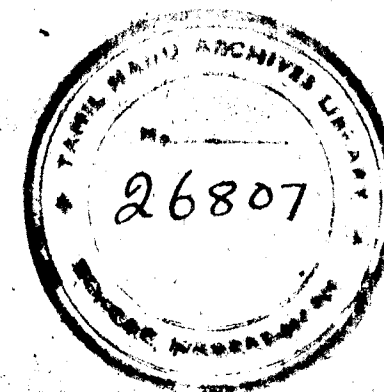




REPORT ON RETRENCHMENT OF LAND REVENUE ESTABLISHMENT

A. G. LEACH, Esq., I.C.S.

1933



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TABLE OF CONTENTS

	Subject.	PAGES
1	Introductory	1— 2
2	Classes of Revenue Officers	2
3	Divisional Officers	3—10
4	Divisional Officers' Clerks	10—11
5	Fasaljasti	11—14
6	Remission	15—16
7	Tirvaijasti	16
8	Minor Irrigation	16—19
9	Porambokes	20—22
10	Assessed Waste and 'Sivaijama'	22—24
11	Maintenance of Land Records	24—26
12	Revenue Inspectors	26—29
13	Village Officers	29—30
14	Jamabandi	30—32
15	Jamabandi Check Memorandum	32—35
	Annexure	36
16	Cattle Pounds	36—37
17	Summary of positive recommendations	38
	Enclosure—One Adangal.	

From

A. G. LEACH, Esq., I.C.S.,
Officer on Special Duty,

To

THE SECRETARY TO THE GOVERNMENT OF MADRAS,
REVENUE DEPARTMENT.

Dated Fort St. George, the 25th January 1933.

SIR,

INTRODUCTORY.

I submit my report on the enquiries entrusted to me in G.O. R. No. 493, Public (Special), dated the 2nd November 1932.

2. The terms of reference of my special duty were "to examine the possibility of introducing material and radical changes in the present form of land revenue administration with a view to retrenchment of expenditure by the reduction of the staff employed in the districts."

3. A somewhat similar enquiry was made when the need for retrenchment of expenditure last arose in 1923-24. A Special Officer (Diwan Bahadur Ramachandra Rao, C.S.I.) was appointed. His report submitted after the six months for which he had been deputed, recapitulated at some length the various suggestions that had been thrown out from time to time for modification of the land revenue system and the criticisms of them, and concluded with a sketchy suggestion that the whole system of land revenue administration should be handed over to village panchayats. His report was recorded without comment.

4. I am painfully aware that my present report little deserves a better fate. I make no large proposals for alteration of the system, and suggest no immediate reductions of staff. I have endeavoured to state clearly the obstacles that beset alteration of the present system and the difficulty of reducing staff so long as it continues. I have examined the functions of the various classes of revenue officers to see if they perform work which is unnecessary or which could otherwise be arranged for, and have them discussed in connexion with the main items of the land revenue system which necessitate a large staff, whether alterations are possible from which a large reduction of establishment would result. I have made a few suggestions but these are not far-reaching and though the acceptance of some of them will eventually result in a reduction of staff, that cannot be made immediately.

5. The difficulties of the problem are due to various causes. The chief is, of course, the ryotwari system of land tenure in the Presidency. The fact that the State deals directly with the individual landholder, however petty his holding, creates at once the necessity of an elaborate system of account-keeping. That obligation was deliberately accepted when the system was adopted after others had been tried without success, and the maintenance of a large establishment is an inevitable incident of the system.

Next there is in the villages a certain lack of public spirit and mutual trust, which hampers the devolution to the village community of functions which it might otherwise undertake. The development of panchayats may in course of time create a stronger civic sense, but panchayats are at present neither very numerous nor entirely successful. The Government itself, for instance, has recently decided not to enlarge the jurisdiction of the panchayat courts.

Another difficulty is that changes which may be administratively desirable are not always politically expedient. A prominent instance is the case of village officers, to which I refer later.

Lastly, one of the main considerations in the development of the system to its present state of efficiency has been the safeguarding of the revenue. This must continue to be of paramount importance, and it is necessary to be assured before grasping at immediate savings due to reduction of establishment that the diminution of revenue will not follow.

6. My enquiries might possibly have been more fruitful of suggestion though perhaps not of ultimate practical result if they had been more prolonged. The two months' time allowed me was not enough to permit of a visit to other Provinces sufficiently prolonged for an intensive study of their systems; a hasty gathering of a smattering of other

systems would have been useless. The accidental prolongation of the period enabled me to make some enquiries into the Mysore system and to examine the recommendations made by the Thomas Reorganization Committee in Bombay. For the rest I visited Nellore, Chingleput and Trichinopoly to discuss with the Collectors (Messrs. Masterman, Rutherford and Ranganathan) the suggestions they had put forward, and took the opportunity of questioning Tahsildars and Divisional Officers. I also visited Madura and heard there the more

CLASSES OF REVENUE OFFICERS.

7. The officers concerned with the land revenue administration of districts are :—

- The Collector.
- Divisional Officers.
- Tahsildars and Deputy Tahsildars.
- Inspecting Tahsildar and Deputy Surveyors for Land Records.
- Minor Irrigation Overseers and Supervisors.
- Clerks.
- Village Officers and menials.
- Peons.

8. *The Collector* need not now concern us. The Government have already examined fully the possibility of reducing the number of Collectors by a reorganization of districts and has concluded that no reduction (except by the amalgamation of Madras and Chingleput) is expedient. I have no further suggestion to make but the discussion of the question of Divisional Officers below necessarily includes reference to the position of Collectors.

9. *Tahsildars and Deputy Tahsildars.*—Some posts of Deputy Tahsildars have been abolished as a measure of retrenchment, their charges being absorbed into the parent taluk. The necessity for such posts has been scrutinized in detail district by district by Collectors, the Board of Revenue and Government. I have neither the detailed knowledge of districts nor the time to acquire it that would make it possible to re-examine the question.

A reduction in the number of Tahsildars has never been suggested. These officers have from time to time been described as 'maids of all work,' 'beasts of burden' and 'the back bone of the administration.' It is common knowledge that their charges are mostly heavy, their responsibilities considerable, and their duties merit the epithet, so often misapplied in other cases, of 'multifarious': while their office clerks are often inefficient. Their offices are an essential link between all departments of the administration and the people. I do not propose to discuss these officers further.

10. *Village Officers and menials.*—The history of the attempts at retrenchment in this class which culminated in the Village Officers'

conservative views of Mr. J. F. Hall and Mr. J. Gray. I have consulted several other Collectors on various points and have interviewed a number of officers in Madras. But there is hardly a single topic which has not been frequently discussed in the past and the greater part of my time has been spent in reading an immense number of and volume of reports and orders, both in order to bring my own knowledge up to date and in the hope of discovering something that would be of practical use.

Restoration Act of 1926 is familiar. The recent Retrenchment Committee was strongly opposed to any reduction in their numbers, but recommended a petty cut in the pay of some of them, the imposition of which has made a considerable saving. As the cost of the village establishments is more than half of the total cost of the district administration, and the examination made when a number of posts was abolished ten years ago did in fact show that a certain number of these posts (though not all that were abolished) was in excess of administrative requirements, it would appear that a re-examination of the question would open a fruitful field for further retrenchment. But it is impossible to ignore the general feeling in the matter, and it is probably inexpedient to revive at the present time the agitation which was settled in 1926. I could not in any case deal with the question, which is necessarily a matter of detailed enquiry in each taluk, and it is probable that such enquiry, in view of the opposition that it would arouse, would be infructuous of practical results.

I therefore leave this question alone. If the Government is prepared to reopen it the first step would be to require Collectors to examine the papers dealing with the previous abolition of posts and report what offices, if any, are clearly superfluous.

11. *Clerks and peons.*—These cannot be dealt with apart from the offices to which they are attached. The number of peons has already been reduced by 310 (G.O. No. 1645, Revenue, dated 5th August 1932). The number of clerks depends upon the number of officers and the work the officers have to do, and the possibility of reducing the number depends on the possibility of reducing the number of officers or reducing the work they have to do, which is examined in subsequent paragraphs.

12. The other classes of officers are dealt with in what follows.

I discuss first the position of Divisional Officers: Revenue Inspectors are considered in connexion with maintenance, along with Inspecting Tahsildars and Deputy Surveyors, and the Minor Irrigation establishment in connexion with Minor Irrigation.

DIVISIONAL OFFICERS.

13. According to an order of 1825 (incorporated in B.S.O. No. 116) "subject to general control on the Collector's part, the full exercise of the authority vested in the Collector by the Regulations and delegable by him to his subordinate officers, is left entirely to the Divisional Officer in his own division. The ryots, although allowed to appeal to the Collector, are to be taught to look to the Divisional Officer as the authority who is to enquire into their complaints and grant them redress." "It is unnecessary to describe in extenso the powers and duties of a Divisional Officer, which have been minutely laid down in the Acts of the Legislature as well as in other parts of the Standing Orders. The annual settlement of the villages within his range, the adjustment of disputes among the ryots within his division in respect to the occupation of land, to the boundaries of fields or to the distribution of water, the issue of pattas, the investigation of claims to remission for crops destroyed by drought, inundation or blight, and the repair of tanks and watercourses, are matters which should ordinarily claim the attention of a Divisional Officer."

The inspection of taluk offices, the exercise of discipline over subordinates, the appointment and punishment of village officers, the disposal of suits under the Estates Land Act, the acquisition of land, the holding of the annual jamabandi, the inspection and supervision of forest panchayats, the disposal of appeals against the orders of the Tahsildar in regard to patta transfers, encroachments, darkhasts, water-rate, responsibility for the state of minor irrigation works in his division, are amongst the duties specifically laid upon Divisional Officers in the Board's Standing Order and in various Acts. He has also to exercise powers under the Indian Stamp Act and has specific duties in connexion with Excise. He is required to be on tour for at least two and a half months in each half year, and to keep the Collector informed by periodical diaries of all matters of interest relating to the revenue administration of his division.

14. The position of the Divisional Officer as a 'miniature Collector' was reaffirmed throughout the discussions which led to the increase in the number of districts and divisions under Mr. Meyer's scheme for reorganization in 1904, and has so far as I am aware never been challenged since. In a lengthy pronouncement on the Report of the Committee on the separation of Judicial and Executive Functions (the Coleridge Committee) in 1924, the Government said, "The Government are not prepared to accept any scheme which will result in any material increase in the size of the divisions of a district, both on the ground that such increase would inevitably lead to grave deterioration in the standards of administration and also because it would entail undoubted hardship and inconvenience

on the public," and "under a system which depends so largely on the adequate supervision of a large number of subordinates, the Government cannot but view the prospects of reducing or lessening the amount of that supervision with the gravest apprehension both as to the efficiency of the administration and the condition of the people themselves, who would undoubtedly be exposed to a far greater extent than they are at present to the exactions of petty officials." There the question of reducing the number of officers appears to have rested, until the recent financial stress led to its revival. After a detailed enquiry into the circumstances of each district a few divisions which were considered to be light charges have been abolished—the constituent taluks being added on to neighbouring divisions with no alteration in the functions of the Divisional Officer.

15. Meanwhile three Collectors have suggested the abolition or reduction in number of these officers and have made suggestions as to the consequent reorganization of the work in the district. The most sweeping suggestion is that of Mr. Ranganathan who, after two years' experience as Collector of Trichinopoly, proposed to abolish the four Divisional Officers in that district and to have in their place two Stationary First-class Magistrates with much reduced establishments: the revenue work of the four present officers being divided between the Collector and the Tahsildars. The scheme has not been developed in detail, but from a discussion of it with its author I gathered that it was based on his impressions of the conduct of their work by the Divisional Officers in his district, on a theory that the addition of more detailed work to the Collector would confer more power upon him, and on a belief that, in Trichinopoly, the additional work could be done by the Collector without difficulty. To the first argument—that the Divisional Officer is merely a 'post office'—the reply is to be found in the terms of the papers quoted at the head of this chapter. It is for the Collector to see that his Divisional Officers do not become merely post offices. The second argument is, I think, a profound mistake. Power does not lie in the personal performance of minor duties but in the superintendence, control and guidance of the persons who perform them. And, lastly, I do not think that the scheme realizes the vast amount of extra labour that would be thrown upon the Collector.

As the Divisional Officer holds an intermediate position between the Collector and the Tahsildar, the abolition of him means giving more work to both: more responsible work to the Tahsildars and more minor work to the Collector. I take first the proposal as it affects Tahsildars.

16. Mr. Ranganathan suggests that the land acquisition work now done by Divisional Officers may safely be entrusted to Tahsildars.

Under section 3 (c) of the Land Acquisition Act the expression 'Collector' includes any officer specially appointed by the Local Government to perform the functions of a Collector under the Act, and up to 1926 Tahsildars were in some cases so appointed as 'Collectors.' In that year it was brought to notice that in certain districts the Collectors had found the work so badly done by Tahsildars that they had directed that Divisional Officers were to do it in future. The Government then stated (G.O. No. 1714, Revenue, dated 8th October 1926) that it was 'a matter of experience that land acquisition work is better done when an officer of higher standing than Tahsildar is the acquiring officer' and directed that in future no officer below the rank of Deputy Collector should be proposed for appointment as 'Collector' under the Act." (This order was modified in favour of District Labour Officers on the representation of the Commissioner of Labour that land acquisition formed a large part of their work and that to hand it over to the Divisional Officers would mean great delay. But the ground on which Government agreed to this modification was that District Labour Officers worked under the immediate personal supervision of the Collector.) What Mr. Ranganathan suggests is not a new experiment but the reinvestment of Tahsildars with powers in the exercise of which they have already been tried and found wanting.

17. Next Mr. Ranganathan suggests that the work under the Estates Land Act now done by Divisional Officers should be entrusted to his Stationary First-class Magistrates or to the Civil Courts. The latter suggestion has always been resisted by the Government on the ground amongst others that the Civil Courts have already more work than they can do with promptitude. The former is less open to objection: whether it would be practicable depends upon the circumstances in each district.

18. Next he suggests that all the powers of the Divisional Officers under Act II of 1894, which deals with the appointment and punishment of village officers in proprietary estates, may be entrusted to the Tahsildar. This involves an amendment of the Act which would be resisted by proprietors as enabling their acts to be called in question by an officer of inferior status. It is also doubtful whether Tahsildars would discharge their duties properly, and legislation in order to make an experiment of doubtful expediency is not to be undertaken lightly. I refer to this later under the heading 'Village Officers.'

19. The second part of Mr. Ranganathan's proposals is to give some of the Divisional Officer's work to the Collector, viz., the adjudication of stamp duty, etc., under the Stamp Act, the hearing of suits under Act III of 1895 (Madras Hereditary Village Officers Act), the confirmation of sales under Act II of 1864, the inspection of taluk offices. Mr. Ranganathan makes no mention of such things

as appeals against the Tahsildar's orders about darkhasts, water-cess, encroachments, etc., all of which would under his scheme come up to the Collector. Nor does he suggest how such matters which the Divisional Officer deals with, as punishment of subordinates, passing of bills, conduct of abkari sales and the imposition of fines on renters, and many other details should be provided for in future.

20. It is obvious that if the duties now laid by statute upon Divisional Officers were transferred from four Divisional Officers, as Mr. Ranganathan proposes, to one Collector, the latter would be overwhelmed with work: but in addition to these there is a host of subjects in which the Collector must either pass orders or must be the appellate authority against orders passed by the Tahsildar. In either case, the mere catalogue of duties to be imposed on the Collector is sufficient to show that the scheme is, as the Board of Revenue has remarked, impracticable and unworkable.

21. Messrs. Masterman (Nellore) and Rutherford (Chingleput) have put forward other proposals of a similar kind but based upon practical realities. Mr. Masterman proposes that in Nellore instead of four officers each doing both revenue and magisterial work there should be two officers doing revenue work and two doing magisterial work, the latter two being stationary officers. He obtains the savings in expenditure, which is the object of the scheme, by proposing for the two Magistrates a lower scale of pay than that of the two Revenue Officers, and by some reduction in the number of clerks to be secured by relieving the Revenue Officers of a certain amount of routine matter which it is said at present merely passes through the Revenue Divisional Officer to the Collector for orders.

22. The propriety of the suggestion that a First-class Subdivisional Magistrate should be paid less than a purely Revenue Officer is doubtful. The responsibility for law and order is as important as the limited control of the day to day revenue administration. It may be argued that a Sub-Magistrate is paid less than a Tahsildar, but the analogy is far from complete. A Tahsildar has more numerous responsibilities and far heavier work than a Sub-Magistrate, but the same could hardly be said of a Revenue Divisional Officer shorn, as Mr. Masterman suggests, of some of the purely Revenue work which he now does, in comparison with a Magistrate dealing not only, as a Sub-Magistrate does, with his own cases, but also with appeals security work and the inspection and control of subordinate courts.

A further objection is that the magisterial work would be dealt with largely by junior officers or those considered unfit for promotion; at the same time the junior officers would be employed in a sedentary occupation and the senior in touring and inspection work which requires physical activity—obviously a reversal of the proper order of things. No doubt

this criticism applies equally to the present arrangements in regard to Tahsildars and Sub-Magistrates, and it may be said that these defects have not had any serious results there. But they are defects and it is not desirable to extend them over a new field, and in an aggravated form in proportion as the work of the proposed Magistrates is more important than that of Sub-Magistrates and that the age of the proposed Revenue Officers will be greater than that of Tahsildars.

23. Mr. Masterman suggests that some Revenue work (Estates Land Act suits) should be done by his new Magistrates, and some magisterial work by his new Revenue Officers. As regards the latter his idea is that the District Magistrate would from time to time, if necessary, transfer cases or appeals from the new Magistrates to the new Revenue Officers. But it is a matter of common experience that the transfer of cases from one court to another causes delay in the disposal of them, sometimes impedes in other ways the course of justice, and invariably causes trouble and expense to the parties and witnesses.

24. But a fatal objection to the whole scheme (as things are at present) is that it takes away magisterial work from all Indian Civil Service Officers or, if an Indian Civil Service officer is appointed to a magisterial post, the financial advantages of the scheme disappear. Obviously it is difficult for an officer to be an efficient District Magistrate or District Judge if he has no knowledge of magisterial work, but under Mr. Masterman's scheme no Indian Civil Service Officer would have any experience of such work, other than such as he acquires when under training as a third and second class Magistrate or from the few cases that might be transferred to him when he is a Revenue Officer. He would have spent the whole of his service up to the time of appointment as Collector in doing purely revenue work. In the case of the provincial service, this objection would not be fatal, as an officer promoted to Collector would have had magisterial experience: but he would have had such experience only in his earlier years.

It might possibly be an improvement on Mr. Masterman's scheme to reverse his proposals in regard to pay so that the Revenue Officer would get the lower pay and the Magistrate the higher. But the objection as regards specialization would not be removed: the Indian Civil Service Officer would then have purely magisterial experience and would not be qualified to be an efficient Collector; and the objection would be similar, though less in degree, in the case of an officer of the provincial service.

If all the officers were placed on the same scale of pay, the sole advantage that can be claimed for the scheme, namely greater cheapness, disappears.

25. A further suggestion made by Mr. Masterman, with the object of reducing the work done by Divisional Officers and so enabling their number to be reduced, is in regard

to the submission of reports by Tahsildars direct to the Collector instead of through the Divisional Officers. The general rule is (B.S.O. No. 116-3) that orders addressed by the Collector to officers immediately subordinate to Divisional Officers should be issued through the Divisional Officers, except in regard to matters which fall immediately under the control of the Collector, as for instance, those relating to the treasury and the preparation of periodical reports and returns. The converse of the rule that reports submitted by a Tahsildar to the Collector should be sent through the Divisional Officers, does not appear to be specifically laid down but follows from the general definition of the responsibility of a Divisional Officer for everything within his division and is generally adhered to. Mr. Masterman's suggestion is that as a large volume of reports from Tahsildars merely pass through Divisional Officers, and the Divisional Officers do not inspect or hold any independent enquiry but merely pass on the Tahsildar's reports without remarks or with brief remarks which are of little value, the Tahsildar, who really makes the enquiry and on whose opinion the Collector's orders must be based, might as well send his reports direct to the Collector. The time spent in registering such papers in the Divisional Officer's office and in writing endorsements on them is wasted.

Now there may be some classes of reports which deal with matters purely of routine but hardly any of the subjects which Mr. Masterman specifies are of this kind. His list includes amongst others the alienation, valuation, classification, reservation and assignment of land, and the whole of irrigation. If the Divisional Officer were thus shut out from all knowledge of everything concerning land and water in his division, there would be nothing left for him to do except to pass orders in cases where statute requires him to do so and in appeals from the orders of the Tahsildars. There would be nothing for him to inspect; and he need never go into camp.

26. This conception of the Tahsildar as an almost infallible man-on-the-spot and of the Divisional Officer as a mere signature-affixing automaton is foreign to my own experience, whether as Divisional Officer or as Collector, and to the ideas of Government as set out in the Standing Orders already quoted. Tahsildars are an estimable class of officials, but not infrequently err, whether through inexperience or inadvertence or laziness or weakness or for some other cause, and I do not think it is expedient to relieve them from all possibility of control by the Divisional Officers. The fact, for instance, that the Divisional Officer may (and indeed should) inspect minor irrigation tanks to see that estimates do not provide for unnecessary work and that work is properly executed according to estimate is a most wholesome check on carelessness and extravagance on the part of a Tahsildar. Again, I have been told by one Collector that reports on major irrigation

matters submitted by Tahsildars were so inadequate in his district that he had to take them out of the Tahsildars' hands and to direct his Divisional Officers to deal with them personally.

The theory that because the Divisional Officer is only an intermediate not the final authority, it is unnecessary for him to intervene at all seems to me mistaken: but that it is sometimes translated into practice is shown in an outstanding instance by the statement of one Divisional Officer that calendars of Subordinate Magistrates "simply pass through" the Divisional Magistrate. If some Divisional Officers suffer from inertia and lack of initiative, or ignorance of their duties, that is not a reason for considering that all Divisional Officers are superfluous.

27. Mr. Rutherford's proposal is to abolish the three Divisional Officers in Chingleput district and to substitute for them one First-class Magistrate and one or perhaps two Revenue Officers. Unless the result of a change of system were to reduce the number of officers, there are no advantages in it, though Mr. Rutherford himself considers that the separation of the judicial and revenue functions would be a positive advantage. Mr. Rutherford considers that one Magistrate would probably suffice for Chingleput, if he were given summary powers: and that one, or two, Revenue Officers would suffice if the whole system of Revenue administration were radically altered. His proposals towards the latter object would result in the abolition of Revenue Inspectors: so far as Divisional officers are concerned, it is uncertain whether any reduction in the number could be made. It is obviously doubtful if a single First-class Magistrate could do all the work now done by three Magistrates, even in Chingleput and there is a variety of other objections to that proposal. In districts with a larger number of divisions or with heavier criminal work, it would be impossible.

Mr. Rutherford's other suggestions will be dealt with later. In view of the uncertainty that his scheme as regards Divisional Officers would in fact lead to any retrenchment, it need not be considered further here.

28. No other suggestions for the retrenchment of Divisional Officers have been put forward and the recent detailed examination of the circumstances of each district resulted only in the abolition of a few divisions. In general, the size of the districts in Madras is so great, and the contact between the administration and the people so close, that it is necessary, under the present land revenue system, that Divisional Officers should reside within their charges and that the area in their charge should not be excessive.

Another general proposition is that the combination of revenue and magisterial functions in a single office is itself an economical arrangement. There was a similar economy

at one time when Tahsildars exercised magisterial powers in addition to their revenue duties. But when 40 years ago, it was decided to separate the two, it became necessary to create a new class of officer, the Sub-Magistrate. The idea that a similar division of the functions of the Divisional Officer can result in economy is *prima facie* illogical: the attempts which have just been described to meet the Difficulty accordingly proceed on the assumption that most of the revenue functions of the Divisional Officer are unnecessary, or can be done by some one else. I have given reasons for rejecting that view: and I have criticised proposals based on it at some length because they merited examination as a definite attempt at retrenchment. The objection to them is not that they are heretical but that they will not work or will not result in economy and my conclusion is that Divisional Officers are a necessary part of the administrative machinery.

I do not believe that it would be good policy to burden Collectors with more work of minor importance that is now done by Divisional Officers, nor do I believe that Tahsildars generally are fitted to receive any large extension of power or capable of coping with any considerable increase of work. Assuming that the general system of district administration remain unaltered I can suggest no reduction in the number of Divisional Officers. It is therefore necessary to examine the possibility of making alterations in the system, which would reduce the functions of Divisional Officers so considerably that a reduction in their number would follow.

29. I have so far dealt with things as they are and with the Revenue rather than the magisterial side of the Divisional Officers' functions.

I have refrained from speculating on the changes that a new constitution may bring about in the course of time, partly because such speculation would be valueless and premature, since no action can be taken now to meet possible new departures in policy not yet enunciated: and partly because I see no ground for supposing that the Government of the near future will desire to make any startling changes in the policy or practice of district administration. So far as the Collector is concerned, the Simon Commission assumed that there would be no great change in his position and functions. No Government will set out deliberately to lower the standards of administration, to diminish its revenue, to jeopardise law and order, to weaken the administration of criminal justice. It may be supposed that for the ascertainment of public opinion a political Government will rely on its supporters in the Legislative Council or in the districts rather than on officials, but every Government will still want to know facts and to have disinterested and experienced opinions on them, and for this it must still go to the district officers. In some directions it seems

possible that a greater use will be made of the district officers, when the Government is homogeneous and the distinction between Reserved and Transferred subjects disappears. It may, for instance, be found expedient that the Government should devolve upon the Collectors some of its powers in regard to local bodies (especially panchayats the mere number of which already makes the centralized administration of them an impossible task), and there are, I believe, indications even now that the prejudice against intervention by the Collector in such matters is weakening. In the early years of the past decade, the local boards in their newly-won freedom from official domination were suspicious of any hint of encroachment upon their independence by the 'bureaucratic' side of the Government and its local representative. But now that their position is assured, such suspicion tends to become less keen, while public opinion is less opposed than it was to the invocation of assistance from the district officers. It may be that the establishment of a unitary Government will break down the barriers further; and at the same time the multiplication of local bodies must make some considerable measure of decentralization inevitable.

30. If in the sphere of local self-government the functions of a Collector may perhaps be widened, it is possible that in the sphere of revenue and criminal administration there may be a movement in favour of more popular control. It is difficult to 'deofficialize' the tax-gatherer, and there are limits to the popularization of the magistracy: but whatever form changes may take, the district officer must be the instrument for carrying them out, and this must mean more work for him for some time to come.

I can find in prophesy no ground for believing that the work of the Collector will diminish in the near future, or for thinking that it is any more desirable than it has been in the past that he should be saddled with more work of lesser importance, that the Divisional Officer now performs.

31. As regards the magisterial duties of the Divisional Officers, the position was very fully examined in 1923-24. I have already quoted an extract from the final orders of Government on that subject [G.O. No. 112, Judicial (Magisterial), dated 17th March 1924] which contains an admirable and exhaustive survey of the whole field of magisterial administration. I do not propose to quote further: it contains all that I should have to say. For my present purposes, it is enough to say that the Government then saw no prospect of securing retrenchment by an alteration of the present system; and nothing has occurred meanwhile to warrant a change of opinion on that point. Though the number of Bench Courts has remained stationary (202 in 1925, 205 in 1931) the number of cases dealt with by them has risen largely (78,959 in 1926, 101,560 in 1931); the number of panchayat courts has increased

largely (2,004 in 1925, 3,366 in 1931) and the number of cases tried by them has also increased (28,428 in 1925, 34,107 in 1931). But in spite of the increasing number of cases dealt with by these two courts, there has been not only no reduction but a large increase in the number of cases filed before the Stipendiary Sub-Magistrates (98,895 in 1925, 124,145 in 1931).

Nothing has been done in the meanwhile to relieve the Subdivisional Magistrate of work (the order of 1924 explained the difficulties of doing so); the number of original cases remains the same, but there has been a decrease in appeals, viz.—

	1925.	1930.	1931.
Original cases ..	8,006	8,891	7,935
Appeals ..	5,144	4,824	4,469

The reduction in the number of appeals may be due to a variety of causes: it is too early to assume that it will be permanent.

Meanwhile the reduction in the number of divisions made during 1932 has, of course, increased the work of the remaining Subdivisional Magistrates in some districts.

32. I have perused the recommendations made by the Thomas Committee for the modification of the administrative system in Bombay. The Committee started with the thesis that geographical centralization from top to bottom was possible and financially desirable, and their scheme for the reorganization of the Revenue Department conforms to that mould—

(1) The Commissioners of Divisions are to be brought in to the headquarters and formed into a centralized Board of Revenue on Madras lines (but with the odd modification that their duties are to be distributed territorially instead of by subjects).

(2) The Subdivisional Offices are to be abolished. In their place the Collector is to have a personal assistant or two personal assistants, who would be under his direct orders and tour over the whole district in accordance with a programme arranged with the Collector.

(3) The Circle Inspector, who at present works in a subdivision of the taluka is to be replaced by a Revenue Inspector of a higher status who would share the inspection of villages with the Mumlatdar (Tahsildar) and will live at the taluk headquarter and share the taluk office.

(4) Subordinate Judges are to be invested with criminal powers and to use them in all places in which their civil work does not give them a full day's work. In some places it will be necessary to create additional posts of Resident-Magistrates: the Committee considers that six would be necessary. This system would produce economy and meet the convenience of the public who are now sometimes required to follow a touring Magistrate's camp and will provide a training for Sub-Judges to fit them for appointment as District Judges.

I am not concerned with recommendation (1). Recommendation (2) is similar to suggestions made by Messrs. Masterman and Rutherford which I have already discussed. Recommendation (3) will be dealt with in the section about Revenue Inspectors. Recommendation (4) that criminal work should be entrusted to Sub-Judges is new and requires consideration.

33. It is to be noted, first, that the term 'Sub-Judges' in Bombay includes all the officers styled 'District Munsifs', in Madras; secondly, that in Bombay there is not a complete separation of magisterial and executive functions in the lower grades as there is in Madras, though Bombay has some whole-time Resident-Magistrates. The Mumlatdar (Tahsildar) exercises magisterial (often first-class) powers as well as revenue jurisdiction. Apparently, therefore, the 'prant' (Divisional) Officer in Bombay has already less magisterial work to do than the Subdivisional Magistrates in Madras; for many Mumlatdars have first-class powers (whereas no Sub-Magistrate has them) and appeals from those Mumlatdars in consequence lie to the District Judge, not to the Subdivisional Magistrate.

Since the abolition of circle officers must 'to some extent' increase the revenue duties of Mumlatdars and the abolition of the prant officer means the substitution of the Mumlatdar for the prant officer as the chief inspecting agency, a means had to be found for relieving the Mumlatdar of part of his magisterial duties; at the same time the Committee decided that the criminal work now performed by the prant officers could not be wholly transferred to the Collector and his personal assistant. In Madras when the magisterial functions of the Tahsildar were taken away a new class of officer—the Sub-Magistrate—was created to assume them. Financial considerations precluded the Thomas Committee from adopting this course (except to the extent that six additional Resident-Magistrates are to be created) and the solution of the difficulty was found in the fact, of which the Committee had evidence that in many of the subordinate civil courts (Sub-Judges) the time of the Judge (in spite of some amalgamation of courts) is still not fully occupied. It does not appear that this state of things exists in Madras. The Retrenchment Committee's report records the abolition of some District Munsif's Courts and the amalgamation of others but there was apparently no evidence that the courts in general are not fully occupied. Indeed the High Court of Madras, in a letter proposing a system of magisterial training for Sub-Judges, said that 'in this Province District Munsifs have very little time to spare for other work.' It is therefore improbable that any considerable retrenchment could be made by giving magisterial work to these courts.

34. A proposal of the kind was considered on its merits regardless of financial considerations by the Coleridge Committee in 1923-24. The

Committee first decided that the powers conferred upon Magistrates by Chapters VIII to XII of the Criminal Procedure Code (security for keeping the peace, unlawful assemblies, public nuisances, temporary orders in urgent cases of nuisance or apprehended danger and disputes as to immovable property likely to lead to breaches of peace) were essentially executive rather than judicial, and must remain with the executive authority, namely, the District Magistrate and his Subordinate Magistrate. They considered that the transfer of these functions partially or wholly to judicial officers would result in danger to public tranquillity. This position is apparently accepted by the Thomas Committee, though their report contains no details. Their intention presumably is that the single personal assistant to the Collector should exercise such of these powers as are now exercised by several Subdivisional Magistrates throughout the district. If so, it seems to me that the Committee failed to realize how seriously the power of preventing disturbances and the like or terminating them would be weakened by the reduction of the number of officers and by the concentration of authority in the district headquarters, instead of its being vested, as it is now in Madras, in officers dispersed over the district.

35. The Coleridge Committee next considered, and rejected, a proposal for the amalgamation of the criminal and civil judiciary in respect of the rest of the magisterial functions. They remarked that such amalgamation, though favoured by a large body of vakils is against the custom of such 'liberty-loving' countries as England and America: They then pointed out that "criminal cases should be tried with more rapidity and disposed of more quickly than civil cases, because in the former the parties' personal liberty is concerned and cases depend on oral evidence which is likely to be less reliable months after an occurrence than immediately or shortly after" and, after quoting statistics to show that the disposal of civil cases by District Munsifs was much less prompt than the disposal of criminal cases by the Subordinate Criminal Courts, added "so far as criminal cases are concerned, such delays would be an intolerable scandal. If both classes of cases—Civil and Criminal—are made to be tried by the same tribunal, there is great likelihood of both classes of work suffering or, at any rate, the criminal cases suffering still more than at present. The remedy is suggested by some that the civil tribunal should be directed to set apart some days of the week for the trial of the criminal cases, thereby ensuring prompt disposal. Apart from the impossibility of making any such arrangement, owing to emergent applications in respect of civil or matters of execution—attachment before judgment—coming up for immediate consideration, there will be new criminal work coming up almost every day, such as remand of prisoners, bail applications,

transfer petitions, etc., requiring immediate disposal and complaints must always be taken as soon as presented. The interruptions to either civil or criminal work by an arrangement of this nature would be considerable, and if each work be allowed to be taken up as it comes and the other made to wait till its turn, the result will be more delays than at present."

On these considerations the Committee was strongly of opinion that the Criminal Courts should be kept separate from the Civil Courts, more especially as no possible economy could result.

36. No doubt the Committee considered that it had said enough to condemn the proposal and the condemnation is the more striking when it is remembered that the Committee was by no means an official Committee nor inspired by any bias against the Civil Courts. It included a large preponderance of Indian non-officials (three of whom afterwards became Ministers) and was presided over by a Judge.

37. There are two important considerations upon which neither the Coleridge Committee nor the Thomas Committee touched. The first is the difficulty of divided control over an official exercising dual functions. Either the District Munsif must be subordinate to the District Magistrate in respect of his magisterial functions and to the District Judge in respect of his civil functions or he must be subordinate to the District Judge in respect of both. Under the first alternative the weakness of a system of divided control is obvious. So long as he has only second-class powers (the Thomas Committee suggests that he should exercise these for two years before receiving first-class powers) appeals against his decisions must under the Criminal Procedure Code lie to the District Magistrate; and presumably his calendars would be sent to the District Magistrate for perusal and the District Magistrate would inspect the magisterial part of his records while the District Judge would deal with the civil part. The mere fact that his time was divided between two functions would make it difficult for the authority to supervise his work in either branch satisfactorily.

Under the second alternative, the District Judge would have more to do than he has time for. This was recognized by the Coleridge Committee in discussing its own scheme for placing the whole of the magistracy under the District Judge and its remedy was the singularly unsatisfactory one of appointing a comparatively junior officer (to save the expense of a senior) as assistant to the Judge in respect of magisterial matters. The Thomas Committee did not allude to the point at all. It may have thought that the Judge would be able to exercise sufficient supervision over the District Munsifs dealing with first-class cases. But it is extremely doubtful if he would have time to exercise supervision of the required amount (e.g., inspection of the District Munsifs'

Courts and careful perusal of calendars), and it is certain that his supervision could broadly speaking not be of the required kind; first, because as a judicial officer what would interest him in reading a judgment would naturally be the purely legal aspect of the case; secondly, because his position as the appellate authority would effectually preclude his making any kind of criticism on a judgment, except in judicial form. A District Magistrate *vis-a-vis* the Subdivisional Magistrate is free of these trammels and can exercise a general supervision over his work whether by remarks on judgments or otherwise in an extra-judicial way, as no judicial officer could. It is perhaps unnecessary to particularize, but I may mention such topics as the use of sections 203 and 250 of the Criminal Procedure Code, the avoidance of delay in disposing of cases, the proper treatment of juveniles and first offenders, the need of clearness and conciseness in a judgment, the importance of facts rather than legal subtleties, as instances of the range of general, as opposed to judicial, supervision.

38. A second large consideration which both Committees ignored is the fitness of District Munsifs to be entrusted with the trial of criminal cases.

The High Court of Madras in suggesting a method for giving Sub-Judges experience of criminal work [Letter 2663, Law (General), dated 8th July 1931] noted some characteristic deficiencies of Sub-Judges when called upon to deal with criminal work on promotion to the District Court; and the claim of the Thomas Committee that its scheme provides a training to fit civil judicial officers to be criminal Judges has some justification. But it is not necessary to entrust criminal powers to all District Munsifs merely in order to secure a training for the few who will eventually be appointed District Judges, as the Madras High Court pointed out. Much less sweeping and extensive arrangements would secure that object, and that the Thomas Committee's scheme would secure it is a minor factor in the consideration of the general desirability of the scheme.

It seems very doubtful if that the combination of civil and criminal functions in the District Munsif would produce good results. The Coleridge Committee pointed out that in England no court short of the High Court deals with both kinds of work; and it is further noteworthy that while no civil judicial work is in England entrusted to a 'non-official' agency, a great deal of criminal work is in the hands of laymen. There are historical reasons for this but a sound reason for the endurance of the system is that while the exposition and interpretation of civil law is a matter for the pandit the decision as to the guilt of an accused person is a matter much more largely of practical commonsense. The trial of magisterial cases does not require a profound knowledge of law and I venture the opinion (I intend no disparagement) that, generally speaking, the

habit of mind of a District Munsif does not suit him to conduct magisterial cases satisfactorily : and that it might be difficult for a Munsif to adopt himself to the rather different requirements of a Civil Judge and a Magistrate at the same time. I do not wish to strain the point and it is possible that experience would in time counteract initial defects, but it does seem to me that there are serious objections of this kind to the entrustment of criminal functions to the lower Civil court.

39. Moreover, so long as a District Munsif had second-class powers only he could give no relief to the Subdivisional Magistrate who only tries first-class cases. The transfer of second-class cases to the Munsif would relieve only the Sub-Magistrate who probably will not require relief. The Bombay problem is different, since it was necessary to find relief for revenue officers dealing with both classes of cases ; and the Bombay solution of it is not suitable to the different conditions of Madras.

DIVISIONAL OFFICER'S CLERKS.

40. I have discussed already Mr. Masterman's proposal that the number of Divisional Officers should be reduced, and as a means towards it, that the Divisional Officer should be eliminated as a channel of correspondence between Tahsildar and Collector. I do not favour that proposal, but I pursue the idea that correspondence should be reduced, not in order to reduce the number of officers but in order to reduce the number of clerks.

41. In order to reduce the amount of correspondence which passes unnecessarily through the Divisional Officer I have tried to formulate a general rule as to the class of correspondence which need not pass through him at all, but find it difficult to do so. Letters on subjects dealt with directly by the Collector in which the Divisional Officer has no responsibility or concern should ordinarily be sent by the Tahsildar direct to the Collector and vice versa, but a rule of this kind might be interpreted in some districts in such a way as to short circuit the Divisional Officer altogether.

It would be safer, and should be attempted, to draw up a list (to be included in the Office Manuals) of subjects in which Tahsildars may and ordinarily should correspond direct with Collectors and vice versa. Probably some Collectors have issued orders of their own already on these lines in particular cases, but what is required is a general regulation with the object of reducing the work of the clerks in all Divisional Officers' offices so substantially that one clerk for each might be withdrawn.

The list would include such things as the Christian Marriage Act, gun licences, proposals for the resumption of inams or apportionment of quit rent (and other such cases where the only thing that can be done in the Divisional office is an "office check"), reports on the state of tombs, and some matters of excise ; but would *not* include correspondence about

39-A. Another objection which is worth mentioning to the adoption of the Bombay scheme arises from the different conditions in Madras. In Bombay the Collector's assistants already reside at the district headquarters, though they have distinct territorial jurisdiction. The transfer of officers from their divisions to headquarters in Madras would probably mean in many cases (a) the building of residences for them at the district headquarters (b) the enlargement of the Collector's office at headquarters to provide room for the assistants, while in both cases it might be difficult to find a use or get a reasonable price for the buildings in the division. This difficulty is the greater from the fact that the number of officers is greater in Madras. Whereas the Bombay districts have usually two assistants or more rarely three which the Committee proposes to reduce to one or two, in Madras none have less than three (except the Nilgiris), nine have four, six have five, and Tanjore has six.

irrigation works and any question connected with irrigation, darkhasts, reservation and alienations of land, revenue records, village officers and other matters with which the Divisional Officer is directly concerned and of which he should be informed.

I suggest that the Board might require selected Collectors to draw up a list of subjects on these lines and on that basis might prepare a list for Government's approval.

42. Secondly, in unimportant cases, dealing with subjects not on this list, which have come up to the Collector through the Divisional Officer, where the Divisional Officer has supported the Tahsildar's recommendation and the Collector passes an order accepting the recommendation without comment, it is unnecessary for the order to go back through the Divisional Officer. It should be despatched straight to the Tahsildar by the Collector's office. Such cases are numerous, e.g., sanction of Minor Irrigation estimates, sanction of transfer from poramboke to ayan and dry to wet, fixing the market value of land, granting licence for house-site in towns, and so on. The elimination of the Divisional Office on the return journey would save a considerable amount of work in that office, and it is only where the Collector explains a principle or points out an error or requires further information that the Divisional Officer need see the case a second time.

43. Thirdly, the principle should be laid down that in matters which go up to the Collector for orders the object of their passing through the Divisional Office is not that they should be scrutinized or noted on by clerks—that will be done in any case by the Collector's office and need not be done twice—but that the Divisional Officer may have the opportunity of inspecting, or directing the Tahsildar to inspect, or calling for further information, or

criticizing, in the light of his local knowledge, which is greater than the Collector's or of his general experience which is wider than the Tahsildar's. The office-note should be confined to pointing out any departure from rule ; it should not criticize a proposal on its merits, and in a large number of cases there need be no office-note at all. It is the personal intervention of the Divisional Officer himself that is required, not the "office check" by his clerks, and the Collector's clerks will not, in

consequence of the partial elimination of this intermediate check, have any more to do than they do already.

44. By these three methods, a large amount of routine and unessential work would be taken off the hands of the Divisional Office, and this, in conjunction with the reduction of the clerks' work at jamabandi, should render it possible to dispense with one clerk in each Divisional Office.

FASALJASTI.

45. Is the charge made for Government water used to irrigate a second crop grown on wet land registered as single crop land. Wet land which ordinarily gets a supply of water for second crop is registered as double crop land and remission of the second crop charge is given if there is not sufficient water for second crop. On land registered as single crop land the ordinary charge for second crop is half the first crop assessment, but it is open to a ryot to compound the charge at a favourable rate, viz.,

1/3 if the irrigation source is	2nd class.
1/4	3rd "
1/5	4th "
1/6	5th "

If the land has the benefit of irrigation from a private well, these rates of composition are halved (1/6, 1/8, 1/10, 1/12) except where the source is in the first or second class.

The revenue derived from the charge for second crop (excluding cases where the charge is compounded) naturally fluctuates considerably in accordance with the variations of seasons from year to year : it has amounted in the last three years to about 8 lakhs, 10 lakhs and 12 lakhs, respectively.

46. It has been suggested at various times since 1917 that simplification of accounts and reduction of inspection might be attained if these fluctuating charges were removed and some fixed system of charging substituted.

