modifications as the case may be, a notice should be published in the village (i) by affixing in important public places and (ii) by beat of drum calling for individual objections to the taxes as modified in the meeting referred to. An interval of not less than 15 days should be allowed for presenting objections. The notice should clearly specify the date when such objections would be taken up for consideration.
 - (3) On the date specified in the notice, the Special Officer should convene another meeting of the villagers for considering the proposals and the objections proposed. If the sense of the meeting is generally in favour of the levy with or without modifications as the case may be, the Special Officer may confirm the proposals in the light of the general opinion of the village as expressed at the meeting, and make a record of the fact in the minutes book.

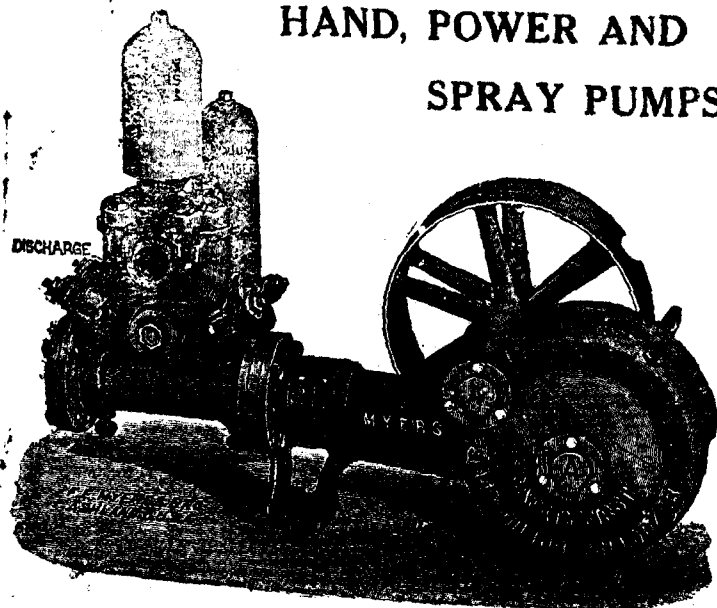
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* Story in brief was published on page 135 of August 1930 issue of the Madras Journal of Co-operation.

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