47. In Salem district such a system was in force before the first settlement and remains to this day. It was also in force in Vizagapatam up till the resettlement of 1919, when it was abolished and the general system of charging which prevails in the rest of the Presidency was introduced. (In South Kanara all wet land which regularly raised a second wet crop was registered as double crop land at settlement and no charge is made for second crop on land not so registered at settlement, but South Kanara conditions are peculiar.) The advantages of the Salem practice and the reasons for its being suitable to that district were summed up by the Settlement Officer in 1903 as follows :—

" It is generally true that under fourth and fifth and also some second and third group sources no second wet crop is grown except with the aid of private wells. In ayacuts

where there are no wells there is no second crop. By far the greater part of the wet lands however grow a second crop of some kind. This fact was noticed at the time of settlement and it has become increasingly the case owing to the increase in the number of wells. Were the consolidated charge abolished much inspection would be necessary to determine whether Government water had been used or not. The decision would in many cases be difficult as irrigation from wells is constantly going on. If the system were altered a ryot who refused to compound would occasionally pay less than he does now but any advantage he might derive on this account would be more than counterbalanced by the uncertainty in the amount of his payments, the harassment of frequent inspections and the necessity for satisfying the demands of lower revenue subordinates. The opinion of the majority of the ryots so far as it has been possible to ascertain it is in favour of continuing the immemorial practice of the district. The district officials unanimously prefer the present system. Its advantages in simplifying the work of the revenue establishments are obvious."

The Board pointed out that the consolidated rate did not do away with the necessity for inspection since wet lands were still eligible for waste remission and inspection must in all probability take place as frequently as in other districts. It was however decided by Government that the system should be retained as it saved much inspection and its continuance was desired by the ryots : and the old method of fixing the second crop charge continued unaltered.

48. The question was next considered when the resettlement of Vizagapatam was taken up (1919). The Settlement Officer held that from cultivation statistics, inspection on the ground and discussions with the ryots it was obvious that the imposition of the consolidated double crop rate in one taluk was definitely wrong ; that in the other two taluks no consideration was had of the varying facility of irrigation of second crop (as was done in Salem) and that though the system worked well enough in days when there was inadequate supervision of the karnam it was unnecessary now and the ryots were opposed to the system (to which they had in fact objected when it was introduced).

The Government then decided to abolish it and introduce the ordinary system. At the resettlement composition was applied for by the ryots on about 23,000 acres (about one-third of the total wet area) which was less than the average area (28,000 acres) on which the cultivation accounts showed a second crop, wet or dry, had been grown in the five years preceding the resettlement. As the advantages of composition appear to have been sufficiently advertised at the time, this figure probably reflects with some accuracy the ryots' estimation of the normal chances of irrigating a second crop.

49. It will be observed that the features which distinguish Salem from the rest of the Presidency are that the system of charging is ancient, is liked by the people and is apparently suited to the conditions of water-supply. It does not follow that its introduction as a novelty in other districts would either be acceptable to the people or would suit different conditions, nor, and this is for my present purpose more important, does it appear that the Salem system has actually any appreciable effect in simplifying accounts or reducing staff. In fact there are at present more Revenue Inspectors in Salem—there are also more taluks—than in any other district except Tanjore, which has one more, and Mr. Todd informs me that the bulk of jamabandi accounts in Salem is not appreciably smaller than in other districts, and that Revenue Inspectors have as much inspection to do for remission and water-cess purposes—as in other districts.

As the result of a full discussion of the question in 1917, when most Collectors, all Settlement Officers and the Board of Revenue went into it thoroughly, the Government decided that there was considerable objection to the universal application of the system, though there were many areas in which it would be suitable. They also accepted the view that the system could not be introduced during the currency of an existing settlement or resettlement.

50. Later, discussions of the method of simplifying the Revenue administration proceeded between 1921 and 1925, when they were finally abandoned. In the course of the discussions a scheme for abandoning charges for second crop and substituting a permanent charge was sketched. The proposal was that all wet lands should be reclassified field by field, on the basis of the cultivation accounts for the previous five years (subject to check by actual inspection) and that an addition to the assessment should be made by adding a fraction of the single crop charge according to the number of times a field had grown a second crop during that period. Thus a field on which second crop had been raised four or five times would pay one-half, a field on which it had been raised three times one-third, once or twice one-fourth, of the single crop charge in addition

to the single crop assessment. No remission would be given on these rates, unless there was a total failure of the supply for the ayacut, the ryots would be free to distribute the water as they chose and even to use it for 'dry' land in preference to 'wet' land: for all dry land which had been irrigated once during the preceding five years without objection was also to be registered as wet. Not only would the initial expenditure involved in arriving at new assessments in this way be enormous but the system sketched would only have a limited application, viz., to isolated tanks: for it would clearly be impossible to allow the water of one tank in a chain or of a channel irrigating a long stretch to be used at will by the upper landholders without regard to the rights of ayacutdars lower down. And in the case of isolated tanks the system is unsuitable since the prospects of a second crop are remote. Isolated tanks would usually be tanks in the fourth or fifth class which by definition and in fact have not more than a precarious supply for a single crop.

51. At the resettlement of Tanjore it was originally decided that all wet land registered as double crop land prior to the resettlement and all wet land not so registered which ordinarily had an unfailing supply of water for two wet crops should be registered as double crop land and assessed accordingly. On an objection from the mirasidars to this system of a compulsory charge for second crop, however, Government gave way and decided

(1) that the Settlement Officers should be authorized in cases where the registration of any land as 'double crop' prior to resettlement had caused hardship to register it as single crop on the ryot's application.

(2) that in all other cases the option should be left to the ryot to compound for the double crop or not.

The same course was followed at the resettlement of Trichinopoly.

The result in Tanjore was instructive. Out of a total area of some 780,000 acres of wet land, 22,000 acres was left registered as double crop, and only 1,873 acres asked for composition of the double crop charge.

52. At the resettlement of Trichinopoly it was decided that rain-fed tanks with an ayacut of 20 acres or less should be handed over to the ayacutdars on the following principal conditions:—

(1) The system was to apply only to tanks not in a chain or irrigation works or otherwise affecting the supply to any Government source.

(2) The tank beds were to remain as poramboke and the property of Government.

(3) The whole area usually cultivated with wet crops was to be registered and assessed as wet.

(4) The ayacutdars were to do the necessary repairs and maintain the efficiency of the tank.

(5) Government were to make no charge for fasaljasti (second crop on wet land) or tirvajasti (wet crop on dry land).

(6) Remission was only to be given in years when the assessment on neighbouring dry land was remitted.

The idea was that Government would be relieved of the cost of maintaining the tanks and of the detailed inspection of the land under it, while the ryots would be able to use the water of the tanks as they pleased without addition to their assessments.

Actually the results were negligible; whether this was because the ryots did not consider the terms attractive or because there were in fact few tanks which came within the scope of the scheme, the Resettlement report unfortunately does not explain. But only 339 acres in six taluks were dealt with in the way prescribed so that the contribution made by the scheme to the simplification of the revenue system was valueless.

53. This completes the tale of the endeavours so far made to simplify the system by abolishing fluctuating charges.

54. Meanwhile in the Ceded districts modifications of the system proceeded on entirely different lines. There [see B.S.O. No. 13 (12)] all enquiry into the supply received in the sources of irrigation (if 'precarious') is dispensed with and charge is made according to the crop grown on each field. If a wet crop is grown wet assessment is charged; if a dry crop is grown dry assessment is charged; if no crop is grown there is no charge. This system has the merit of saving the ryot from the hazards and the Jamabandi officer from the annoyance of nice discussions by revenue subordinates as to whether remission ought to be granted or not; since if the record of cultivation is correct, the system of charging works automatically. But it obviously so far from reducing the amount of inspection necessitates a more detailed and careful inspection of each field, as indeed has been recognized by the addition of a special question to the Jamabandi Check Memorandum (note under question 35) for use in the areas to which it applies. Viewed therefore from its potentialities as an instrument for reducing staff, the system is devoid of merit.

55. It was observed above (paragraph 49) that in 1917 Government decided that the system of charging a consolidated rate for two crops could not be introduced during the currency of a settlement or resettlement. They added that power should be reserved in all future resettlement notifications to transfer during the currency of a settlement to double crop wet any land to which the supply

of water was shown to be fairly constant and they consulted the Board of Revenue whether

(1) any land on which a second crop had been grown for a period of five years next preceding the settlement or resettlement might be compulsorily transferred to double crop at such settlement;

(2) whether in cases where a second crop had been raised, say in five years out of ten, the Settlement Officer should not be required to transfer the land to double crop wet at the favourable rates allowed in B.S.O. No. 1-1 (5) (viz., 1/3, 1/4, 1/5, 1/6 according to the class of the source), such land being entitled to remission of the second crop charge if only one crop was irrigated.

The Board objected to the introduction of a rigid statistical test and said that land on which two crops are regularly raised could be easily located by the Settlement field staff without the labour of scrutinizing the fasaljasti accounts for five years; and that as ex hypothesi the land referred to in (2) above would only get a wet crop every other year it would have to be inspected as such for remission purposes, as if they were to remain as 'single crop' liable to fasaljasti. There would therefore be no saving of labour and there would probably be loss of revenue by giving the favourable rate of double crop charge.

The Government accepted this view and decided that no hard and fast rule should be laid down as to the registry of land as double crop and that the composition of the second crop charge should remain on a voluntary basis.

56. The proposal that power should be taken in resettlement notifications to transfer to 'double crop' land to which the supply of water 'was shown to be fairly constant' has not in fact been followed in notifications issued since.

(a) In Bellary and Anantapur, the notification for the black soil area includes the following clause:—

"The Government reserve the right to register any land as double crop wet during the currency of the resettlement if the supply of water to such land is found to be *ordinarily sufficient for two wet crops* and to alter the charge on the land so registered as double crop wet so as to include the charge for second crop."

No such clause was put into the notification for the red soil area, but as regards single crop lands both notifications say "the charge for a second crop *when raised* on land registered as single crop will be in accordance with paragraphs (1) and (2) of B.S.O. No. 5, or whatever corresponding orders may be in force for the time being."

Thus the criterion is that water must be 'ordinarily sufficient' for two crops, before land can be registered as double crop land,

and whatever 'ordinarily sufficient' may mean, it must mean something more than say 'every other year'; and on single crop land a second crop must be *raised*, to enable a charge to be made. Government is therefore precluded from imposing a charge, to cover the second crop charges, on land for which there is not 'ordinarily' a sufficient supply for two crops without the ryot's consent; and in the case of land for which the supply of water is not ordinarily sufficient for second crop charge, a charge for second crop can only be made when a second crop is raised. Any system of compounding the second crop charge compulsorily, as in Salem, would transgress the terms of the notification. That it would not be accepted voluntarily by the ryots may be judged by the fact that in the two districts of Anantapur and Bellary together the second crop charge was compounded on only 5,765 acres at the ryots' wish, 5,412 acres being compounded compulsorily.

(b) Again in the Godavaris and Kistna no area (except one for special reasons) was registered as double crop at the resettlement and the Settlement Officer stated that there was no area in which two crops were regularly irrigated. The resettlement notification contains the following clause :—

"Government reserve the right to alter or revise within the period fixed for the duration of the resettlement the classification of land adopted at the resettlement and to impose additional assessment in the following cases :—

(1) where a second wet or irrigated dry crop is raised on registered single crop wet lands."

Here the limitation is even more definite than in Bellary and Anantapur, that a charge shall be made on account of second crop only when such a crop is actually raised.

(c) In South Arcot and in Madura (Periyar areas) and the other districts resettled after the orders of 1917, the resettlement notification clause on the point is as follows :—

"Government reserve the right to register any lands as double crop wet during the currency of the resettlement if the supply of water to such land is found to be ordinarily unfailing and to alter the charge on the land so registered as double crop wet so as to include the charge for second crop."

Once more no power is reserved to alter the system of charging for second crop in toto, and the old criterion of an ordinarily unfailing supply remains.

(d) In the notifications issued prior to 1917 there was no reservation of power to deal with second crop charges. The common form of the clause relating to second crop in them repeated the provisions of the Board's Standing Order on the topic.

57. The conclusion is that no general fixation of the charge for second crop can be made during the currency of a settlement, except with the consent of the ryots, which could never be obtained, and at the cost of a large special staff; that any attempt towards such fixation of the charge at a resettlement would be strenuously opposed, and again would require a large special staff; and that unless such fixation were accompanied by the withdrawal of the grant of seasonal remissions its administrative advantages would be of minor importance, while any proposal to withdraw remissions would undoubtedly kill all chances of acceptance of a fixed second crop charge.

Since the abolition of fasaljasti by the substitution of a fixed charge is impracticable, it is unnecessary to enlarge on the difficulties of introducing it.

58. As has been remarked already the Board saw in 1923 that a change of system would involve a field to field resettlement. Mr. Rutherford has recently suggested a more rough and ready method, namely, to take the average total of fasaljasti and tirvajasti over a series of years, deduct the average remissions in the same period and distribute the balance as an annual additional charge on all wet lands. A panchayat would distribute the water and would levy a charge for irrigation of dry land. That is to say, the Government would levy an additional charge but would have no power to see that those who paid it get their share of water, or, failing that, had the charge remitted—a distinct change for the worse from the present system. Again it would in practice be found impossible to refuse remissions in a bad year: yet to grant them would upset the financial effect of the whole scheme. Moreover what is remitted is the first crop charge, or a portion of it. There does not seem to be much attraction for the ryot in a scheme which

(a) deprives him of remission in a year when he gets no crop;

(b) adds to his present assessment, even in years when he gets no crop;

(c) adds to his assessment a charge on account of the irrigation of dry lands when he himself may possess no irrigable dry lands;

(d) adds to his assessment a charge for second crop, when he himself may have little hope of ever getting a second crop.

The only *quid pro quo* that the scheme offers him is that he can grow as many crops as he likes without alteration of charge. But freedom to grow two crops is a hollow boon when the opportunity of growing them is rare; and even that freedom is limited by the fact that he could only obtain water by the favour of a panchayat. The scheme is in essence unfair in that it requires all to pay for benefits which only a few can enjoy and seems to me to be outside the range of practical politics.

REMISSION.

59. It has been suggested that the adoption of what was believed to be the Mysore system would enable Madras to do away with fasal-jasti and remissions. The fact is that the system on which the land revenue settlement was made in Mysore is totally different from that of Madras: and Madras could only obtain the supposed advantages of the Mysore system by scrapping the present settlements and starting afresh. In Madras the settlement of wet land is based on the net return from a single crop of rice according to the varieties of the soil and the value of the irrigation source. In Mysore the settlement is based on a fair charge for a crop of sugarcane grown on the best soil with the best irrigation. This is the "maximum rate": the lower rates are obtained by scaling down this rate in accordance with deficiencies in the soil or in the water-supply of each field. As the Mysore settlement is based on a crop which is on the ground for the whole year, the assessment on the land is the assessment for the whole year and does not alter whether one or two crops are grown. But in Madras the settlement assessment takes into account only a crop which is on the ground for half the year: if more than one crop is grown, it has to be charged separately. Each system has its own merits, but we cannot now introduce an incidental merit of the Mysore system into the Madras system. Its introduction would involve the reconstruction of the Madras system from the foundations.

60. Nor is it the case that Mysore is free from the complications of remission. Indeed while in Madras it is now suggested that the rules for remission are too elaborate in detail, in Mysore, under pressure from the ryots, who point to the greater liberality shown in Madras, the tendency is for the grant of remission to be extended more and more in detail. The history of the policy in regard to remissions in Mysore is instructive as suggesting the opposition that a proposed adoption of broader lines or less generous treatment in this matter would arouse in Madras.

It had been the policy, as laid down in orders of 1897 and 1907, to grant partial remission of assessment only when there was a general failure of wet crops in any locality, and consequent distress, and not in individual cases where a tank on which lands are dependent for their irrigation did not obtain a sufficient supply of water in any year on account of deficient rainfall. In 1922, in response to requests that the policy should be changed so as to give greater relief to the ryots the Mysore Government decided that where owing to failure of rains throughout any tract, any tank in such tract had not received an adequate supply, so that more than half the area of wet lands under it remained uncultivated or yielded a crop of not more than four annas, the payment of half the assessment might be suspended provided the tracts were already so impoverished or the previous harvests

had been so poor as to render such a measure of relief necessary. The amount of assessment so suspended was payable in the next year, unless there was a similar failure or deficiency of crop, in which case it was to be remitted.

In 1924 it was directed that the assessment should be remitted at once, instead of being suspended, on lands on which the crops failed altogether or yielded an outturn of not more than two annas.

In 1925 further orders were issued. The Government on being satisfied that a large number of tanks and *spring channels* in a tract had received an inadequate supply, and that the tract was so impoverished or the previous harvests had been so poor as to render relief necessary, was now to notify that remission of half the wet and garden assessment under the affected tanks and spring channels might be remitted, and the Deputy Commissioner was then empowered to grant such remission to individual holders of lands under these sources.

A further step was taken in 1927 when it was urged that the grant of remission should be based on the conditions prevailing *under each tank*, and not over a wider area, in which conditions might not be uniform: owing to the unequal distribution of rainfall one tank in a tract might be full, while another might receive only a scanty supply, or none at all, in successive years. In such cases to make the grant of relief dependent on the conditions prevailing over an extensive area would be to withhold relief where it was urgently needed. On these grounds it was decided that the ayacut of a tank should be treated as a "tract" for the purpose of remission.

Lastly in 1932 the grant of remission was extended to channels, though the amount of it was not, under these sources, to exceed the difference between the wet assessment and the highest dry assessment in the locality.

Thus, in ten years, there has been an advance from suspension to remission, from 'tract' to 'tank,' and an extension of indulgence from wet land to garden land and from tanks to spring channels and river channels. And it is not to be supposed that the agricultural interests will rest content with the concessions already won.

61. In Madras, remission may be of the full assessment, not half as in Mysore, and is given on individual fields. It is notified in the Board's Standing Order that remissions are granted as a matter of grace and are liable to be modified from time to time at the pleasure of Government, and the sum remitted each year is so large (varying from 22 lakhs to 34 lakhs in the last five years) as to offer an inducement to modification in a time of financial stress. I do not suggest that we should remodel our system of remissions on the Mysore standard, and any stiffening of the rules about remission would of course

be highly unpopular. But the fact is worth recording that it is open to the Government without legislation, without change in the machinery, and without breach of faith to effect savings in any year by ordering that remission should be fractional ($\frac{7}{8}$ or $\frac{3}{4}$ or other fraction of the assessment) instead of total in that year. If the wet assessments actually represent or had in the past represented one-half of the net produce of the land,

there would perhaps be a moral obligation on the State to grant total remission when there is no produce, but so long as they do not there is no such obligation; and if the finances of the Province were at any time in such a state that all classes of the community must be required to make a sacrifice, here is a ready and not inequitable means of levying a share of the burden from the agricultural classes.

TIRWAJASTI.

62. If the obstacles to consolidating and fixing the charge for a second crop on registered wet land are formidable, the obstacles to fixing a charge for water taken occasionally to dry land appear to be insurmountable. It is in its nature a fluctuating charge. Dry land has no right to water: it gets it by consent of the wet-land holders at times when the supply is in excess of the requirements of the wet land or by stealth at any time. Dry land which has been steadily irrigated for a series of years without objection may be transferred to wet, at the request of the ryot by Collectors, or during a resettlement, by a Settlement Officer: and

it may be said generally that all land which can properly be registered as wet has been so registered. There appears to be no basis on which the charge for water taken to it can be fixed except on some such system as that described above in Trichinopoly. (Paragraph 52.) But this method can only be adopted in the limited class of cases to which the Trichinopoly experiment was restricted and that experiment failed.

The Board of Revenue has recently (22nd November) reported on the subject of tirwajasti. I have nothing to add and no fresh suggestions to make.

MINOR IRRIGATION.

63. There are three possible ways in which a reduction of the work done by Revenue Officers in connection with minor irrigation works might be effected

- (1) by handing over control to Panchayats.
- (2) by handing over sources wholly to the ayacutdars.
- (3) by transferring the maintenance and repair of them to the Public Works Department.

(1) *Transfer to Panchayats.*

64. Under section 65-B of the Local Boards Act the Local Government may, subject to such conditions as they may prescribe, transfer to any panchayat various functions in respect of irrigation works. The conditions of such transfer are set out in G.O. No. 3328, L. & M., dated 22nd August 1932 (which superseded orders already issued in 1926).

There is also another class of panchayats, which are specially constituted for the charge of a particular irrigation work and do not come under the Local Boards Act. The constitution and functions of such panchayats are laid down in G.O. No. 109 I., dated 17th January 1928.

Little use has so far been made of either class. Under the Local Boards Act, irrigation works in 35 villages have been transferred to panchayats but only 25 have actually or actively been looked after by them; of irrigation panchayats only seven have been formed, of which six are functioning.

In general the transference of control under these two systems amounts to little more than

the formalizing of powers which have been exercised by the ayacutdars for generations. Over a very large area covered by irrigation works in the Presidency the ayacutdars do in fact manage the distribution of water for themselves without official intervention, and they do or are expected to do petty works of repair under kudimaramat. The transference of control of a large number of works would not greatly affect the volume of work to be done by the Revenue Department, though in the case of some of the channels under Public Works Department control it might result in dispensing with some petty subordinates of that department. In Godavari delta about 30 channels in charge of the Public Works Department have been put into the hands of panchayats for the distribution of water and the execution of petty repairs and small allotments have been paid to the panchayats for the latter purpose. Most of them have functioned satisfactorily. So far as the works in charge of the Revenue Department are concerned, the Collector will still have to provide funds for more extensive repairs; and the Revenue Subordinates will still have to inspect works to see that the panchayats do not neglect petty repairs. The revenue derived from these works is too large to be jeopardized by discontinuing inspection of them on a large scale, and there appears to be little prospect of any general desire on the part of panchayats to take charge of minor irrigation works. The devolution of control thus has little retrenchment value.

65. It is worth noting that in Mysore the attempt made to induce panchayats to manage irrigation sources has been unsuccessful. The

Tank Panchayat Regulation of 1911 conferred considerable powers upon panchayats. It authorized the panchayat to apportion the work required for maintenance or repair of a tank among the ryots according to their respective obligations and to commute a ryot's labour quota into a money payment. Other items of revenue (e.g., fishing and grazing) were placed at the panchayat's disposal, and it was to have such complete power to regulate the supply to the fields that the holder of a field which got no supply was to be given remission by the Government.

But I understand that, owing to the want of co-operation among the ryots, the scheme has been a complete failure. Few, if any, panchayats have ever functioned with success, and the Mysore Government now emphasises more and more the duty of all the Revenue Officers to inspect tanks regularly and get them repaired.

66. In this connexion, I suggest that power to transfer control to, or to remove control from, a panchayat might well be delegated to Collectors. The conditions of transfer have been prescribed and there seems to be no reason why each application for transfer should continue to come up to Government. No principle is involved and Government's decision must, as it is, depend entirely on the Collector's report of the local circumstances of each case. In the case of panchayats under the Local Boards Act, the Government can delegate its authority to Collectors under section 233 of the Act; in the case of the others, the Collector is already empowered under condition 6 to dissolve a panchayat at will: he may equally be empowered by alteration of conditions 17 and 26 to resume management from a panchayat at will, and to be authorized to transfer management to a panchayat. It should be laid down for the guidance of Collectors

(a) that transfer to a panchayat under the Local Boards Act should not be made unless a majority of the ayacutdars desire it.

(b) that transfer of a work in the charge of the Public Works Department should not be made without the consent of the Executive Engineer.

(2) *Transfer to Public Works Department.*

67. The discussion of the proper agency for the care of minor irrigation works, Public Works Department, or Revenue Department, has been revived at many times from one cause or another during the last eighty years. It may be useful to survey briefly the history of the matter during that period. As the result of a Commission on irrigation works in the Presidency in 1851, minor irrigation works (which had hitherto been in charge of the Revenue Department) were transferred to the Public Works Department. In 1870 another committee reported that irrigation works were not in a proper state of efficiency, and in 1878 the Famine Commission observed that there

were many works which had fallen out of order for want of supervision and timely repairs. As a result of its recommendations works were divided into 'Imperial', or those irrigating more than 200 acres, and 'Minor' or those irrigating less than 200 acres. The former were to remain in charge of the Public Works Department, the latter were to be put in charge of the Revenue Department. But the theory at first was that the ryots themselves would maintain the minor tanks and in order to see that the ryots discharged their duty tank inspectors were to be appointed whose function should be to inspect the sources and report on their condition. Then ensued a vast amount of discussion, with the functions of the new Tank Restoration Scheme parties cutting across it. In 1887 Government decided that the experiment should be tried of making over to the ryots an area in Madura where repairs had been carried out by the Tank Restoration Party. The Collector was authorized to make a grant-in-aid of four annas per acre upon report from the Tank Inspector that a source had been kept in proper repair and that a sum not less than this had been spent upon it. The ryots of Madura, however, refused to accept these terms and in 1889 Government decided that the duty of maintenance must be placed upon the Revenue Officers. Then followed various efforts to improve the agency for maintenance under the control of the Revenue department, which led in 1898 to the permanent establishment of Supervisors and overseers which now exists. During the last period of retrenchment (1923) the question of handing back minor irrigation works to the Public Works Department was examined again, but rejected on the ground that the works were numerous and scattered over a wide area, that the repairs required no great professional skill but did require promptness in execution and that close touch with the villages which only the Revenue Officers possessed, and that to hand the works over to the Public Works Department would mean delay and great dissatisfaction. The upshot of the discussions was that the Supervisors in the Minor Irrigation establishment were to be abolished, as vacancies occurred, on the ground that the activities of the Minor Irrigation staff should be confined to works which did not require high technical skill. This order was cancelled and the Supervisors were restored four years later, after the Board had reported that few works had in fact been entrusted to the Public Works Department, that consultation with that department led to great delay, and that it was far more satisfactory for the Collector to have a Supervisor under his own control to check the technical work of his overseers.

68. The Board of Revenue has recently expressed its views on the subject again. It is 'decidedly of the opinion' that the transfer would not in the end result in any appreciable savings to Government. Especially in upland areas Minor Irrigation works are so

numerous that efficient upkeep involves a very large amount of touring for which the existing Public Works Department could not possibly find time; and to enlarge the Public Works Department staff would be a step which in itself would vitiate the whole object of the proposal; the rates of pay given to the Minor Irrigation staff are considerably below the pay given to officers of the Public Works Department; and the Board would add that, at a time when the question of re-organizing the Public Works Department presumably with a view to possible reduction of staff, is under consideration, any proposal to transfer this extra work to the officers of that department is *prima facie* undesirable.

I understand that the Public Works Department Retrenchment Committee is still considering the question. My own opinion is that even if it can be demonstrated that an amalgamation of the Minor Irrigation staff with the Public Works Department staff would enable a certain number of overseers to be dispensed with, it would still be undesirable to transfer *en bloc* the maintenance of Minor Irrigation works to the Public Works Department, for the same reasons as led to the resumption of control from the Public Works Department fifty years ago. There would be less objection in theory to a system under which the Collector remains in charge of Minor Irrigation works and calls upon the Public Works Department to estimate for and carry out repairs to particular works. But in practice the divorce between the power to sanction a work and the power to see that it is executed would probably be disastrous. Time would be wasted in correspondence, works done for the Revenue department would take second place to works of the Public Works Department and the cost of execution would be higher. In each of the last six years though the annual allotment for Minor Irrigation works has been about 13 lakhs, or nearly double the allotments of any previous period, the allotment has been spent almost in full. It is very doubtful if this excellent standard would be sustained if the work were divided between two departments.

I must admit that in Mysore the Tank Maramat establishment under the Deputy Commissioners has been abolished and its work has been handed over to the Public Works Department as a measure of retrenchment, because the grants allotted to each department have been so much reduced that there was not enough work to keep both staffs fully occupied. But in Mysore in the case even of minor tanks every masonry work is executed by the Public Works Department. The Revenue establishment dealt only with earth-work and clearance of channels, etc., which the Amildar (Tahsildar) and Shekdar (Revenue Inspector) are competent to estimate for and check-measure. There was no regular engineering establishment competent to carry out all but the most difficult work, as our Minor

Irrigation Staff does. Here the case is different. We have a fairly competent staff doing all the work, and if the annual grants for Minor Irrigation are likely to be greatly reduced in the next few years, I submit that the best manner of retrenching staff in unison with the reduced grants is to reduce the Minor Irrigation Staff (e.g., by placing an overseer in charge of two taluks), but to retain it as separate organization under the Collectors. But the budget estimate under Minor Irrigation works in charge of the Revenue Department for 1933-34 is still 12·10 lakhs, or only one lakh below the average of the last few years. Unless a substantial further reduction in future years is contemplated, there is no ground for reducing the staff.

(3) Transfer of sources to ayacutdars.

69. The failure of the attempt made at the resettlement of Trichinopoly to relieve the Revenue Department of petty tanks has been described under the heading of Fasaljasti. The Board has recently (B.P. Mis. No. 3422, dated 22nd November 1932) reported the views of certain Collectors on a tentative scheme of the same kind, by which tanks with an ayacut of 20 acres or less should be handed over to the ayacutdars on the understanding that Government would contribute quinquennially to the ayacutdars a sum based on the expenditure incurred on repairs by Government during the previous five years, provided that the source was maintained efficiently; and no remission of assessment would be given. This is a revival of the proposals (mentioned above) which proved abortive in 1887-88, with the modification that payment would be quinquennial instead of annual, and would depend on a general estimate of the condition of a tank instead of on the measurement of definite work done. The Collectors have unanimously rejected the suggestion on a variety of grounds, want of co-operation amongst the ryots (urged by the ryots of Madura themselves in 1887) being the chief. It is obvious that payment at intervals of five years would be difficult to assess, and that the possibility of receiving a share of a lump sum in five years' time is hardly a sufficient incentive to a ryot to pay down money or contribute labour for repairs now.

70. At the resettlement of Madura it was found that there were nearly two thousand rainfed tanks with an ayacut of less than 10 acres each, which had never been repaired at the cost of Government. It was decided to dispose of these as far as possible by handing them over to the ayacutdars on condition that assessment should be paid on the tank beds, that the land in the ayacut should not suffer the enhancement of assessment imposed on other wet lands at the resettlement, and that the tank should not be improved nor the area of irrigation extended without permission.

But even this effort at divestment of detail was unsuccessful, for out of a total of 1,941 such petty tanks in the district only 242 were made over to the ryots under these conditions. Again, as in Trichinopoly, the resettlement reports do not explain why the effort failed.

71. Another system which proved unsuccessful was the old system of granting dasabhandam inams, in money or land, on condition that a tank was kept in repair. Repairs were generally neglected and the inams have been resumed in a large number of cases.

72. In face of the failure of every scheme devised to induce the ryots to take over irrigation sources and maintain them, it may now be accepted that the burden must continue to lie upon the Government. Fifty years ago it was still an open question whether the Government need shoulder the responsibility, or how far it should do so. The Government of the day was inclined to stand upon the doctrine that the State was entitled to a share of the crop on all land, whether wet or dry, and as regards the former irrespective of any obligation to supply water: while the Chief Engineer held that the number of minor irrigation sources was so large that it was impossible for any Government to maintain them all. For various reasons we have travelled beyond that stage. The wider and more constant ventilation of grievances, through the Legislative Council and otherwise, has resulted in increased attention to the upkeep of the minor sources, and in the allotment of large sums annually for the repairing of them, so that the annual expenditure in the last five or six years had been nearly double what it was previously. The Madras Government has undertaken a far larger share of the burden of repairing tanks than is customary in Mysore. There not only is the duty of kudimaramat apparently more rigidly enforced, but there is also an irrigation cess (at one anna in the rupee of all the wet assessments—sometimes merged in the assessment, sometimes not) which is paid to a District Irrigation Fund, administered by the Public Works Department and utilized for the payment of the tank inspection establishment and for repairs to works. In addition to that, there is a rule that no 'minor' tank (i.e., a tank under which the annual assessment on the irrigable area is less than Rs. 300) is to be taken up for 'restoration' (which means construction of new masonry works and repair of old ones) until the ryots have paid up one-fourth (formerly one-third) of the cost. The State may waive this contribution or may collect it in annual instalments, but the rule is there. In the case of Major Works, payment by the ryots is not compulsory but preference is given to works for which a substantial contribution has been made by the ryots.

Thus the Mysore theory, and I think the practice, is that the obligation of maintaining tanks lies on the ryots; the obligation is

enforced by the Revenue Officers, who are empowered (and exercise the power regularly) to get work done which the ryots have neglected and recover the cost from the ryots. It is only when masonry work is required that the State pays, but even then the ryots are required to contribute.

In Madras much less than this is expected of the ryots. The scope of kudimaramat is not extended beyond the pettiest items of repair, there is no general levy towards a repairing fund, and it is rarely that the ryots are required to contribute towards the cost of repairs.

73. It is in the last of these three ways that the burden on the State might possibly be lessened by casting a part of it upon the ryots. In some districts, such as Chittoor and North Arcot, it is not uncommon for the Collector to require the ryots to pay a contribution towards repairs: in others this is very rare. There was at one time a rule that an estimate for repairs should not exceed a certain number of years' revenue under the tank: in such cases unless the ryots contributed to the cost the repairs were not done. The rule was a bad one and I do not suggest its revival. Nor do I suggest any hard and fast rule, such as that of the one-fourth contribution in Mysore. But there are cases where the demanding of a contribution is not unreasonable; for instance when it is proposed to repair a sluice which does not drain the tank properly, so that the ryots have to bale water from the bed into the sluice when supplies are low, it is reasonable that they should make some contribution to a re-arrangement of the sluice that will save them that trouble. Or when an earth bund is faced with a stone revetment, so that the labour under kudimaramat on maintaining the bund in good order is diminished and the danger of a breach is insured against, this is a legitimate ground for a contribution. Others arise when a pukka arrangement is made for draining water into a river channel in place of korambus and open head: or when the cost of repairing a tank is so high in proportion to the revenue derived from it that the Collector might properly hesitate to incur it unless the ryots show by a contribution that they are so desirous of having the repairs done that they are willing to pay for them.

I am aware that the business of obtaining payment from ryots is troublesome and slow. But no great harm will come of a year's delay in cases of the kind suggested, and meanwhile, especially if there is less money to spend in future on Minor Irrigation works, there will be other works on which the grant can be fully spent. And it appears to be a sound method of retrenchment to relieve the State in some cases of some portion of the burden, which it has perhaps too generously assumed, by requiring the ryots to take their share.

PORAMBOKES.

74. Revenue Inspectors are expected to inspect porambokes in order to see that they have not been encroached upon, that the demarcation stones are in place and that trees, if any, are not interfered with.

75. The area of poramboke land cultivated each year and the revenue derived from such cultivation are considerable. In 1930-31 the area cultivated in the Presidency was 130,286 acres and the revenue (including penal assessment) was nearly 6 lakhs. It has been reported from time to time by Collectors that the work of reclassifying porambokes (i.e., retaining as poramboke only such land as is actually required for some public purpose) was practically complete. It ought to follow that cases in which no penal assessment is charged for occupation of poramboke are comparatively rare. Nevertheless in 1930-31 on no less than 99,000 acres of poramboke land cultivated only the ordinary rate of land assessment was charged; and while in 1917-18 the occupation of 32,270 of poramboke was penalized, in 1929-30, 32,670 acres was penalized.

76. The explanation of the large area on which cultivation is suffered without penalty is that the word 'poramboke' is still improperly used. From the 'Report on the Settlement of the Land Revenue' for 1930-31 it appears that in some districts land which cannot be assigned on patta because it is in area to be irrigated by new projects (e.g., the Tungabhadra and the Mettur projects) is still regarded as poramboke: in others swamps and hills which should properly be described as 'unassessed' are still termed poramboke; and probably land reserved for assignment to the depressed classes appears in the category of poramboke elsewhere. The areas in all these cases are large, and the area of true poramboke encroached upon will be something more nearly the area of 32,000 acres on which penal assessments are charged.

77. It is somewhat remarkable that this area should not have diminished in a period of twelve years, during which Settlement Officers have in some districts transferred land from the head of 'poramboke' to 'assessed waste' or 'unassessed' at resettlements and Collectors themselves have been making similar corrections in the registry of land. But the pressure upon land continually increases. During the same period the area under holding has grown by nearly two million acres, and the hunger for stray bits of waste land has been intensified. There is a constant tendency for a ryot to extend his cultivation on to a grazing ground or threshing floor or tank-bed which adjoins his field: if such an encroachment goes unnoticed one year, or is lightly penalized it will be gradually extended next year and so on. The treatment of particular cases is often a matter of difficulty, and the tendency is usually to charge an ineffective penalty and let things slide. The ideal would

be to have no land registered as poramboke, except that which is definitely and unmistakably required for some kind of public purpose, and then to evict immediately any one who encroaches upon it. But in practice such an exact delimitation is in many cases impossible: or to carry it out properly would require a special staff.

78. It is however, possible to distinguish broadly between two classes of porambokes, namely, those which are required for a public purpose as affecting irrigation and the public revenue and those which are required only for the general convenience of the villagers. In the former class are tanks, rivers and irrigation works of all kinds. It is essential that these should be safeguarded from encroachment and that when encroachments do occur they should be stopped. The Government is responsible for or at any rate closely interested in maintaining works in good order and for seeing that water supplies are not interfered with; and it is not sufficient to leave it to the village officers or to the ryots to bring encroachments to notice. Apart from the general probability that a panchayat would be indulgent to encroachments, which may be harmful, an encroachment in one village may affect the supply to a tank in another or there may be series of petty encroachments along a channel bank which gradually narrow the width of the channel, and yet the ryots may be unable to detect the encroachment or to estimate its harmfulness.

But in the other class, where land is reserved for a particular village use or convenience, both the Revenue officials can be relieved of responsibility and the necessity for the reservation of the land can be put to a practical test, by handing over the land to the village panchayat, where there is one. Under the Local Boards Act burial grounds are licensed by panchayats (section 140) and may be provided by them (section 142). Cart-stands and halting places may be provided by them (section 184); threshing floors, topes and other porambokes used by the villagers in common may be controlled by them subject to rules of the Local Government [section 65 and schedule V 1-A (2) (b) and (c)]. In villages where a panchayat exists, all threshing floors, cart-stands, cattle-stands and grazing-grounds might well be entrusted to the panchayat. I except burial and burning grounds because they are not used by all the villagers in common. Hindus, Muhammadans and Depressed classes each have their own. I also except roads because it has recently been decided by the Government that roads which are not maintained by a local body shall remain in charge of the Revenue Department until a local body agrees to maintain them.

79. Unfortunately however, such a step is very far from providing a complete solution of the question. There are at the moment about

4,500 panchayats in existence (and the Inspector of Local Boards estimates that about one-fifth of this number exist only on paper), whereas there are 22,000 ryotwari villages; that is to say, only one village in five has a panchayat. In the second place although orders were issued eight years ago (G.O. No. 928, L. & M., dated 9th April 1924), permitting the transfer of porambokes to panchayat control, very few panchayats have applied for such transfer. I have obtained figures from the Collectors of the six districts which have the largest number of panchayats. Out of 2,834 panchayats in the six districts only 186 have applied for the control of porambokes and 138 of these applications were made in a single district, 93 of them in the current year. Apparently, then, even of the villages which have a panchayat only one in every fifteen desires to take over the control of porambokes: and in some districts no panchayat desires it. The explanation may be partly that panchayats are not aware of their privileges and therefore do not take the initiative in the matter which the rules impose upon them. Or it may be that most panchayats have no ideas of improving porambokes and therefore see no practical advantage in taking them over. Whatever the reason, it is clear that to leave porambokes to local bodies is not, as is sometimes supposed, an easy or immediate way of reducing the labours of the revenue establishments. Meanwhile Collectors might stimulate the progress of devolution by inviting panchayats in villages where there are porambokes of the kind specified to apply for control of them.

80. It is, I think, apparent that porambokes should only be transferred to a panchayat. Under section 6 (2) of the Local Boards Act when there is no panchayat the taluk board is to perform the functions of a panchayat. But the essence of the proposed devolution in this case is to leave control in the hands of the villagers themselves who are directly concerned in the use of the porambokes. A taluk board has no staff to look after them, no detailed knowledge of village requirements, and no means of exercising control. The handing over of porambokes to it would be a mere waste of the paper on which the transfer was made. Nor does it seem desirable to form special committees, as for instance, a committee of ayacutdars to control a threshing floor or of cattle-owners to take charge of a grazing ground. The formation of such committees would be more trouble than the committees would be worth, the Revenue Department would have its hands full in forming them, and a multiplying of petty committees would create chaos. Devolution of control must be to a regularly constituted body, legally empowered to assume control and willing to assume it.

81. When porambokes have been handed over to a panchayat, it is impossible to dispense altogether with the inspection of them by Revenue Inspectors and Tahsildars for

if a poramboke ceases to be used for the purpose for which it is reserved it should cease to be registered as poramboke and should be transferred to 'assessed waste' and assigned. Karnams should still record in the adangal any encroachment upon them. But except where it is found, whether upon complaint or otherwise, that a substantial area has been diverted from its proper use, no notice of encroachment need be taken by inspecting officers and no B Memorandum need be submitted. There may be some loss of revenue in consequence, but in cases where encroachment is extensive and continuous the Collector should ordinarily resume control of the land and sell it by auction; for the assumption is that if the panchayat does not reserve the land for its proper use, the villagers no longer require it for that use. What is lost in revenue from petty encroachments will therefore be made up by the sale of the land: and meanwhile some reduction in the volume of petty B Memoranda will have been secured.

82. As to the general procedure in dealing with encroachments, the Board's Standing Orders are fairly explicit. In general they enjoin discretion, and it rests with Collectors to issue more definite orders when required. The orders usually required are in the direction of enjoining upon subordinates the necessity of exercising freely their discretion to ignore petty encroachments. But a more general explanation of the use of such discretion is required in order to reduce the flood of B Memoranda dealing with petty encroachments of no importance.

I suggest the following alterations in the Board's Standing Orders:—

B.S.O. 26-8 (a).—This does not specifically authorize the ignoring of petty unobjectionable encroachments. It is impossible to lay down a definite limit; for whereas, e.g., an encroachment on one cent of channel poramboke may be highly objectionable in one case, an encroachment on twenty cents or more of land so classed may in others be unobjectionable. I would make it clear that some encroachments may be ignored and would rewrite the second sentence as follows:—“Encroachments, however petty, which seriously diminish or impair the uses for which the land is reserved as poramboke should be rigorously and promptly suppressed, while those which do not diminish or impair the uses for which the land is reserved as poramboke and are so petty that the assessment on them would not exceed 4 annas may be ignored.”

B.S.O. 26-8 (b).—The second sentence runs: “Petty occupations which it is not worthwhile to measure and include in B Memoranda, as for example, extensions up to one or two cents, of cultivation into adjoining assessed or unassessed waste land which is neither reserved nor specially valuable, may be ignored and need not be entered in B Memoranda.”

The insertion of the words 'up to one or two cents' is unfortunate. The object of this sentence and of the following sentence is to give discretion to officers to ignore petty encroachments, but the example given defeats this object by appearing to limit such discretion to 'one or two cents.' The criterion is whether the area is large enough to be worth assessing. Assessed or unassessed waste land, not specially valuable, would rarely be assessed as highly even as one rupee per acre, and on this basis it is hardly worth taking notice of any encroachment under say 25 cents, either by bringing it on to a B Memorandum or by asking the encroacher if he wants patta for the land. There may, of course, be cases where the lie of the land is such, e.g., at the base of a hill, that it is impossible to extend an encroachment which may be below 25 cents in area: in such cases the land should be assigned to the encroacher as soon as may be. But the power to ignore is only discretionary and the revenue subordinates must be left to deal with each case on its merits. I suggest that the words 'up to one or two cents' should be omitted and the words 'up to say 20 cents' substituted; and as a further precaution the word 'dry' should be added between 'assessed' and 'land.'

83. In this connexion it is desirable that an amendment of the law should be made so that the control of porambokes may be more effectively exercised. As the Act (III of 1905) now stands Tahsildars are empowered to levy the ordinary assessment on the land from an encroacher and to charge him penal assessment, but they are not empowered to evict him under section 6 of the Act. When a Tahsildar considers that a trespasser should be evicted, he has therefore to submit the case to the Divisional Officer for orders. This means delay, when prompt action is what is required, and it is also apt to induce a Tahsildar to impose a penalty, which he can do himself, instead of sending up the case to the Divisional Officer for orders to evict. The result is bad; the trespasser enjoys an indulgence which is wholly undeserved, the administration is hampered by the repetition of encroachments year after year, and the public meanwhile suffers from the rapacity of an individual. I can see no reason why the Tahsildar should not be empowered to evict

under section 6 at the request of a panchayat, in the case of porambokes entrusted to panchayat control, and of his own motion in other cases. An appeal will lie under section 10 of the Act against the Tahsildar's orders, which provides a safeguard against abuse of his powers: but it seems sufficiently obvious that the possible mistaken use of power by an official in the public interest is a lesser evil than the comparative immunity for a wrongful act enjoyed by a private trespasser.

Moreover, by virtue of his power to impose ordinary assessment upon an encroachment on poramboke the decision whether an encroachment is objectionable or not is already in the hands of the Tahsildar; and from the point of view of public interest the decision that an encroachment on common land is not objectionable is far more important than a decision to eject a trespasser from common land. The former involves the abandonment of a public right; the latter asserts the maintenance of a public right. The present position is that a Tahsildar may condone an infringement of public interests but has only a limited power of asserting them: if he wishes to assert them fully he must have recourse to a higher authority, the Divisional Officer. The position is clearly illogical. This point was not fully grasped in 1914, when the power to charge assessment and penalties upon an encroachment was conferred upon Tahsildars, and the Special Officer (Mr. L. Davidson), who had originally suggested the conferment of those powers in 1908, in dismissing the suggestion that the power to evict should also be given on the ground that it was 'hardly advisable to go so far as that,' failed to see that the conferment of the latter power was only a minor extension to and a logical corollary of the conferment of the other larger powers.

The amendments required in the Act are as follows:—

Section 6 (1) after 'Collector' wherever it occurs *add* 'or subject to his control the Tahsildar or Deputy Tahsildar.'

Section 6 (2) after 'Collector' in the first two places where the word occurs *add* 'or subject to his control the Tahsildar or Deputy Tahsildar.'

ASSESSED WASTES AND 'SIVAYI-JAMA' OCCUPATION OF THEM.

84. The revenue derived from the cultivation of assessed and unassessed waste lands was 7½ lakhs in 1929-30, exactly the same amount as in 1917-18 although in the intervening twelve years on less than two million acres had been brought permanently into ryots' holdings. The absorption of waste land into holdings continues to proceed steadily at the rate of over 100,000 acres per annum. These figures give a remarkable demonstration of the increasing pressure of the population on the soil. Since the war Collectors have combed their districts pretty thoroughly in the search

for waste land to be given to or reserved for ex-soldiers and the depressed classes, considerable areas formerly classed as 'Forest' or other poramboke have been thrown open to cultivation, and it is obvious that large areas formerly regarded as not worth cultivating have now been brought under the plough. These factors and the increase of assessments at resettlement explain why in spite of the enormous increase in holdings the revenue derived from casual cultivation has remained constant. The process must in course of time—unless some economic crisis intervenes to disturb it—

result in every acre that is cultivable being brought into someone's possession: so that eventually there will be no land left to assign and the disposal of darkhasts will no longer be a part of the Revenue Officer's duties. There are some villages in which this has already occurred. But the process is gradual and meanwhile it is worth remarking that the revenue derived from the cultivation of unassigned land is roughly equivalent to the annual cost of 1,000 karnams, 500 Revenue Inspectors and 100 clerks put together. The revenue that the present system brings in is much more important than any economies that could be made by altering the system: for ever if all work in connexion with 'Sivayi-jama' could be abolished the resulting savings in staff would be inconsiderable.

85. Various suggestions have been made for the simplification of the system of dealing with Sivayi-jama cultivation. In 1921 Mr. G. A. D. Stuart wrote: "In the Punjab an allowance is made for the cultivation of assessed waste during the term of a settlement by an appropriate all round increase in the assessment imposed on a village. The ryots are then free to take up as much of the assessed waste as they like without extra charge, permanent cultivation being included in patta at the next resettlement." On this the Board of Revenue remarked "As regards Sivayi-jama, an experienced settlement officer would have little difficulty in drawing up a scale of rates which would allow for the probable increase in the cultivation of assessed waste during the currency of the settlement." This idea was further developed by the Board in 1923, when it suggested that certain assessed waste lands might be reserved for definite purposes such as assignment to the depressed classes: the rest might be leased under the panchayat system to the ryots as a whole for the period of the settlement; this did not imply that the panchayat would be charged the full assessment for these lands as it was not likely that they would all be brought under cultivation at once. The panchayat would have the power to let the lands during the period of the settlement and at the next resettlement land would generally be assigned to the panchayat's lessees. The charge for the land leased to the panchayat would be distributed among the ryots by a proportionate addition to each patta at so much in the rupee of the assessment on the land in the patta, and elaborate arrangements were suggested for charging the value of trees on the land suitably.

It was recognised that the feasibility of this proposal depended on the formation and harmonious working of a panchayat representing all classes of the community and various other obstacles were pointed out.

The Collectors and Settlement Officers to whom these suggestions were put were entirely against them.

86. Meanwhile the Retrenchment Committee of the day with the assistance of two senior

Revenue Officers, was "inclined to think that Sivayi-jama might be replaced by a system analogous to that adopted in the case of forests handed over to panchayat management, subject to the reservation of sufficient waste land for the depressed classes." It was also suggested "that in lieu of Sivayi-jama the rates on patta land in a village should be so adjusted as approximately to cover the average revenue derived from unauthorized cultivation during a period of years." These startling suggestions were referred to the Special Officer of the day, who condemned them in the first part of his report and revived them in a slightly different form as a new discovery in the second part. The Government of 1925 declined to consider any of them seriously, and stopped further discussion.

87. One Collector (Rao Bahadur R. Subbayya Nayudu) has now suggested that the disposal of waste lands should be left to village panchayats and that "rules governing the disposal of land darkhasts and Sivayi-jama cultivation should be formulated for their guidance," but he adds that this suggestion presupposes the existence of panchayats in every village, and that this condition nowhere subsists.

88. I do not think there is anything to be gained by altering the present system.

Any innovation by which more duties would be thrown upon the Settlement Officers at a resettlement is to be deprecated as going in a contrary direction to the various efforts made to simplify the work of resettlement and to reduce expenditure on settlement establishments. Secondly, it is difficult to see the equity of charging the assessments on wastes as a whole upon the whole body of pattadars many of whom will not share in the cultivation of the wastes. Thirdly, whatever the system in the Punjab may be, in Madras there are no village settlements: they were abandoned more than a century ago in favour of individual settlements, and there is no reason to suppose that a return to a system of village settlements, even to a limited extent, would not bring back the old abuses. Again, whatever the system might be (lease to a panchayat, or a permanent addition to each patta) it would be extremely difficult to calculate the amount to be recovered each year. It would be necessary not merely to reckon the average revenue of past years but to take into consideration the probable extensions of cultivation in future (and this would mean a field inspection to determine which of the wastes are likely to be cultivated and which not) and also to calculate the effect on the totals of past years of subsequent assignments, while it would be impossible to calculate at all probable future relinquishments of patta resulting in the conversion of holdings into assessed waste. Again if some land is still to be reserved in the hands of Government for assignment to the depressed classes, another uncertain factor is introduced.

The accomplishment of the preliminaries would take a considerable staff a considerable

time at a considerable cost and the results would be unsatisfactory. Supposing a reasonable annual charge to have been arrived at, it is still to be remembered that some waste lands may be irrigated in one year or another: this means a charge for the water or the sacrifice of revenue if the charge is abandoned. Again, in a bad year there may be little or no cultivation of wastes and it would be difficult to resist claims to remission of the annual charge on that account; if a panchayat had agreed to pay a fixed charge, it would have no income to meet it in such years; while if the charge were distributed over all the pattadars, they should be in the same plight, and in every year all would be paying for land that only a few can enjoy.

89. Darkhast work by a natural process tends to diminish, as the area available for assignment decreases, and there is no financial advantage in incurring a large initial outlay on attempts to stabilise the revenue from unassigned lands by unsatisfactory and costly means. The analogy with Forest panchayats suggested by the Retrenchment Committee of 1923 is obviously faulty; but, it is to be remembered that the establishment even of those panchayats cost a large amount of money and the establishment of panchayats and settlement of rentals in every village which has cultivable wastes would cost many times as much.

MAINTENANCE OF LAND RECORDS.

92. In connexion with the simplification of resettlements with a view to the reduction of settlement establishments and the curtailment of the period for which they are required to work in a district under resettlement, the Board of Revenue has made proposals designed to do away with the necessity of resurveys and of bringing up to date at resettlements the registry of holdings. There is another class of work hitherto done by the settlement staff, and prescribed for it in the Resettlement Manual, with which it has been suggested that the Settlement department should not deal with in future. This consists in the revision of the description of land in the diglott (settlement register) or adangal so as to accord with present-day facts as ascertained by inspection and includes the following items—inspection of porambokes, unassessed land, assessed wastes, land on which water rate has been charged, lands on which 'baling remission' has been allowed, land hypothecated for State loans, land alienated to local bodies or individuals on condition, and inam lands. The performance of these functions by a settlement staff is undoubtedly useful, in that it results in an accurate and up to date register and thereby saves the Revenue Department proper from much work that ought to be done or to have been done by it, but in the past has in fact been done slowly and piecemeal, or not at all. It is obviously an administrative advantage, for instance, that parcels of land not required for any public purpose should be registered as

90. Apart from the difficulty and cost of introducing a new system, it seems idle to expect that the adjudication of private claims to waste lands would be properly done by a panchayat while if there were no panchayat, the only way in which rival claimants could settle a dispute would be by battle. It is irrelevant to point to the work done by panchayat courts: there the decision is between one party and another as regards a private right in which the panchayat or the village as a whole has no interest. But the disposal of waste land is a matter in which every inhabitant of the village has an interest, for anyone may at sometime or other wish to take up the cultivation of any waste. Nor is the case of a panchayat forest in point: there the panchayat manages a public property in the public interest and the control of the property does not involve the carving of it into private holdings. Waste land, on the other hand has no value as a public property (unless it is poramboke): it is of value only to the individual ryot who brings it under cultivation. The disposal of it is not the assertion of public right on behalf of the community, but the grant of private rights to individuals, and this is essentially a matter for a disinterested outside authority.

91. I have included a suggestion for the alteration of the Board's Standing Order as regards petty 'Sivai-jama' occupation of assessed wastes under the heading of "Poramboke."

'assessed waste' instead of 'poramboke' that assessed waste ripe for assignment should be assigned, that breach of the conditions on which land has been alienated should be brought to light and so on. These things are, however, not an essential part of the revision of rates of assessments, and Government has recently decided as a measure of economy that the settlement party should not attend to them in Guntur. In that district no resurvey has been found necessary. In districts where a resurvey is made (there is, I think, only one such ahead) it is probable that the settlement party would have to do more, unless meanwhile the Revenue Inspectors are better able to keep their work up to date. The Board suggests that encroachments on porambokes brought to light by the surveyors at a resurvey should be dealt with by the Revenue Department with a special staff if necessary. I think it probable that a special staff would be necessary and that it is better that the settlement party should deal with them than that a third staff should intervene. Further the result of a resurvey is a complete alteration of survey numbers and subdivisions, and it appears to me essential, lest incidents of importance relating to particular fields be lost sight of that the registers should be carefully checked.

93. But the Board's scheme is designed to ensure that no resurvey will be necessary in future provided the existing land records, survey marks and registry are kept up to date.

The Board's proposals are twofold (1) to add a Deputy Surveyor to each taluk, and a Head Surveyor to each district, to deal solely with the repair and renewal of survey stones,

(2) to add a staff of inspecting officers to ensure that proper attention is given both to this matter, and to the maintenance of maps and of a correct registry of holdings: these officers would be assistants to the Director of Land Records.

94. (a) *Deputy Surveyors*.—The proposal is that the repair and renewal of survey marks should be taken away from Revenue Inspectors, and given to the Deputy Surveyors. It is designed not so much to relieve Revenue Inspectors of work which they do already but to get work done which they commonly neglect. The Revenue Inspectors are able now to do the prescribed minimum of maintenance work while neglecting the repairs and renewal of stones, and the Deputy Surveyors are to concentrate on this latter work so as to wipe off accumulated arrears and to keep the stones in good order in future: they will also do difficult or extensive subdivision work, which the Revenue Inspector is unable to do, and which is now done by the District Deputy Surveyor (B.S.O. Volume II, page 343) or by a special staff. I agree that the extra Deputy Surveyors are required for both purposes. My experience as Collector has been that the single Deputy Surveyor in a district is unable to keep up with the work for which he is required, whether survey in the field or the incorporation of changes in the taluk copy of the field atlas (see page 284 of B.S.O. Volume II), while it is plain from the figures that the upkeep of survey marks is getting more and more into arrears. The Deputy Surveyor might also be usefully employed to relieve the Revenue Inspector of the purely technical part of his survey duties, e.g., the inspection of karnams' survey instruments and testing the karnams' survey knowledge. The Director of Land Records should revise for the approval of the Board the instructions in Appendices II and III to B.S.O. Volume II so as to define clearly the duties to be done by the Deputy Surveyor and Revenue Inspector respectively.

It has been suggested that the Taluk Surveyor might be empowered to pass orders in undisputed cases of transfer of registry, in which the Revenue Inspector is now empowered to pass them. I do not recommend this. The Surveyor is to do what he has been trained to do, namely, survey work. The transfer of registry is a subject he has not been trained in and it is not advisable that he should be entrusted with it. The Revenue Inspector may, and often does, neglect this part of his work, but it is work with which he is well acquainted; and with the general improvement in attention to maintenance work that the appointment of Assistant Directors should bring about, it may be hoped that the Revenue Inspectors will do it more regularly in future. At any rate the Surveyors should be confined to survey work; it may be that in some taluks, when

arrears have been cleared off, it will be possible to dispense with the Surveyor. But it would be less easy to judge of this possibility, if the Surveyor were meanwhile to acquire extraneous functions, which would obscure the real position and make him regarded as an 'indispensable officer with multifarious duties.' Meanwhile the staff should be appointed on a temporary basis, and its work should be reviewed annually to see whether any reduction can be made.

(b) *District Surveyor*.—I think that the proposed District Inspector is unnecessary. The Taluk Deputy Surveyor will presumably be under the immediate control of the Taluk Tahsildar: a single Head Surveyor for the district would not be able to do sufficiently frequent and detailed inspections of any one Taluk Surveyor's work to make him an *instant tyrannus*, the work to be done is of a simple character not requiring close check in its technical details, and it may well be left to the Taluk Tahsildar and the Inspecting Tahsildars to supervise it. Both these Tahsildars will have little more work than they have now from the mere fact that more stones are repaired and renewed: it is not a new kind of work that has to be done but a greater quantity of the same work; and it is better that the person who does it should be under the single control of the Tahsildar, who is on the spot, than that he should divide his allegiance between the Tahsildar and a Head Surveyor at the district headquarters.

(c) *Assistant Directors*.—The Board of Revenue has proposed that five should be appointed, because there were five before the abolition of the Land Records department in 1921. I understand, however, that the Board is not particularly insistent on the number but desires that a start should be made with some. The Director of Land Records with direct charge of the whole Presidency is not able to do as much as is required in the way of inspection in the districts. When he has visited a district once, the officers immediately concerned with maintenance know that he is not likely to revisit it again for a considerable time and are apt to relapse into inattention.

The case for the retention of the post of Director of Land Records was set out in full in the Board's report recorded in G.O. No. 66, Revenue, dated 9th January 1932. It seems clear that his utility would be increased if, so to speak, there were more of him, and, if revenue registry and records are to be kept more up to date so that resurveys may be unnecessary and the resettlement work may be curtailed, it is necessary that closer and more cautious attention should be given to them. But I do not think there is sufficient ground to appoint as many as five assistants. There were five Land Records Superintendents when the maintenance scheme was started in 1905; in the infancy of maintenance and in the state of the surveys of the Presidency at

the time of its birth, this number may have been required. But a great deal has happened since then. Districts where the survey was bad have been resurveyed, maintenance has been carried on for a long period, records are in better order, karnams and Revenue Inspectors are better trained, and the whole system of maintenance is well understood.

All that is now required is an addition to the higher inspecting staff in order that supervision may be more thorough. For this purpose I would suggest that two Assistant Directors should suffice: one would be stationed in the North of the Presidency, the other in the South, while the Director of Land Records would retain direct charge of a group of districts in the centre and would superintend the work of his two Assistants in the rest of the Presidency.

95. If these modifications were made, the annual cost of the additional staff would be Rs. 2,37,252 as against Rs. 3,30,672, the cost of the establishment proposed by the Board of Revenue.

96. I may here mention two conflicting theories connected with the subject of maintenance. One is that it is desirable to establish a record of rights. This has been discussed at great length from the Survey Committee of 1915 onwards. But it is not relevant to my present enquiries, for whatever its merits might be, the introduction of it would require not a reduction, but an increase, in district establishments. The Survey Committee itself recommended a reduction in the size of firkas and an increase in the number of Deputy Tahsildars and Tahsildars, and the appointment of five Deputy Directors. In Mysore a Record of Rights Act was introduced five or six years ago. The first step was to appoint a large staff to bring the records up to date in order that a fair start might be made; the special staff is still at work but as far as I

REVENUE INSPECTORS.

98. In connexion with these proposals the Board has proposed that the number of Revenue Inspectors may be reduced by 137 (Board of Revenue, Land Revenue and Settlement, F. No. 3497/31-9, dated 11th February 1932 and Board's Ref. C. No. 7429/31-17, dated the 14th October 1932, paragraph 6). These reductions had been proposed (in Board's Ref. C. No. 7429/31-5, dated the 24th February 1932) independently of the scheme for the appointment of Taluk Deputy Surveyors who would take over some of the work now entrusted to Revenue Inspectors, and one of the objections made by the Collectors to the reduction in the number of Revenue Inspectors was that maintenance work would suffer. In a later report (Ref. C. No. 7429/31-7, dated the 9th April 1932) the Board explained in detail variations in the circumstances of districts which led to differences in the proposed number of reductions, emphasizing the point that no general standard could

could ascertain the system has not yet reached the stage, when the Government's record is accepted as *prima facie* evidence of title in a civil court or when the obligation upon the ryots to notify changes of ownership is enforced.

97. The opposing theory to this is that the subdivision of holdings is unnecessary and that a great reduction of work would result if Government refused to make subdivisions unless the parties paid the full cost of making them. This system was tried as the result of a recommendation made by a Committee of the Retrenchment Committee in 1923, but was abandoned after seven years' trial in April 1931 (G.O. No. 827, Revenue, dated 15th April 1931): when it was decided that the revenue derived from the fee was an insufficient return for the trouble involved in collecting it, and that the result of levying it was to produce a serious and growing disagreement between registry and enjoyment.

The result of the abolition of the fee has been to produce a flood of applications for subdivision and separate registry, which shows that the ryots are anxious to have their shares subdivided provided it costs them nothing. From the point of view of the collection of the revenue from the actual owner, and the better prevention of chicanery on the part of the village officers, it is generally agreed that the subdivision and separate registry even of small holdings, is desirable, is indeed an inevitable incident of the ryotwari system, and if postponed to a resettlement when a vast amount of disagreement between registry and enjoyment would necessarily be brought to notice, would require a large special staff to carry out. Meanwhile the difficulty of collecting the revenue would have increased. I agree in general with these views and I do not think it desirable to go back upon a decision so recently taken.

be applied and added that Collectors in proposing these reductions had contemplated a reduction in the efficiency of the Revenue Inspectors' work owing to their firkas becoming larger. But the scheme for Deputy Surveyors does involve a positive reduction, even if slight, in the work of every Revenue Inspector. Suggestions made in other parts of the present report also involve slight reductions; these are the abolition of the intensive inspection of 'Selected villages' and the reduction in the number of B Memoranda about encroachments together with the possibility of handing over porambokes to panchayats. The proposed reduction of the bulk of the Jamabandi Memorandum hardly affects Revenue Inspectors directly: but indirectly it will benefit them slightly by reducing the amount of time which the whole process of Jamabandi takes and so curtailing their stay at the taluk headquarters for that purpose.

99. It is true however that the main functions of the Revenue Inspector remain unaffected by these proposals, and his most important duties are so closely connected with the fixing and collection of the revenue that it would be unwise to make sweeping reductions in the establishment at the risk of reducing the revenue. The total cost of the present number of Revenue Inspectors—1,046—is about 13 lakhs. In 1930-31, the revenue derived from items which depend largely on the Revenue Inspector's check of the karnam's work was

	LAKHS.
Fasaljasti	11.86
Tirwajasti	25.11
Cultivation of assessed wastes ..	6.68
Charges for poramboke occupation.	5.63
Tree-tax	3.92
Rent of lankas	6.14
Charge for water in Zamindari and inam villages	24.28

The savings effected by the reduction proposed by the Board amount only to 1.66 lakhs, a sum which might soon be lost under any of these items, when the karnams found that supervision of their work was relaxed in consequence of the reduction in the number of Revenue Inspectors.

Again, the total demand under Land Revenue and Cesses was 8½ crores, of which over 98 per cent was collected within the year; and remissions amounted to 30 lakhs. It is obvious that a large reduction in the number of Revenue Inspectors would result in the less prompt collection of the revenue, and might result in a large increase in the amount of remission, owing to the Revenue Inspector's inspection being hurried or scamped.

100. In 1919-20 when the number of Revenue Inspectors was brought up to 1,075 (since reduced to 1,046) by creating 187 new posts, the Government of Madras wrote as follows in submitting proposals for the revision of firkas to the Government of India. After remarking that it had been recognized since 1906 that an increase in the number of Revenue Inspectors was necessary, the Government said 'Revenue Inspectors have to inspect crops and boundary marks, and relinquishments and encroachments. They have important duties to perform in connexion with dakhasts, remissions and cowles, land acquisition, income-tax, irrigation, conduct of village officers and petitions of all kinds. Collectors have recently been instructed to see that important sales of ryots' holdings under the Estates Land Act are entrusted as far as possible to Revenue Inspectors. If transfer of registry is to be properly carried out, it is impossible for one Land Records Inspector in each taluk to do all the work connected with survey, stone maintenance and subdivision of holdings, and the Government have approved a proposal to entrust the work of measuring and mapping current subdivisions to firka Revenue inspectors. The progress of education among

the people, the growing tendency to appeal against decisions and increased efficiency in the administration are all causes which must steadily tend to increase the Revenue Inspector's work; and the Governor in Council is assured that the increase proposed is the bare minimum required to cope with the increase of work which has occurred during the past twenty years.'

101. The only one of the items mentioned here which has ceased to be part of the Revenue Inspectors' duties is income-tax; and meanwhile the general considerations which 'steadily tend to increase the Revenue Inspector's work' have certainly lost none of their force. At the time when the letter was written, there were still Land Records Inspectors in each taluk dealing solely with maintenance work. When the Land Records Department was abolished in 1921 these Inspectors were not abolished, but their posts were merged in the Revenue Inspector's cadre, the number of firkas was increased, and the Revenue Inspector in each firka took over the whole of the Land Records work. The number of Land Records Inspectors so absorbed was 181. To take over part of the work that these 181 Land Records Inspectors formerly did the Board proposes a staff of 178 Deputy Surveyors plus the 25 Surveyors now employed in Collectors' offices so as to provide one Deputy Surveyor in each of 203 taluks. On the face of it, therefore, it appears that it might be possible to reduce the number of Revenue Inspectors further, though it is to be remarked that the old Land Records Inspector also did patta transfer work which I do not suggest should now be transferred to the Deputy Surveyor. The Board has however reported (Ref. C. No. 7429/31-17, dated the 15th October 1932) that the great majority of Collectors are definitely opposed to any further reduction, on the grounds that some loss of efficiency and reduction of field work had already been taken into consideration, that the present jurisdiction of Revenue Inspectors is in many firkas beyond their capacity, that special survey work (which will in future be done by the taluk surveyor) is even now not done by the Revenue Inspectors but by the District Surveyor or by a special staff, that the repair and renewal of survey stones does not give Revenue Inspectors much additional work, and that the abolition of the fee for subdivisions has increased the amount of subdivision work. The Board adds that the object of the proposed appointment of Deputy Surveyors was not to relieve Revenue Inspectors but to simplify resettlement procedure and to effect a large reduction in the cost of the Settlement and Survey Departments, and strongly deprecates any reduction beyond 137 in the number of Revenue Inspectors since further reduction would prevent the attainment of that object.

102. In reading the reports from Collectors on this subject, I have been impressed with the fact that the reductions were proposed with

reluctance by Collectors and with the greater reluctance by the most senior and experienced Collectors. Their proposals were supported by a wealth of detail and statistics, and there seems to be little justification for pressing the question further. The savings on 137 posts abolished amount to Rs. 1,60,918; and the net annual cost of the Board's scheme (as modified) would be Rs. 2,37,252 minus Rs. 1,60,918 = Rs. 76,334. I do not think this increase in cost is large, seeing that the cost of three Settlement parties is to be reduced from about Rs. 4.68 to Rs. 2.25 lakhs per annum and that survey parties are gradually disappearing. It will rest largely with the new Taluk Surveyors, and the officers who control them, to see that the framework of the survey on the ground does not disappear, and that such alterations as are required from time to time are properly done; but for the general state of registry of land (both as regards the names of the owners and its correct description as poramboke or ayan, etc.), the subdivision of holdings and the general state of the maps and sketches, it is the Revenue Inspectors who will bear the chief burden of making it possible to dispense with, or reduce respectively re-survey and resettlement establishments.

103. A proposal has been made by the Thomas Committee in Bombay, that the Circle Inspector, who at present works in a subdivision of the taluk, should be replaced by a Revenue Inspector of a higher status who should share the inspection of villages with the Mamlatdar.

In Madras phraseology the proposal is apparently that the firka revenue inspectors should be abolished and that in their place a Deputy Tahsildar should be appointed, who would reside at the taluk headquarters instead of in the firka and would have some of the powers of a Tahsildar; in other words the taluk would be divided between two officers sharing a common office.

104. There is some advantage, besides the financial one, in the scheme, since the abolition of Revenue Inspectors would eliminate a certain amount of reporting. But I do not think it is suited to Madras conditions. The average number of Revenue Inspector's firkas in a ryotwari taluk is five or six, and it would be physically impossible for two officers between them to do all the work that five or six plus one Tahsildar do now. Again the great mass of the Revenue Inspector's work is the routine inspection and check of the village officer's work, reporting on petitions, making subdivisions, and a variety of minor details, all of it essential to the efficiency of the administration but not requiring a highly paid agency to perform it. The result of reducing the amount of inspection and supervision would soon be reflected in reduced efficiency, and efficiency in the Revenue Department does not mean the mere 'bureaucratic' love of order and logical completeness

for its own sake. It means the proper assessment and collection of the revenue from the right persons, so that the interests alike of the ryot and of the Government are duly safeguarded, the maintenance of irrigation works, survey marks and communal land, the fair disposal of waste land, dealing with Agricultural loans and much besides.

105. As a general principle the substitution of a small number of more skilled persons for a larger number of less skilled persons is sound, provided that the more skilled can do the same work more quickly, that the work really requires higher skill, and that some processes can be eliminated as a result of the substitution. But these conditions do not hold in the present case. There is no reason to suppose that a Deputy Tahsildar can notice that a stone is missing, that water has been taken to a field, that a field is waste or cultivated, more rapidly than a Revenue Inspector. The substitution thus means the employment of a more expensive agency to do work that a cheaper can do equally well, and a reduction in numbers means not that the essential work is done more quickly but that much of it is left undone. Again, there are cases in which the Revenue Inspector has to submit a report for orders; on this the Tahsildar either passes an order or submits a report to higher authority. It might save time if the Tahsildar held the enquiry and passed his orders, or drafted his report, without the Revenue Inspector's intervention. On the other hand, the collection of facts may be a tedious business (e.g., waiting for a party to turn up or recording statements or proceeding to a remote corner of a village) and as cases demanding enquiry are numerous it is in fact a saving of the time of the more expensive officer that subordinates should do the spade work for him. Conditions in Bombay appear to be different. The Committee remarked that "the status of the Circle Inspector is not high enough to make him a really satisfactory inspecting agency and greater general efficiency would be obtained by decreasing the volume of inspection and entrusting it to a more competent agency." I do not think that this criticism fairly applies to the general run of Revenue Inspectors in Madras.

106. A further point is that the work of a Revenue Inspector in a firka is constant and continuous: the bulk of his work is a systematic day-to-day inspection in villages. During the course of it he deals with special cases that need enquiry, but they are incidental to his main work. The proposal to put in his place a person whose inspection would of necessity be limited to occasional brief visits to deal with particular cases requiring specific action is (or would be if it were sought to adopt it in Madras) a misconception of the position. It may be the case that in Bombay such systematic routine inspection is not done; or that the village accountants are as a whole more trustworthy. The Thomas Committee

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REPORT BY MR. W. T. BLAIR, OFFICIATING INAM COMMISSIONER ON
THE ENTIRE OPERATIONS OF THE INAM COMMISSION, DATED THE
30TH OCTOBER 1869.

The labours of the Inam Commission having been almost brought to a close, and the Government having directed that any inams remaining unsettled should be investigated by the district authorities under the orders of the Board of Revenue, I have the honour to lay before Government a brief report on the entire operations of the Commission from its commencement.

2. As this will certainly be the last occasion on which the subject of inam tenures will appear before Government in a general form, I have thought it not out of place to preface this report with a few observations of historical interest, and with a summary of the chief events which preceded and led to the appointment of the Inam Commission.

3. The origin of inam tenure can be traced to a very remote antiquity in Southern India. The gift of land is enjoined by the Hindu Shastras as the most meritorious of charities, and every Hindu Sovereign was therefore ambitious of distinguishing his reign by the extent and value of the lands he alienated in inam to the religious classes of the community. Inam grants were generally made by them in the most solemn and impressive manner. They were engraved on copper-plates or slabs of stone and were declared to be irrevocable "so long as the sun and moon endure"; a heavy curse was invoked on those who disturbed the tenure, while great merit was ascribed to those who maintained and confirmed it. Such is found to be the character of the grants made by the Hindu Sovereigns of Bijayanagar, the rulers of the Pandian dynasty whose seat was Madura, the Mahratta princes who latterly ruled at Tanjore, and the chieftains of Orissa who for centuries held sway over the greater part of the Northern Circars.

4. During the period of anarchy which followed the overthrow of the Native dynasties and which continued, though in a less degree, after the establishment of the Muhammadan rule in Southern India, the power of granting inams was assumed by various petty chiefs, officers of Government, and others, who alienated the revenues to a considerable extent. Of such origin are most of the minor inams granted by the zamindars, by the various faujdars, and even by renters in the Northern Circars; and those given by the numerous poligars of the Ceded districts and the southern provinces of the Presidency.

5. Though it was not the principle of the Muhammadan rulers to regard alienations of revenue as permanent and binding, their policy with regard to inam tenures was practically lenient. They generally respected the more ancient grants held by Brahmans and temples, and while resuming some, made liberal fresh grants not only to their own immediate relatives and followers, the higher ranks of their Civil and Military officers and the religious classes of their own faith, but also to the Hindus and their religious institutions. Thus the effect of the Muhammadan rule was to add greatly to the already existing large extent of land exempt from the payment of revenue.

6. Another period of political confusion ensued during the latter part of the last century when the supremacy in Southern India was contested between the British, the French, and the various local powers, and which did not subside until the different grants and treaties between the years 1750 and 1801 brought into the possession of the Honourable East India Company the vast extent of territory now forming the Madras Presidency. There is good reason to suppose that a large extent of land was granted as inam during this period by parties who had not even the shadow of authority to make such alienations.

7. During the earlier years of British rule, the Government of the day, following the custom of the country, adopted the practice of rewarding meritorious service by grants of jagirs, and thus many villages were alienated either in perpetuity or for stated number of lives. This practice, however, gradually fell into disuse after the despatches from the Honourable the Court of Directors, in which they expressed their opinion of the superior propriety of money pensions to grants of land on occasions, and directed that grants of lands should be restricted to such

It was also not unusual for the earlier Collectors to grant authority for various purposes for the extent of land so alienated as trifling.

8. The importance of instituting an inquiry into the recognized at a very early date of our administration. Revenue in all the districts of the Presidency except in the North, most part held by zamindars, and on these occasions from the payment of revenue was carefully recorded.

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the policy of those to whom the administration of the country was entrusted did not admit of a general scrutiny into the rights of inam holders. Now and then partial investigations into such tenures were instituted in limited tracts, and such as were held on no valid title or for services not required were fully or partly assessed. But the general result was that exempted lands were not interfered with during the earlier surveys.

9. A Regulation was passed about this time, the object of which was to try the validity of the titles of persons holding, or claiming to hold, lands exempted from the

payment of revenue under grants not being Badshahi or royal grants. Although under the provisions of this law proclamations were issued throughout the Zillahs, very few of the inamdars responded to the call, and consequently the registers of inams prepared under section 15 of this Regulation are neither complete nor perfect so far as they go. Very few, if indeed any, suits were instituted by Collectors under section 11 for the recovery of exempted lands, and for all practical purposes the Regulation may be said to have remained a dead letter.

10. In 1825 orders were again issued for the investigation of all inam tenures and a special establishment was sanctioned for that purpose in Bellary, but these measures led to no result.

11. By Regulation IV of 1831, afterwards extended by Acts XXXI of 1836 and XXXIII of 1838, the Courts of Adalat were prohibited from taking cognizance of claims to personal or hereditary grants of money or of land revenue, whether conferred by the British Government or made by Native Governments and confirmed or continued by the British Government, except with the special permission of Government. The power to decide on such claims was declared to be reserved exclusively to the Governor in Council after due investigation by such persons and in such manner as he should deem fit. In like manner Regulation VI of 1831 removed all claims to the possession of, or succession to, hereditary offices in the Revenue or Police Department, or to the enjoyment of the emoluments annexed thereto, from the jurisdiction of the ordinary Courts of Judicature, and provided that they should be adjudicable exclusively by the Collectors and the Board of Revenue subject to the revision of Government.

12. The objects of these Regulations were to prevent inams from being diverted from the purposes for which they were granted, and to secure to Government its reversionary rights in cases of lapse. Notwithstanding, however, these legislative measures, neither the transfers nor lapses of inam property were subjected to scrutiny as they occurred; inams were permitted to be sold and purchased without question; in a great many instances the Civil Courts freely admitted and adjudicated upon claims to inams as if the prohibitory Regulations had no existence; and in some cases inam property was received as security by Revenue Officers and sold in satisfaction of Government claims.

13. In fact no active measures were taken to vindicate the law or to assert the rights of Government until 1845, when the Government issued orders strictly prohibiting local officers from continuing inams on the occurrence of lapses, and directing that each case should be reported for their orders through the Board of Revenue.

14. This was followed in the next year by a proclamation notifying that adoptions involving inheritance to inam lands should not be recognized unless reported at least six months before the death of the party making the adoption.

15. In 1848, the Government issued a series of instructions which gave considerable latitude to Collectors to continue inams in all ordinary cases but required a report to the Board of Revenue and ultimately to the Government in those cases where the inam had officers between passed out of the original family, or had been fraudulently obtained or irregularly inherited; five or six plus one if it was claimed on invalid grounds, as through the female line, or by a collateral the great mass of the virtue of an illegal or suspicious adoption; or generally where there were any work is the routine inspection, affecting the prior transmission of the inam or the title of the existing village officer's work, reporting immediate attachment of inams on the occurrence of lapses, which was making subdivisions, and a varie distress, was prohibited. details, all of it essential to the efficient administration but not requiring a notification was also published prohibiting the alienation of inams paid agency to perform it. The reducing the amount of inspection and vision would soon be reflected in reduction of these rules, notwithstanding considerable modifications in efficiency, and efficiency in the Revenue inheritance through the female line, was to bring a vast Department does not mean the mere 'bureau- and from the impossibility of their being promptly attended cratic' love of order and logical completeness monjointly with their more pressing duties, to keep in

The discontent and alarm thus produced among the numerous petitions, and the reports of the Collectors

of that day abound with their apprehensions of the evil effects of such a state of things and of the hopelessness of satisfactorily performing the daily increasing work in connexion with the inquiry into lapsed inams.

17. Though the evils and difficulties which beset the question rapidly increased after the rules of 1848 had been promulgated and had begun to be acted upon throughout the Presidency, no general measures of a remedial character were adopted for some years, notwithstanding that their necessity was acknowledged and became every year more pressing.

18. In 1858, the Honourable the Court of Directors directed that all inams enjoyed uninterruptedly since the introduction of the British rule, whether held under sanads or not, should be confirmed to the holders. The only cases which they considered could be resumed were those in which lands had been acquired fraudulently or subsequently to the assumption of the country by the British, but even as regards them they observed that indulgence should be shown when the actual possessors were not privy to the fraud by imposing on such inams a gradually increasing rate of assessment.

19. The Honourable Court further directed, with reference to its having been the constant practice of Native Governments by exacting a "nazrana" or fine on every case of succession to inam property to make the inamdars contribute in a moderate degree to the requirements of the State, and in consideration of the absolute security of title about to be conferred, that a light assessment should be imposed in the nature of a jodi or quit-rent on every inam confirmed to the incumbent for personal benefit and that it should be left to the option of the successive holders of inams to redeem this quit-rent by the payment of a gross sum calculated according to rules to be framed for that purpose. They went on to observe that it might tend to reconcile the holders of such lands to the proposed quit-rent if the existing restrictions on the transfer of their estates from the line of the original grantees, whether by sale, gift, or adoption, were abrogated, and if an indefeasible and unrestricted right of property were granted to them. The Honourable Court concluded by observing that the investigation should be commenced with the least practicable delay and that it should be conducted by a distinct department to be established as proposed by the Madras Government.

20. The Madras Inam Commission was accordingly established on the 16th November 1858 during the administration of Lord Harris, and Mr. G. N. Taylor who was appointed Commissioner, shortly after proceeded to Bombay to learn, by personal conference with the authorities there, the details connected with the working of the Inam Commission in that Presidency and with the proposed plan of treating inam tenures for the future.

21. Certain rules were propounded by which the principles enunciated by the Honourable Court were to be practically applied by the Inam Commissioner in the investigation upon which he was about to enter. The basis of the proposals was that when it should be proved that land had for fifty years been in the possession of a person, or of those through whom he claimed, without the payment of land-tax, such length of possession should be held to be a good title to that land as inam, whatever might have been the origin of the possession. The entries in the revenue accounts were to be considered as sufficient evidence of possession without the production of other proofs, and where the failure of proof of fifty years' possession was owing only to lapse of time, the inamdar was to be allowed the same advantage as if possession had been proved for the full term.

22. When the title to an inam based on length of possession was once established, it was then to be open to the owner of an inam held for personal benefit either to retain the inam according to his actual tenure subject to the liability of lapse and without the power of alienation, or to enfranchise it by payment of an annual quit-rent or a single fixed sum equal to so many years' purchase of the quit-rent.

With regard to service inams, those that were attached to services still required were to be continued intact, but where the services were such that they could not be made available for any useful public purpose the value of the public claims on the land was to be calculated in the form of an annual quit-rent commutable, at the discretion of the holder, for a sum equal to the present value of the annuity.

As regards lands forming endowments of temples and mosques held in remuneration for services to be rendered therein, these were to be confirmed on their existing tenures, and to be resumable only when the object for which they were held had ceased to exist.

23. All questions of disputed right between individuals relating to inams were to be settled according to the established forms in the ordinary Courts of Justice. The claims of Government upon inams previously to enfranchisement were to be determined

by the officers of Government; but after enfranchisement the inams were to be in every respect under the protection of the Courts of Justice.

24. The scheme of settlement thus sketched was shortly afterwards worked out in detail by Mr. Taylor, and the rules and course of procedure which were to guide himself and his deputies were submitted to Government and approved by them.

25. One essential feature of the rules deserves special notice, viz., the mode of determining the value of the reversionary interest of Government in different cases. Certain rates of quit-rent were proposed to be charged which were estimated to be equal in value to the full assessment of the inam after a certain period of exemption from land-tax.

- (1) In the case of inams resumable on the death of the present holders either under the terms of the grant, or on account of defect of title, or owing to the holder possessing no lineal heir, the charge was fixed at half the assessment, which was equivalent to the reversion of the inam after a period of fifteen years.
- (2) In the case of persons possessed of terminable heirs, such as a widow with a widowed childless daughter, or of other grants confirmed for two lives, half the above rate was to be levied.
- (3) In the case of all other hereditary inams where the chance of lapse from failure of lineal heirs could not be calculated with precision, a quit-rent of one-eighth of the assessment was considered sufficiently high to protect the interests of Government and moderate enough to induce the holders to purchase the freehold. This is equivalent to the resumption of the inam after an exemption from land-tax for a period of forty-five years.

In all cases it was declared that the inamdars were at liberty to redeem the quit-rent charged on their inams by a single payment equal to twenty years' purchase.

26. The agency appointed to conduct the investigation consisted of the Commissioner, two Special Assistants, and a number of Deputy Collectors; and as it was deemed desirable that the inam settlement should first be made in those districts in which the survey had begun, the Commission proceeded to Masulipatam, and there commenced operations.

27. As laid down in the sanctioned course of procedure, a proclamation was issued giving the information of the inamdars setting forth the leading principles according to which the investigation into their titles was to be conducted and the various tenures settled by the Commission. The detailed rules were also re-published and circulated in the vernacular of the district, and general notices issued to the inamdars of every village requiring their attendance at the taluk station before the Deputy Collector by a certain date. Before the arrival of the Deputy Collector, the taluk officer deputed for the purpose had preliminary vernacular register of inams prepared and checked with the standard inam accounts. The village officers were also in attendance with the duplicate accounts in their possession. Every inamdar as he attended was required to file a statement giving the particulars of his inam and of his claim thereto. Such statement was invariably attested by the village officers and usually in addition by two independent witnesses, who were generally inamdars. The Deputy Collector before he commenced his inquiry was also furnished from the Collector's records with the standard inam registers and accounts of the taluk from the earliest to the most recent period. With all the necessary information and assistance thus ready at hand the settlement of the inam claims proceeded very rapidly even at the commencement. All evidence was at once recorded in the English registers by the Deputy Collector himself from verbal inquiry. The sanads and other documents produced by the inamdars in support of their titles were inspected, noted on the English registers, attested, and immediately returned to the parties. When the registry was completed, the inamdar was informed of the rate and amount of quit-rent charged on his inam for enfranchisement, and his consent or refusal to enfranchise was recorded on the register before its submission to the Commissioner for review and for the issue of a title-deed.

28. As was to be expected, it was sometime before even the most intelligent among the inamdars could be brought to understand the scope of the rules. They could not readily comprehend the nicety of calculation according to which the varying rates of quit-rent were charged, nor the reason why enfranchisement was in some cases optional and in others compulsory. Many of them too failed to perceive the advantage of enfranchisement purchased at a sacrifice of a portion of their rental, while others suspected that the light quit-rent imposed by the Commission was only the beginning of some evil scheme for the destruction of their inam property at a future day. Thus ignorance and mistrust formed the chief obstacles to our early progress, and they were not removed till after a patient discussion and careful explanation of the principles on which we were proceeding. Indeed it was not until the actual issue of title-deeds under

the seal of Government in each taluk that the confidence of the inamdars could be said to have been fully gained.

29. The really liberal character of the rules being once understood and appreciated by the more enlightened and influential among the inamdars, the way thenceforward became clear, and those who refused the terms of enfranchisement were an insignificant minority compared with those who readily embraced them. Many of the former also changed their minds before the settling officer quitted the taluk and voluntarily sought the enfranchisement of their tenures, and as the Commission proceeded from district to district it met with very little opposition from that time up to its close.

30. The fact of fifty years' recognized possession being held sufficient to render the title valid, the moderate terms offered to the inamdars for purchasing a freehold, and the simplicity of the course of procedure in recording and disposing of the claims, may be said to have formed the chief causes of the popular reception of the settlement. In the vast majority of cases the necessity for the production of sanads was obviated, and thus one great motive for the fabrication of false testimony was eliminated from the proceedings of the Inam Commission in this Presidency. The simple procedure adopted was attended with a double advantage. It saved the inamdars much inconvenience, vexation and expense, while it enabled the Deputy Collectors to proceed with the disposal of cases with a rapidity hitherto unknown in the investigations of inam titles.

31. I shall now proceed to give a brief account of the main results of the inam settlement. As it would be impossible within the compass of this report to enter into a description of the vast variety of tenures brought under registration or enfranchisement, I shall divide the inams into a few very general classes and confine myself to such remarks as each class may call for.

32. The inam tenures of this Presidency may be divided into nine classes—

- I.—Those held for the support of religious institutions and for services connected therewith.
- II.—Those held for purposes of public utility.
- III.—Those held for the support of works of irrigation yielding public revenue.
- IV.—Those held by Brahmans and other religious classes for their personal benefit.
- V.—Those held by the families of poligars and those who filled hereditary offices of trust under former Governments.
- VI.—Those held by the kinsmen, dependents and followers of former poligars and zamindars.
- VII.—Those connected with the former general police of the country.
- VIII.—Those held for ordinary village revenue and police service.
- IX.—Those held by various descriptions of artisans for services due to village communities.

Each class will now be noticed in the above order.

33. A considerable portion of the inam tenures in the Presidency belongs, as will

Class I.
Extent, Acres 1,458,081.
Assessment, Rs. 24,22,467.

be seen by a reference to the figures in the margin, to the religious institutions of the country, both Muhammadan and Hindu. They are held either directly for the support of the institutions or for various services to be rendered therein. There is hardly a village of any importance in the country which does not possess its two shrines, one dedicated to Vishnu and the other to Siva, and which has not besides its tutelary village deity known under a variety of names. Consequently the inams of this description are by far the most numerous, though the value of each taken by itself is in most cases inconsiderable. With the exception of the pagoda of Jagannath, which though not within this Presidency enjoys extensive inams in the district of Ganjam, there are very few temples of note in the Northern Circars, nor are there any of much celebrity in the Ceded Districts excepting the temples at Hampi and Sundur. By far the larger portion of the inams belongs to the pagodas in the southern districts, such as Tirupati, Conjeevaram, Srirangam, Rameswaram and Madura.

34. The valuable endowments attached to the different "Mathams" or spiritual headships of the three leading sects of Brahmans are also included under this head, and are to be met with in nearly all the districts of the Presidency. There are besides throughout the country minor religious institutions not presided over by Brahmans, which enjoy inams of more or less value. They belong to bairagis and pandarams or religious mendicants, and jangams or priests of the Lingait sect.

35. The Muhammadan institutions are of a less varied character, and are generally in a decaying condition in all parts of the country. They consist chiefly of mosques or places of public worship, takyas or residences of fakirs, and dargahs or shrines of Muhammadan saints.

36. The endowments attached to Christian churches are very few and occur only in the districts of Tinnevely and Tanjore.

37. A great variety of inams falls under class II, which embraces those held for the support of chatrams, water-pandals, topes, nandavanams or flower-gardens, wells, ponds, tanks, bridges, village schools, and veda patasalas or schools for teaching the vedas. The object of the greater part of these grants is the provision of water and shade, both wants of the first importance in a tropical country. Bridges and village schools endowed with inams are few in number. Schools for teaching the vedas are also not numerous and may be said to be falling into disuse. The total extent and value of the inams in this class are given in the marginal statement.

38. The inams of this class usually known as "dasabhandams" are confined chiefly to the Ceded Districts, the western portions of Guntur, Nellore, North Arcot and Salem. They were granted as a recompense to private individuals who

constructed tanks, wells and river channels by means of which the revenue of the State was augmented. The extent and value of the inam were in proportion to the capital expended on the work and the outturn in revenue. These grants are of two descriptions, "khanda dasabhandams" or inams given in specific localities, and "shamilat dasabhandams" or the allowance as inam of a certain proportion of each year's cultivation under the work in question. Inams of the latter description were not brought on the inam registers as they had no locality. In all ordinary cases dasabhandamdars are under the obligation of maintaining the works of irrigation in due repair. In some cases such a condition was either not attached to dasabhandam inams or it had not been enforced for a long time. Such inams were treated and enfranchised as personal grants.

39. In the Ceded districts certain wudders or tank-diggers held inams for the service of executing the ordinary repairs of large Government tanks. Under the present organization of the Public Works Department the wudders occupied an anomalous position, and the services attached to their tenures were reported to be very inefficiently rendered. Their inams have consequently been enfranchised under the rules.

40. The Bhatta-vritti and khairati inams held respectively by Brahmans and Muhammadans for subsistence form nearly one-half of the inams of the Presidency. As has been already remarked, the grant of inams to Brahmans is of very great antiquity.

The Muhammadan rulers also freely alienated lands to the religious classes of their own faith. These grants may be said to represent the accumulated charities of the sovereigns and chiefs of the country from the most remote times.

41. The inams held by the families of dispossessed poligars in the Ceded districts and the Baramahal, and of the ancient kanungos, desbandyas, and desmukhs, who have been permitted to enjoy certain lands free of all conditions of service to Government, have been all now treated as personal. When the palaiyams were reduced at the cession of the territories of the East India Company, certain pensions and inam lands were granted to the ex-poligars for their subsistence. Although a vague impression appears to have prevailed at the time that they were liable to be called out for police service during emergencies, the occasion for such services very seldom arose, and the inams have been practically enjoyed as personal. The kanungos were the Provincial, and the desbandyas the District, Registrars or Revenue Accountants. The deshmukhs were chief officers of police and revenue, corresponding generally to zamindars. Their offices were abolished at a very early stage of the British administration, and the inams granted to or allowed to be held by them being of a personal character have been enfranchised like ordinary inams.

42. The inams held under class VI are considerable in number and value chiefly in the Northern Circars and the southern palaiyams of Madura. Before their cession to the British, these countries were mostly held by zamindars or poligars who exercised the powers of sovereignty with their limited estates. They alienated lands not only for the maintenance of Brahmans and of their own relatives and dependants, but to a large number of their household servants and to numerous men of rank of their own caste. Whole villages were held on conditions of service which was neither rendered nor called for under the British administration. Of this character were the bissoyis and doratanams in the hill tracts of Ganjam and Vizagapatam, the mukhasas of the Kistna district, the amarams of North Arcot, the umligas of Salem, and the jivitams of Madura. All these tenures have been now enfranchised, a higher rate of quit-rent being charged on those which were held on the condition of actual service.

43. Several miscellaneous inams such as those held by desayis, nattars, settis, and other heads of castes, and by certain classes of servants known as tambalas, anakalas, matapatis, and jirars in the Ceded districts, the services connected with which have long ceased to be required, have been also enfranchised and converted into private property.

44. This class comprises the inams held by the kattubadis, a class of peons who discharged police, military, and not unfrequently, revenue duties. They were called into existence by the poligars who remunerated them by assignments of land and paid them batta besides while on actual service, and were chiefly employed in the hilly and inaccessible parts of the country. On the introduction of the British rule, they were generally left in the quiet possession of their inams and but seldom called out for duty. The inams of this class have now been all enfranchised, but the issue of title-deeds is suspended pending the completion of the new police arrangements which are altogether to relieve the kattubadis of their police duties. The kattubadis are found in the greatest numbers in the Ceded districts and North Arcot.

45. The inams embraced in these classes are those of the village servants, revenue, and police, and of the village artizans. They have been simply recorded by the officers of the Inam Commission, and no steps could be taken in regard to the former until some decision is come to as to the principles on which the village establishments of the Presidency are to be revised and remodelled. With regard to the inams of the artizan class, they must, I presume, be left undisturbed on their present footing as part and parcel of the village municipal system.

46. In the Ceded districts and Kurnool, however, where the village service inams are the most extensive and valuable, a settlement of them has been made. The whole extent of the inams has been enfranchised on a quit-rent of five-eighths of the assessment, the proceeds resulting therefrom being formed into a fund for the payment of the office-holders in money. The principle upon which such a measure was advocated by this Commission and sanctioned by the Government was that it would least interfere with the existing rights of private property which have accrued by numberless alienations and subdivisions from a remote date. The enfranchisement has been actually carried out in the district of Kurnool, but is in abeyance in Cuddapah and Bellary pending the final orders of Government.

47. In connexion with the settlement of the rent-free tenures of the Presidency several measures of administrative reform have been effected, the more important of which will now be noticed.

48. In certain districts the jodi already charged on inam lands was of a fluctuating character according to the terms of the grant or established usage. The jodi consisted in some districts of a certain rate to be levied on the quantity of grain grown on the inams; in others, though the jodi was fixed, only so much of it was collected as was in proportion to the extent of the inam actually brought under cultivation during the year. Of this description were the hangami jodi in Cuddapah, the putla kattubadi of the Kistna district, the variable jodi of certain inams in Madura, and the patam and poruppu lands in Tinnevely. They involved an annual scrutiny by the village and subordinate revenue officers into the produce or the cultivation of each inam, and as a consequence were attended with many abuses. Moreover, a variable quit-rent was incompatible with the conditions of the permanent title now conferred on the inams. For these reasons, all such jodi was permanently commuted into fixed sums calculated upon the average of the actual collections of past years or other equitable data.

49. There were a large number of inam villages in various districts of the Presidency of similar uncertainty of tenure, in which the jodi payable to Government fluctuated with the cultivation of each year. The tribhagam and chaturbhagam agharams and the riayat mukhasas in the Kistna district, the trishvekam tenures of Salem, the hissa shrotriayams of the Ceded districts, and the ardhmanyam and nelgutta villages in Tanjore were all of this character. The Government and the inamdars held a joint interest and had a sort of joint management in these villages, the continuance of which was inconsistent with the absolute security of tenure proposed to be conferred by the Commission as well as prejudicial to the improvement of the villages. The Government interest in all these villages has now been commuted into a fixed jodi fairly calculated with reference both to their past revenues and to the prospects of their future improvement, and the management of them has been entirely surrendered to the inamdars. Where, from poverty, dissensions among the shareholders, or the situation of the villages, the inamdars were unable or unwilling to take them up on the proposed terms,

they were allowed to select a tract of land yielding a revenue equal to what they had hitherto derived from the entire village.

50. Again there were certain inam tenures the peculiarity of which was that they had no fixed locality assigned to them, but that they consisted in the deduction of a fixed extent or of a percentage out of the annual cultivation of the village, the proportionate revenue demand on which was paid to the inamudars without being brought to the public account. Such tenures occurred in Tinnevely, and they have been settled by the assignment of revenue on specific lands equivalent to the average value of the inamudars' past receipts. The sthala inams of Trichinopoly were of the same description and have been similarly dealt with.

51. The inams in the Ceded districts generally and some inams in Kurnool and Nellore were subject to certain extra cesses known respectively as inamati taffrik and inamati patti and mera, the origin and incidence of which were of an arbitrary and oppressive nature. The inamati taffrik in Cuddapah and Bellary was a tax nominally imposed on ryots with a view to restrain them from the cultivation of inam in preference to Government lands, but it virtually fell on the inams, out of whose rental it was eventually paid. This tax has now been abolished. The "patti" of Kurnool was a jodi imposed under the administration of the last Nawab for supposed defect of title. Its bearing upon the inam lands was unequal and attended with hardship. It has now been discontinued and superseded by a more equitable and uniform quit-rent calculated at one-fourth of the assessment. The "mera" in the late Udayagiri jagir in Nellore was a similar cess, but of a still more vexatious character. It had ceased to be enforced ever since the resumption of the estate, but was still retained in the accounts. It has now been finally abandoned.

52. It is scarcely necessary to remark that the carrying out of these various measures has tended greatly to simplify the revenue administration of the districts which they affected.

53. A considerable extent of land, often comprising valuable property and wholly or partially exempted from the payment of assessment but not recognized in the public accounts as regular inam property, has also been brought under settlement and enfranchised under the inam rules. These lands were chiefly held by the ratsawar class of cultivators in the Kistna and Godavari districts, who, either from their social position as the castemen of the former zamindars or as extensive cultivators, had enjoyed these immunities from a long time. Lands in other districts similarly held exempt from the payment of revenue have been dealt with in a like manner.

54. An exceptional class of tenures peculiar to the district of Madras and known as grama-manyams has also been brought under settlement and confirmed without charge of quit-rent. It was long doubted whether these inams were held under any obligation of service due to the State, or whether, as contended by some authorities, they were special privileges granted in compensation for the hardship incident to the occupation of that part of the country in which mirasi is said to have exceptionally prevailed. Without expressing any opinion as to the soundness of the latter theory, the Government admitted that the inams were not held on condition of any service, and that they were freely alienated and enjoyed like any other private property. They therefore authorized the Inam Commissioner to declare these tenures free from any disabilities under Regulation IV of 1831 and to issue title deeds accordingly.

55. Many other questions of greater or less importance involving long-disputed rights between the Government and zamindars, zamindars and inamudars, and inamudars and their tenants, have also been taken up, discussed, and brought to a final decision under the sanction of Government. These not being of sufficient general interest are not dwelt upon in this report.

56. I shall now detail the financial results which have attended the operations of the Commission. The annexed figured statement exhibits these results in one view, and it will be observed that, exclusive of the quit-rent charge on village service and permanently added to the revenues of the State. It will also be seen that it has been decided that inams to the annual value of Rs. 1,41,220 should be fully assessed. These inams consist partly of unprofitable lands abandoned long ago or now voluntarily surrendered by the inamudars; of lands washed away by rivers and jungle streams or submerged by tanks; of lands overgrown with jungle or not claimed by or inaccessible to the inamudars; and in some few cases, of lands that had no existence except in the accounts. Part is also composed of inams fully assessed for want of heirs or for default of attendance within the time prescribed by the rules. From the nature of these inams, it is impossible to calculate exactly to what extent their value will ever be a gain to Government. Their assessment has therefore been exhibited separately from the main, and certain addition to the revenue.

Description of inam tenures.	Number of title-deeds issued.	Dry.	Garden.	Wet.	Total.	Assessment.	Payable to Government.	Payable to zamindars.	New quit-rent payable to Government.	agreed to by inamudars who have consented to quit-rent being left unenfranchised.	Total quit-rent payable to Government in lieu of quit-rent of columns (8) and (10).	Quit-rent to inamudars in lieu of payment of 20 years' purchase money.
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		ACS.	ACS.	ACS.	ACS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I.—Devadayam or inams held for the support of pagodas or other religious institutions.												
(1) Hindu ..	75,257	1,049,045	13,777	238,615	1,321,437	21,69,224	1,29,262	54,179	22,016	..	1,51,278	30
(2) Muhammadan ..	3,858	109,435	1,886	22,736	134,057	2,48,262	7,532	857	1,233	..	8,765	..
(3) Christian ..	81	1,329	32	1,226	2,587	4,981	141	2	21	..	162	..
Total ..	79,196	1,159,809	15,695	282,577	1,458,081	24,22,467	1,36,935	55,038	23,270	..	1,60,205	30
Class II.—Dharmadayam or inams held for the support of charitable institutions.												
(1) Chattram inams ..	1,044	77,416	1,450	28,023	106,889	2,28,828	15,264	6,742	1,612	..	16,876	1
(2) Inams held for the support of water pandals ..	1,050	7,713	107	851	8,671	13,102	575	123	144	..	719	3
(3) Topes for public utility ..	1,103	5,719	45	135	5,899	9,800	125	23	77	..	202	..
(4) Inams for the maintenance of tanks, wells and channels for public utility ..	1,411	16,104	56	954	16,114	26,875	1,727	26	594	..	2,321	..
(5) Inams for village schools ..	12	100	6	401	507	3,055	..	..	127	..	127	..
(6) Miscellaneous ..	980	16,380	39	2,450	18,869	26,252	150	1,612	98	..	248	..
Total ..	5,600	122,432	1,703	32,814	156,949	3,07,912	17,841	8,526	2,652	..	20,493	4
Class III.—Inams held for maintaining works of irrigation.												
(1) Tanks ..	4,152	2,902	301	15,807	19,010	1,02,583	2,933	876	58	..	2,991	..
(2) Wells ..	2,286	1,276	1,920	940	4,136	27,279	293	4	17	..	310	..
(3) Channels ..	473	271	23	1,258	1,552	10,044	402	116	22	..	424	..
(4) Ancients ..	27	7	15	104	126	809	..	..	..	..	..	..
Total ..	6,938	4,456	2,259	18,109	24,824	1,40,715	3,628	996	97	..	3,725	..
Class IV.—Inams held for personal benefit.												
Total of classes I, II, III and IV ..	264,473	2,937,221	38,225	718,948	3,694,394	54,89,928	6,06,844	2,20,415	6,90,353	35,885	12,97,197	580
Class V.—Inams held for police services, now discontinued ..	346,207	4,223,918	57,882	1,052,448	5,334,248	83,61,022	7,65,248	2,84,975	7,16,372	35,885	14,81,620	614
Class VI.—Village service inams enfranchised ..	14,860	273,324	3,998	27,679	304,931	3,44,101	40,780	18,894	1,35,044	..	1,75,824	..
Grand total of inams settled by the Commission. Inams fully assessed in the course of the settlement.	6,360	329,330	2,197	6,599	338,126	3,85,758	36,737	..	2,11,351	..	2,46,088	..
Total ..	367,427	4,826,572	64,007	1,086,726	5,977,305	90,90,881	8,42,765	3,03,869	10,62,767	35,885	19,05,532	614
Total ..	..	101,878	1,056	9,887	112,820	1,41,220	25,852	1,406	1,13,962	..	1,39,814	..
Total ..	367,427	4,928,450	65,062	1,096,613	6,090,125	92,32,101	8,68,617	3,05,276	11,76,729	35,885	20,45,348	614

NOTE.—The inams held by village police and revenue officers and by artisans, which have not been enfranchised, are not included in this statement.

57. From the tabular statement given in the preceding paragraph it will be seen that the number of inamdars who have not accepted the terms of enfranchisement offered by the rules, but have elected to hold their lands on the old restricted tenure, is small, and that the extent and value of their holdings are comparatively insignificant. It is understood that the holders of several of these unenfranchised inams are deeply involved in debt and have declined to enfranchise their lands to prevent their being sold by the Civil Courts. In several other cases the inams were held by aged persons or childless widows, who, having no heirs to whom to bequeath their property and being destitute of other means of subsistence, had no inducement to give up half the yearly income of their lands for the purchase of the freehold.

58. It will also have been observed from the statement annexed to paragraph 56 that the power given to inamdars under the rules to redeem the quit-rent charged on their inams by a single payment of twenty years' purchase money, has been exercised only to a very limited extent. This circumstance is not surprising, as there are numerous other channels in which the inamdars can employ their capital more profitably than by sinking it in an investment only bringing in a return of 5 per cent. There is little doubt however that in the course of time a considerable portion of the very small quit-rents now charged on the inams will be redeemed, if only to obviate the interference of the revenue officials and the risk of the consequences of any accidental failure of payment.

59. With a view to giving legal effect to the inam settlement, the Legislature has passed* certain enactments by which enfranchised inam property has been for the future placed under the sole jurisdiction of the Courts, thus assimilating it in every

*Act IV of 1862 (Madras).
Act IV of 1866 (Madras).

respect to other descriptions of real property.

60. Doubts, however, subsequently arose as to the validity of the title-deeds, in the form in which they had been issued, and the true intent and meaning of the word "land," which had been inadvertently used in all the title-deeds.

61. All the title-deeds issued in the form prescribed by the inam rules were considered, and ultimately decided to be invalid, inasmuch as they purported to have been issued on behalf of the Governor-in-Council, instead of on behalf of the Secretary of State for India in Council, as required by Statute 22 and 23 Vic. Cap. 41. To remedy this defect, an

† Statute 32 and 33 Vic. Cap. 29.

Act† of Parliament has been passed which declares that all the title-deeds issued up to the date of the passing of the Act, namely, 12th July 1869, should be considered valid, notwithstanding their having been issued in the name of the Governor-in-Council, instead of in that of the Secretary of State for India in Council. New‡ legal forms have been provided for the title-deeds to be issued hereafter.

‡ See Appendix A.

62. To explain the true intent and meaning of the word "land" employed in the title-deeds, an Act of the local legislature was found to be necessary. The inams in this Presidency are of two kinds: first, those where the proprietary right in the soil and the right to the Government share of the revenue derivable from the land coalesce in one and the same individual, and secondly, those where the proprietary or occupancy right is vested in one or more individuals, while the Government share of the revenue has been granted to another. In the latter class of cases, the inamdars relying on the terms used in the title-deeds, began to claim the right in the soil to the injury of the proprietary rights of others therein, and suits were brought in several instances to enforce the supposed effect of the title-deeds. Although these suits were thrown out by the Courts, there was no certainty that a different view of the law might not be taken by different Judges in future cases, and the Government therefore resolved to pass a short Act declaring that nothing contained in any title-deed issued to any inamdar should be deemed to define, limit, infringe or destroy the rights of any description of holders or occupiers of the lands from which any inam was derived or drawn. An§ Act to this effect has accordingly been passed, and awaits the assent of His Excellency the Viceroy and Governor-General.

§ The Act referred to is the Madras Inams Act, 1869 (Madras Act VII of 1869). It received the assent of the Governor-General on the 8th December 1869 and took effect from the 25th January 1870. This Act is printed at page 26 *infra* as Appendix B.

APPENDIX A.

Amended Forms of Title-deeds

No.

TITLE-DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a Personal Inam consisting of the right to the Government revenue on land claimed to be _____ acres of dry _____ acres of wet and _____ acres of garden and situated in the village of _____ taluk of _____ district of _____

2. This inam is tax-free and hereditary; but it is not otherwise transferable, and in the event of the failure of lineal heirs, it will lapse to the State.

3. On your agreeing to pay an annual quit-rent of Rupees _____ your inam tenure will be converted into a permanent freehold; in which case, the inam will be your own absolute property, to hold or dispose of as you think proper, subject only to the payment of the abovementioned quit-rent.

4. If you should desire to commute the quit-rent for the payment of a sum of money, once for all, equal to (20) twenty years' purchase of the quit-rent, you will be at liberty to do so.

Dated _____

Inam Commissioner.

Madras. _____

Whereas you have agreed to convert your tenure into a freehold on the terms offered you in clause (3) three of this Deed; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam as freehold in perpetuity, subject only to the payment of the annual quit-rent therein mentioned, viz., Rupees _____

Dated _____

Inam Commissioner.

Madras. _____

Whereas you have agreed to convert your tenure into an absolute freehold on the terms offered you in clause (4) four of this Deed, and have paid into the Government Treasury of _____ the sum of Rupees _____ in permanent

redemption of the entire quit-rent chargeable on the inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam in perpetuity as an absolute freehold, that is to say, free of all tax whatever to the Government.

Dated _____

Inam Commissioner.

Madras. _____

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a Personal Inam consisting of the right to the Government revenue on land claimed to be _____ acres of dry _____ acres of wet and _____ village of _____ taluk of _____ acres of garden and situated in the _____ district of _____

2. The inam is subject to a jodi or quit-rent of Rupees _____ per annum, and is hereditary, but it is not otherwise transferable; and in the event of the failure of lineal heirs it will lapse to the State.

3. On your agreeing to pay an annual quit-rent of Rupees _____ inclusive of the jodi already charged on the inam as above stated, your inam tenure will be converted into a permanent freehold, in which the case the inam will be your own absolute property to hold or dispose of as you think proper, subject only to the payment of the abovementioned quit-rent.

4. If you should desire to commute the quit-rent for the payment of a sum of money, once for all, equal to (20) twenty years' purchase of the quit-rent, you will be at liberty to do so.

Dated

Dated

Madras.

Inam Commissioner

Whereas you have agreed to convert your tenure into a freehold on the terms offered you in clause (3) three of this Deed; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam as freehold in perpetuity, subject only to the payment of the annual quit-rent therein mentioned, viz., Rupees

Dated

Madras

Inam Commissioner

Whereas you have agreed to convert your tenure into an absolute freehold on the terms offered you in clause (4) four of this Deed, and have paid into the Government Treasury of the sum of Rupees _____ in permanent redemption of the entire quit-rent chargeable on the inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam in perpetuity as an absolute freehold, that is to say, free of all tax whatever to the Government.

Dated _____

Dated

Madras

Inam Commissioner.

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a Personal Inam consisting of the right to the Government revenue on land claimed to be _____ acres of dry
_____ acres of wet and _____ acres of garden and situated in the village of _____
_____ taluk of _____ district of _____

2. This inam is tax-free and confirmed for otherwise transferable; and on the expiration of the limited term above mentioned it will lapse only, but it is not to the State.

3. On your agreeing to pay an annual quit-rent of Rupees _____ your inam tenure will be converted into a permanent freehold; in which case the inam will be your own absolute property, to hold or dispose of as you think proper, subject only to the payment of the above-mentioned quit-rent.

4. If you should desire to commute the quit-rent for the payment of a sum of money, once for all, equal to (20) twenty years' purchase of the quit-rent, you will be at liberty to do so.

Dated

Madras.

Inam Commissioner.

Whereas you have agreed to convert your tenure into a freehold on the terms offered you in clause (3) three of this Deed; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam as freehold in perpetuity, subject only to the payment of the annual quit-rent therein mentioned, viz., Rupees

Dated

Madras

Inam Commissioner

Whereas you have agreed to convert your tenure into an absolute freehold on the terms offered you in clause (4) four of this Deed, and have paid into the Government Treasury of the sum of Rupees _____ in permanent redemption of the entire quit-rent chargeable on the inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam in perpetuity as an absolute freehold, that it is to say, free of all tax whatever to the Government.

Dated

Madras.

Inam Commissioner.

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a Personal Inam consisting of the right to the Government revenue on land claimed to be _____ acres of wet and _____ acres of dry in the village of _____ taluk of _____ district of _____

2. This inam is subject to a condition that _____

2. This inam is subject to a jodi or quit-rent of Rupees _____ per annum, and is confirmed for _____ only but it is not otherwise transferable; and on the expiration of the limited term above mentioned it will lapse to the State.

3. On your agreeing to pay an annual quit-rent of Rupees _____ inclusive of the jodi already charged on the inam as above stated, your inam tenure will be converted into freehold; in which case the inam will be your own absolute property, to hold or dispose of as you think proper, subject only to the payment of the abovementioned quit-rent.

4. If you should desire to commute the quit-rent for the payment of a sum of money, once for all, equal to (20) twenty years' purchase of the quit-rent, you will be at liberty to do so.

Dated

Madras.

Inam Commissioner.

Whereas you have agreed to convert your tenure into a freehold on the terms offered you in clause (3) three of this Deed; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam as freehold in perpetuity, subject only to the payment of the annual quit-rent therein mentioned, viz., Rupees

Dated

Madras.

Inam Commissioner.

Whereas you have agreed to convert your tenure into an absolute freehold on the terms offered you in clause (4) four of this deed, and have paid into the Government Treasury of Rupees _____ in permanent redemption of the entire quit-rent chargeable on the inam; By order of the Governor in Council of Madras, acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam in perpetuity as an absolute freehold, that is to say, free of all tax whatever to the Government.

Dated _____

Dated

Madras.

Inam Commissioner.

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a Personal Inam consisting of the right to the Government revenue on land claimed to be _____ acres of dry _____ acres of wet and _____ acres of garden and situated in the village of _____ taluk of _____ district of _____

2. This inam being an alienation from the original family will be subject to the payment of an annual quit-rent of Rupees *(inclusive of the amount already charged thereon)* which is hereby imposed upon it in commutation of the claims of Government arising from your defective title. The inam is confirmed to you in freehold. In other words, the inam will be your own absolute property to hold or dispose of as you think proper, subject only to the payment of the abovementioned quit-rent.

3. If you should desire to commute the quit-rent for the payment of a sum of money, once for all, equal to 20 years' purchase of the quit-rent, you will be at liberty to do so.

Dated

Madras.

Inam Commissioner.

Whereas you have agreed to convert your tenure into an absolute freehold on the terms offered you in clause (3) three of this Deed, and have paid into the Government Treasury of the sum of Rupees _____ in permanent redemption of the quit-rent chargeable on the inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam in perpetuity as an absolute freehold, that is to say, free of all tax whatever to the Government.

Dated

Madras.

Inam Commissioner.

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a _____ inam consisting of the right to the Government revenue on land claimed to be _____ acres of dry _____ acres of wet and _____ acres of garden and situated in the village of _____ taluk of _____ district of _____ and held for _____
2. This inam is confirmed to you and your successors, subject to the existing quit-rent of Rupees _____ per annum, to be held without interference so long as the conditions of the grant are duly fulfilled.
3. If you should desire to commute the quit-rent for the payment of a sum of money, once for all, equal to (20) twenty years' purchase of the quit-rent, you will be at liberty to do so.

Dated

Madras.

Inam Commissioner.

Whereas you have agreed to convert your tenure into an absolute freehold on the terms offered you in clause (3) three of this deed, and have paid into the Government Treasury of _____ the sum of rupees _____ in permanent redemption of the entire quit-rent chargeable on the inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam in perpetuity as an absolute freehold, that is to say, free of all tax whatever to the Government.

Dated

Madras.

Inam Commissioner.

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a _____ or _____ inam consisting of the right to the Government revenue on land claimed to be _____ acres of dry _____ acres of wet and _____ acres of garden and situated in the village of _____ taluk of _____ district of _____ and held for _____
2. This inam is confirmed to you and your successors tax-free; to be held without interference so long as the conditions of the grant are duly fulfilled.

Dated

Madras.

Inam Commissioner.

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to an inam consisting of the right to the Government revenue on land claimed to be
 acres of dry acres of wet and
 village of acres of garden originally granted for service and situated in the
 taluk of district of

2. This inam being held for service now discontinued will be subject to the payment of an annual quit-rent of rupees
 (inclusion of the amount already charged thereon) which is hereby imposed upon it in commutation both of the service thus discontinued and of the reversionary interest possessed by Government in the inam. The inam is now confirmed to you in freehold. In other words, the inam will be your own absolute property to hold or dispose of as you think proper, subject only to the payment of the abovementioned quit-rent.

3. If you should desire to commute the quit-rent for the payment of a sum of money, once for all, equal to (20) twenty years' purchase of the quit-rent, you will be at liberty to do so.

Dated

Inam Commissioner.

Madras.

Whereas you have agreed to convert your tenure into an absolute freehold on the terms offered you in clause (3) three of this deed, and have paid into the Government Treasury of the sum of rupees in permanent redemption of the entire quit-rent chargeable on the inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam in perpetuity as an absolute freehold, that is to say, free of all tax whatever to the Government.

Dated

Inam Commissioner.

Madras.

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to an absolute freehold inam consisting of the right to the Government revenue on land claimed to be acres of dry acres
 of wet and taluk of acres of garden and situated in the village of district of

2. This inam is tax-free and is your own absolute property, which you can hold or dispose of as you think proper.

Dated

Inam Commissioner.

Madras.

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a freehold inam consisting of the right to the Government revenue on land claimed to be
 acres of wet and acres of dry
 acres of garden and situated in the village of
 taluk of district

2. This inam is subject to a jodi or quit-rent of rupees per annum, and the inam will be your own absolute property to hold or dispose of as you think proper subject only to the payment of the abovementioned quit-rent.

3. If you should desire to commute the quit-rent for the payment of a sum of money, once for all, equal to (20) twenty years' purchase of the quit-rent, you will be at liberty to do so.

*Dated**Madras**Inam Commissioner.*

Whereas you have agreed to convert your tenure into a freehold on the terms offered you in clause (2) two of this deed; by order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam as freehold in perpetuity, subject only to the payment of the annual quit-rent therein mentioned, viz., rupees

*Dated**Madras**Inam Commissioner.*

Whereas you have agreed to convert your tenure into an absolute freehold on the terms offered you in clause (3) three of this deed, and have paid into the Government Treasury of the sum of rupees in permanent redemption of the entire quit-rent chargeable on the inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your inam in perpetuity as an absolute freehold, that is to say, free of all tax whatever to the Government.

*Dated**Madras**Inam Commissioner.*

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a tax-free Freehold Inam consisting of the right to the Government revenue on land claimed to be
 acres of wet and acres of dry
 acres of garden and situated
 in the village of taluk of district
 of and held for the support of

*Dated**Madras**Inam Commissioner.*

No.

TITLE DEED GRANTED TO

1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I acknowledge your title to a *Devadayam or Pagoda Freehold Inam* consisting of the right to the Government revenue on land claimed to be acres of
dry acres of wet and acres of garden and
situated in the village of taluk of district
of and held for the support of the per annum.
2. This inam is subject to the existing Quit-rent of Rupees per annum.
3. If you should desire to commute the Quit-rent for the payment of a sum of money, once for all, equal to (20) twenty years' purchase of the Quit-rent, you will be at liberty to do so.

Dated Inam Commissioner.
Madras

Whereas you have agreed to convert your tenure into an absolute Freehold on the terms offered you in clause (3) three of this Deed, and have paid into the Government Treasury of the sum of Rupees in permanent redemption of the entire Quit-rent chargeable on the Inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I hereby confirm to you your Inam in perpetuity as an absolute Freehold, that is to say, free of all tax whatever to the Government.

Dated Inam Commissioner.
Madras

No.

TITLE DEED GRANTED TO

The Mirasidars of the village of *in the taluk of*
1. By order of the Governor in Council of Madras acting on behalf of the Secretary of State for India in Council, I declare that the tax-free Acres.
Dry ... Grāma Māniyam consisting of the right to the
Wet ... Government revenue on land claimed as noted in
Garden ... the margin and situated in the abovementioned
village is free from condition of service and not liable to lapse under the Inam Rules.
2. The permission of Government is not necessary under Regulation IV of 1831 to enable the Courts to entertain any suit connected with the Inam.

Dated Inam Commissioner.
Madras

TITLE DEED GRANTED TO

The Mirasidars of the village of *in the taluk of*
 By order of the Governor in Council of Madras acting on behalf of the Secretary of State
 for India in Council, I declare that the Grāma
 Māniyam consisting of the right to the Govern-
 ment revenue on land claimed as noted in the
 margin and situated in the abovementioned
 subject to a Jodi or Quit-rent of Rupees is free from condition of service
 liable to lapse under the Inam Rules.

The permission of Government is not necessary under Regulation IV of 1831 to enable the
 to entertain any suit connected with the Inam.

If you should desire to commute the Quit-rent for the payment of a sum of money, once for
 all to (20) twenty years' purchase of the Quit-rent, you will be at liberty to do so.

ed *Inam Commissioner.*

tras

Whereas you have agreed to convert your tenure into an absolute Freehold, on the terms offered
 clause (3) three of this Deed, and have paid into the Government Treasury of
 the sum of Rupees

in permanent redemption of the entire Quit-rent chargeable
 Inam; By order of the Governor in Council of Madras acting on behalf of the Secretary of
 for India in Council, I hereby confirm to you your Inam in perpetuity as an absolute Free-
 hold, at is to say, free of all tax whatever to the Government.

ed *Inam Commissioner.*

tras

APPENDIX B.

MADRAS ACT No. VIII OF 1869.

PASSED BY THE GOVERNOR OF FORT ST. GEORGE IN COUNCIL.

[Received the assent of the Governor on the 27th May 1868, and of the Governor-
 General on the 8th December 1869, and takes effect from the 25th January 1870.]

*An Act to prevent doubts as to the true intent and meaning of certain words used in
 the title deeds of inams heretofore furnished to inamholders by the Inam Commis-
 sioner of the Madras Presidency, and to declare the true intent and meaning of
 Madras Acts IV of 1862 and IV of 1866.*

WHEREAS, under the rules sanctioned by the Local Government in the year 1859,
 and published in the *Fort St. George Gazette*, dated the 4th October 1859, for

Preamble.

the adjudication and settlement of inam lands in the Madras Presidency, the Inam Com-
 missioner of the said Presidency is required to furnish inamholders with title-deeds in
 respect of their inams, prepared according to certain forms prescribed by the said Govern-
 ment; and whereas the terms of the title-deeds so prepared appear in many cases to
 convey a more extensive right than was intended to be given, or than could be legally
 given; and whereas it is apprehended that the terms of the title-deeds may be so
 construed as to affect the rights and interests which other persons may have in lands
 from which the inams are derived or drawn, in cases where the inamholders do not possess
 the proprietary right in the soil, but only the right of receiving the rent or tax
 payable to Government in respect of the inam lands as transferees of
 the Government, and it is therefore expedient to remove all doubts as to the true intent
 and meaning of the words used in the said title-deeds, and whereas the words "land"
 and "lands" are used in Madras Acts IV of 1862 and IV of 1866 in connexion with
 inams in a sense not applicable to inams, and it is expedient to explain the true intent
 and meaning of such words in the said Acts: it is enacted as follows:—

1. Nothing contained in any title-deed heretofore issued to any inamholder shall

Wording of Inam Title Deeds not to affect holders or
 occupiers of inam land, and wording of Madras Acts
 IV of 1862 and IV of 1866, not to be held to confer
 on any inamholder any right which he would not
 otherwise possess.

be deemed to define, limit, infringe, or
 destroy the rights of any description of
 holders or occupiers of the lands from
 which any inam is derived or drawn, or to
 affect the interests of any person other than
 the inamholder named in the title-deed; and

nothing contained in Madras Act IV of 1862, or in Madras Act IV of 1866, shall be deemed
 to confer on any inamholder any right to land which he would not otherwise possess.

Government of Madras
FINANCE DEPARTMENT

G.O. No. 440, 10th June 1929

Madras Record Office—Report of the hon. Mr. H. A. B. Vernon, C.I.E., I.C.S.—Orders passed.

READ—the following papers:—

I
G.O. No. 16, Public, dated 10th January 1928.

II
Memorandum No. 1,544 (a)—I.E.R., Finance, dated 17th January 1928.

III
Letter from the Hon'ble Mr. H. A. B. VERNON, I.C.S., First Member, Board of Revenue, Madras, to the Secretary to Government, Finance Department, dated (Camp) Simla, the 19th September 1928.

[Report on the working of the Madras Record Office work to be done—A programme suggested.]

As desired in paragraph 1 (a) of G.O. Mis. No. 16, Public, dated 10th January last, and in Finance Department Memorandum No. 1544 (a)-1, E-R, dated 17th January, I have the honour to report as follows on the working of the Madras Record Office, and to make certain suggestions for a programme of work to be done in it.

I.—RECEIPT AND ARRANGEMENT OF RECORDS.

The Record Office contains in its six blocks all the Government records—except confidential ones—from the earliest times till 1921, and the records of the Board of Revenue up to 1904 and of the Collectorates up to 1800. Four out of the six blocks contain the records of the Secretariat and the remaining two those of the Board including the survey records and those of the Collectorates. A seventh block is almost ready for occupation, and as soon as it is handed over, later records of the Government and the Board will be transferred to the Record Office for safe custody. The Secretariat records up to 1856 are in the form of bound volumes, some of which are giving way, the material, especially in the older ones, undergoing slow disintegration owing to their age. There are also, besides the volumes, papers tied up in bundles from 1754 onwards, most of the papers being originals of papers copied in the bound volumes, the rest being valuable papers of which copies are not available anywhere else. From 1857 to 1895 the records have been printed, but they have been kept folded up twice, thrice or four times. The older record volumes are being mended and rebound, but the flattening of the later records kept folded up from 1857, of which a beginning was made in 1920, was, by order of Government, suspended in 1924 to enable all the available men being concentrated in the work of mending the older volumes. The records were arranged in the various blocks in 1909 as they came up, with the result that records of the same department came to be split up and kept in two or three different blocks under different references. This is obviously inconvenient, and I would therefore suggest that the opportunity of the opening of the seventh block should be utilized for a re-arrangement of the records so that those relating to the same department might be kept as far as possible in the same block and on the same floor or tier, instead of on all the three tiers and in different blocks as is unfortunately the case at present. It is proposed to take to the new block all the Company's records which will release the present Block I. I think that the re-arrangement of the rest of the records should be started in this block after it is vacated. The receipt of further records should be stopped until after the re-shuffling of the records already in custody here, in the manner suggested above.

II.—PRESERVATION OF RECORDS.

1. *Airing*.—The Curator should see that all the windows are opened in the blocks every day in the morning and closed when the office closes and that the fans are also turned on for giving fresh air to the records. The present practice of the attenders of opening only a few of the windows should be stopped at once as the absence of a fresh draught of air daily does harm to the records.

2. *Dusting*.—The record-racks should be dusted periodically by the attenders and the floors swept daily. From the quantity of dust accumulated in the racks and on the bundles one can see that the dusting has been very much neglected. The racks should be completely dusted once a week, some portion of it being done every day. The block referencer should see that this work is not scamped. The old records should not be dusted violently; before dusting the floor underneath should be swept so that the particles of dust that accumulate on the floor might be swept out completely. Some electric machine cleaners were tried in the office, but none of the different kinds so far tested seem to be suitable for the Record Office. They are quite good for cleaning the floor, but what is needed is a machine which could suck the dust from the old volumes and bundles without injuring them while they are in their places. Until such a machine is forthcoming, the attenders must be made to attend to the dusting regularly.

3. *Records sent out and returned*.—In 1927 there were 8,500 requisitions for records through the telephone and these were practically all complied with. The only evidence to show what records were sent out is the register of papers issued which is maintained by the referencers. The telephone message itself is returned with the records. Post-copies are not always received for the requisitions by the telephone. They should be insisted on, and, except in specially urgent cases, no record should be sent out of the office until post-copies of telephone messages or written requisitions have actually been received. Again, there is no adequate check to see that the records sent out are received back promptly. Sometimes records called for for a particular reference get split up in the office of receipt and taken to other references. When records are returned, the referencer or an attender strikes out the entries in the issue register. The records are then arranged year-wise and separated into departments and then distributed to the bundles and racks from which they had been originally taken and dummy slips in their place destroyed. This work is never done satisfactorily. In the heavier blocks records to be replaced can be seen lying on the floor, on the tables and in the drawers and trays. The Curator should insist on this work being methodically done. Again, reminders are not being issued for the return of records that had been out for several months. The referencers should be warned that it is part of their duty to issue reminders for the return of the records issued out. They should send fortnightly reminders after a month, and weekly reminders after three months, until the office of receipt admits the existence of the records, and specify a time by which they could be returned; and further reminders should be sent when that time-limit is exceeded. The office should now be made to examine the old issue registers and see if any records are still out and trace them. The failure to issue reminders at the proper time and to see that the records returned are replaced promptly by the attenders is a very unsatisfactory feature of the work of the referencers and the Curator should see that there is no more slackness in the matter.

4. *Mending of volumes and flattening of records*.—A section of the office is engaged in the mending of the older volumes. The mending consists in covering one or both sides of the paper with chiffon and protecting the edges of the sheets with parchment paper and eventually getting the mended sheets rebound at the Government Press. Twelve attenders are now employed under the mending assistant, and they repair six sheets a day each. But I think that the rate can be increased with greater supervision. Three hundred and fifty-one volumes have been mended so far since November 1924, and there are 169 volumes left to bring up this work to 1,765. The question is whether we should stop at the latter year and then proceed with the work of flattening from 1857. The volumes from 1765 to 1800 and the earlier ones of the nineteenth century are also in a bad condition and I do not think it advisable to stop the work with 1765. The best course would be to proceed with the mending of

volumes up to 1800 for the present and also to take up the flattening separately with another set of men. Better supervision is required and the mending assistant can easily supervise the work of both sets of men as the Calcutta Record Office has 25 men under its mending assistant. A detailed programme for mending and flattening is given below.

An important point should be borne in mind in any programme of mending. In mending the ancient volumes, the workmen cut the stitching and take out the sheets one by one. After they are mended, the sheets are arranged according to the original paging and the volume is then protected with two suitable pieces of cardboard. Several volumes mended in this way are lying about on the racks in the first block. I am informed that the mended sheets are kept loose in this way until the matter in them is printed and the sheets are then sent to the Government Press for binding. The binding is thus delayed to suit the convenience of the printing section where the men find it easier to compare proofs with the loose sheets than with a heavy bound volume. This is not right. The mended volumes should be rebound at once to prevent the sheets being mislaid. Some arrangement must be made by which the Record Office could manage to have the volumes bound on its own premises. The Government Press have so far bound 21 volumes and there are 329 more volumes awaiting binding. I would suggest that a binder should be employed in the office and provided with the necessary materials. The binding section will be a useful adjunct to the mending section and an expert binder from the Press should be taken to the Record Office. As a result of an intensive programme of mending that I am proposing below, the binding work will increase considerably and my proposal to have a binding section, besides being economical in the long run, will ensure the safety of the volumes mended and their quick binding.

The mending section was started in 1920. Mr. Dodwell inspected the mending work done in the Calcutta Record Office and suggested to Government that the papers in the bundles between 1857 and 1895 should be flattened and jacketed so that these papers which were constantly required for administrative purposes might be preserved from destruction as the papers which were kept folded got easily damaged when opened out for reference. A permanent staff of eight attenders and an assistant to supervise their work was sanctioned. Papers in the revenue bundles from 1857 to 1865 had thus been mended by 1924. In that year Mr. H. T. Reilly, I.C.S., who was in charge of the office, reported that the condition of the seventeenth and eighteenth century volumes was deplorable and obtained Government sanction for a temporary staff of four attenders for mending the old volumes. After these four men had worked till October 1925 they and the other eight men were ordered by Government to be concentrated on the mending of the old volumes, and flattening work was suspended until further orders. The twelve men have so far mended 350 volumes and they have still left 160 volumes to mend, to bring the work up to 1765; and as pointed out already most of the volumes so far mended require binding. The corresponding bundles have not been touched yet and the flattening from 1857 to 1895 also demands urgent attention.

The volumes increase enormously after 1765 and among the Secretariat records there are 830 volumes between 1765 and 1800 and 5,725 volumes from 1801 to 1856. Many of the later eighteenth century volumes are in such a bad condition that their mending cannot any longer be delayed; they should be taken up immediately the volumes up to 1765 are finished. Further delay in flattening work cannot also be allowed, as the papers in the bundles are breaking at the folds owing to age. I would recommend that a dozen men be employed in each class of work, if it is to be done within a reasonable time. An attender mends six sheets a day and will not do more without better supervision. As the size of the volumes and the number of sheets needing elaborate mending varies with each volume it is not possible to calculate accurately the time which these 990 volumes will take to mend and bind. Two attenders can mend three volumes in a month, and twelve men can thus do 216 volumes in a year. It might thus take the present establishment of menders five years to finish 1800. After the volumes up to 1800 are done those from 1801 to 1857 should be taken up and as their number is 5,725 it seems desirable to make a selection from among them for mending and binding. That is however a matter which should be considered when the time comes. At any rate all the present twelve men (including the four temporary attenders) should be retained permanently for the office will always have work for them.

As regards flattening, it is not safe to keep the work in abeyance any longer, for at the rate at which the work is proceeding the papers will become past mending. Flattening should go on along with mending, and I would recommend the sanctioning of a dozen temporary attenders for the work. It might, on a rough estimate, take them ten years to complete the work. The attenders working in the blocks all know mending and flattening and it is easy to raise a dozen men for the work from the existing attenders and a few intelligent outsiders who can easily be trained. There are about 10,000 bundles to be flattened between 1857 and 1895; but it is difficult to say how many bundles can be flattened in a year by an attender, as much depends upon the age and condition of the bundles and upon the amount of supervision exercised. Roughly twelve men can do 100 damaged bundles a year but as we approach 1895 the number can be considerably increased. At an outside estimate flattening might take ten years to finish and after this is done there are the bundles corresponding to the old volumes which require flattening. We have thus several years of work ahead, and, in my opinion, flattening should at once be resumed.

The mending of the old volumes might be done in the present room or in the new block but the flattening had better be done in the blocks themselves where accommodation is available and the bundles are close at hand. The mending assistant can easily supervise the work of all the 24 men with a senior attender to help in the distribution of mending materials and to give instruction. The mending section should include a binder who must work under the mending assistant and must train two attenders in binding work. The mending and binding section should work between 9 and 5 as in the Government Press with an hour at midday free, and if the men can be paid, as I propose later on, on the superior scale admissible in the Secretariat, they can have no grievance. If need be, they can be allowed half a day free on Saturdays.

To sum up: my proposals are—

- (a) The confirmation of the present four temporary attenders.
- (b) The employment of twelve temporary attenders for flattening work.
- (c) To have a binder from the Government Press to work in the office to bind mended volumes and to let him train two attenders in binding work.
- (d) To change the hours of business (not unless extra pay is allowed) to 9 to 5 with one hour interval at midday and with half a day free on Saturdays as in the Government Press.
- (e) To have a careful supervision over the work and to see that the mending and binding from 1750 to 1800 is finished in five years and the flattening from 1857 to 1895 in ten years.

III.—CATALOGUING AND INDEXING.

There are printed catalogues in all the blocks for the old volumes kept in them and these old volumes have been press-listed up to 1801, these lists being short notes of one or two lines in regard to the contents of each record in the volumes. A catalogue of the contents of the corresponding bundles has not yet been attempted. The idea is to have the records in the bundles flattened, mended and arranged before cataloguing them. This must therefore wait for the present. There are manuscript indexes of the various departmental records from 1801 to 1857, about 350 of them. These indexes are being printed at the rate of one index per year. They are in frequent use by referencers for tracing of papers and are not only cumbersome but liable to crumble by constant handling. There are also 22 volumes of abstracts in manuscript of all despatches for some departments which are very useful in referencing. They are also getting damaged by use and should be printed along with the indexes. The matter in these cases will be sent in original to the Press, and the printing of them must be completed within the next ten years. They can be easily taken up by the printing and publication section whose work and future programme will be discussed in the following paragraphs. As regards post-mutiny records indexes are available for them in print though manuscript lists for each department might well be prepared—but this listing must wait till after the records have been flattened.

IV.—PRINTING AND PUBLICATION OF OLD RECORDS AND CALENDARING.

It was proposed in the first instance to print *in extenso* the records of the seventeenth and eighteenth centuries and thus rescue valuable historical documents from destruction. The proposal was subsequently modified and records up to 1740 were ordered to be so printed, exception being made in the case of military consultations and country correspondence which were to be printed up to 1800, and in the case of special selections that may be required by the India Office or by the Local Government. It was computed that the printing of records up to 1740 would take 39 years (paragraph 4 of Mr. Cardew's letter to the Government of India, dated 18th April 1913). Fifteen years have now elapsed and only 20 volumes have so far been published as against 22 volumes in the four years 1909 to 1913. There are now 100 more manuscript volumes to deal with in order to complete the work up to 1740. The outturn has not come up to expectations, and the question is how to quicken the production. There are now two assistants working at them, and in order to print the 100 volumes at 25 a year it will be necessary to increase the number of men. Ananda Ranga Pillai's Diary is just finished and the assistant who was in charge of it may be taken to the printing section. The assistants engaged in the work edit the typed copies, examine two proofs (galley and page) of the same before the Curator approves them and passes orders for striking; and then the assistants prepare nominal indexes for the volumes which are then printed and bound with the publication. The above procedure does not certainly make for speed. The idea seems to be that errors will be minimized if the same man compares the typed copies with the original while editing, and the proofs again with the original volume while examining them. These are laborious processes and take much longer than the work really needs, as the examiner will often miss the line in the proof or in the original and take time to pick it up. The editing with the original is all right, but the question is why the examination of the proofs should not be done by the assistant with the help of a reader. The reader can read from the original volume and the assistant can compare the proof, specially spelling aloud the words that are queerly spelt. The indexing again can be left to the reader. While the assistants are engaged in editing the typescripts and in seeing that the printer has carried out all the corrections made in the proofs, the readers could employ themselves in examining the proofs of indexes and of the abstract of volumes. These latter are sent to the press in original and can be struck off after the first proof. In this way it is quite possible to speed up the printing and publication of the volumes and the indexes.

It now appears that Government wish to have old records printed *in extenso* up to 1750. There are 139 volumes to be dealt with, and typescripts for 96 volumes are ready for supply to the India Office. Hundred and thirty-eight manuscript volumes await typing for the use of the India Office. The past outturn works out to four manuscript volumes a year (74 manuscript volumes being printed in 19 years in 42 parts). At this rate the 139 volumes will take 35 years and the work for the India Office, if it is to be printed, 58 years. By employing three assistants in the printing section with three readers it is possible to increase the output four times, and with closer supervision it is possible to finish the publishing up to 1750 in ten years doing the indexes and abstracts at the same time at the rate of ten indexes and an abstract per reader per year. The press is engaging a special section for the Record Office work. At the end of the ten years the printing of any special selections and of the volumes for the India Office might well be taken up. If the above programme of work for this section is accepted the readers should be appointed permanently on a time-scale of pay equal to that of routine clerks in the Secretariat (Rs. 40 to 80).

Calendaring.—Two volumes of calendars of despatches from 1740 to 1755 were published by Mr. Dodwell; and a third volume covering 1755 to 1765 also prepared under Mr. Dodwell's supervision is now passing through the press. Calendaring was temporarily suspended in 1923, and opinion as to the usefulness of calendaring seems to be still divided. Government must now decide whether it should be continued or stopped. The balance of opinion seems to prefer *in extenso* printing of old records or printing of selections, to calendaring. If calendaring is to be continued, Government should reappoint the two assistants who were specially sanctioned by them to help Mr. Dodwell in this work, these posts being abolished after he left.

V.—TYPING OF OLD RECORDS.

To rescue the contents of the more ancient records from decay and irreparable loss, Government sanctioned in 1925 a temporary staff of 4 typists and 2 examiners to copy and examine the record volumes up to 1750 that had not already been printed or typed. They have typed so far 101 manuscript volumes of 14,350 pages and they have still left 25 volumes of 7,550 pages to type, to complete 1750. Between 1905 and 1915 the India Office wanted copies of certain records to complete their series in the Record department. These records cover the period from 1680 to 1857, and the Local Government decided at the time to have these records printed. Part of them has already been printed and supplied, and typescripts are now available for—

- (a) 25 volumes of Military Sundries,
- (b) 41 volumes of Military Consultations,
- (c) 4 volumes of Selections from 1740 to 1744, and
- (d) 25 volumes of Tellicherry Consultations.

One hundred and thirty-eight volumes containing 38,778 pages have still to be typed to meet the requirements of the India Office. We have thus got a large volume of typing work to do. Volumes up to 1765 are being mended now and these should be taken up for typing with a view to eventual printing *in extenso* or in selections. Each typist copies 7 manuscript pages a day and the four typists 30 pages in all, and they all may do about 10,000 pages in a year. The typing of the records for the India Office may thus take four years, and if volumes up to 1765 are taken up another seven years. No doubt the making of typed copies of records adds to their size, but after the typescripts are edited and printed they should be destroyed, which is not done now. As it may take several years for a typescript to be taken up for printing, specially strong record ribbons should be used on the typewriters.

In view of the large volume of work before them the typists and the examiners should be continued. It is inconvenient to keep them all on a temporary basis, for really clever and efficient men always try to get out to offices where they will have chances of confirmation. There were three typists and an examiner permanently in this office till 1922, when all but one typist was abolished. Two of the present typists are unpassed men and so remain, but efficient typists always move out to other offices after they have familiarized themselves with the old spelling and peculiar writing in the old records. I therefore recommend the confirmation of the examiners and typists, the examiners being placed on the junior or routine clerks' scale of Rs. 40 to Rs. 80 and the typists on the usual scale allowed to them. With a permanent status better typists could be employed, and with a closer supervision a larger outturn obtained.

VI.—PERSIAN AND MAHRATTI RECORDS.

There are a few bundles of Persian records in the office which were said to have been removed from the palace of the last Nawab of the Carnatic. A part of them was listed by an old Muhammadan clerk who knew Persian, along with his other work. Nothing further has been done since that clerk retired. That list has to be completed and if there is any document of historical value among them, it would be worth while to translate and print them. A special man for a short period might do very well for this work, if such a man is available. The Historical Records Commission seems to have recommended the appointment of a Persian-knowing man as a clerk. Two hundred and sixty-five Mahratti volumes were sent over by the Board of Revenue along with their other records for custody; most of them are apparently revenue accounts. There is no clerk in the office who knows Mahratti or Modi. Collectors sometimes ask for such a clerk to decipher their Mahratti or Modi records. I recommend that as opportunity arises clerks knowing Persian, Mahratti and Modi should be recruited for the Record Office. Their knowledge of these languages will always be useful to pick up references from these records if there is need, and they might do this without prejudice to their other work.

The Curator is asked to examine records of Collectorates before destruction, and I suggest that the establishment should include in it clerks who know among them all the vernaculars of the Presidency; there is at present none who knows Kanarese.

VII.—THE LIBRARY.

The Library is not being maintained properly. Several old copies of departmental Codes and Regulations were received for custody and have been taken into the blocks. As regards general books, administration reports, almanacks and civil lists, most of these had been sent out by the Secretariat Library when they found no use for them or when they had a general clearance to relieve congestion in their shelves. When these came here they were put on the racks without any classification or arrangement. There is no complete or authoritative list of the contents of the Library and when a book or periodical is wanted an attender ranges over the whole collection to find it. Unnecessary books and periodicals should be sold immediately and the rest entered in a catalogue subject-war. A permanent member of the staff should be held responsible for the maintenance of the Library, under the supervision of the Superintendent.

VIII.—REPORT ON THE REVENUE RECORDS.

One of the duties of the Curator (vide Mr. Cardew's letter printed in G.O. No. 1457, Public, dated 29th November 1912) was the preparation of a report on the Secretariat and other records preserved here. Mr. Dodwell published a report on the Secretariat records of Fort St. George, except those of the Revenue Department. A report on the records of this department and of the Board of Revenue down to the year 1856 and of the Collectorates up to 1820 has got its obvious advantages and it has unfortunately been delayed too long. Mr. Dodwell promised to take it up after the report on the other Secretariat Records had been published, but he then took up the work of Ananda Ranga Pillai's Diary which delayed the report and on his eventually going on leave and retiring at the end of it, the work was indefinitely postponed. I may, however, point out that to an officer unconnected with the Revenue Department and the history and development of the various revenue systems in the Presidency, the work will always present great difficulties. The ancient records of the department are slowly decaying and before many of them are mutilated or destroyed or lost by their constantly moving from the Record Office to the Board or the Government, or to the Government Solicitor or Pleader and from them to the Court and back, it seems an urgent necessity to depute some capable officer of the Revenue Department, a member of the Civil Service if one could be spared, to make the long delayed report and prepare the Handbook and Catalogue of the Revenue Records. He might be given the help of one or two clerks from the Secretariat or the Board till the completion of the work. Such a report will be of immense use not only to the custodian of the records but also to the Government, to the Board of Revenue and to the Collectors who might then have an idea of the valuable material available at the headquarters of Government. I therefore recommend to Government the deputation of an officer for doing this work in the Record Office.

IX.—ESTABLISHMENT—SUGGESTIONS FOR REVISION.

Attenders for the Record Office must be recruited from a better class of applicants than those from which attenders are selected for other Government offices. The men should have a better knowledge of English to enable them to identify records easily and to replace them correctly; and promotion from peon to attender which is the mamul should be avoided. There are 24 attenders on Rs. 23—35 and 9 on Rs. 15—20, which latter scale is the one for peons. The pay of the lower grade attenders may be fixed at Rs. 20 to attract a better class of men, failed S.S.L.C., for instance, of whom we have a large number available for recruitment. Men engaged in mending and flattening for whom longer hours are suggested, should be on the higher scale and among those for work in the blocks half the number may well be on the lower scale of Rs. 20. An attender with little or no knowledge of English is apt to misplace records.

As to clerks and referencers.—Owing to lack of promotion young men with high academic qualifications do not generally come to this office, and the few that do are always on the look out for work in other offices. Three out of six referencers are S.S.L.C. men, and this is significant; and few of them care to qualify themselves by passing special tests which would increase their efficiency. It was, I think, a mistake to have separated this office from the Secretariat of which it originally formed

a part. They certainly recruit a better class of men there, and if appointments in the Record Office are made interchangeable with those in the Secretariat, it would be to the decided advantage of the former office. It is of great importance that the standard of probity in the Record Office should be high. The contents of the records are often found useful for projecting litigation or for supporting or destroying the case of one side or the other in important suits, and the reputation of the Record Office among the litigants has not been all that could be desired. With dishonest men in the office important documents can be lost or missed, and one side may get a knowledge of documents which is denied to the other side. I recommend that this office be again made a part of the Secretariat for the purpose of appointment, transfer and promotion, so that a better class of men may be secured. The junior and senior scale for clerks in the Secretariat (Rs. 40 to Rs. 80 and Rs. 70 to Rs. 175) may well be adopted for this office also. There are at present—

four men on Rs. 40 to Rs. 80 (three permanent and one temporary),
six men on Rs. 65 to Rs. 125—the referencers, and
three men on Rs. 125 to Rs. 175.

These thirteen men may well be distributed as follows :—
six men on the junior scale of Rs. 40 to Rs. 80 and
seven men on the senior scale of Rs. 70 to Rs. 175.

The Assistant Superintendent who is the chief ministerial officer (on Rs. 200 to Rs. 250) might be put on the Secretariat scale. An additional clerk on the senior scale and two attenders will have to be sanctioned for the new block, and if calendaring work is to be undertaken two more clerks on the senior scale must be appointed. The above changes will add but slightly to the expenditure on this office, but I am convinced that the advantages of the reform will far outweigh the expenditure involved.

There is however one possible objection for the tacking recommended. In a record office we want men with a special aptitude for the particular work, and when once a man has been trained it might not be advisable to transfer him and get a new man. But the question of transfer will only arise when the interests of the office require it. On the other hand, the suggested reform will have a wholesome effect on future recruitment and in the case of existing men it might enable those whose transfer might be desirable in the public interest to be sent out and new men brought in and trained. It will also give opportunities for really able Record Office men to rise to higher positions than what the Record Office now affords.

Order—No. 440, Finance, dated 10th June 1929.

In G.O. No. 16, Public, dated 10th January 1928, Mr. H. A. B. Vernon, C.I.E., I.C.S., was placed on special duty to investigate and to report, among other things, on the working of the Madras Record Office. The Government have perused with interest his report and are pleased to pass the following orders.

2. *Receipt and arrangement of records.*—The Special Officer has suggested that records relating to the same department should be kept, as far as possible, in the same block and on the same floor or tier. If this change is effected, it will be necessary to leave space in several places to accommodate future additions. The Government direct however that the suggestion of the Special Officer should be observed, as far as practicable, when the records are arranged in the new block and rearranged in the remaining blocks.

3. *Preservation of records.*—The attention of the Curator is invited to the remarks of Mr. Vernon on the inadequacy of the check at present exercised on the return of records issued for reference and he is requested to see that prompt steps are taken for replacing the records in the bundles and for the issue of timely reminders for the return of records sent out to the departments.

Separate orders will be issued on the suggestion that the Record Office should, except in specially urgent cases, insist on written requisitions or post copies of telephonic messages before papers are sent out.

Mr. Vernon has also made the following proposals :—

- (a) The confirmation of the four temporary attenders.
- (b) The employment of twelve temporary attenders for flattening work.
- (c) To have a binder from the Government Press to work in the office to bind mended volumes and to let him train two attenders in binding work.
- (d) To change the hours of business to 9 a.m. to 5 p.m. with one hour interval at mid-day and with half a day free on Saturdays as in the Government Press.
- (e) To have a careful supervision over the work and to see that the mending and binding from the years 1750 to 1800 is finished in five years and the flattening from 1857 to 1895 in ten years.

Items (a), (b) and (c) above.—The Government have issued orders in G.O. No. 237, Finance, dated 26th March 1929, accepting the suggestions.

Item (d) above.—The Government do not consider that any change is necessary.

Item (e) above.—The Curator has been directed to submit quarterly reports showing the progress of work under this head.

4. *Cataloguing and Indexing.*—The printing of manuscript indexes and abstracts of Despatches should be attended to by the reprint section as at present. The Government consider that no alteration in the staff already sanctioned for the reprint section is necessary on account of the printing of these indexes and abstracts.

5. *Printing and publication of old records and calendars.*—The Government have already sanctioned the necessary staff for completing the printing and publication of records up to 1750 within five years.

The calendaring of records after 1765 need not be taken up at present.

6. *Typing of old records.*—The Government consider that the typing of records has proceeded much in advance of printing and there is no necessity to strengthen the typing and examining staff at present.

7. *Persian and Mahratti records.*—The translation and printing of these records should wait till the printing of records up to 1750 is well advanced.

8. *The Library.*—The attention of the Curator is invited to the remarks of Mr. Vernon and he is requested to take necessary steps for a thorough overhauling of the library and for preparing a catalogue of its contents.

9. *Report on the revenue records.*—Orders will be issued separately on the suggestion of Mr. Vernon to depute an officer of the Revenue Department for preparing a report on the revenue records in the Madras Record Office.

10. *Revision of pay of staff.*—The Government are not convinced of the necessity for the grant of Secretariat scales of pay to the staff.

(By order of the Governor in Council)

E. C. Wood,
Deputy Secretary to Government.

To the Curator, Madras Record Office.
" Revenue Department.

Copy to H. A. B. Vernon, Esq., C.I.E., I.C.S., Member of Board of Revenue.

THE REPORT OF THE MADRAS ECONOMIC
DEPRESSION ENQUIRY COMMITTEE

—
1931

Government of Madras

REVENUE DEPARTMENT

G.O. No. 948, 1st May 1931

Prices—Economic depression—Enquiry—Committee—Report—Published.

READ—the following papers :—

I

G.O. No. 328, Revenue, dated 11th February 1931.

II

Report of the Economic Depression Enquiry Committee.

Order—No. 948, Revenue, dated 1st May 1931.

The Committee which was appointed in G.O. No. 328, Revenue, dated 11th February 1931, to examine the effects of the general economic depression and to report whether any measures should be adopted by the Government to mitigate them, has submitted its report. The report will be published for general information.

2. The Government will give the various recommendations their early and careful consideration and issue orders on them in due course.

3. The Government desire to convey their thanks to the Chairman and the Members (including the Secretary) of the Committee for the thorough and prompt manner in which they have carried out the obligations laid upon them.

(By order of the Governor in Council)

H. R. PATE,
Secretary to Government.

To the Board of Revenue (Land Revenue and Settlement) } with copies of the report.
„ Accountant-General
„ Finance and Public Departments
„ Chairman and Members of the Economic Depression Enquiry Committee (including Mr. H. M. Hood, I.C.S., Secretary).
„ Government of India, Department of Commerce, with C.L.
Press.

REPORT OF THE ECONOMIC DEPRESSION ENQUIRY COMMITTEE.

APPOINTMENT OF COMMITTEE.

The Government have in G.O. No. 328, dated 11th February 1931, constituted a Committee "to examine the effects of the general economic depression at present prevailing and to report whether any measures should be adopted by the Government to mitigate them by arranging for the co-operative marketing of certain produce or otherwise." The Committee was, however, instructed that the question whether, so far as the ryot population is concerned, partial relief should be given in the form of a postponement within the fasli of some of the remaining kists in areas which have specially suffered owing to the fall in prices should not be dealt with by this Committee.

2. The Committee so constituted consists of the following members :—

Mr. H. A. B. Vernon, C.S.I., C.I.E., I.C.S., Commissioner of Land Revenue (Chairman),

M.R.Ry. Diwan Bahadur A. Appadurai Pillai Avargal, Director of Industries,

Mr. G. R. Hilson, Director of Agriculture,

Mr. R. D. Richmond, Chief Conservator of Forests,

Mr. D. N. Strathie, I.C.S., Registrar of Co-operative Societies,

Mr. J. Gray, O.B.E., I.C.S., Commissioner of Labour,

Mr. H. F. Carter, The Eastern Bank, Limited, Madras, nominated by the Madras Chamber of Commerce,

Mr. C. D. Priestley, The Imperial Chemical Industries (India), Limited, Madras, nominated by the Madras Chamber of Commerce,

Mr. F. G. Luker, Messrs. Addison & Co., Limited, Madras, nominated by the Madras Trades Association,

M.R.Ry. Sami Venkatachalam Chetti Garu, M.L.C.,

" M. A. Muthiah Chettiyar Avargal, B.A., M.L.C., nominated by the Nattukkottai Nagarathars' Association,

" T. K. Duraiswami Ayyar Avargal, Professor of Economics, Annamalai University,

" Raja Shummuga Rajeswara Sethupathi Avargal, Raja of Ramnad,

" A. Ranganatha Mudaliyar Avargal, M.L.C.,

" C. V. Venkataramana Ayyangar Avargal, Coimbatore,

" M. R. Seturatnam Ayyar Avargal,

" K. P. Raman Menon Avargal, M.L.C., Calicut,

" Hota Suryanarayana Garu, B.A., B.L., Advocate, Madras,

" M. S. Sreshita Avargal, M.L.C., Mangalore,

" Diwan Bahadur D. Seshagiri Rao Pantulu Garu, Cocanada,

" Rao Bahadur R. Srinivasan Avargal, M.L.C.,

" C. Basu Dev Avargal, M.L.C.,

" Raja Sahib Mehrban-i-dostan Raja Sri Ravu Swetachalapati Ramakrishna Ranga Rao Bahadur Garu, Raja of Bobbili, M.L.C., and

Mr. H. M. Hood, I.C.S. (Member and Secretary).

3. It is not practicable to attempt to find remedies without forming some general idea of the causes which have brought about the present state of affairs, and accordingly it seems desirable to consider very briefly some suggestions that have been made in regard to causes. Many have been suggested but they may be grouped under three heads :—

(1) Scarcity and sterilization causing an appreciation in the value of gold as the standard fixing the value of currencies. This would affect all countries which have adopted the gold standard and the prices in those currencies of all articles purchased by them.

(2) Overproduction of certain commodities resulting in large stocks and a fall in prices of those commodities and of other commodities which may be used alternatively, and indirectly, other commodities generally.

(3) Various influences tending to destroy confidence.

We do not propose to discuss the question of the rupee ratio though it has been suggested that it is in part responsible for the present state of prices in this Presidency.

4. The first item is fully discussed by Sir Henry Strakosch (Supplement to the *Gold Economist*, July 5, 1930). The currency of practically the whole civilized world is based on a gold standard, the money of each country being by law exchangeable into a fixed weight of gold. Consequently the currency of any such country will buy what the equivalent weight of gold will buy. The index of prices shows that from December 1925 to May 1930 the purchasing power of gold has gone up from 65.4 to 86.4. Production increases by about 3 per cent annually, but gold has not only not been produced to this extent but what has been produced, and more, has gone into countries which have already more than enough to cover their currency requirements. This excess has therefore, as a basis for currency, been sterilized. In this way France and the United States of America absorbed in 1929, 110 millions. ^{Deficiency.}

5. It is claimed that, apart from all other conditions, this absorption of gold is in itself quite sufficient to account for the fall of prices over the last five years.

6. It is assumed in the above argument that there is symmetry in production of different commodities, and that over-production in one article results in a fall of prices which automatically checks production until symmetry is again established. There has undoubtedly been over-production in certain directions but Sir Henry Strakosch's assumption of automatic readjustment of production does not seem to work efficiently as it assumed a degree of organization and control of production which does not exist.

7. Over-production produces a fall in prices. Reluctance to buy in a falling market produces further falls and increase in stocks. The resultant effect on the value of money affects banks and other trades while directly the cheapening of one article affects the price of connected articles, e.g., the cheap production of synthetic indigo, and the increased consumption of cheap rice reducing the demand for, and therefore the price of cholam. ^{Over-production.} *Per contra*, a slump in prices due to another cause will result in the accumulation of stocks which will again give the appearance of over-production.

8. The effects of over-production in certain commodities have been accentuated by an attempted control of output failing, followed by a further spate on the market.

9. The third category includes various influences which have resulted in general shyness and reluctance to trade freely owing to lack of confidence engendered. These influences include the political unrest in India, China, and the rampant speculation chiefly in America which turned finance from steady investment on a stable basis to gambling on the chance of immediate large profits. These influences supplement the natural reluctance of buyers to operate on a falling market and enhance the difficulty of re-establishing trade when other causes have brought about a heavy fall in prices. This aspect of the slump is of great importance in India where special conditions and the uncertainty of the political situation have had a very depressing effect on business while considerable amounts of capital have during the last year or more been withdrawn from India. ^{Lack of Confidence.}

10. We do not find it practicable to make any recommendation to the Government of Madras to deal with any of these causes as a whole, but have decided to recommend that steps be taken to mitigate the effects of the depression in a number of directions which have been carefully considered.

11. There has been an all-round decline in prices of commodities and trade. There has been as yet no material fall in wages and in the cost of transport and other services. The precise extent of the fall and the period over which it has extended will be examined later, but first a brief examination will be made of the extent of population affected.

12. The population affected beneficially includes all persons on a money wage. ^{Classes affected.} Wages have not yet fallen generally. That they must fall in the near future seems inevitable if there is to be a satisfactory readjustment to a lower level of prices, but

in the meantime all on a fixed money wage gain by the cheapness of food-stuffs and of clothing. Again all those whose economic position is such that they customarily do not spend any material amount on services and taxes, which have remained constant unlike grain and other commodities, are little, if any, worse off than before on account of the fall in prices. Farm labourers are also better off so far as they are on a fixed money wage and little worse off when paid in kind for the same reasons which apply to the small cultivators. This applies also generally to crops which the ryot must sell *in toto* to purchase food-grains and other articles, for though commercial crops have dropped to an abnormally low figure, the fall is not generally greater than that of food-grains and the graph [Appendix II (k)] will show the relative values of cotton, groundnut, rice and cholam over a period. This graph indicates that though there may have been a slump in the values of each of these products, the value of one in terms of another, e.g., the quantity of cholam which can be bought by a fixed quantity of groundnut, may have fluctuated from time to time but has in no case shown any steady or regular decline.

13. The area of various crops classified on this basis is as follows :—

	LAKHS OF ACRES.
Total cereals	256
Pulses	33
Fruit and other food crops	16
Non-food crops	305
	88
Total	393

and although the food crops of which the small cultivator himself consumes the bulk of the produce is thus by far the largest of crops grown, we think the ryot is in much the same position whether he grows the one or the other.

14. The extent of the population affected by this statement of the case is indicated by the following figures (Census of 1921):—

Population of Presidency	42,319,000
Total cultivators (owners or lessees)	21,812,000
Farm servants and field labourers	8,224,000

Of these cultivators the following table which refers only to ryotwari cultivation for 1929-30 will indicate the proportion of small holders :—

(Note.—All figures in thousands.)

	Number of pattas	Area.		Assessment.
		Dry.	Wet.	
SINGLE PATTAS.				
1. Assessment less than Re. 1 per patta	615	ACS. 339	ACS. 26	RS. 371
2. Total of assessment less than Rs. 10	2,505	5,200	579	6,190
Total of all pattas	3,394	12,838	3,765	8,139
JOINT PATTAS.				
1. Assessment less than Re. 1 per patta	471	221	17	265
2. Assessment less than Rs. 10, more than Re. 1 per patta	1,047	3,315	269	4,477
3. Total of assessment less than Rs. 10	1,518	3,536	286	4,742
Total of all pattas	2,021	8,503	1,575	18,823

That is to say about three fourths of the

That is to say about three-fourths of the pattas of ryotwari holdings are for not more than Rs. 10 each and these cover almost half the total area of dry lands.

15. If it is assumed, as we consider it may be assumed, that the proportion of small holders in zamindari areas is comparable with these figures we arrive at the conclusion that there are about 16,000,000 directly dependent on cultivation of small holdings paying a kist of not more than Rs. 10 each.

16. Of the total ryot population only about 5 per cent have, according to census returns, any subsidiary occupation and the payment of kists and rents in cash are fixed charges more expensive to ryots in times of low prices.

17. The ryot population is, however, affected in a different direction by another aspect of the depression and that is the shortage of currency and consequent tightness and difficulty of obtaining at the same rate of interest the funds he requires. If he has to sell at a low rate and to pay interest at a higher rate on loans taken to pay costs of cultivation including wages at the same level as previously, clearly again he is worse off. But the small working cultivator does not borrow much to pay coolie wages though he may have to borrow for living expenses and for some cultivation expenses. Most of the other reasons for borrowing go on as hitherto—marriages, litigation and so forth—but, we understand, at a rather higher rate of interest.

18. Cottage industries are seriously affected and the weaving community which has suffered probably more than any other directly by the trade slump and by the political activities comprises over 1,000,000 of the population.

19. The whole extent of the population dependent on trade and prices have felt the pinch of restricted trade while the professional classes whose income depends on the prosperity of other classes have also suffered.

20. We shall now proceed to examine the cases of a few crops and industries which can be taken as representative of the general situation. We consider that it is neither practicable nor necessary to examine the cases in detail of all crops, and such recommendations as we are able to make are of a general nature and will benefit all activities to which they are applicable.

21. The graphs of paddy prices (Appendix II (g)) show that the price has been falling away for some years but in 1930 it has collapsed and the price has only recently ceased to fall. The floods in the autumn of 1930 caused a local rise, e.g. in Tanjore, of prices but this effect was very temporary. It could not be expected to recover at an earlier date, the biggest paddy harvests being from December to February.

22. The area of paddy cultivation has not increased, the area under paddy cultivation being

in 1902-03	7.2 millions of acres.
1908-09	10.3 do.
1912-13	10.9 do.
1915-16	11.2 do.
1917-18	11.7 do.

This is the maximum figure and in the twelve years from then till 1929-30 it has been 10.5, 11.6, 11.1, 11.3, 10.5, 10.9, 11.3, 11.4, 11.3, 11.1 and 11.3.

23. The output per acre has not materially increased. The main producing areas are the Circars, the Nellore and Tanjore deltas, Madura district, and South Kanara. These are surplus areas which provide paddy and rice for export to other parts of the Presidency and to outside the Presidency. The total amount of paddy grown has been between 7.1 and 7.9 million tons annually for the last six years, the average being 7.5. Ceylon until 1919 took much Tanjore rice. That trade has somewhat fallen off, Burmese rice having replaced it, and much Burmese rice is now consumed on the West Coast having replaced other, including Kistna delta, rice.

24. The exports and imports of rice and paddy have been examined and the following figures obtained :—

Exports of paddy and rice.—(All figures in tons of paddy, rice being converted to the equivalent weight of paddy which would produce that weight of rice: for this 50 per cent must be added to the weight of rice to give the paddy equivalent.)

	1927-28.	1928-29.	1929-30.	1930-31 (11 months).
Circars to Ceylon	51,000	56,000	35,000	37,000
South Coast ports to Ceylon	95,000	88,000	102,000	104,000
South Coast ports to Straits	5,400	7,800	7,200	7,600

Exports from all ports in the Presidency.					To Ceylon.	Mauritius and other countries.	Straits.
1912-13	..	..	..	..	158,000	..	..
1913-14	..	..	..	..	214,000	..	..
1914-15	..	..	..	..	255,000	..	..
1915-16	..	..	..	..	337,000	..	..
1916-17	..	..	..	..	265,000	22,000	4,500
1917-18	..	..	..	..	253,000	9,000	7,500
1918-19	..	..	..	..	145,000	..	3,000
1919-20	..	..	..	..	Nil.	..	..
1920-21	..	..	..	..	..	..	..
1923-24	..	..	..	..	110,000	..	1,700
1924-25	..	..	..	..	81,000	..	1,800
1925-26	..	..	..	..	91,000	..	2,300
1927-28	..	..	..	..	116,000	..	5,400
1928-29	..	..	..	..	144,000	..	7,800
1929-30	..	..	..	..	137,000	..	7,200
1930-31	..	..	..	..	141,000	..	7,650

Other exports outside the Presidency were trivial.

The imports of rice and paddy (tons) from Bengal, Bihar and Orissa and other parts are as follows :—

(Coasting trade.)

Year.		From Bengal, Bihar, Orissa and Bombay.	Burma.	Ports in the Presidency.
1912-13		TONS.	TONS.	TONS.
1912-13	Paddy	68,000	54,000	17,000
1913-14	Rice	96,700	48,000	10,000
1913-14	Paddy	24,000	180,000	19,000
1914-15	Rice	27,000	93,000	12,000
1914-15	Paddy	24,000	137,000	17,000
1915-16	Rice	16,000	103,000	9,000
1915-16	Paddy	20,000	147,000	12,000
1916-17	Rice	4,000	93,000	6,000
1916-17	Paddy	15,000	14,000	8,000
1917-18	Rice	1,000	91,000	2,000
1917-18	Paddy	18,000	29,000	16,000
1918-19	Rice	8,000	77,000	7,000
1918-19	Paddy	3,000	16,000	12,000
1919-20	Rice	30,000	199,000	13,000
1919-20	Paddy	24,000	23,000	7,000
1920-21	Rice	232,000	380,000	5,000
1920-21	Paddy	7,000	6,000	15,000
1921-22	Cleaned rice	34,000	247,000	23,000
1921-22	Broken rice	24,000	83,000	20,000
1921-22	Boiled rice	31,000	54,000	4,000
1922-23	Paddy	1,000	35,000	1,000
1922-23	Cleaned rice	42,000	55,000	21,000
1922-23	Broken rice	25,000	115,000	14,000
1922-23	Boiled rice	21,000	50,000	4,000
1923-24	Paddy	1,000	83,000	2,000
1923-24	Cleaned rice	74,000	54,000	18,000
1923-24	Broken rice	35,000	64,000	8,000
1923-24	Boiled rice	31,000	27,000	2,000
1924-25	Paddy	2,000	85,000	1,000
1924-25	Cleaned rice	145,000	40,000	13,000
1924-25	Broken rice	22,000	82,000	12,000
1924-25	Boiled rice	12,000	36,000	1,000
1925-26	Paddy	4,000	123,000	1,000
1925-26	Cleaned rice	138,000	49,000	35,000
1925-26	Broken rice	19,000	100,000	10,000
1925-26	Boiled rice	1,000	31,000	1,000
1926-27	Paddy	..	162,000	1,000
1926-27	Cleaned rice	30,000	139,000	19,000
1926-27	Broken rice	14,000	24,000	7,000
1926-27	Boiled rice	1,000	33,000	1,000
1927-28	Paddy	12,000	89,000	1,000
1927-28	Cleaned rice	21,000	71,000	34,000
1927-28	Broken rice	2,000	79,000	1,000
1927-28	Boiled rice	..	31,000	1,000
1928-29	Paddy	..	143,000	2,000
1928-29	Cleaned rice	7,000	159,000	29,000
1928-29	Broken rice	28,000	98,000	7,000
1928-29	Boiled rice	1,000	33,000	3,000
1929-30	Paddy	..	96,000	2,000
1929-30	Cleaned rice	2,000	187,000	29,000
1929-30	Broken rice	15,000	103,000	3,000
1929-30	Boiled rice	1,000	29,000	1,000
1930-31 (ten months)	Paddy	3,000	89,000	1,000
1930-31 (ten months)	Rice	..	139,000	31,000
		..	..	2,000
		..	..	20,000

The imports from the Straits and Far East have been trivial ; they were

1929-30 4,900 tons.
1930-31 3,400 „ (11 months.)
in earlier years than 1926 there was none.

25. From these figures it will be seen that not only is the export from the Presidency inconsiderable being only 150,000 out of 7,500,000, i.e., 2 per cent but also that in 1929-30 approximately the equivalent of 500,000 tons of paddy and in 1928-29 of 600,000 tons were imported into this Presidency

26. Prior to 1918-19 when the rice crops failed over considerable areas, the exports (paddy equivalent) were over 250,000 tons in 1917-18 when the area under paddy was at its maximum, 11.7 million acres. Madras paddy and rice have been undersold and it is obviously necessary, if Burma rice is to be ousted again, that it should be possible for ryots to put Madras rice on to those markets at a lower rate than they do at present, but while the population has increased 10.5 per cent in this last decade the production of paddy has not increased and the surplus available for export from the paddy surplus areas is reduced.

27. These figures make it clear that the Presidency as a whole does not produce as much rice as it requires for its own consumption, and if it is to regain its old position, and export 250,000 tons to Ceylon as it did previously, it can at present only do so by importing more rice from Burma for its own consumption.

28. It is to be observed that in 1917-18, 270,000 tons of paddy were exported and 164,000 imported and in 1915-16, 337,000 were exported and 334,000 imported and 1913-14 exports were 214,000 and imports 421,000, and we must presume that if paddy is imported while other crops are grown on wet lands, that these crops pay the ryot better than the paddy, and we do not therefore consider it necessary to take any steps to discourage the import of rice and paddy at present.

29. We shall now consider the position in regard to cholam. The graphs Cholam. appended to this report [Appendix II (f)] indicate clearly the variations in price over a considerable period. They show that a decline in prices from early in 1927 was followed in 1930 by a collapse and there is as yet little indication of any recovery.

30. The area grown with cholam has fluctuated but has not materially increased and similarly the output has varied but for the last fifteen years apart from seasonal fluctuation there has been no general increase. All cholam is consumed on the premises and none is exported. Consequently with a material increase in the population the amount of cholam per head of population has been reduced. The actual figures of production are as follows (in lakhs) :—

Year.	Acres.	Output (tons.)	Year.	Acres.	Output (tons.)
1902-03	46	...	1920-21	52	14
1903-04	41	...	1921-22	56	15
1906-07	45	...	1922-23	53	14
1909-10	51	...	1923-24	46	13
1912-13	52	...	1924-25	44	14
1915-16	55	...	1925-26	45	13
1916-17	48	14	1926-27	47	12
1917-18	49	15	1927-28	48	13
1918-19	50	13	1928-29	46	14
1919-20	55	15	1929-30	52	15

31. The slump is therefore not due to over-production of cholam in the ordinary course but the slump in prices of rice has resulted in greater consumption of rice and consequently less demand for cholam—the price of this has therefore collapsed also with a reduced demand at a time when all prices are falling. Cholam is in general a much less profitable crop than paddy and is chiefly grown in the less prosperous parts of the Presidency.

32. We may turn from the details of statistics of these crops, which we consider typical of the position of food grains, to the requirements of the ryots in general and we are immediately concerned with two problems.

33. All ryots are interested in obtaining the maximum profits of cultivation—of obtaining the maximum yield in proportion to the cost and of obtaining the maximum value for the crop they sell or give as wages. The question of yield is being dealt with by the Agricultural Department and we have no recommendation to make in that respect but we have examined the question of assisting the ryot to obtain the

fullest possible value for the crop and we have considered the further problem of assisting him to finance his crops under the most favourable conditions.

34. We shall take this second point—assistance in financing agricultural operations first. There is all round a dearth of money: lenders have withdrawn much money and owing at least in part to paucity of repayments, co-operative banks are also short. The money-lending rates have gone up materially in villages and money is very shy. A vast amount of cultivation is customarily carried on with the help of loans from merchants, money-lenders, commission agents and other ryots and it is, we consider, desirable to take steps to see that adequate funds are available for the next cultivation season. It is not intended that these loans should be provided to make up for the deficiencies in the prices obtained for the last crop, though this is in itself to some extent unavoidable, but to ensure that the next crop will be financed at as easy rates as practicable. It must be borne in mind that ryots do not entirely maintain themselves and their dependants and grow the next crop on the proceeds of the last. They are frequently living on credit based on what the next crop is going to bring. Consequently loans are necessary and profits are greatly influenced by the terms on which ryots borrow.

35. It is the smaller ryots who suffer most severely at such times. It is they who have to pay the highest rates of interest and to borrow on the most disadvantageous terms. It is they who are chiefly compelled to sell produce at the buyer's price to meet obligations at the harvest.

36. To assist in this finance of Agriculture we consider that loans should be granted to the smaller ryots for cultivation expenses for the ensuing season by the Government through the Revenue Department.

37. We further consider that considering the large number of villages served by the co-operative organization and for the facilities co-operative societies have for ascertaining when loans can most suitably be granted the Government should supplement the existing grant to co-operative societies for the purpose of advancing money to smaller ryots.

Marketing.

38. We now come to the other aspect of the problem which we have had under examination, namely, the practicability of assisting and enabling ryots to obtain the fullest possible value for their crops.

39. We do not consider that any steps which we can recommend in this direction will have immediate great results but this alone is not sufficient reason for making no effort to provide facilities which will gradually improve the ryots' position and may conceivably in time make his labours materially more profitable.

Co-operative Marketing.

40. Many attempts have been made in the Co-operative Department to develop co-operative marketing and the outstanding success has been the Cotton Sale Society at Tiruppur. This society receives the cotton of its members to be ginned and sold, the member getting an advance on it as soon as it is brought in, part of this advance being paid direct to the Co-operative Central Bank in liquidation of his previous borrowings for cultivation and seed from his village society.

Godown Societies.

41. There is also a number of small societies owning godowns which merely give advances on produce brought into the godown, leaving the ryot to sell the produce and to repay the advance from the sale-proceeds before removing the produce.

42. It is essential that a Co-operative marketing society should be in a position in the fullness of its organization to pay for all services rendered to it and to show a material benefit to its members. It may be given assistance by honorary work and by monetary help in its early stages, but it will not be a permanent success until it pays its own way and shows a profit for distribution to the members in addition to their obtaining as good a price for their produce as formerly. Experience with societies which have already succeeded or failed indicates that the first requisite for success on a considerable scale is production in a fairly compact area, concentration and despatch through a 'bottle neck' to a distant market. Efficient and honest management must naturally be assured. Production spread over a wide area, largely for local consumption over an equally diffuse area, a common condition with food grains, will render concentration for co-operative marketing on a considerable scale unprofitable though a co-operative organization to assist ryots on a small scale in the early stages of marketing may be very profitable to them.

Generally much of the food grains is consumed locally in this Presidency while commercial crops, e.g., cotton, groundnut and plantation crops are concentrated for marketing.

43. It must be shown in each case that by the condition of marketing there is a gradation in the prices along the channel of marketing from the ryot to the largest wholesale trader and to the consumer, sufficient to justify the ryot in replacing one or more intermediaries by a co-operative organization, and it is observed that in this test for the justification of promoting a co-operative organization, the question of forcing up prices against the consumer does not arise. In the marketing organizations that have hitherto been attempted in this Presidency no provision has been made for such a possibility nor is it the intention of a co-operative organization to do so. The object of a co-operative selling organization is to ensure for the producer the greatest price for his labour by cutting out as many as practicable of the intermediaries between consumer and producer. Consequently in this Presidency ryots have been advised to bring their produce to co-operative organizations for sale but not to attempt the very speculative business of holding up produce for a better price. The exception to this is in regard to food grains principally rice, and cotton promises of all crops grown locally the best possibility for co-operative sale because it is concentrated for sale in a few definite large markets.

44. Generally so far as the ryots are concerned the benefit to be derived from co-operative marketing arises from the terms on which he is financed and this remark applies also to the weavers. There are considerable possibilities for local godowns for ryots, to provide a place of safe custody when advances are required and to assist in selling the produce.

45. It must be clearly recognized that one of the difficulties which co-operative trading societies have to face in this country is the dearth of business experience and knowledge of banking and commercial practice among those for whose benefit the co-operative movement is being fostered. This and the ease with which members have been seduced from loyalty to their societies by the blandishments of those who think their interests threatened are factors at the root of many failures. We consider that every effort should be made to push on the teaching and training of staff, official and non-official, for conducting such societies.

46. The prospects of successful marketing of paddy co-operatively on a large scale are exceedingly remote, but co-operative societies can give loans on the pledge of paddy enabling the ryot to pay pressing demands from the Government and from money-lenders and others, who have financed the crop. If he is unable to obtain loans on such a pledge—a readily realizable security which enables him to get the most advantageous terms possible—he is compelled to sell in the most unfavourable conditions. There is commonly also a marked harvest time slump in prices in villages. This 'slump' is absorbed by the smaller local merchants. It is advantageous for ryots to be able to hold up produce for a short time till prices recover from the depressing effects of forced sales at the harvest.

47. It does not appear practicable to attempt to develop co-operative marketing of food grains beyond the stage of granting loans on produce, enabling the ryot to sell when it seems good to him to do so, and giving the further advantage that when it is concentrated in a godown, the quantity available for sale will attract a merchant of more importance than the village dealer and one prepared to offer a slightly more favourable rate.

48. There are very few godowns available particularly in villages and the cost of constructing godowns is a strong deterrent, while the fact that the godown will be fully occupied for only a portion of the year adds to the difficulty of making it pay. There are 73 co-operative societies carrying on this class of business but not entirely with paddy and 8.27 lakhs were advanced to ryots on the pledge of produce in these societies. The Government under present rules advance on easy terms half the cost of godown erected by co-operative societies.

49. We consider therefore that an immediate investigation should be made into the possibility of starting more co-operative sale societies for all kinds of agricultural produce on the lines of the Tiruppur Cotton Sale Society which we understand is being run successfully and these should be immediately organized wherever they are found practicable.

50. We further think that more godowns should be made available wherever this is possible for the use of co-operative societies, either by assisting them in building or in paying the rent for them.

51. In this connexion we wish also to refer to the recommendation made by the Banking Enquiry Committee; we consider that there is ample scope for the organization of ware-houses independent of the co-operative sale societies, and we wish to recommend that the Government institute ware-houses to receive goods and grant a certificate over the signature of a responsible marketing officer of the quantity and quality of such goods held in the ware-house. Such certificates should be made available as instruments of credit.

52. It has been suggested to us that owing to the dearth of credit or for other causes the Imperial Bank has greatly restricted the credit which it has been accustomed to grant to merchants more particularly the smaller merchants who deal direct with the ryots. It is urged that there is no justification for this contraction of credit and that advances should be given by the Imperial Bank on the security of real estate, this being a perfectly sound form of security, to stimulate and revive the trade in agricultural produce. It is argued that if money is so advanced to merchants and commission agents the cash will reach the ryots through this channel, and these merchants are sufficiently alive to their own interests not to charge the ryots exorbitant rates of interest on advances.

53. There is no doubt a general lack of funds and in a falling market merchants are unwilling to buy more than they are obliged to do while banks must naturally be expected to be conservative in their advances on produce. We are unable to agree that the Government should exert pressure on the Imperial Bank or guarantee loans to local merchants nor have a majority of us been able to see our way to recommend that loan be given through co-operative banks to merchants who are not members of those banks, for it is foreign to the nature of a co-operative society to grant loans to non-members.

54. As a further means of reducing the cost of putting goods on the market we have considered the question of railway freights. With the general lowering of prices that has been taking place for some time, there has been no reduction in freights and we consider that one method of combating the present depression is to reduce railway freights.

55. In consideration of the fact that generally the harvest time is the time when it is least advantageous for a ryot to sell his crops, although we are aware that to some extent the crops are the security for the payment of kists, and unless the Government collect it then, there is some slight risk that the ryot will sell his crop to pay his other debts and neglect to pay his kists, rendering its recovery more difficult, we recommend that the proposal to defer the kist dates until some little time after the harvest should receive the careful consideration of the Government.

56. The graph (Appendix II) shows how prices have fallen for the last few years ending with a severe fall in 1930. The price is now recovering.

57. The following figures show how the cultivation has extended since 1915:—

Years.	Total area.	Total yield.	Yield per acre.
	ACS.	TONS.	LB.
1915-16	1,136,000	..	..
1916-17	1,796,000	..	..
1917-18	1,415,000	680,000	1,088
1918-19	1,001,000	442,000	930
1919-20	1,114,000	568,000	1,120
1920-21	1,600,000	740,000	1,040
1921-22	1,459,000	678,000	1,050
1922-23	1,754,000	823,000	1,050
1923-24	1,812,000	746,000	923
1924-25	1,904,000	948,000	1,115
1925-26	2,599,000	1,263,000	1,089
1926-27	2,680,000	1,207,000	1,023
1927-28	3,337,000	1,670,000	1,118
1928-29	3,679,000	1,830,000	1,114
1929-30	3,209,000	1,522,000	1,062

* Less 25 per cent if decorticated.

Figures for previous years are not available.

58. These figures of yield per acre indicate that there has been no general deterioration in the gross output. They fluctuate from year to year but the high figure in 1919-20 is repeated in 1924-25 and 1927-28. We are informed by one firm of merchants who deal largely in groundnut that they have no reason to suppose that the oil content and proportion of kernel on decortication have fallen off. Another firm asserts, however, that there has been a falling off in the quality of the kernel. The question of providing improved seed giving a better yield and better oil output and suitable to local conditions is, we understand, engaging the attention of the Agricultural department. There is no reason to suppose that the great increase in output of the Madras crop has influenced the market price. We have been unable in the time at our disposal to obtain figures of the world output but understand that merchants are endeavouring to persuade ryots in South Arcot to grow more groundnut. An output of two candies per acre will at present prices of about Rs. 30 per candy give a gross yield of Rs. 60 an acre, and even at this price the land yields more profit than it did under other more precarious dry crops. There is some local expression of oil, for example, in Madura a considerable amount of oil is extracted and the cake exported for manure to Ceylon.

59. So far as the cultivator is concerned, we have dealt elsewhere with everything that can be done for him directly. He will benefit indirectly no doubt also if the market can be so improved that the crop is more valuable by applying manufacturing processes to it in India and by manufacturing commodities from it in India for consumption in India as well as abroad and so cutting out the expenses of freight to and from Europe and the profits of manufacture paid by Indian consumers to foreign manufacturers.

60. The exports of groundnuts are as follows (in tons) from ports in the Presidency:—

Year.	Groundnuts.	Groundnut cake.	Total oil cakes.
1916-17	67,000	21,000	51,000
1917-18	63,000	32,000	55,000
1918-19	8,000	38,000	63,000
1919-20	70,000	28,000	47,000
1920-21	86,000	13,000	30,000
1921-22	20,800	14,000	35,000
1922-23	225,000	17,000	35,000
1923-24	224,000	15,000	36,000
1924-25	330,000	21,000	40,000
1925-26	370,000	15,000	36,000
1926-27	318,000	25,000	44,000
1927-28	472,000	29,000	46,000
1928-29	584,000	24,000	44,000
1929-30	583,000	14,000	32,000
1930-31 (11 months)	415,000	7,000	20,000

61. The total export of groundnut from Madras and Bombay is, we are informed, about 1,000,000 tons annually, and the world trade in oil nuts seems to be about 28,000,000 tons. Madras is about the biggest producer of groundnuts, but East and West (French) Africa are competitors and there are other oil seeds and nuts.

62. On the other hand, the imports in tons of vegetable oil and products through ports in this Presidency are as follows:—

	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31 (11 months).
Vegetable ghee, etc., including margarine ..	..	..	1,300	2,600	1,900	2,400
Copra	55	7	8	45	1	14
Groundnut	1	..	4	..	1	..
Sesamum	1	10	..	..	..	9
Coconut oil	70	1	9	100	2	3
Groundnut oil	..	3	..	..	..	..
Linseed oil	60	60	60	90	60	60

63. The reimport of groundnut or other oil products of this Presidency are thus trivial, though some of us are of opinion that if the groundnut oil were expressed and manufactured into other products in this presidency, the local consumption would be

greatly increased. There is a certain amount of margarine and other vegetable oil products manufactured in India, but we are not in possession of precise figures showing the extent of this business.

64. Representations have been made that the present slump in groundnut is the result of a ring of European consumers, but this assertion is discounted by the fact that there are, so far as we are aware, no indications of over-production, the slump in groundnut is no greater than that in other commodities and the price is showing signs of improvement.

65. A proposal has been made that the ryots should form a pool, hold the stock and sell only at advantageous rates. We do not think such a scheme practicable.

66. France has large works for expressing and refining oils. These are protected by a heavy duty, while the French Colonies in Africa (Senegal) produce much groundnut. If Madras attempted to export oil instead of nuts, they would be in competition with these established interests. Much oil nut is now being supplied direct to Northern ports in Europe and there again the plant is in existence not only for expressing but also for purifying and deodorizing the oil.

67. The bye-product in the expression of groundnut oil is an important factor. It is urged that the oil cake should go back to the land, but even with the present small local extraction of oil, groundnut cake is being exported and in Europe it is chiefly, we understand, used as cattle-food. Any attempt to deter its export by a tariff would probably result in less production, for it would certainly diminish the value of the crop.

68. It does not appear probable that this Presidency could utilize the whole of the produce of the present crop and there are obvious difficulties in the way of crushing and manufacturing the oil for export. The business arose from a demand from Europe where there are established businesses with all that that implies of plant, capital, goodwill and trained staff, and when competition in the groundnut trade is so keen there is a risk of losing everything if difficulties are placed in the way of the free export of the groundnut.

69. On the other hand, we consider that it may be possible to build up a business in the manufacture of vegetable oil products in this country. It cannot be done suddenly, but we understand that the Government are erecting plant to explore the possibilities of such enterprises and we consider that the Government should give all possible help to develop the vegetable oil and allied industries in this country.

70. We have discussed the question of jaggery and sugar manufacture but have in the time at our disposal been unable to obtain from any official source reliable figures of prices over a period. By the courtesy of Messrs. Parry & Co., however, we have obtained annual average figures for various centres and these are shown in a graph. The price has fallen to a very low figure.

71. The amounts of sugar grown in this Presidency and that imported and exported by sea are given in the following statement; but, without exports and imports by rail to and from other parts of India, it is impossible to ascertain to what extent the present cultivation results in excess over or deficiency under the requirements of the Presidency.

	Sugarcane cultivation.		Total produce (jaggery).	Sugar.	
	Year.	Acres.		Export.	Import.
			TONS.	TONS.	TONS.
1913-14	83,600	..	7,800	37,000	
1914-15	71,500	..	4,400	29,000	
1915-16	94,600	..	3,000	22,000	
1916-17	111,400	..	11,000	27,000	
1917-18	127,100	363,100	3,000	30,000	
1918-19	123,200	313,500	4,800	39,000	
1919-20	92,700	261,300	12,000	15,000	
1920-21	103,300	273,100	17,300	19,000	
1921-22	119,300	314,500	4,100	15,000	
1922-23	131,100	358,000	2,900	10,000	
1923-24	121,300	320,400	32,500	12,000	
1924-25	110,400	313,200	20,000	30,000	
1925-26	112,800	315,000	2,200	29,000	
1926-27	114,500	304,500	1,800	54,000	
1927-28	84,300	282,500	2,600	66,000	
1928-29	84,800	245,000	1,900	72,000	
1929-30	83,100	275,000	..	..	

These figures of sugar production refer only to sugarcane, but much is also obtained from other sources. They show, however, that compared with what is produced locally, the sea-borne trade is comparatively small. Nevertheless the imported sugar has great influence in regulating the price of the whole, and any step that could be taken to reduce the cost of manufacture and to raise the price of sugar and jaggery would assist the dealer and the ryot.

72. There seems to be scope for improving the extraction of sugar on a small scale and the Department of Industries, we are informed, is constantly demonstrating the use of small portable crushing plants and lending them out to ryots. Some of the larger factories have, however, been closed and it does not apparently pay to manufacture the better qualities of refined sugar. The Agricultural Department is busy producing more productive strains of cane and finding means to reduce the cost of cultivation, while the Department of Industries is concerned with finding more economical methods of extraction, and we consider that every encouragement should be given to these departments to extend their activities in these directions. The only method which would ensure a higher price locally and deter the import of sugar to the advantage of local manufacture thereby stimulating the sugar industry in this Presidency is to increase the import duty on sugar.

We recommend that this may be done.

73. The prices of tea still continue to fall. The report of stocks in the London Plantation market show that there are considerable accumulations during the year, but the information as to world stocks is incomplete. An estimate has been made with the following results (in millions of pounds):—

	Production.		World consumption.
	British India.	World.	
1926	392	856	852
1927	390	869	833
1928	390	899	898
1929	423	945	902

In 1930 there was a restriction of crops which reduced the output by 50 million pounds and the world output was further reduced by 22 million pounds by climatic conditions but the price of common tea fell and London merchants held record stocks. Consumption in England has increased but export to other markets fell off, probably not on account of less consumption but of reduced buying in a falling market. The total exports were as follows for 1930:—

						Million pounds (11 months).
From North India	..	..	..	..	..	324
„ South India	..	..	..	..	..	33
„ Ceylon	..	..	..	..	..	242
„ Java	..	..	..	..	..	135
„ Sumatra	..	..	..	..	..	22
„ China	..	..	..	..	..	36
„ Formosa	..	..	..	..	..	6
						798

The South Indian tea is thus less than one-twentieth of the whole. There has been more tea produced than can be consumed and attempts to restrict output seem to have for the moment failed and prices are still falling.

74. The following abstract is taken from the monthly report of one of the principal firms of tea merchants:—

“In India itself the boycott has had disastrous results. At one time in the year, demand fell away by over 50 per cent and for the complete year we estimate that consumption has decreased 20 per cent. Latterly demand has improved and as tea is the cheapest and safest drink we have no doubt that India will eventually be one of her best consumers.”

The planters are well awake to their requirements and financial help does not seem required. The restriction of output must be attended to by themselves.

75. Prices have fallen to a very low figure and are shown in the graph plotted. Coffee. Subsequently prices in Mangalore have risen slightly and the newspapers now report a rise in Brazilian as well as of mild coffee in the London market.

76. We have obtained no figures for complete production or consumption, but the following approximate estimate of production (in millions of bags) has been obtained :—

	Brazil.	Other countries.	Total.
1925-26	14	9	23
1926-27	14	10	24
1927-28	28	11	39
1928-29	23	11	34

77. The enormous Brazilian crop of 1927-28 frustrated all attempts at controlling the marketing and, with the prospect of another big crop in 1929-30, brought about a collapse of prices which are again indicated as follows :—

	Cents per pound—New York (Rio No. 7).		Cents per pound—New York (Rio No. 7).
July 1926	19.3	December 1929	9.9
" 1927	16.4	July 1930	7.5
" 1928	15.1	March 8, 1931	5½
" 1929	17.6	" 9, "	5½*
September 1929	15.8		

78. Coconuts have generally suffered a similar slump, as also have pepper and ginger, but we are informed that prices are slightly improving. We considered the question of levying an import duty on coconuts but a majority of us considered that such a step was unnecessary.

79. No suggestions have been made to us that any steps are necessary to improve the situation, beyond what can be done by the Government to ensure that all may confidently go about their lawful occasions without hindrance, except certain requests that the sale of adulterated produce should be effectively prohibited. This proposal we have dealt with elsewhere.

80. A representation was made to us that the local trade in tea and coffee, was much damaged by the sale in the bazaar of cheap mixtures sold as tea or coffee, but so adulterated that they were sold at prices impossible for real tea or coffee, and so unpleasant that the consumption of these beverages was seriously discouraged in anyone who drank these nasty decoctions. It was suggested that active steps should be taken to put a stop to the sale of such products.

81. No samples or precise statements of the extent of such adulteration have been placed before us, and it does not appear from the report of the Public Analyst for the year ending 31st March 1930 that among the few samples, 98 in all, from five municipalities in the Presidency there was any adulterated tea, and there was only one sample of coffee adulterated with 40 per cent of chicory; even in that case no action was taken. There is a specific regulation under Act III of 1918 dealing with the adulteration of tea but the Act itself has only been extended to fifteen municipalities including Madras and to one union. Evidently very little use has been made of the Act. We consider that a more vigorous use of this Act would have beneficial results.

82. We have examined the position of the weaving community.

In the census returns of 1921 these are shown to be 687,000 supported by cotton spinning, sizing and weaving and the other weaving communities dealing with wool, silk and other weaving, spinning, ginning, etc., took the total to 1,124,000, it is now presumably well over one million in all and recent investigations may show these figures to be too small.

83. This community has been affected by the general trade depression resulting in a less demand for cloths, and in addition all those numerous weavers who were weaving finer counts have been thrown out of work owing to the boycott of foreign yarns, the finer yarn being unprocureable from Indian mills. Thus as the outcome of the Congress activities 10,000 weavers are out of work in Coimbatore alone. Previously these weavers were engaged in a prosperous trade of supplying to North India fine cloths of cotton with silk and gold lace headings and borders. This trade is now definitely stopped and several of us consider that it will not be revived.

* April 23rd 5½.

84. There is a similar state of affairs in other districts, and in Salem the weavers who were doing work similar to that in Coimbatore were in considerable distress. Hence an association was formed by a number of persons who sympathized with the weavers and from this a co-operative society was started to assist the weavers in obtaining yarn, dyeing it, and selling the cloths made by them from it. The capital was put up by the sympathizers and a little added to it by the weavers. This was not at first successful and as the cloths first made were coarse and cheap, there was difficulty in selling them. The wife of the Collector and the Deputy Registrar of Co-operative Societies then took the matter in hand. Finer counts were woven from Indian mill yarn and these are more readily saleable. Sale was found for the cloths on hand. An officer of the Co-operative department was lent to conduct the business of the society and a Sub-Deputy Registrar was lent to assist in marketing. The present position is that development is retarded by lack of capital.

85. Sympathizers will not risk large sums as capital and the weavers can themselves produce it only in dribbles at a slow rate which can however be expected to increase as the society prospers.

86. The capital is essential as the society buys outright the goods made by the members and sells them in the market. Without adequate capital it is only possible to pay the members on sale of the goods and it is difficult to get weavers to support such a society loyally. They cannot wait for payment and if the society cannot fully finance them they borrow outside. The existence of outside debts is one of the leading factors in rendering the co-operative organization of weavers for production or sale of textiles so slow and difficult.

87. The results achieved so far in Salem are good in their way, but more funds are required to enable the society to carry a large stock for sale. Even as things are a profit is being made but there is too much honorary work and subsidized effort for it to be considered an established commercial success. It has the makings of success but the business requires considerable expansion to enable it to meet the necessary overhead costs. With additional funds and a continuance of the present energetic direction we see no reason why it should not expand considerably and rapidly.

88. It will be a considerable time however before it can be left entirely to itself. Considerable departmental help and advice will be necessary for some years. The weavers cannot manage it themselves unaided, but weavers on the board of management are necessary if only to give the weavers themselves confidence in it. The sympathizers have other affairs to attend to besides this; but such a society demands much work in the early stages, and some guarantee is required of good management by responsible persons, more in fact than is given by a periodic open election of all directors and office-bearers—such a method of selecting directors for a society will if left unchecked lead sooner or later to trouble through the election of undesirable persons. The directors request a loan of Rs. 20,000 from the Government and are willing to pledge the property of the society including the stock-in-trade for the time being to the Government and to have two of the present number of directors nominated by the Collector or Registrar of Co-operative Societies. If such a loan were given, it would have to be for at any rate ten years and would probably be best in the form of an over-draft with a continuing guarantee agreement.

89. Representations have also been made on behalf of the weavers elsewhere and we have received detailed memoranda and notes in regard to the weavers of Gudiyattam. Numerous attempts have been made during the last ten years or more by the Co-operative department to organize societies for their benefit but the results are not commensurate with the effort. There are the following details available of credit societies of which more than 60 per cent of the members are weavers :—

Number of societies	95
Paid-up share capital	Rs. 92,600
Members' deposits	Rs. 16,800
Other borrowings by the societies	Rs. 4,46,000
Reserve fund	Rs. 54,500

	RS.
Total working capital available for loans to members	5,55,400
Cost of managements	10,700
Profit of societies working at a profit	15,000
Loss of societies working at a loss	8,300

Other societies for weavers (non-credit) supply the following figures :—

	RS.
Raw material in hand opening balance	800
Do. bought during the year for weavers	9,000
Goods sold during the year for weavers	9,400
Closing balance	1,000
Finished produce, opening balance	1,500
Bought from the members during the year	13,000
Sold to the public	14,000
Closing balance	40
Working capital	81,000
Cost of management	1,000
Profit of some societies	2,000
Loss of the rest of the societies	3,000

90. There is scope for such societies, if carefully guided and advised, to direct the energies of the weavers and see that they manufacture the class of goods which for the time being will bring them the best return. But more advice than can be provided by self-managed societies is necessary to guide the activities of the members and to see that they weave goods of a kind and quality which can readily be sold. There is a vast amount of cross marketing of hand-woven goods, but, with a fuller organization, distribution could we think be done more economically. In addition to the large local demand for hand-woven cloths, there is a considerable market for hand-woven "Handkerchiefs". The exports of them from Madras ports are as follows in pieces of, approximately, eight yards each.

Year.	Pieces.	Year.	Pieces.
1912-13	1,812,000	1922-23	1,792,000
1913-14	1,336,000	1923-24	2,642,000
1914-15	1,444,000	1924-25	3,379,000
1915-16	2,203,000	1925-26	2,908,000
1916-17	786,000	1926-27	1,352,000
1917-18	276,000	1927-28	3,298,000
1918-19	474,000	1928-29	3,009,000
1919-20	1,278,000	1929-30	4,786,000
1920-21	1,991,000	1930-31 (11 months).	2,452,000
1921-22	406,000		

91. We consider that much more can be done by organization on the lines followed at Salem but the places should be selected where the most readily marketable goods, e.g. lungies, are being made leaving for the future places where clothes are woven to be hawked by the weaver around the local shandies and villages. We have discussed the question whether it would pay to employ motor vans as travelling shops to sell clothes and display samples but consider that that is a matter to be decided by an expert marketing officer. We wish however to recommend that in order to alleviate distress among weavers, co-operative societies be formed at the following centres :—

Gudiyattam with Tiruvottiyur,
Madura,
Kumbakonam with Mayavaram,
Tinnevely,
Pedana (Kistna),
Conjeeveram,
Coimbatore,

and such other places as the Director of Industries and the Registrar of Co-operative Societies may suggest and that the Government supply marketing officers to assist in disposing of the produce.

92. These co-operative societies should be organized on the lines of the Salem society. We consider also that in view of the success so far achieved by the Salem society, it is desirable that Government grant financial help to that society and to such of them as reasonably require such help.

93. The efforts of the different centres in marketing should be correlated and harmonized by a central officer and the institution of a central depot in Madras. It is to be understood that ultimately the whole organization should be self-supporting.

94. We understand that the Textile Advisory Committee, the Cottage Industries Committee and the Textile Conference made certain recommendations to the Government and in view of the present condition of the weaving communities we suggest that they be further considered.

95. We have discussed the question of the trade in Hides and Skins and Tanning and have examined the figures of imports and exports. We have had the benefit of the report of the Imperial Economic Committee which examined the matter in all its aspects as a world-wide trade and of that of the Hides Cess Committee and have also received representations by the Southern India Skin and Hide Merchants Association.

96. There is no doubt from the figures before us that the trade in skins and hides has materially fallen off in the last two years, i.e., since 1928-29 and we have been given the following particulars indicating the present depressed state of this business by the Southern India Hides and Skins Merchants Association :—

Number of tanneries in the Presidency ... 600
Number of men employed in them ... 50,000

This is exclusive of tanners working in cottages and those engaged in subsidiary occupation such as collection of bark, myrabolams, oil supply and the like. We have no figures to show what the number of these is but it may be very considerable.

Average wages—

Rupees 20 for skilled workmen.

Rupees 12 for boys and women.

About 75 per cent are skilled workmen—

Number of tanneries closed ... About 50
Number thrown out of employment ... 15,000

According to the average number given for each tannery, namely, about 100, the number thrown out of employment by the closing of tanneries should be only about 6,000. The excess shown above is due to a reduction in the number of hands now employed in tanneries.

Reduction in the number of tanneries and in their output affects also other workmen engaged in the collection of bark, myrabolams, etc.

The Madras trade in raw hides is small and not very great in raw skins, but the exports of tanned or partially tanned hides and skins was of considerable importance.

In 1927-28 we find that—

92 per cent of the partially tanned hides,
80 per cent of the partially tanned sheep skins,
92 per cent of the partially tanned goat skins

went to England. Of these about 3 per cent of hides and 30 per cent of the skins were re-exported mainly to the European continent.

97. The raw hide business is largely from the rest of India to foreign countries, only about 6 per cent of it going to the United Kingdom. In other words foreign countries buy fourteen times as many raw hides and twice as many raw skins as they buy of partially tanned products, while England supports the Indian tanneries by buying ten times as many partially tanned hides and sixty times as many partially tanned skins as it buys of raw products. Eighty-five per cent of the raw goatskins went to America for the manufacture of glaze kid of which it is the chief producer.

98. The relative importance of the skins and hides exports from Madras and from India as a whole are shown in the subjoined tables.

The export of raw and tanned skins and hides for ten months ending with 31st January 1931 compared with the corresponding period in the previous two years.

	Raw hides.		Raw skins.		Tanned hides.		Tanned skins.	
	Whole India.	Madras.	Whole India.	Madras.	Whole India.	Madras.	Whole India.	Madras.
1928-29 ..	Rs. 3,23,11,291	457	Rs. 4,13,61,901	32,41,817	Rs. 3,87,37,551	3,37,54,673	Rs. 3,89,20,194	Rs. 3,61,25,244
1929-30 ..	2,27,22,575	116	3,71,68,336	26,78,891	2,86,43,717	2,49,53,166	3,64,71,855	3,31,92,982
1930-31 ..	1,49,53,632	14	2,96,68,185	29,00,721	2,25,86,827	2,05,52,650	2,95,68,429	2,68,10,022

Hides and skins exports.

	Raw hides.		Raw skins.		Tanned hides.		Tanned skins.	
	Whole India.	Madras.	Whole India.	Madras.	Whole India.	Madras.	Whole India.	Madras.
1910-11 ..	£ 3,597,835	Rs. 3,979	£ 2,398,296	Rs. 40,68,416	£ 849,331	Rs. 96,52,595	£ 1,941,832	Rs. 2,34,20,688
1911-12 ..	3,985,302	6,181	2,310,416	31,75,919	968,685	1,20,13,712	1,964,653	2,48,15,149
1912-13 ..	5,372,407	1,11,399	2,447,576	48,63,186	1,363,278	1,60,27,098	1,848,798	2,08,43,411
1913-14 ..	5,530,638	1,03,240	2,260,244	26,06,853	1,058,575	8,23,25,371	1,712,787	2,16,88,584
1914-15 ..	3,500,693	28,974	1,695,583	17,19,654	1,606,649	1,79,88,387	1,471,950	1,79,85,021
1915-16 ..	4,523,590	38,265	1,995,184	26,34,153	2,041,582	2,36,58,457	1,645,477	2,08,47,415
1916-17 ..	4,994,675	49,953	4,610,898	46,03,840	2,995,561	1,85,07,241	3,176,763	3,78,30,566
1917-18 ..	2,057,092	5,851	3,295,321	38,05,460	3,269,596	3,63,119	849,083	57,71,960
1918-19 ..	1,742,736	35,604	4,480,907	1,10,16,143	4,744,980	6,46,62,529	1,630,768	87,92,770
1919-20 ..	Rs. 8,25,23,990	3,74,550	Rs. 15,12,46,310	1,92,73,450	Rs. 7,87,91,970	5,56,25,990	Rs. 4,66,96,280	4,09,80,410
1920-21 ..	2,00,15,440	56,440	3,23,49,540	48,05,300	1,14,83,240	86,32,780	2,02,40,510	1,80,64,870
1921-22 ..	1,81,35,551	28,699	4,16,59,621	63,47,562	1,45,81,859	84,64,895	2,46,25,614	2,13,47,667
1922-23 ..	2,17,68,884	81,981	3,51,24,131	51,95,904	2,31,47,675	1,70,01,306	2,74,23,203	2,39,31,348
1923-24 ..	2,85,47,507	3,942	4,05,70,541	67,62,587	3,16,77,871	2,48,97,122	2,73,08,268	2,41,22,720
1924-25 ..	3,30,79,136	30,683	3,42,68,342	43,86,994	3,35,03,806	2,68,28,846	3,83,14,167	3,31,61,348
1925-26 ..	3,20,57,693	1,093	3,98,85,536	46,24,936	3,04,18,021	2,49,76,954	3,93,35,654	3,50,50,328
1926-27 ..	2,57,80,380	1,590	4,56,01,852	38,36,247	2,77,82,642	2,31,52,884	4,59,86,294	4,06,34,454
1927-28 ..	3,84,89,130	4,110	4,89,35,358	34,88,953	4,11,76,849	3,48,26,493	4,95,49,973	4,80,21,800
1928-29 ..	4,05,42,783	645	5,41,41,572	40,08,945	4,39,98,873	3,85,46,776	4,90,75,620	4,22,28,238
1929-30 ..	2,70,16,833	116	5,18,58,021	32,01,792	3,43,87,323	2,98,90,115	4,61,60,319	3,90,64,342
1930-31 ..	1,49,53,632	14	2,96,68,185	29,00,721	2,25,86,827	2,05,52,650	2,95,68,429	2,68,10,022

	Raw hides and skins.		Tanned hides and skins.		
	Whole India.	Madras.	Whole India.	Madras.	
1910-11 ..	£ 5,996,131	Rs. 40,78,395	£ 2,791,163	Rs. 3,30,73,283	1910-11 ..
1911-12 ..	6,295,718	31,82,100	2,943,318	3,68,28,861	1911-12 ..
1912-13 ..	7,819,983	49,75,285	3,012,076	3,68,70,509	1912-13 ..
1913-14 ..	7,790,882	27,10,093	2,771,342	3,40,18,955	1913-14 ..
1914-15 ..	5,196,276	17,48,628	3,078,579	3,69,73,408	1914-15 ..
1915-16 ..	6,518,774	26,72,418	3,687,079	4,10,05,872	1915-16 ..
1916-17 ..	9,605,663	46,53,793	6,172,324	5,63,87,807	1916-17 ..
1917-18 ..	6,352,413	38,11,311	4,118,679	61,35,079	1917-18 ..
1918-19 ..	6,223,643	1,10,51,947	6,376,748	7,34,55,299	1918-19 ..
1919-20 ..	Rs. 23,37,70,300	1,96,48,000	Rs. 12,54,88,250	9,66,06,400	1919-20 ..
1920-21 ..	5,23,64,980	48,61,740	3,17,23,750	2,66,97,330	1920-21 ..
1921-22 ..	5,96,95,172	63,76,261	3,92,07,473	2,98,42,582	1921-22 ..
1922-23 ..	5,68,93,015	52,77,885	5,15,70,878	4,09,32,654	1922-23 ..
1923-24 ..	6,91,18,048	67,66,529	5,89,86,139	4,90,19,842	1923-24 ..
1924-25 ..	6,73,47,478	44,17,677	7,18,17,963	5,89,90,104	1924-25 ..
1925-26 ..	7,19,43,229	46,26,029	6,97,53,675	6,00,27,280	1925-26 ..
1926-27 ..	7,13,82,212	38,37,837	7,37,68,836	6,37,87,338	1926-27 ..
1927-28 ..	8,74,24,466	34,93,063	9,07,26,822	7,78,43,298	1927-28 ..
1928-29 ..	9,46,84,355	40,09,590	9,30,74,493	6,07,70,014	1928-29 ..
1929-30 ..	7,88,67,938	32,01,908	8,05,26,242	6,89,44,457	1929-30 ..

It is evident from these figures that from the point of view of providing employment for the Indians employed in the tanneries, that Madras is far in advance of the rest of India. But there is none the less at present considerable depression and many tanneries are idle.

99. The South India Hide and Skin Merchants Association is strongly opposed to any suggestion that the 5 per cent export duty should be converted into a cess. They represent that the export duty should be increased to 20 per cent on raw hides and 25 per cent on raw skins.

100. They argue that this will not divert the trade to other sources in view of the magnitude of the Indian supply to the world's markets but that it will mean that many skins instead of being exported raw to keep foreign tanneries employed will be tanned in India and be exported as partially tanned leather.

101. The argument that this duty is desirable as it will provide 140 lakhs more revenue to the Government of India does not impress us as it is irrelevant to the objects of the enquiry which we are conducting, but we recommend that the question of increasing the duty on raw skins and hides in order to foster the tanning industry in Madras be examined.

102. In the course of preparing material for this Committee the absence of a central depository for statistics in this Presidency has been keenly felt. Each department has its own compilations, and these seem to vary from time to time in regard to the units in which they are expressed and the manner in which they are set out. There is further no information readily available of a statistical nature on events outside the Presidency which directly concern its interests (e.g., development of the cultivation of groundnut in other countries). Some of the statistics placed at our service are obviously unreliable. Prices recorded by subordinates appear to have been accepted and forwarded without question or scrutiny.

103. A great deal of time and trouble would have been saved in tracing the tendency of prices over a period had there been a central bureau to receive, regulate, check and correlate statistics from all sources.

104. We consider that there should be constituted a permanent committee with a bureau of statistics in charge of a responsible officer who would be the secretary of the Committee.

105. Such a bureau would both receive reports to check and correlate statistics and to circulate to all who desired it periodic or special information on prices, etc.

106. The functions of the Committee would be to make whatever enquiries were from time to time found necessary in regard to economic and commercial matters both rural and urban, and so to keep in touch with developments in this sphere as to be in a position to advise the Government when required to do so. In this connexion attention is invited to the Committee adumbrated in the conversations with Sir Arthur Salter. We do not consider that the standing committee should be a large one but it should be added to for special purposes as occasion may arise.

107. A proposal has been made to us that some control of agriculture should be attempted in the direction of recommending the extension or contraction of the cultivation of particular crops in particular areas, as for example, when it appears likely from outside influences that one crop will not pay or that a new strain of seed will probably produce another much more profitable crop. We consider that this should be dealt with by the Standing Economic Committee of which we have recommended the constitution in the preceding paragraphs.

SUMMARY OF RECOMMENDATIONS.

108. We have in this report made recommendations and observations which are summarized as follows:—

1. It is not practicable for the local Government to deal as a whole with any of the causes of the depression—paragraph 11.
2. It is desirable to take steps to see that adequate funds are available for the next cultivation season—paragraph 34.
3. Loans should be granted to the smaller ryots for cultivation expenses for the ensuing season by the Government through the Revenue Department—paragraph 36.
4. The Government should increase the grant to co-operative societies to advance loans to smaller ryots—paragraph 37.
5. There are considerable possibilities for local godowns for ryots—paragraph 44.
6. Every effort should be made to push on the teaching and training of staff to conduct trading societies—paragraph 45.

7. It is advantageous for ryots to hold up produce for a short time till price recover from the depressing effects of forced sales at the harvest—paragraph 46.
 8. Co-operative marketing of food grains cannot now be carried beyond giving loans on produce—paragraph 47.
 9. The possibility of starting more co-operative sale societies on the lines of the Tiruppur Cotton Sale Society should be immediately investigated—paragraph 49.
 10. Such societies should be at once organized when found practicable—paragraph 49.
 11. More godowns should be available for co-operative societies—paragraph 50.
 12. Government should institute warehouses—paragraph 51.
 13. Such warehouse receipts should be available as instruments of credit—paragraph 51.
 14. Railway freights should be reduced—paragraph 54.
 15. Modification of kist dates should be carefully considered—paragraph 55.
 16. All possible help should be given to develop the vegetable oil and allied industries in this country—paragraph 69.
 17. The import duty on sugar should be increased—paragraph 72.
 18. Food adulteration should be stopped—paragraph 81.
 19. More can be done by organizing co-operative sale societies for weavers as at Salem—paragraph 91.
 20. Such co-operative societies should first be formed at seven other centres—paragraph 91.
 21. The Government should supply marketing officers—paragraph 91.
 22. Financial help should be given to the Salem Society by the Government and also to other sale societies when formed—paragraph 92.
 23. A central officer should correlate the work of local marketing societies—paragraph 93.
 24. The question of increasing the export duty on raw skins and hides should be examined with the greatest consideration—paragraph 101.
 25. There should be a permanent economic committee with a bureau of statistics in charge of a responsible officer—paragraph 107.
109. Finally we wish to place on record our appreciation of the ready help of a number of gentlemen, official and non-official, who have placed statistical and other information and valuable suggestions at our disposal. We wish to record also our obligation to the members of the staff whose care and diligence have so greatly facilitated our work and finally the other members of the committee desire to thank the Chairman and Secretary for the manner in which they have carried out their duties.

C. V. VENKATARAMANA AIYANGAR.

G. R. HILSON.

M. R. SETURATNAM.

A. RANGANATHAM.

R. D. RICHMOND.

D. N. STRATHIE.

M. S. SRESHTA (subject to a note of dissent).

M. A. MUTHIAH CHETTIAR.

A. APPADURAI.

R. SRINIVASAN (subject to a note of dissent).

HOTA SURYANARAYANA (subject to minute of dissent).

C. D. PRIESTLEY.

F. G. LUKER.

T. K. DURAISWAMI AIYAR.

H. F. CARTER (subject to minute of dissent).

SAMI VENKATACHALAM CHETTI (subject to a note of dissent).

SHANMUGA RAJESWARAN, RAJA OF RAMNAD.

D. SESHAGIRI RAO.

RANGA ROW (subject to a supplementary note).

C. BASU DEV.

K. P. RAMAN MENON.

H. M. HOOD.

H. A. B. VERNON (chairman).

APPENDIX I.

Formal resolutions passed by the Committee.

1. Finance of agriculture—

(a) Loans should be given to smaller ryots for cultivation expenses for the ensuing season through the Revenue Department.

(b) The Government should increase their grants to co-operative societies for the purpose of advancing money to smaller ryots.

2. Preparation of produce for the market—

(a) This Committee recommends to the Government that the further increase of duty on sugar is necessary for the successful development of the sugar industry in this country.

(b) The Government should give all possible help to develop the vegetable oil and allied industries in this country.

3. Marketing of produce—

(a) The Government should be asked to direct an immediate investigation into the possibility of starting more co-operative sale societies for all kinds of agricultural produce on the lines of the Tiruppur Cotton Sale Society which, it is understood, is being run successfully and the early constitution of such societies where found practicable.

(b) More godowns should be made available for the use of co-operative societies.

(c) The Government should institute warehouse which would receive goods and grant a certificate of quantity and quality over the signature of a responsible marketing officer, such certificates being made available as instruments of credit.

(d) This Committee while viewing favourably the proposal to make railway receipts negotiable instruments of credit understand that the matter is now before the Central Banking Committee and will doubtless be duly considered by that Committee.

(e) The Committee considers that one method of combating the present depression is to reduce railway freights.

4. Cottage Industries—Weaving—

(a) In order to provide means to alleviate distress among weavers it is recommended that co-operative societies be formed at the following centres:—

Gudiyattam with Tiruvottiyur,	Pedana (Kistna district),
Madura,	Conjeeveram,
Kumbakonam with Mayavaram,	Coimbatore
Tinnevely,	

and such other places as the Director of Industries and the Registrar of Co-operative Societies may suggest and that Government supply marketing officers to assist in disposing of the produce.

(b) These co-operative societies should be organized on the lines of the Salem Society.

(c) In view of the success so far achieved by the Salem Society it is desirable that the Government grant financial help to that society and to such others of them as reasonably require such help.

(d) The efforts of the different centres in marketing should be co-related and harmonized by a central officer and the institution of a central depot in Madras.

(e) It is understood that ultimately the whole organization should be self-supporting.

APPENDIX II.

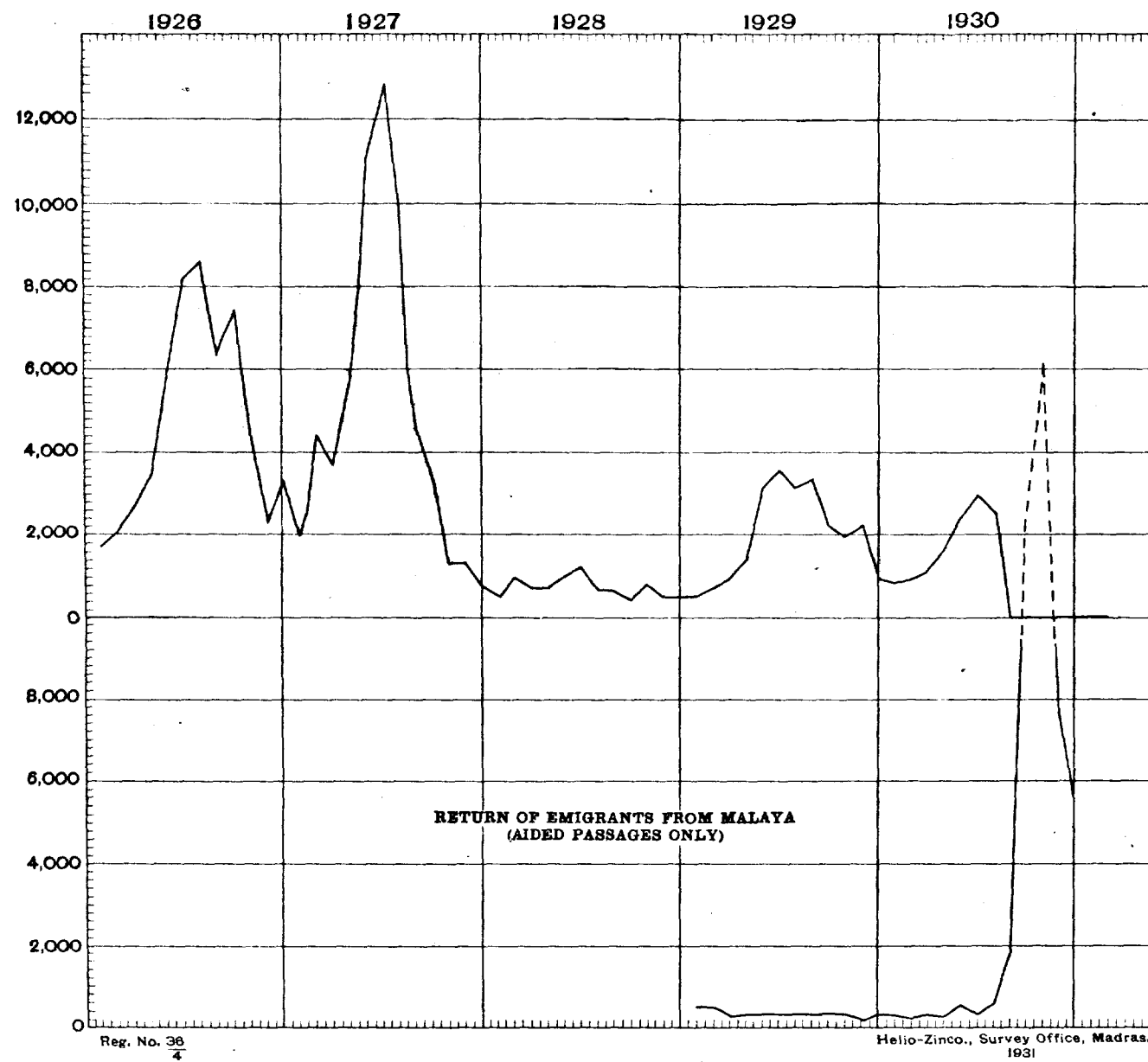
Graphs.

(a) Emigration.
(b) Cotton.
(c) Groundnut.
(d) Coconut.

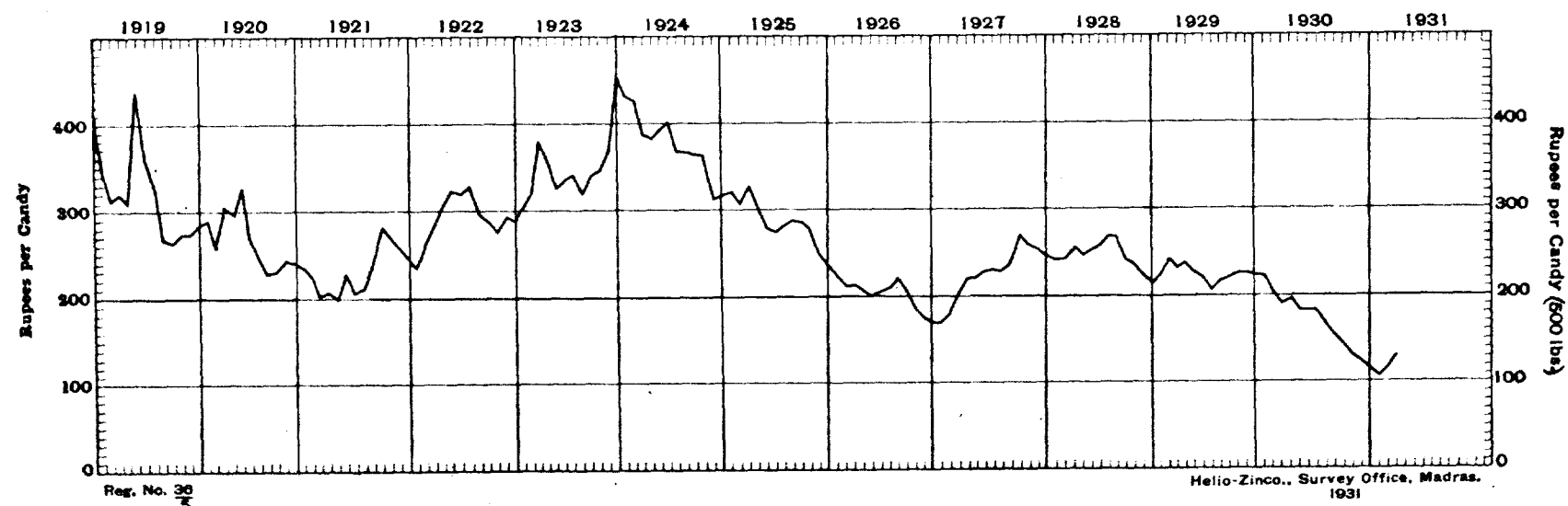
(e) Pepper.
(f) Cholam.
(g) Rice.

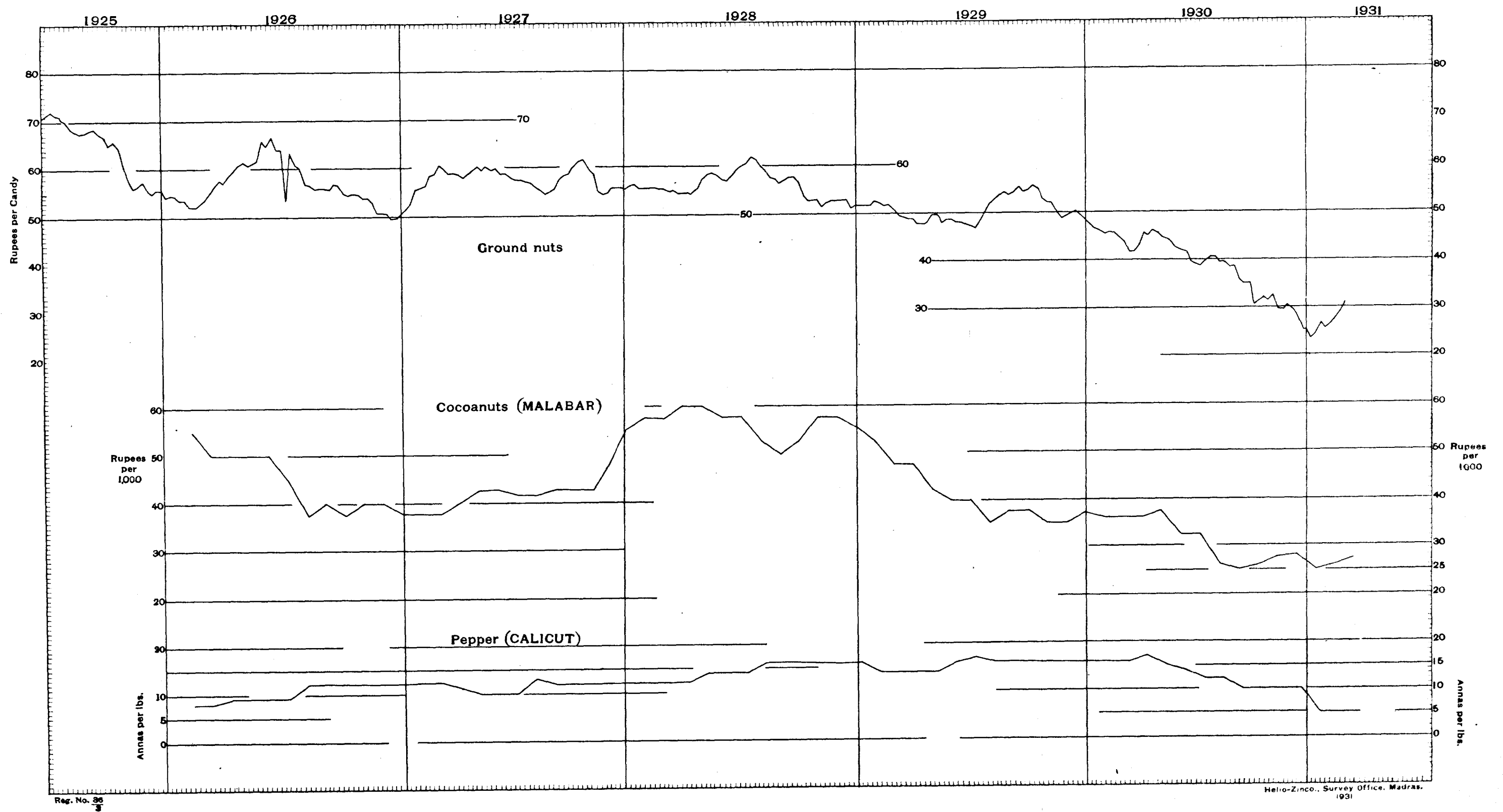
(h) Coffee.
(j) Tea.
(k) Relative prices.

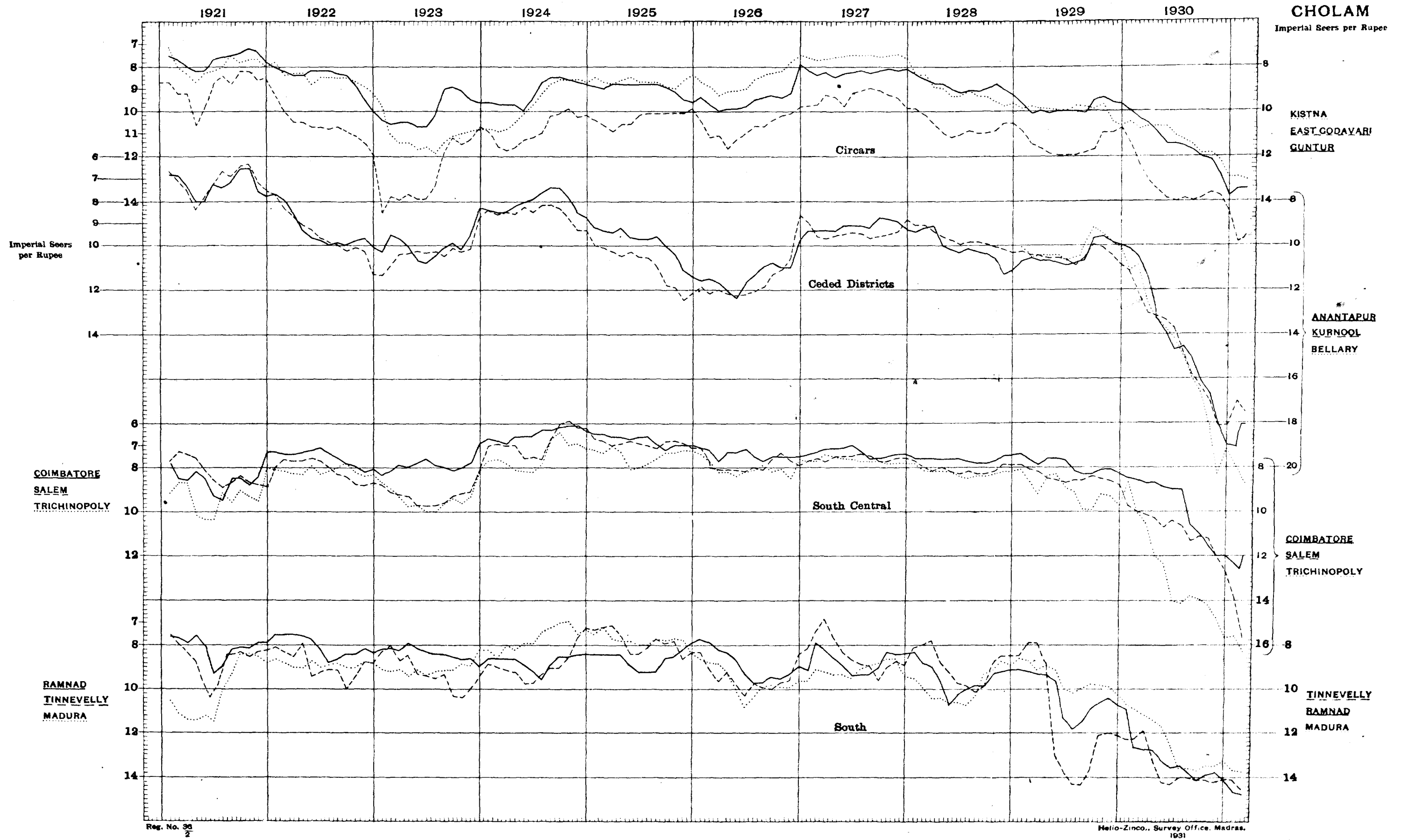
EMIGRATION TO MALAYA FROM MADRAS

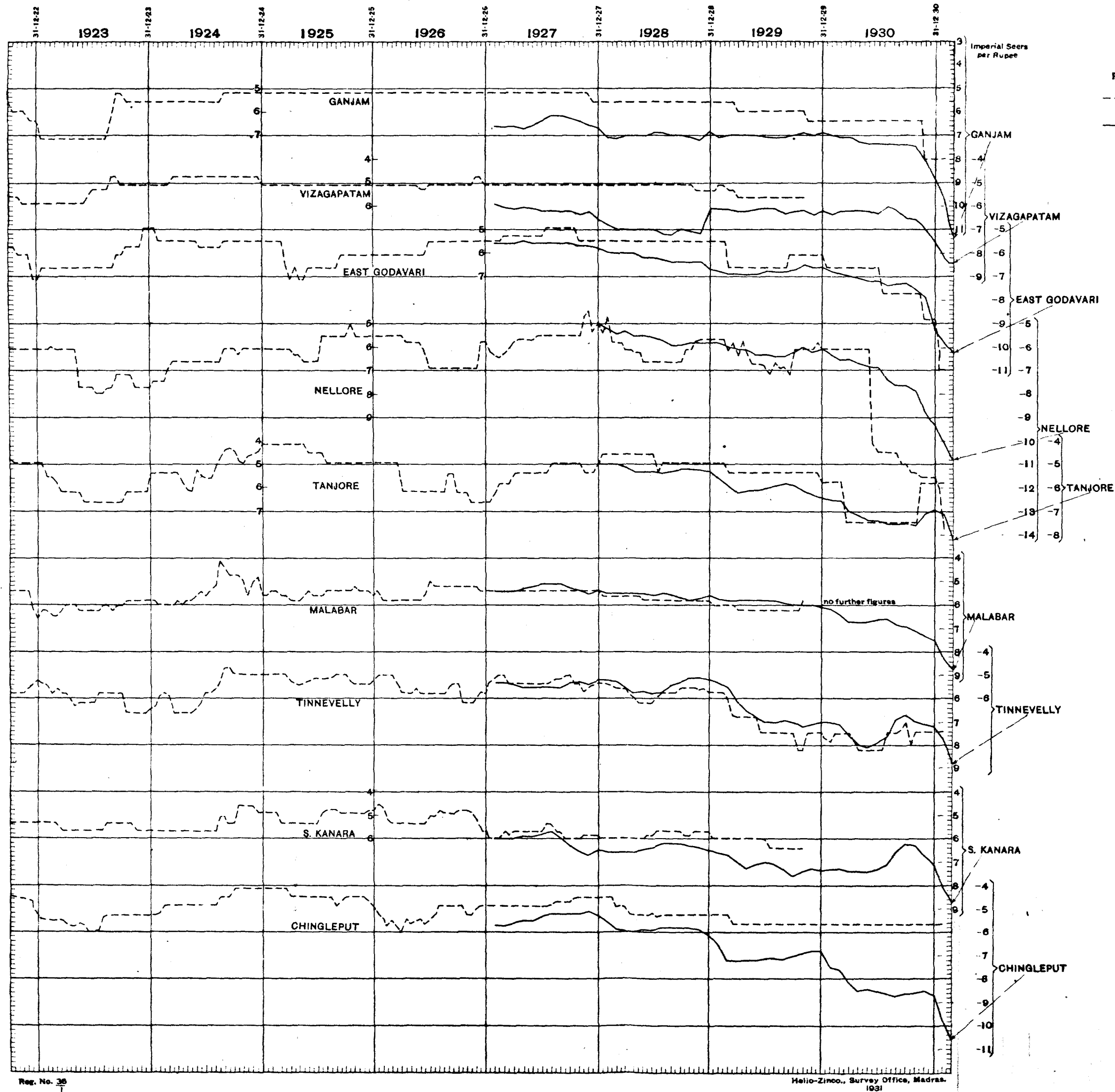


COTTON (WESTERNS) PRICES f. o. b. MADRAS









RICE

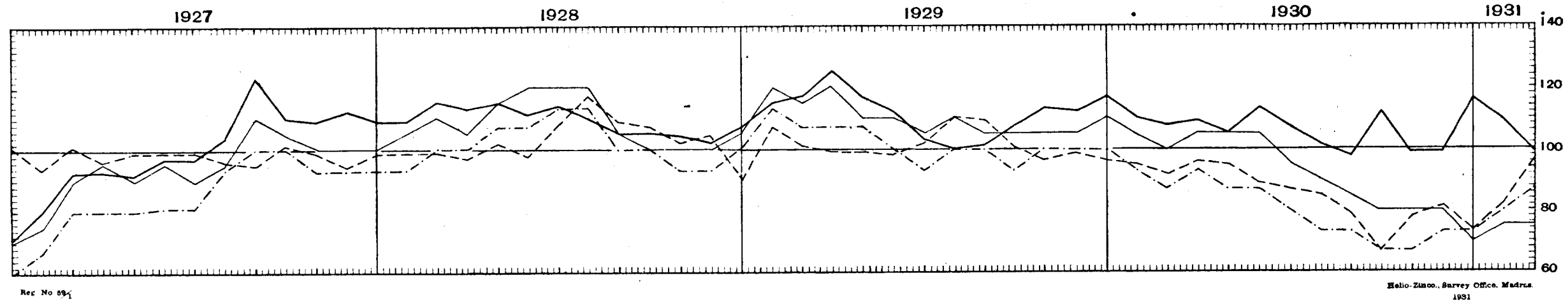
REFERENCE

- Agricultural Depts. Compilation of Figures
- Board of Revenue figures

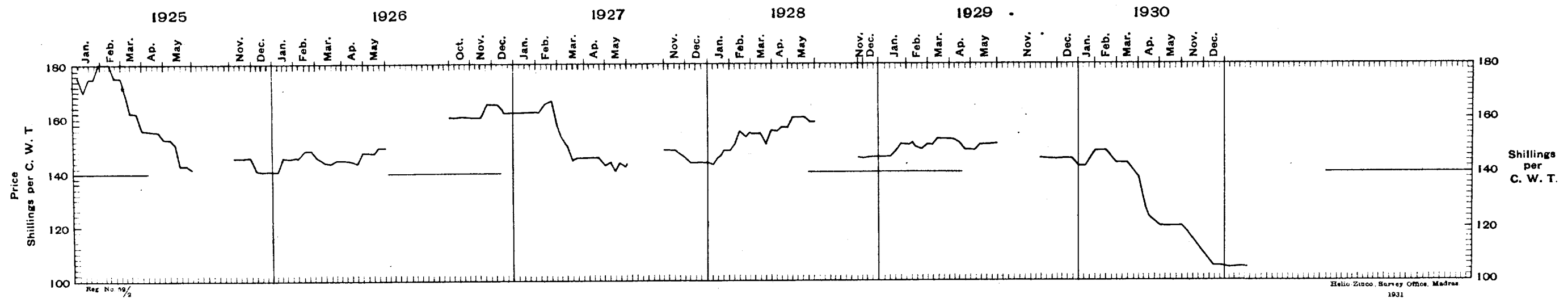
RELATIVE PRICES Cotton, Groundnut, Cholam & Rice.

REFERENCE

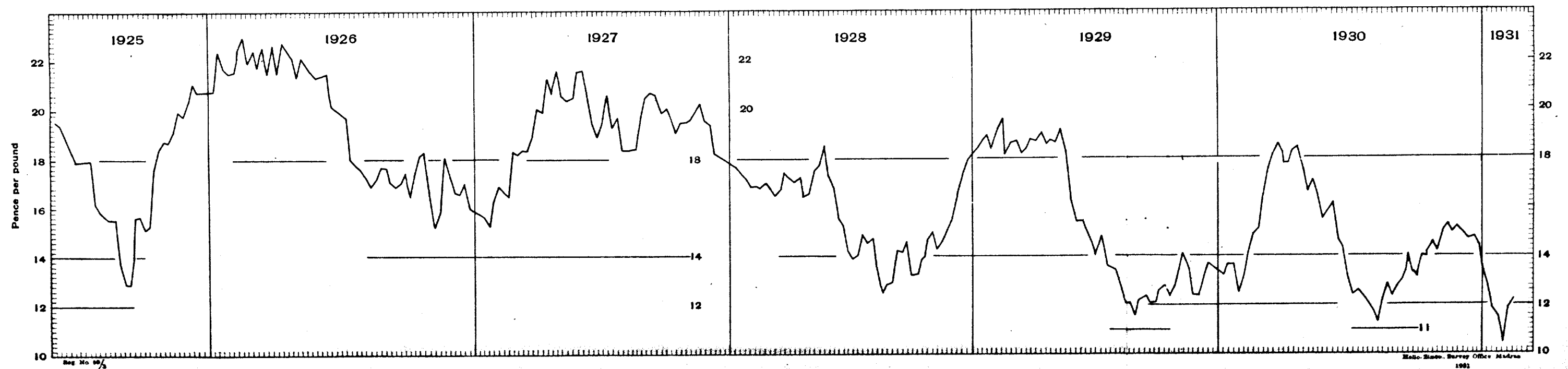
- Cotton ÷ Groundnut
- - - Groundnut ÷ Rice
- Cotton ÷ Cholam
- - - Cotton ÷ Rice



COFFEE



TEA



SUPPLEMENTARY NOTES AND MINUTES OF DISSENT.

(1)

1. It is impossible to predict when the present slump will be over. The slump after the Napoleonic wars had lasted for nearly 30 years; but owing to better organization and better communications of modern days no such long period can be predicted for the present slump. Still eminent economists have expressed the opinion that it may extend to three or more years. Therefore one would be justified in making one's proposals on the assumption that the slump will not be over in the near future. No doubt by the beginning of last March the economic situation had shown a tendency to improve and there was also an upward movement of prices. But by about the middle of last March there was an appreciable fall in prices of all raw products. The prices of groundnut which had risen in Madras from Rs. 23 to Rs. 31 per candy by 13th March 1931 had fallen to Rs. 27 per candy on 16th March 1931. The prices of paddy and of most other products show a similar fluctuation. In the case of groundnut, it is stated that the rise is due to the fact that large quantities of last year's produce had been withheld in the country for want of adequate price as the well-to-do sellers were reluctant to part with their goods for very low prices. The slight rise may be due to the improvement in the political situation in the country. It may be also accounted for by the fact that as at the time of the harvest there would be a large number of people obliged to sell, the prices would be at their lowest and immediately those conditions change, the prices would naturally rise.

2. The present depression is really akin to the famines which this country had suffered from time to time. It is really an 'inverted famine'. It is more a famine of currency than of produce. All the producers of raw products and agricultural labourers whose wages are paid in kind are the people who are most hit by the present slump. The labourer who earns his wages in money did not suffer as yet but it is apprehended everywhere that if the present situation does not improve, the labourer will suffer more considerably in the near future. Ordinarily the most difficult period for the rural labourer is prior to the breaking of the monsoon. This year all private employers of labour in the rural tracts contrary to the usual practice will be compelled owing to the financial stringency to restrict the employment of labour for their irrigation works, for the improvement of their fields, etc., during the next three or four months. I therefore think that the rural labourer would have to face a very bad situation unless something is done by the Government in time to alleviate the distress. If there be any projects or schemes which can be worked out on a sufficiently remunerative basis, the Government will have to take them under consideration without undue delay. It should also help in starting new industries for the extracting of oil from oil seeds, for the manufacture of white sugar, etc. In this connexion I may mention that the depression did not affect the prices of manufactured products to the same extent as those of raw products.

3. I am perfectly aware that as in the previous famine years the Government itself is faced with a large deficit this year. But as money which otherwise would have been required for financing the world trade is now reported to be lying idle, it would be worth while for the Government to borrow from elsewhere, the required amount and spend the same within this Presidency on productive purposes.

4. The Agricultural department must do its very best to bring down the cost of production of the agricultural products. This can be done by mass propaganda and by further investigating into the suitability of the different varieties of seed in the different soils, groundnut being a native of the country invariably deteriorates, if the same seed be used on the same soil consecutively for a number of years and is also liable to pests. But if the seed be reintroduced from a long distance as from Vizagapatam to Chingleput, it thrives and yields better. But the common cultivator is not able to procure the same. Similarly new varieties of paddy, sugarcane, cotton and groundnut can be made available within the easy reach of the cultivators.

5. Every civilized country in the world is considering it as its duty to see that the crops produced by the agriculturists are marketed properly and that a fair price is paid to him. Now that the prices of commercial products, viz., cotton, groundnut, jaggery had fallen down considerably, it should be made worth while for the producer to grow those articles by securing him as high a profit as possible under the circumstances. It will take some time for the co-operative marketing movement to spread so as to reach a large percentage of producers. Meanwhile steps should be taken to eliminate as much as possible the middle man's profits and exactions. To that end besides the proposals contained in the report, I would advise the immediate legislation for the establishment of regulated markets as recommended by the Royal Commission on Agriculture. In this connexion, I may mention that the recent abolition of the tolls will be a further inducement to the cultivator to bring his produce to such markets.

6. *Groundnut*.—This is admittedly a very important and valuable crop for this Presidency. Nearly 75 per cent of the groundnut that is exported from India is sent from this Presidency and a further large quantity is being sent to Bombay and Calcutta.

The existence of a ring or combine or its non-existence among the manufacturers of margarine on the continent of Europe is of vital importance to the cultivators of groundnut in this Presidency and therefore it will have to be thoroughly investigated. Admittedly there is a combine among the margarine manufacturers in Europe. But they assert that it is not a combine for dictating a low price to the groundnut, but for other purposes.

If the fall of the price of groundnut is more than that of similar oilseeds, it can be reasonably expected that the combine had the effect of further reducing the price of groundnut.

I think it is not quite accurate to say that the fall in the price of groundnut is identical with the fall in the price of other raw products. It has fallen to a greater extent than the food grains. While groundnut has fallen in price to the extent of 50 per cent other oil seeds has fallen only to the extent of about 20 per cent in price as would be apparent from the following figures:—

Copra (from Cochin Chamber of Commerce Reports).

1st January 1929 (Rs. 104 per candy—Godown delivery).
1st January 1930 (Rs. 83 per candy—Godown delivery).
1st January 1931 (Rs. 62 per candy—Godown delivery).

Gingelly seeds.

1928-29—Rs. 251 per ton.
1929-30—Rs. 233 per ton.
1930-31—Rs. 192 per ton.

Figures as to export of castor seeds from Madras.

	Rs.
1927-28—18,539 tons	38,26,529
1928-29—40,992 tons	82,97,770
1929-30—33,115 tons	66,76,749
1930-31 (10 months)—37,020 tons	65,84,370

7. Though with the limited materials available in Madras it is not possible to ascertain whether there is any overproduction in the world output of groundnut yet it is a well-known fact that in this Presidency owing to the timely rains and other favourable causes the groundnut crop of 1930-31 was perhaps best that we ever had. Therefore there is a reasonable ground for believing the statement made in the supplemental memorandum submitted by the deputation of the Oil Seeds Association which waited on His Excellency on January last, that the combine amongst that margarine producers in Europe has aggravated the crisis in the groundnut trade. But in a matter of this magnitude and importance I cannot recommend to the Government to launch themselves into any counter-action without first obtaining the required information from the Indian Trade Commissioner in London which may be done at an early date.

8. *Sugarcane.*—The figures given in the report clearly establish that the area under sugarcane is gradually going down, that the imports of sugar are increasing and exports of jaggery from this Presidency have been decreasing. I am personally aware that in the four northernmost districts of this Presidency the cane cultivators have to sell their jaggery at Rs. 20 per candy while the price of the white sugar in the same locality is about Rs. 60 per candy. Admittedly sugar can be manufactured out of jaggery and as such there must be a reasonable proportion of difference in their respective prices. At these ruinous prices of jaggery it would not be worth while for any one to cultivate sugarcane for the manufacture of jaggery. The mere raising of the import duty on white sugar will not help the sugarcane grower. I therefore recommend that the whole question as to the feasibility of growing the sugarcane on sufficiently compact area and the manufacture of white sugar therefrom by the installation of smaller mills now brought to the notice of Director of Industries may be independently investigated at an early date. The fact that a few factories had ended in failure when the margin between the prices of jaggery and sugar was small should not deter the setting up of factories under the changed condition.

9. The production of paddy in this Presidency has been almost stationary while the population subsisting mainly on rice has increased by about 10 per cent during the last decade, and as paddy is the staple crop of this Presidency, it should be given every facility to maintain itself against competition from elsewhere. I fear that some of the less productive lands may go out of paddy cultivation owing to the very low prices now prevailing. To make it worth while for some lands being cultivated under paddy I would make the following recommendations:—

- No water-cess should be levied for a period of three years on dry land which had been newly converted into wet.
- Discretion must be given to the District Collector to levy water-rate at a scale lower than the prevailing rate on lands which do not derive the fullest benefit of the water owing to their being situated at the tail end of channels or owing to their liabilities of submergence.
- All possible new irrigation schemes to be thoroughly investigated and taken up if they are found to be reasonably remunerative.

HOTA SURYANARAYANA—1-4-31.

I have signed the report subject to the following observations:—

Loans to the smaller ryots.—From the evidence before us it has not, in my opinion, been established that the ryots' position is as serious as has been represented in some quarters, or that the loans are necessary. I am not convinced that, if granted, they will be as advantageous as is contemplated.

If however such loans are made they should be restricted to the purpose mentioned in the report and should be given only after careful examination of individual needs and, if possible, with the assurance that they will be put to the use for which they are intended.

The advantages adduced in the discussions preceding the report are at the best problematical and unless produce can command next year higher prices than the lowest touched during the past year it is questionable if the borrowers will not be in a worse case than they are now. A point was made that even if prices did not rise the ryots' position would be improved through a fall in his cost of production, chiefly by reason of a drop in wages, while there is something in this the benefit is likely to be minimized:

(1) Owing to the fact that a large percentage of wages is paid in kind which has already fallen in value. Here a fall in the value of the commodity is a fall in the value of the medium of payment.

(2) That the ryot is to a certain extent his own labourer, or gives his labour in exchange for the labour of his fellows.

There is little doubt that many of the committee envisaged the likelihood of a rise in prices in the course of the next year and I am inclined to think that this more than the extent to which the costs of production might be reduced, influenced them in their recommendations under this head. Looking to the extremely low level of prices which has prevailed it does not seem beyond the range of probability that there may be an improvement, but we are not justified in basing our recommendations on this assumption. While some products have made a recovery in recent months others have fallen further. It is still a matter of speculation as to whether we can look for an improvement in the course of the year or not. In any case it is a trading risk and not one which Government should be called upon to take.

It is admitted in the case of the smaller ryot that the element of security for the loans is lacking. Government is therefore being asked to fill a gap into which prudent lenders are not prepared to step. There is no justification on economic grounds for assistance which seems likely ultimately to result in a form of poor relief.

It must be recognized that the proposed measures are only paliative. So long as they are restricted, both as regards time and amount, to the smallest extent compatible with the object contemplated they are likely to do little harm, while they will result in temporary relief. It is however to be feared that apart from the operation of economic laws there is no hope of a permanent solution and that the ryot, like any other producer, must work out his own salvation. Some assistance to this end is forthcoming from the other recommendations made.

It has been felt that we should not withhold our sympathies from the temporary alleviation of distress where it is found to exist and where such assistance is likely to enable the parties concerned to tide over their present difficulties. This is a point which calls for examination as a relief measure and with regard to its effects on the tax-payer and not, I believe, on the grounds intended in our terms of reference.

Increased import duty on sugar.—It is granted that if import duty is raised sufficiently high it will act as a deterrent to the import of sugar, with resultant effects on the locally manufactured product.

There is already a heavy duty but whether this should be increased is, I consider, outside the scope of this Committee, the question forming as it does a part of the highly controversial problem of tariffs. I am not therefore prepared to join in a recommendation on the subject which seems to be one for the Tariff Board.

H. F. CARTER.

While it is undeniable that the present economic depression is world wide the peculiar disadvantages under which India is labouring have not received their due recognition. Since the passing of the Imperial Bank of India Act and the consequent amalgamation of the three Presidency Banks, the control over the money market of the country has passed into the hands of the Imperial Bank of India which now occupies the position of a central bank. But the policy of the central banks in other countries is to place the interests of the community first and to give only a second place to the interest of their shareholders. Economists have been teaching that a central bank should discharge its duty to the community by controlling the fluctuations in prices. In times of depression it is the duty of such a bank to ease the money market by liberal credits and thus stimulate the industrial activity of the country. The Imperial Bank of India has adopted a policy which is diametrically opposed to this and therefore it is not in a position to perform the duties that are expected from a real central bank. The only way out of this is the creation of a real central bank. I do not propose to deal with this question now as the Central Banking Inquiry Committee is considering this question.

Rice and paddy.—An examination of the last census figures and the statistics of production reveals the fact that the abnormal fall in the prices of paddy is certainly not due to overproduction in this presidency. The danger quarter is Burma. Burma has in recent years been ousted from her export markets by Siam and Indo-China. Those countries which were formally importing rice like Japan, Italy, Spain and America have largely increased their home production and the last named three countries have captured the limited European markets owing to their advantageous geographical position. Thus Burma is saddled with huge surplus stocks of paddy with the East Coast ports as the only outlet. Seventy per cent of the paddy lands in Madras are irrigated while in Burma the entire area is rainfed. Owing to navigable rivers the cost of transport to the ports is very low. Thus it is seen that the cost of production and of transport must necessarily be far higher than in Burma. So although the imports appear to be negligible, Madras prices are really governed by the prices at which Burma rice could be dumped into the East Coast ports. As long as Burma continues to be a part of India, interprovincial duties have to be ruled out.

Paddy is the most important crop in this presidency and any measures which the Government can adopt to reduce the danger from Burma would materially benefit the vast bulk of the agricultural population of this predominantly agricultural province. We have seen that as regards cost of production, Madras is at a hopeless disadvantage when compared with Burma. The only remedial measure that I can suggest is that the Government should provide cheap transport by rail and canal. The railway freight from Tanjore to the West Coast should be drastically reduced. The Buckingham Canal from Bezwada to Madras should be improved to make it fit for motor traffic either by the Government themselves undertaking the work or by leasing the canal to a private company for a long number of years. Then only would it be possible to ward off the danger from Burma. For Madras conditions there is no crop that can be substituted for paddy on a large scale.

Sugar.—It is surprising to note from the Tariff Board report on sugar that the Madras Government have not asked for an enquiry by the Tariff Board although all the other major provinces have done so. The reply from this Government, if any, to the questionnaire issued by the Board has not been supplied to the members of this committee. Apparently this Government do not attach much importance to the sugar cane industry as far as this province is concerned.

Sugarcane is essentially a tropical crop and South India is climatically better suited for its economical production than the rest of India. The figures given below strongly support the above point:—

Province.	Approximate yield of cane per acre in tons.
Madras	20
Bombay	
Bengal	
Bihar and Orissa	15
United Provinces	
Punjab	
...	10
...	
...	

But what is the actual position of Madras when compared with the other provinces as regards the area under sugarcane? (The figures are for 1928-29.)

United Provinces	1,357,000	Bengal	196,000
Punjab	411,000	Bombay	85,000
Bihar and Orissa	287,000	Madras	89,000

Madras.—Since 1922-23 there has been a deplorable fall in area under sugarcane which was then 131,095 acres. Sugar is an industry of national importance and is the only crop that can be made to pay in these days of general fall in the prices of commodities to unremunerative levels. This is the only substitute crop that can profitably take the place of paddy in certain select areas. The Provincial Government should give every encouragement to the starting of white sugar factories and encourage the ryots to cultivate more and more cane by granting a substantial rebate in water-rates. Under the new irrigation schemes like the Mettur project, the Government should grant on patta sufficiently large areas to sugar companies for the cultivation of cane. Further, the Government should make attempts to introduce the 'Bel' or 'Khandhahari' system of sugar manufacture which is so valuable an industry in Rohilkhand.

The activities of the cane breeding station at Coimbatore are almost entirely devoted to the improvement of sub-tropical varieties of cane which are not suitable for South India. The annual cost of this research station is about Rs. 1,00,000 but it is Northern India which is enjoying the main benefits of its research.

The above details are given to strengthen the case for a further increase in the import duty on sugar. The present duty of Rs. 7-4-0 per cwt. should be raised to at least Rs. 9 forthwith. Every civilized country in the world, considering this industry to be of national importance, has protected the same by a system of State bounties and protective duties.

It might be argued that increased duties on sugar would press heavily on the poor. But this is not the case. Except in the large industrial towns and ports, the vast bulk of the population uses more jaggery than sugar and in some of the remote villages there is a prejudice against sugar. The prices of jaggery have no connexion with sugar prices.

The cost of production in India is about Rs. 9-5-9 per maund, while Java has been able to land sugar in Calcutta at Rs. 3-5-7 per maund. A poorly organized country like India can never compete with Java where the industry has been built up by a system of State bounties. If things are allowed to take their own course, the sugar industry in India would entirely disappear and then the various sugar companies would put up their prices. In the present state of general low prices this is the only commercial crop which can help the ryot and the Government should lose no time in taking the necessary action. It should be noted that even with the addition of the increased duty now recommended, the price of white sugar would not exceed the average price for the same during the last sixteen years.

When the sugar industry is adequately protected, the gur industry may be liable to foreign competition. Till now the import of gur is not great, but when the doors are closed against sugar, foreign countries might try to export gur in great quantities to India. So steps should be taken that the gur industry is also adequately protected.

Lastly, the Agricultural department should, every month, distribute vernacular circulars to the agriculturists giving all information about the trend of future prices, possibilities of overproduction in the world and so on. If only the ryots knew of the recent increase of duty on sugar immediately, they could certainly have increased the area under sugarcane. Now that there is sure to be overproduction in oil-seeds, especially groundnut, substitute crops should be investigated and demonstrated to the ryots. Tobacco, in my opinion, will long continue to be a paying proposition. Can this be grown during the rainy season? Can this crop take the place of paddy in certain high-level lands? These matters require immediate investigation. More attention should, in future, be paid to the improvement of tropical canes at the Coimbatore Research station to benefit our province.

I am in full agreement with the recommendations made with regard to hand-loom weaving in this province. But at the same time, I am conscious of the fact that, in the present industrial-age, hand-loom weaving must ultimately give place to power mills even in a predominantly agricultural country like India. Weavers may hold their own in the case of gold lace cloths and other specialities but they can never compete with mills in general goods.

Hides and skins.—The Indian tanning industry which is mostly confined to this province is passing through difficult times. In addition to the world-wide depression in trade, the recent imposition by the Government of United States of America of a duty on tanned skins and hides of ten per cent while allowing raw hides free, has already begun to affect this important industry. Unless the Government of India impose countervailing duties on raw hides and skins forthwith, the industry will be hard hit.

As the committee were very anxious to recommend some practical measures which can immediately be adopted for the alleviation of the prevailing distress, they have not been able to investigate thoroughly those measures which take some time to be put into operation. The need for immediate help is so urgent that most of the intricate questions like co-operative marketing could be dealt only in outline. But a period of difficulty is the most suitable one for taking stock of the whole position. The time at our disposal is not sufficient for a thorough study of any of the major economic problems. I agree with the recommendations of the committee regarding the question of co-operative marketing, but I think that the subject needs a more thorough investigation. I therefore recommend that the Government should send an expert to study the working of this system in different countries.

RANGA RAO,
Raja of Bobbili.

6th April 1931.

(4)

The unprecedented economic depression which affrights mankind at the present day is universal. In fact, no civilized country seems to have escaped without being entangled in it, excepting, perhaps, Soviet Russia, of which it is difficult for us to know the truth.

2. This unparalleled depression is believed to be due to the phenomenal and catastrophic fall of prices of all articles. Why the prices have fallen so low; why, if prices fell, should it prove a curse; why should all countries be similarly affected simultaneously; what is the effect of such a fall on each country; what should be done to mitigate the evils arising therefrom; are some of the questions, which confront the governments and the peoples the world over.

3. In so far as the causes which culminated in the fall of prices are universal and interacting between all countries, this committee need not, nor is it in a position to unravel them. But it is undeniable that this depression has made impressions of varying degrees on each of the countries. There are countries in which this depression meant only a difference between big profits and small profits, other countries in which it meant no profits and still a few other countries in which it meant no less than a struggle for bare living.

4. This variety in the effect is due to physical and financial stamina, productivity and commodities produced, occupations and professions of the peoples, standards of living and adventitious aids and subsidies obtained by the joint efforts of the peoples amongst themselves and with their governments. In every other country attempts have been and are being made to 'Cushioning the effect', so that the impact might be as little felt as possible.

5. But when we speak of our country, we are obliged to confess to heart-rending contrast that our Government far from helping the people to tide over the great crisis, have done all in their power to accentuate the severity and distress, whether intentionally or unintentionally. Therefore, India suffered during the present crisis, as no other country is reported to have suffered and if an impartial tribunal is set up to report on the comparative effect of this depression on several countries of the world, it would not be surprising to find that, while other countries have had to forego their meed of sugar for their milk diet, this country had to go without salt for her conjee water.

6. If, in spite of this desperate struggle for existence which has been envisaging the people of this country on account of continuous famines and high taxation, there have not followed uprisings and revolutions which faithfully follow such distress in other countries: it is undoubtedly due to the innate love of peace of the people, to their pathetic contentment of their miserable lot which is ascribed to destiny and last but not least to the fact that they have become inured to continuous and systematic depression in previous years so that the present depression has not struck them as terrifying.

7. Of all the provinces of India, it seems to me, the province of Madras is most affected. Though I have not in my possession any figures to substantiate this statement, I am inclined to believe it to be so, not only because that one's own distress is the worst distress, but also because that even during normal periods, Madras is the most backward of all major provinces in wealth. Since the Madras Government were so far so good as to appoint a committee of enquiry they might lay the flattering unction to their souls that they have done their best to mitigate the evil, but the country, while thanking for the small mercy which the Government have shown, cannot but accuse the Government for their most callous negligence of the agricultural population and for their supreme indifference to foster industries and the trade in the province.

8. While the causes for the present depression might be world-wide, those which make it felt so sharply as it is felt in this province are partly All-Indian and partly provincial.

9. All-India causes are of the category of exchange ratio, huge remittances from out of the country, deflation of currency, maintaining an artificial high rate of interest throughout the country by borrowings on treasury bills, political unrest, tariff policy, rationale of railway rates and the like.

10. Though there is no use discussing the right or wrong of the methods which the Government of India have followed in regard to every one of the above questions, one would feel constrained to remark that practically all the measures which the Government of India have taken in regard to the above have proved not only not beneficial to this country, but positively harmful to its interests.

11. The whole of Indian mercantile community with one united voice protested during the years 1925, 1926 and 1927 against setting up a higher rate of exchange. In fact, in objecting to the higher rate of exchange the Indian financiers forecast in so many terms that it would prove ruinous to the agriculturists. Equally emphatic was their considered opinion of the positive harm that would ensue by huge remittances which would follow a higher rate of exchange.

12. While in other countries where the economic depression was felt, the respective Governments have been attempting to maintain the prices by placing at the disposal of traders vast sums of cash, our Government has been busy depleting the currency during the acutest periods of depression. Cash which is said to be the nexus between man and man has been so tightly held and drawn as to cause suffocation. The banks, which would supplement the resources of the commercial men, have in this country like a panicky private money-lender, called back their advances, thus accelerating the fall of prices. The unlendable money in the vaults of the banks increased from day to day. Still, they maintained a high rate of interest, thus making the position of borrowers on sufficient security also more difficult. How far this high rate of interest is due to the Government policy of raising loans in this country and in England at competitive rates of interest, and what effect such rates of interest have had upon the previous investments in Government securities, are matters which need not be considered in this connexion.

13. Suffice it to say that this policy has inflicted disastrous hardships on the money market. The local money-lenders who generally discount the hundies and bills of their borrowers with the Banks, had to withdraw their credit facilities from the markets, as those Banks would not freely discount their bills as previously. The pressure for repayment of loans aggravated the trouble with each stage in the fall of prices of commodities. Properties and jewels which had to be disposed of to meet dues having come in a rush into the market, which was already short on money, could not secure the purchasers even at a depreciated value of nearly 50 per cent. In

the result the extent of security which these investments offered for loans against them became considerably contracted. Thus, money which performs about the same function in the exchange of goods as rail road wagons perform in their transport has become very much under supplied.

14. Madras is industrially the most backward province. She is mainly dependent on agriculture for the sustenance of her population. For the last four or five years she has not been a favourite of weather-God. One part or another of the province was damaged by floods and storms. In several districts the lands were submerged in seas of land. Reclamation work was particularly severely costly. Some of the rice-producing districts were thus put out of production. Several schemes are no doubt undertaken for bringing large tracts of land under agriculture and they are still in course of construction and in the meantime large sums of money are spent on them. Ceded districts are still in the chronic anaemic condition for want of irrigation facilities.

15. Of the total population of 42,319,000 as many as 30,000,000 are mainly dependent on land and agriculture in one form or another. Of the rest of the population which live in cities and urban areas, a considerable proportion draws on the village resources for a portion of their cost of living by way of importing grains and pulses from their villages or by way of monetary contribution towards the education of the youths of agriculturists. In short seven-eighths of the population depend on the income of the lands. For all practical purposes it may be taken that 35,000,000 of people are affected by the present depression. Of these 35 million people, nearly 75 per cent belong to the category of holders of pattas who pay an assessment of less than Rs. 10. The severity of the depression on this category is consequently one of a struggle for the very existence while in the case of the remaining 25 per cent, it might be one of no profits.

16. Although theoretically the farm labourers should be 'better off so far as they are on a fixed money wage' as the ryot had no money to pay with, he had very often to pay them in kind. But in many cases it is open to question if the ryot had any surplus of the commodities, after parting away with an adequate quantity of them for payment of kists and petty dues to pay the labourer and to meet his own family requirements. I am disposed of to think that these farm labourers who generally form the permanent and faithful establishment of the ryot have gone without food when their master, the ryot was even unable to dole out the rejections of his own kitchen.

17. Practically the whole population of the Presidency with the exception of salaried employees of Government and quasi-Government departments and industrial labourers is considerably impoverished. Several of the employees of commercial firms who have been discharged for want of business and as a measure of retrenchment add to the number.

18. It is well known that most of the agricultural population during the off-season has no secondary occupation. Any Government which professes to have the interest of the people should have fostered the spirit of self-reliance by means of encouraging cottage industries. That the Government have failed to do any such thing needs no proof. After considerable agitation the Government of Madras appointed a Special officer to make a survey of cottage industries in the presidency. Reports of survey of that officer are in the hands of the Government for the last more than a year and a half. Nothing has been done to encourage the cottage industries. In my opinion some of the industries which are out of existence can be revived with a minimum amount of effort and organization. Apart from doing any such thing, the Government have discouraged the spread of hand-spinning of yarn and hand-weaving of cloth by giving it a political turn. In places where, in spite of the Government's hostility, the Khadi movement took hold of the people, it did really alleviate the present distress to some extent. I should recommend to the Government to follow up the work of the Special officer on cottage industries by instructing their local officers to organize small industries with the co-operation of the people of the locality.

19. Food products do not call for any additional remarks to those already made in the main report. But it is enough to state that the ryot has no means to live for the next season and much less to invest in land for the next crop. It is a pity that no figures are available for the cost of production and the balance, if any, left to him for his livelihood and that of his family after the payment of kists only. My information is that in several districts of the Presidency, the cost of production has been much more than the realized amount of the crop at the rate prevalent for the last three or four years. If that be so then the sale amount of this year's crop should necessarily have been considerably less than the cost of production goes without saying.

20. Under the circumstances, the recommendation of the Committee to finance the small ryot for the purpose of purchasing of seed for the next crop has a grim humour about it.

In the book of Genesis in Chapter 47 the stages of distress in Egypt are narrated thus:-

"14. And Joseph gathered up all the money that was found in the land of Egypt, and in the land of Canaan, for the corn which they bought; and Joseph brought the money into Pharaoh's house."

"15. And when the money was all spent in the land of Egypt, and in the land of Canaan all the Egyptians came unto Joseph and said give us bread; for why should we die in thy presence? for our money faileth."

"16. And Joseph said, Give your cattle: and I will give you for your cattle, if money fail."

"17. And they brought their cattle unto Joseph and Joseph gave them bread in exchange for the horses and for the flocks and for the herds, and for the asses; and he fed them with bread in exchange for all their cattle for that year."

"18. And when that year was ended, they came unto him, they came unto him the second year, and said unto him, We will not hide from my Lord, now that our money is all spent; and the herds of cattle are my Lord's; there is nought left in the sight of my Lord, but our bodies, and our lands."

"19. Wherefore should we die before thine eyes both we and our land? Buy us and our land for bread, and we and our land will be servants unto Pharaoh; and give us seed, that we may live and not die, and that the land be not desolate."

"20. Then Joseph said unto the people, behold, I have bought you this day and your land for Pharaoh, Lo, here is seed for you and ye shall sow the land."

21. The ryot is heavily involved in debt to money-lenders, co-operative societies and takkavi loans and with each instalment of payment of kists gets into more and more debt. His lands are not his and the future crop is mortgaged. He is therefore enslaved and is dying of hunger and starvation. The Government have shut their eyes and closed their ears to this dire situation and are going on with their mechanised collections of revenue and resettlements.

22. Heavy taxation compels the assessee to evade payment and therefore the Government are obliged to collect the tax at a time when the ryot is in possession of money whatever may be other demands on his slender resources. In a market of glut owing to fresh crops the ryot is forced to sell his produce at very much below the cost of production to secure money for payment of kists. Therefore heavy taxation is doubly cruel. Taxation when it is heavy is itself cruel but when payment of the same spells further losses to him it hits him the hardest. It will be killing the goose that lays the golden egg. I should therefore think that the Government should be requested to temporise the severity of the land revenue in respect of smaller landholders of whom there are only too many.

23. Financing the ryot for purchase of seed for next year's crop is at best a means of doubtful utility and I doubt if many will take advantage of it. I say it is of doubtful utility because of the prices of commodities that are now current and the rates of cost of production which do not conduce to the raising of crops with any margin of profits. On that score it would not be proper to allow the land to go fallow but it would be the duty of the Government to help the ryot to dispose of the commercial commodities at profitable rates in the international markets. One method of doing this would be to finance the local merchant in order that he might advance money on stored commodities. There is a lot of prejudice against the local merchants in the minds of several people. This, I venture to submit, is due to an erroneous conception of the functions of the merchant and mistaking him for money-lenders.

The merchant plays an important part between producer and consumer and manufacturer and consumer. The export trade of this country was, to a very great extent built up by the merchant. He renders a service to the producer by collecting small quantities of commodities and directing them to the exporter. He takes off from the exporter the arduous work of getting into touch with the petty producer and wasting his time in higgling to strike a bargain and complete a transaction on the one hand and saves the producer from having to wait for the intending exporter and protects him from the profiteering exporter who exploits the illiteracy of the cultivator and his ignorance of the demand of his wares in other countries.

The merchant is experienced in the preparation of commodities for various markets, possesses warehouses in towns accessible either by rail or steamer to inland and foreign ports, advances monies on the goods received, permits the producer to look after his own work, while he himself is on the watch to find purchasers and to secure the best possible price. In fact the merchant provides the best selling agency to the small producer. As there is enough of competition among these merchants there is no fear that the credulity of the ryot would be exploited. The idea that in the conditions of strenuous competition which prevail generally in the export trade, a body of useless and 'parasitic' middlemen are permanently maintained by any trade strikes us as *prima facie* impossible says Lord Balfour's Report of the Committee on Industry and Trade. To substitute this human agency by a mechanical agency like the co-operative societies in respect of transactions involving lakhs of rupees is to make the system too wooden and too stiff for any progress in business.

I, therefore, recommend that in order to help the smaller ryot and to have a certain amount of security against advances made, assistance to the ryot should be extended through a merchant who should offer some security of his own assets and of the commodities he warehouses when larger sums are required. Should the prejudice against the merchant continue, the staff of co-operative societies must at least be recruited from intelligent class of traders and merchants who are peculiarly fitted to scent the market which demand these commodities.

24. The success of co-operative societies depends largely on the manageable size of the transactions, on far too close an identity of interest and on the business experience of the staff. To think of co-operative societies in the place of the merchant is to invite the sad experience of America in respect of Federal Farm Board and Canadian Wheat Pool. If the Directorate of a Co-operative Society should be the deciding factor as to when to sell and when to stock, the interest of the individual does not count and where there is no personal interest it is more than improbable that they would be profitable undertakings. The staffing is a very important factor in the success of these societies. We have had recently instances of marketing officers being appointed from the ranks of Sub-Registrars of Co-operative Societies or of Deputy Tahsildars. In other countries the staff is recruited from amongst great industries and trade whereas here they are rejected and indifferently educated youths fresh from school or college are taken; whose education consists in a sneering contempt of business life. So these societies break on the rock of Governmental machinery and the inertia of bureaucratic methods.

25. *Marketing.*—Any attempt to organize marketing without the aid of the merchant is bound to failure because as I said co-operative societies are too official ridden and bureaucratic to allow any personal interest being taken. But Joint-Stock Companies of limited or unlimited responsibility can certainly do very useful work in this direction. The Indian merchant suffers for lack of accurate information about the movement of world markets. Therefore the recommendation of the Committee to organize a Bureau of Statistics and Commercial Information is the one which has my whole-hearted support. As to the agency which should run it, I shall deal later on.

26. *Groundnut.*—The statement in paragraph 58 'An output of two candies per acre will at present prices of about Rs. 30 per candy gives a gross yield of Rs. 60 an acre and even at this price the land yields more profit than it did under other more precarious dry crop' requires more substantiation than the Committee have advanced. The Committee have not had before them the cost of production, decortication, packing and railing a candy of this commodity to make a statement to the above effect. Several ryots have told me that in several parts of the Presidency lot of crop was left on the fields as it was feared it would not pay the labour involved from packing to marketing. If the above statement only meant that comparatively more money was left with the ryot who cultivates groundnuts than with one who cultivates other dry crops whether that money was excess over outlay or not, I agree. But it is evident that the Indian producer of groundnut does not get the value for it in a just comparison with his compeer in West and South Africa or in relation to the value of the oil extracted therefrom in manufacturing countries. The figures furnished in the memorandum of the groundnut dealers submitted to His Excellency the Governor have not been controverted. This under-rating of Indian groundnut is due to the ring of European customers. This is not a mere assertion but a statement of fact. One could easily see the effect of such a combine on the price of Indian groundnut (vide graph of prices from 1928 downwards).

27. One can have no complaint against the buyers forming themselves into a combine. But on the side of the sellers also there must be a sufficient amount of organized efforts to counteract the combine on the other side. The small ryot and even the Indian merchant individually is not in a position to combat against the organized ring of purchasers. His ability is further vulnerable on account of his ignorance of the prices of competing articles in other markets. The Government must be able to supply such information to the seller. The exporting shippers in this country act either on their own account or as the agents of purchasing firms on the Continent. They, therefore, are not interested to make the Indian purchaser or the merchant know of the actual conditions of the markets abroad. As all the purchases are regulated through bottle necks of a few exporting firms, they are in a position to impose conditions of an entirely one-sided character on the ryot and the merchant in this country. A perusal of the contract agreements which the sellers in this country are obliged to enter into with the exporting firms will reveal entirely the one-sided character of transaction. By means of these conditions the ryot and the Indian merchant are deprived of even the little profit which he expected at the time of sale. As an illustration I may cite the following instance, which is very common. On the delivery of goods to the Harbour an advance of nearly 90 per cent of the value is made; the goods are left in the godowns in charge of the buying firms. They take their own time to pass the delivery for weighment. Generally it takes not less than a week to arrive at that stage. Two per cent of refraction is allowable under the terms of the contract. This 2 per cent is to be taken on the whole quantity of goods. But the testing officers of the Exporting firms fix up a few bags and even in those bags take a basket full of the commodity from the very stomach of the bags, where generally the waste gathers. The refraction is picked out from this basketful of the article and that average is taken in respect of the whole quantity. In any variety of goods, the refraction taken under such circumstances is bound to be larger than when it is taken on an average of the whole quantity of goods.

By this method, the ryot is put to a very great losses and if the ryot is not willing to submit to such unfair dealing, he has either to resort to arbitration of the Madras Chamber of Commerce or as a last step go to a law court where the chances of success against an award of an arbitrator are practically nil.

At best the seller may take delivery of such goods. That would mean a considerable loss by way of packing and re-packing charges, cart hire, etc. Even then he has to seek the same kind of buyer even elsewhere.

28. I submit that the contract form must be examined by the Government and substituted for by another, the terms of which do not load the dice against the seller, but are put on equity and reason. There must also be an independent organization for arbitration in such matters set up by the Government.

29. In addition to such precautionary measures against powerful monopolies of combines, the Government must examine very speedily the possibilities of manufacturing margarine and vegetable oil from ground-nuts and other oil seeds. Considerable quantity of margarine and vegetable oil is being imported in this country. It would, therefore, be a very desirable step to be taken by the Government to organise that industry here.

30. There does not seem to be any fear that there will be less production of ground-nut in case an attempt is made to deter the export of ground-nut cake by a tariff having regard to the prices which the cultivator has to pay to other kinds of manure both imported and indigenous. Anyway this Committee have had no data to warrant their belief that such a tariff would diminish the value of the crop.

31. *Weavers.*—I do not think the Committee will be justified in thinking that any considerable number of weavers are turned out of work by the Congress activities. Importation of cheap foreign cloth and artificial silk and official prejudice against Khadi seem to have contributed more to this deplorable situation than the Congress activities could have done. In any case, it would be a futile attempt to try to create a demand for a variety of cloth which is suppressed by a very powerful competitor or which has gone out of fashion. Instead of making these weavers believe that by the efforts of Government they could secure the market for an out-of-date commodity, it would be better if the Government would assist in taking up to a line which is in vogue and which is likely to last for some time. But in cases where sections of weavers require only temporary relief by means of advances on their goods, I am certainly in favour of requesting the Government to give such assistance whether such cases occur either in Salem or elsewhere. I think there are several such cases even in other districts and it will be distribution of even justice if the Government could take up the cases elsewhere also.

32. With regard to the Bureau of Statistics and Commercial Information, it is desirable that it should be placed in the hands of experts and students of economics. It would be more appropriate to put this Bureau under University or Chambers of Commerce, so that conclusions drawn from the statistics and information available to them might not suffer from the suspicion of being one-sided.

33. In short, my recommendations are—

- (1) that the land revenue must be so regulated as to leave a small margin to cover the maintenance of ryot's family;
- (2) that during this year remissions of land revenue must be liberally given;
- (3) that reliable merchants should be provided with funds at comparatively cheap rates of interest and see that those amounts reach the agriculturist either against any produce he has or against the next crop;
- (4) that a Bureau of Statistics and Commercial Information must be organized and information diffused all over the country by means of bulletins in vernacular;
- (5) that co-operative societies should be staffed by men recruited from the business communities;
- (6) that cottage industries should be actively fostered;
- (7) that contract agreements between exporting firms and sellers be examined and an agreement suitable and just to both the parties be insisted upon;
- (8) that the Government should examine the practicability of organising the industry for manufacturing of margarine and vegetable oil;
- (9) that export of oil cake be discouraged; and
- (10) that financial help should be given to sections of communities which have suffered by a collapse of the demand for particular commodities they were dealing in.

10th April 1931.

S. VENKATACHELAM CHETTI.

(5)

Sugar.—It would be rather hard on consumers to impose tax on imported goods, when the country is not prepared to produce such goods equal in quality and quantity to meet the requirement of the consumers. The Government should help the sugar planters by granting them lands free of rent and other facilities through their departments concerned for a limited number of years, or until the planters and manufacturers were able to produce to meet the requirements of the consumers. When an Indian planter was placed to be able to make a living, his tendency had always been to produce cheap and adulterated goods and thus amass his wealth. He should be taught to healthy competition by improving his produce for his own benefit and enjoyments of consumers. Prohibitory duty on imported goods and unfair competition with sister provinces and Indian States would retard the industrial progress.

9th April 1931.

R. SRINIVASAN.

believed much of the routine inspection to be superfluous. In Madras I believe it to be necessary.

107. The immediate savings obtained by the scheme would of course be considerable. The cost of a Deputy Tahsildar (assuming two peons instead of one, higher travelling allowance and higher pay) would be roughly equivalent to the cost of two Revenue Inspectors. If five or six Revenue Inspectors were abolished, each costing about Rs. 100

a month, and one Deputy Tahsildar appointed instead, there would be a saving of Rs. 300--400 per month per taluk, or about 8 lakhs per annum for the Presidency. But this saving would soon be found illusory. The machinery would be disorganized; the revenue would soon begin to diminish, and the collection of revenue to fall away (while the village officers waxed rich) and in no long time the savings would be found to have been swallowed up in diminishing revenues.

VILLAGE OFFICERS.

108. I have mentioned a suggestion to entrust Tahsildars with powers of appointment and punishment of village officers in discussing Mr. Ranganatham's scheme for the abolition of Divisional Officers. This, with kindred subjects, has been debated for very many years. In 1918 (G.O. No. 3392, Revenue, dated 5th October 1918) a draft Bill was published for criticism, the objects of which were

(1) to abolish the strict rule of primogeniture in making appointments to hereditary village offices, and to allow selection to be made of the best qualified among the members of the family owning the hereditary right;

(2) to restrict the number of appeals and to abolish the right of suit; and

(3) to confer larger powers upon Tahsildars.

There was a large amount of objection to each of these proposals. The third was dropped in 1919: not only was it opposed by non-official opinion but discussion with Collectors in 1915 had disclosed considerable official objection to it. The other two lingered on, being noted on in the Secretariat and discussed by the Board of Revenue and Collectors' Conferences till 1922, when in view of the imminence of elections to the Legislative Council it was deemed inexpedient to introduce so controversial a Bill and the Cabinet postponed consideration of it till 1924 (G.O. No. 2242, dated 15th December 1922). In 1924 the further consideration of it was postponed indefinitely (G.O. No. 482, dated 22nd March 1924).

109. Measures of this kind would reduce considerably the amount of work in all Revenue offices from the Board of Revenue downwards; but the introduction of them would arouse considerable opposition and the circumstances of the present time, when elections are again impending, are no more favourable to the introduction of a Bill than in 1922 or 1924. In the 'Statement of Objects and Reasons' appended to the drafts of 1918 and 1922 no mention of economy was made. Economy might be added now as a reason for introducing these changes; though it would be difficult to instance any specific reduction of staff that would follow from

them. But the bait is a poor one and not at all likely to attract popular support for the Bill.

There seems therefore little use in renewing discussion of this subject.

110. It may be the case, as was noted in 1919, that the objections to the delegation of powers to Tahsildars in ryotwari areas were not very convincing. But they were probably strongly felt; and if proposals of that kind were renewed and extended so as to enable divisional officers to be abolished altogether there must be accompanying restrictions on the number of appeals. I do not think that opposition to such proposals would be in any degree mitigated by the prospect of such retrenchment as the abolition of Divisional Officers would secure. The Village Officers Acts, in fact, are, and are likely to remain, one of the larger obstacles to the abolition of Divisional Officers, even if that measure were otherwise feasible and desirable.

111. A stronger case for the reduction in numbers of village offices, or at any rate karnams, might be established if the whole system of village accounts were altered or simplified. But as I can suggest no alteration in the method of assessment and collection of revenue, I have no alteration to suggest in the system of accounts which deal with it. A comprehensive examination of the village accounts was last made by Mr. Watson as Director of Land Records in 1920 (G.O. No. 1265, Revenue, dated 11th August 1925). One or two minor alterations suggested by him have been carried out, and I have suggested in my note on jamabandi the adoption of another. The Board of Revenue gave [see papers in G.O. No. 956 (I-S), dated 25th April 1928] sound reasons for rejecting other proposals for the combination or alteration of accounts which would have resulted in a reduction in their number, but not in a real reduction in the labour of compiling them; while the combination of several accounts into one would have diminished their lucidity.

The main proposal, however, was that the detailed recording of cultivation in each field should be abandoned in the case of dry land. This was strenuously opposed by two Directors of Agriculture (Messrs. G. A. D. Stuart and Anstead) on the ground that it

would impair fatally the accuracy of statistics, on the value of which they laid great stress. Sir Norman Marjoribanks declared himself unconvinced on that point but decided that as the proposal would bring relief only to karnams, who did not require it, and that it would be risking a great deal if we upset them by introducing any system based on ideas entirely new to them, the proposal should be dropped. I venture to think that this decision was the right one, and I do not think that it is expedient to reconsider it in order to strengthen the case for a reduction in the number of karnams.

112. I may add here that some simplification of the agricultural returns has been

JAMABANDI.

113. The object of jamabandi is stated as follows in B.S.O. No. 12 (1) :—

“The jamabandi or annual settlement comprises a detailed scrutiny of the village and taluk registers and accounts with the object of ascertaining whether all the items of land revenue including the demand for permanently settled estates, inam villages and minor inams have been properly determined and brought to account and whether the statistics prescribed for economic and administrative purposes have been correctly compiled. The opportunity should be taken to see that all the taluk authorities from the Tahsildar downwards have, during the fasli, been doing all that is expected of them by Government, particularly in respect of the following subjects: the careful inspection of cultivation, and poramboke, the prompt and proper disposal of encroachments and of darkhasts for, and relinquishments and transfers of, land, the examination of cash accounts, claims to remission, the collection of kists as they fall due, and the refund of overpayments.”

The principal object is stated in the first sentence. The secondary object as expressed in the first part of the second sentence is so comprehensive that there is hardly any aspect of the administration that it does not cover and it is this which has led to the considerable accretion of miscellaneous subjects which now come under review at jamabandi, ranging from vital statistics and cattle pounds to criminal gangs and the village headman's record-box. In 1917 the Board of Revenue produced a ‘simplified’ jamabandi check memorandum. This contained 91 questions. In 1924 a further simplification reduced the questionnaire to 65 questions. The number has now gone up again to 70.

114. This survey of the year's activities is so extensive and absorbs so much time and energy of the whole revenue establishment of the district that jamabandi is partly responsible for the delays and omissions which it is designed to prevent. If its scope were restricted every revenue office would be relieved

made more recently (*see, e.g.,* Board's Resolution Mis. No. 1769, dated 8th June 1931 and Board's Proceedings No. 23, Press, dated 3rd March 1931). The Statistical Officer employed in the Board of Revenue, who at my request scrutinized the various returns to see if further modifications could be made and if any statistics collected were in fact not used for any purpose, has no alterations to suggest. That officer has only taken over the work recently but the Statistics Committee's Report (G.O. No. 1000, dated 11th May 1932) did not suggest that any of the statistics now collected were unnecessary, or that their compilation was unimportant. On the contrary their attentions were directed chiefly to the better use and co-ordination of them.

of a load, not only in the mere checking of accounts but also in the correspondence, often on trifling matters, to which it gives rise. At the same time the present annual period in which other work is set aside, in order to cope with jamabandi, would be shortened.

One experienced Collector, Mr. Rutherford, goes so far as to suggest that jamabandi should be abolished altogether. He proposes instead “a thorough jamabandi of one taluk a year by the Collector which would be devoted largely to seeing that all permanent changes ordered in the accounts, inam registers, registers of conditional grants, and such like had been duly entered up and acted on and that the taluk accounts were properly maintained. The mistakes in the revenue demand discovered by a Revenue Divisional Officer's jamabandi are usually negligible and although the jamabandi does give the Revenue Divisional Officer some opportunity of dealing with village officers and with disputed matters on the spot, it is not much that is affected and it is more through the medium of the Collector's jamabandi that district practice, in regard say to changes where discretion is allowed, is established. Any serious injustice or fancied injustice eventually comes up to the Collector whether there is jamabandi or not and the matter is thrashed out.”

I do not agree with these views. The check of the permanent registers once in seven or eight or even ten years would be a laborious task and it is much better that they should be checked each year. That mistakes in the demand discovered at jamabandi are now negligible is surely due to the knowledge that the accounts are to be checked; if this check were abolished, there would be more carelessness over the accounts. As regards the establishment of district practice, five or six years is a long start to give to a mistaken practice started by a Tahsildar; and it is much easier for the bad handling, e.g., of encroachment cases, to become habitual than it is to correct it at long intervals. And as

regards direct dealing with the village officers and ryots, although the holding of jamabandi at taluk headquarters no doubt keeps away numbers of ryots who would appear if it were held near their village yet jamabandi as held does enable the officer conducting to settle some ‘grievances’ on the spot, when all the accounts and all the officials are assembled.

Moreover it is obviously expedient that the year's accounts should be closed by a fixed date and that orders should be passed for this purpose, where possible, without correspondence. Some sort of jamabandi in this sense must always be held, and that it should be held publicly at a fixed place on a fixed date when any ryot can have his doubts as to the correctness, for instance, of a demand made by the village officers, resolved at first hand, is to my mind, a most salutary provision, especially with a public so largely illiterate. The previous system of holding jamabandi in several places in each taluk had its drawbacks, but in the wider opportunity it afforded the ryots of direct access to the Collector and the Divisional Officer in circumstances (all the relevant accounts being at hand together with the village officers and revenue officials with knowledge of the facts) the most favourable for disposing of complaints offhand, it possessed advantages which outweighed the drawbacks. My own belief is that in view of the illiteracy of the population and the readiness of village officers and other subordinate officials to take advantage of that illiteracy, the annual opportunity of public denunciation and explanation has contributed considerably towards the restraint of official rapacity and the general contentment of the ryots with the system of administration.

If the abandonment of jamabandi camps was, as I think, a regrettable step to abandon the holding of any form of public jamabandi would be still more unfortunate. What is required is to cut down the volume of work done at jamabandi. I append detailed suggestions for the abbreviation of the jamabandi check memorandum. The effect of these suggestions is to reduce the number of questions from 70 to 55. The time saved by the omission of 15 questions will be at least half an hour per village for the clerks who prepare the memorandum, or in a 150-village taluk, 12½ working days for one clerk per taluk. The bulk of the 55 left deal with matters concerning the fixation of the revenue or the proper maintenance of the accounts or afford an opportunity of seeing that the karnams, Revenue Inspectors and Tahsildars understand their duties and perform them, or in other words that the interests both of the ryot and of the Government are duly safeguarded.

As to the desirability of retaining this check of the work, the following extract from a report by Mr. J. F. Hall is much to the point: “My experience has been that if one is to get work done properly one must not only

issue orders explaining how the work is to be done but must also check the doing of the work in accordance with those orders. Again and again I have found that when the checking has been neglected the orders have been gradually ignored.”

Such a check at jamabandi is particularly important since the object of it is to see that the ryots are not cheated and that the Government demand is properly assessed and collected.

115. Since I made some enquiry in Mysore as to the system of jamabandi there, I will mention briefly the results of it, though there is nothing that can profitably be adopted in Madras.

Jamabandi in Mysore has been a prolonged cold winter tour of inspection, during which tanks, wastes, encroachments, avenue trees, village sanitation, etc., were inspected and orders passed, kist receipts were checked and village accounts were inspected.

I understand that nowadays such tours are made and orders are passed at all seasons of the year and jamabandi has assumed the more sedentary and fixed form of a final settlement of the village accounts, at which orders are passed only on such matters as have not already been settled by correspondence. But the procedure is not stereotyped as ours is. The standing order on the subject is :—

“Complete and fixed rules regarding the manner in which the village papers should be tested and examined by the superior officer cannot well be laid down; the proper method will suggest itself to the officer himself and will depend upon his intelligence and experience. A few points, however, deserving his particular attention are suggested.” And the various instructions which follow show that jamabandi is supposed to cover much the same ground as in Madras: though as regards the check of the accounts the jamabandi officer is required only to test “not less than 20 per cent of the villages in a taluk.”

These instructions contain within themselves the seeds of development which may yet flower into a fullblown questionnaire on the Madras model. The latter has the merit of providing a complete and ready method evolved through years of experience of thoroughly overhauling the village accounts. It is not desirable that this should now be abandoned.

116. In connexion with jamabandi there is a minor matter on which some saving of expenditure can be made. The Board of Revenue submits annually to Government a “Report on the settlement of the land revenue” in two volumes. The first volume is a mine of useful and relevant information. The second volume consists of extracts from the Collectors' reports, which follow a stereotyped form year after year and contain the information which is neither useful nor relevant.

This second volume should be discontinued. Anything of special importance in the Collectors' reports should be incorporated in the Board's report. It is unnecessary to print a précis of the Collector's reports separately.

The heads of the Collectors' reports are—

(a) *Junior civilians*, which refers to the knowledge of languages possessed by these officers. Their proficiency in languages is tested by examinations and it is unnecessary to bring information on this point into a review of the land revenue settlement. Reference to it may be omitted altogether from the Collectors' and the Board's reports.

(b) *Coercive processes under Act II of 1864*.—This should be incorporated in the Board's review.

(c) *Effect of recent legislation*.—In the 1930-31 report one or two Collectors refer to the Sarda Act. What this has to do with the settlement of the land revenue it is difficult to see.

Again, in the report for 1926-27 the Collector of North Arcot remarked that the

restoration of village officers under the Act of 1926 had facilitated the collection of revenue. There may have been some point in saying this then, but the same remark appears in the report of 1930-31 while the effect of the Decentralization Act of 1914, which *inter alia* empowered Tahsildars to levy a penal assessment on encroachments, is still made matter of comment sixteen years later.

It is unnecessary to print such ineptitudes; I suggest that the Board's report under this head should be confined to mention of anything worthy of note in the working of the Acts which affect the settlement of land revenue with special reference to any recent legislation that affects it. Reports that "Act I of 1908 worked well" or that the Sarda Act had not been understood are clearly superfluous.

(d) *Conference with ryots*.—The Board's main report contains a précis of the Collector's reports. It is unnecessary to print the latter separately a second time. They are in any case stereotyped reports of no interest or value.

JAMABANDI CHECK MEMORANDUM.

117. *Questions 20-24*.—These relate to the check of the karnam's inspection note book, of the cultivation account and of the adangal. I propose that the inspection note book should be done away with and the questions revised accordingly.

Mr. Watson, as Director of Land Records, in 1920 proposed to do away with the karnam's inspection note book. This proposal was side-tracked while the possibility of introducing wholesale alterations in the revenue system was examined, but in G.O. No. 1265, Revenue, dated 11th August 1925, the Government ordered the examination of Mr. Watson's proposals on their merits.

Mr. Watson's suggestion was that on the abolition of the note book, columns should be added to the adangal in order that it might contain the only particulars which are peculiar to the note book and are not contained in the adangal, viz., the date of sowing and harvest and the outturn of each crop.

In June 1926 the Board of Revenue gave its blessing to the suggestion. In October 1927 the Board (then differently constituted) did not object to the suggestion, but added "For the slight benefit obtained by abolishing the cultivation note book it is hardly worth while adding six columns to the adangal, which is the most handy record and the one most frequently used by inspecting officers and which with the present addition would become more bulky and difficult to read. It would also suggest that it is bad economy for the sake of a slight saving to disorganize the accepted form of a most important public register to which all village officers and

subordinate inspecting officers are now accustomed and to introduce a revised form with which they would have to make themselves acquainted."

The consideration of the question by Government was obscured by its being mixed up with a large proposal to abolish the detailed record of cultivation. The Government recorded the papers in 1928 and this minor suggestion was overlooked.

But it has merits of its own. Firstly, it enables two laborious jamabandi questions (Nos. 21 and 22) to be abolished. As the note book is supposed to be the first record of cultivation, it is now thought necessary to scrutinize it at jamabandi for discrepancies between the cultivation account and it, and between the adangal and it. Secondly, inspecting officers use only the adangal for inspection and there is no reason why the karnams should not do the same. In fact Mr. Watson recorded the opinion, after consulting a number of officers of all grades, that the karnams did not actually use the note book as intended but wrote it up from the adangal at jamabandi. Whether or not the note book is generally reduced to this absurdity, it is at least a superfluous document, and the abolition of superfluities is a positive good.

As regards the Board's 1927 criticism that the alterations to the adangal proposed by Mr. Watson would make it a less handy record, it is necessary to descend very much into detail. Mr. Watson's form is at page 14 of G.O. No. 1265, Revenue, dated 11th August 1925. I append a copy* of it. On comparing this with the actual adangal attached, it will be noticed that Mr. Watson proposed

to abolish columns 7 and 8 of the adangal: he did not specifically refer to this detail in his report, but as those two columns merely repeat columns 3 and 4 they are clearly superfluous. By eliminating these double columns, and narrowing the fifth column (single crop or double crop) (since the entry in that column is only a single figure '1' or '2'), it is possible to get Mr. Watson's form into a book of the same size as the present adangal and still to leave sufficient space for remarks in the last two columns. Since the headings of the columns are printed on each page, there is nothing confusing about the extra columns.

The Board's other criticism about "altering the form of a most important public register" is purely rhetorical. The changes involve nothing that a karnam or inspecting officer is not acquainted with: they merely club two separate registers into a single register the headings of which make it self-explanatory.

In consequence of this alteration, which I strongly recommend, questions 20-24 in the check memorandum can be abolished and the following substituted:—

20. *Statement No. 1 (cultivation account)*.—Does the extent of cultivation as per statement No. 1 and its enclosure agree with that of adangal?

21. Was the cultivation account and its enclosure sent to the Revenue Inspector every month and returned by him without delay?

Statement No. 2 (Adangal).—Is the month of cultivation and the outturn properly noted?

118. *Question 26*.—"Is this a selected village, and if so, has the Revenue Inspector checked the accuracy of the entries of cultivation each month in the cultivation season?"

According to instruction at page 8 of the "Revised Forms of Village Accounts" "Each Revenue Inspector is also required to visit two or three typical villages in various parts of each firka in addition to his own cusba village once in every month from June to February in order to check and note the result in Account Nos. 1, 1-A and 20 in each month." It was said in Board's Resolution No. 259, dated 5th June 1900, which prescribed the duty that "in this way the district authorities will obtain a fairly correct picture of the progress, state and prospects of cultivation."

But the picture which the district authorities obtain is drawn from the Taluk Monthly Return No. 1 (Season Report), which contains figures for *all* the villages in the taluk, not merely for the few selected villages, and the Revenue Inspector has to check and note on the cultivation accounts of *every* village each month. No use is in fact made of the system of 'selected' villages by way of check of the accuracy of the cultivation accounts of other villages or otherwise. Nor indeed could such

use be made of it. At best the only merit that can be claimed for the system is that in the two or three selected villages the karnam's record of cultivation is, or is supposed to be, more carefully checked than in others; but the effect of this on the general accuracy of the statistics for the firka is negligible. It has also been suggested to me by a Tahsildar that the system compels, or is designed to compel, the Revenue Inspector to visit each part of his firka each month. I do not know that that it is particularly desirable. The area of a firka is not so large that seasonal conditions vary in different parts of it, and the necessity of visiting different parts of the firka each month must obviously mean the interruption of systematic touring in order to make a hasty visit to outlying 'selected' villages for the mere purpose of checking the karnam's cultivation account. The village visiting roster [B.S.O. No. 141 (4)] is intended to enable the Revenue Inspector's superiors to see that no village in the firka is neglected, and that is sufficient.

The system is useless and should be abandoned. The instruction should be deleted from the 'Revised Form of Village Accounts' and the question taken out of the jamabandi check memorandum.

119. *Question 27*.—(Second half). "What percentage of changes has the Revenue Inspector checked?"

This requires alteration.

(1) The calculation of percentages is a waste of time.

(2) The meaning of the question is obscure. The 1917 form of the question was "has the Revenue Inspector inspected the land in question?" When the form was altered in 1924 its meaning was forgotten: it is not a *check of registers* that is required, but an *inspection* to see if land relinquished was actually cultivated or not, etc.

The question should be "has the Revenue Inspector inspected the land where necessary?"

120. *Questions 51 and 52*.—These are—

51. *Statement No. 15 (Remittance list)*.

Kist dates.	Date of remittance.	Explanation for delay.
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52. *Statement No. 16*.—Has No. 16 (kist-bandi) been sent with each remittance? Note when retained over five days in the Taluk Office.

There is little use in recording petty delays in making remittances, or in returning the No. 16 account. Serious delays are dealt with by the Tahsildar as they occur.

The jamabandi officer gets information as to the present state of collection in the answer to question 46. That is sufficient. These matters of minor detail can be excised.

121. *Questions 53 to 55.*—These relate to vital statistics. The Director of Public Health with whom I have discussed the question of abolishing them, is unwilling to give up the jamabandi check of the Birth and Death registers on the ground that this would lead to still greater carelessness in the maintenance of them by the headmen, who are the registrars in villages, and to the neglect of the check of them by Revenue Inspectors and Tahsildars on tour. Seeing that there is now a Health Inspector in each taluk and that one of his duties is to check these registers thoroughly, I am inclined to think that the Health Inspector's check (even if only made once a year) might take the place of the jamabandi check. However as the Director of Public Health thinks that this would lead to a deterioration in the statistics questions 53 and 55 may be retained. Question 54, which tabulates figures and attempts to explain variations from normal rates, is useless and may be omitted. The Director of Public Health agrees to this.

122. *Question 56.*—"Is the Cattle Mortality Registers properly maintained? Has it been checked by the Revenue Officers during their tours? If so, when and by whom? Were any omissions noted?"

This question was added in 1927. In 1926 the Veterinary Adviser to Government said that the abolition of systematic touring by Veterinary assistants made it necessary that Revenue officials should "realize their responsibilities" in the matter. Accordingly the Government drew the attention of Collectors to the instructions in the Board's Standing Orders about the checking of the Cattle Mortality Registers which the village headman is required to maintain. In 1927 the Veterinary Adviser suggested further the addition of the present questions to the jamabandi check memorandum and this was accepted without demur. (G.O. No. 748, Revenue, dated 20th April 1927).

The policy in regard to Veterinary Assistants has now been changed again. A number of them now tour in the villages and the tendency is to increase the number of touring rather than of stationary assistants.

The original excuse for the question has therefore disappeared. Moreover, the important job which the headman has to do is to report the outbreak of disease; the mere registering of accidental deaths is of very little value; and to expect Revenue Inspectors and Tahsildars to check the registers by local enquiries is futile.

The Director of Veterinary Services, in reply to these criticisms, admits that the tendency is to increase the number of touring assistants, deprecates the withdrawal of the check and supervision now exercised by the Higher Revenue officials in regard to the maintenance of the Cattle Mortality Registers, and considers it essential that the Revenue

officers should check the work of village headmen and that there should be closer co-operation between his department and the Revenue department, which the jamabandi question helps to secure.

I do not propose the modification of the instructions in the Board's Standing Order about the check of the registers in the villages, etc. But I do not consider that it is necessary to deal with the subject at jamabandi; and the fact that at the end of 1924-25 there were 78 touring assistants, while in 1932 there are 97 of them, removes the ground on which the question was added in 1927 and explodes the case for its retention.

The question may be abolished.

123. *Questions 57 to 59.*—These relate to the vaccination register. Vaccination is in charge of the Taluk Boards, but the village headman keeps the register. All that the Revenue department need do is to see that the registers are kept properly. It is not that department's business to check the vaccinator's work, as question 58 purports to do: nor is there much use in recording the number of unprotected children. These three questions should be recast as follows:—

57. Is the register of unprotected children maintained in form No. 19-D and is it kept up to date?

58. Has the register been periodically checked, and if so, when and by whom?

The Director of Public Health agrees substantially to this, but proposed to add a question about the number of unprotected children which I think unnecessary.

124. *Question 60.*—Cattle Pound Register—"Are the registers properly maintained? Have the fees collected been duly remitted to the taluk? Check with receipt and remittance chalang."

The Cattle Pound transactions are subject to a detailed scrutiny monthly, and Revenue Inspectors and Tahsildars are required to inspect the pounds and registers in the villages. The Village Munsif as pound-keeper has to submit accounts monthly to the taluk office, the taluk clerk has to see that they are submitted punctually and to inform the Tahsildar specially if they are not received for two consecutive months or if 'nil' statements are sent too frequently, and the audit clerk in the Treasury Deputy Collector's Office has to see that this is done. The Divisional officer has to answer questions on the subject in his annual inspection of the Taluk office. An accountant from the Treasury Deputy Collector's office or the Treasury Deputy Collector himself has to inspect the Taluk Pound Accounts each year: and the Accountant-General audits the vouchers.

It is noted in the Special Funds Code that all this inspection and audit "will not preclude the scrutiny in detail of the village accounts by the jamabandi officer at jamabandi:" but it seems to me that that scrutiny is largely superfluous and that its abolition would be attended by no ill-results.

The question may be abolished.

125. *Question 61.*—Have the inventories of the articles of furniture supplied to village chavadis maintained by village headmen been verified with the taluk register and found correct?

This question was added in 1929 (G.O. Mis. No. 1351, Revenue, dated 6th July 1929). It was apparently brought to notice in an audit of Special Funds that the auditors had no material for checking the supply of furniture to chavadis as no register was maintained. The Board of Revenue ordered the maintenance of registers both in the villages and in taluk offices, directed that revenue officers should inspect the furniture in the villages and check the inventory, and by way of abundant caution added that the village registers of ryotwari villages should be checked with the taluk register at jamabandi. Hence this question in the check memorandum.

It seems to me unnecessary.

(1) The jamabandi check applies only to village munsif's courts, not to panchayat courts; and to village munsif's courts only in ryotwari villages, not to those in zamindari villages. Panchayat courts are far more numerous now than munsif's courts and it is unnecessary to have an additional check for the latter which is not provided for the former.

(2) The supply of furniture to village munsifs is limited to one chair, one bench, one small table and one record box: and *de minimis* we ought not to over elaborate care.

(3) It is the taluk register which is checked in audit, not the village registers, and which is referred to when an indent for fresh supply is made. The check of the village inventory and furniture in the villages may continue but it is unnecessary to bring the village registers up at jamabandi.

The question can be abolished.

126. *Questions 64 and 65.*—Register of suspects—

64. Are registers of strangers of suspicious appearance maintained? Were there any entries during the year?

Register of persons under police surveillance.

65. Are registers maintained of known depredators, notorious suspects, members of permanent criminal gangs and persons who

have been ordered under section 565, Criminal Procedure Code, to report themselves to the police?

These questions are unnecessary. In the first place the Revenue officers have no means of knowing whether there ought to be entries in the village munsif's register or not. Secondly, the police keep an eye on a Village Munsif who has K.Ds., etc., in his village and see that he maintains an account of their movements. Lastly, if a village munsif neglects his duty in this respect the police hand him up to the Divisional Officer for punishment independently. In any case it is most unlikely that any action would, or indeed could, be taken on answers to these questions unless there was already a police report against the village munsif.

The Inspector-General of Police to whom I have put these criticisms agrees that the questions may safely be eliminated from the jamabandi check memorandum.

Information relating to protection against famine.

127. *Questions 66, 67 and 68.*—These are.—

66. What item in the printed famine programme serves this village?

67. Is there a sanctioned estimate?

68. Is any additional work necessary?

I have consulted the Collectors of the four districts (Ganjam, Bellary, Kurnool and Anantapur) where famine is most likely to occur, whether these questions serve any useful purpose or have been found of practical use in the past. I suggested that a jamabandi officer could hardly answer question 68 at all, and that as the Collector presumably scrutinizes the programme of famine-relief works for a taluk as a whole to see that they pretty well cover the taluk, it is probably useless to note at jamabandi whether a particular village has a sanctioned work or not.

The Collectors agree that the retention of these questions serves no useful purpose: they point out severally that the reply to question 66 is merely noted from the printed famine programme, which is kept up to date, that the questions are not taken seriously or answered correctly at jamabandi, that what Tahsildars and Collectors require is more leisure to consider the famine programme and less jamabandi would help towards that, and (in Bellary) that the works to be executed are nearly always road works because the area contains no other form of suitable public work, so that the scrutiny should take the form of urging the Local Boards to prepare suitable estimates.

These three questions should be abolished.

ANNEXURE.

Annual statement of occupation and cultivation, field by field for the village
of in the taluk, district for fasli 13 .

Settlement particulars as to field.					Number and name of registered pattadar or sivaigama occupier.	First crop.				Second crop.				Remarks of the karnam (Here to be printed the four items noted in column (16) of the cultivation note book.)	Remarks of the azmoishdar.		
Survey number.	Subdivision number.	Area.	Assessment.	Single or double crop.		Month in which cultivated.	Name of crop.	Extent cultivated.	Month in which harvested.	Outturn in annas.	Month in which cultivated.	Name of crop.	Extent cultivated.	Month in which harvested.	Outturn in annas.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)

CATTLE POUNDS.

127. Rule 1-A (2) (g) of Schedule V (Finance Rules) to the Madras Local Boards Act, provides that subject to such rules as the Local Government may make, the panchayat shall have power to make such provision as it thinks fit for carrying out the requirements of the village in respect of the control of pounds. This is merely a financial rule authorizing expenditure by a panchayat on cattle pounds: but a number of panchayats have on the strength of it asked for the transfer to them of the control of pounds within their jurisdiction.

Pounds, however, are regulated by the provisions of the Cattle Trespass Act, 1871, an All-India Act. Under sections 6 (proviso) of that Act the heads of villages in Madras Presidency are ex officio keepers of village pounds, and though under section 31 (a) the Local Government may transfer to any local authority all or any of the functions of itself or of the District Magistrate, the Government have at present refused to exercise that power

(1) because they are not prepared to place the village headmen under the orders of the panchayat in this respect;

(2) because of 8,800 pounds in the Presidency only a small number are run at a profit, and (i) it is presumed that panchayats would only wish to take over those that are run at a profit;

(ii) Government are not prepared to hand over the profitable pounds to panchayats while retaining the burden of the unprofitable pounds themselves;

(3) because there are not panchayat boards in all places where there are pounds and it

would be inconvenient to hand over some pounds to panchayat boards and to retain the rest under the Collector.

If it is desired to hand over pounds within the jurisdiction of a panchayat to the panchayat, it is therefore necessary first to amend section 6 of the Cattle Trespass Act by omitting the proviso, so far as concerns this Presidency, and then to transfer the powers of the District Magistrate under the first three chapters to the panchayat. In other provinces the management of pounds has in many cases been handed over to District Boards and Municipalities and in Bengal, the District Boards have farmed them out in much the same way as tolls were previously farmed in Madras.

128. The profits from cattle pounds now go to General Revenues (In G.O. No. 1169, L. & M., dated 9th April 1931, the statement that the surplus went towards the construction and maintenance of village chavadis was erroneous) or if, as happened in the last triennium, there is a loss, the loss is borne by General Revenues. Under section 31 (b) of the Cattle Trespass Act the Government may direct that the surplus shall be paid to a local fund.

129. If the Revenue department could be divested completely of all concern with pounds, so that Revenue Inspectors and Tahsildars, Divisional Officers and Collectors no longer had to inspect them, to be concerned with the construction and repair of them or to have anything to do with the accounts relating to them, much labour would be saved in that department and a number of clerks (I think

one in each taluk office) could be dispensed with. But unless there is such severance there is no retrenchment possible and there is nothing to be gained by a departure from the present system. Indeed the immediate result of transfer to local bodies would be the loss to Government of the surplus from pounds, if any. In 1927 the surplus was about Rs. 32,000. In the three years ending 1931, the loss (including indirect charges) was over one lakh. But this was due partly to special expenditure on construction and repair. With the curtailment of such expenditure and the increase in the fees imposed this year in G.O. No. 962, Revenue, dated 4th May 1932, there will presumably be a surplus in future.

130. When section 6 of the Cattle Trespass Act has been amended, there are still many details to be settled before control can be transferred. In the first place, to what body are pounds to be handed over? In municipalities, obviously to the municipal council; and in the old unions to the panchayat. But the great majority of the pounds (over 7,000) are in the rural villages, most of which have no panchayat. Under the Local Boards Act, when there is no panchayat in a village the taluk board has all the powers of a panchayat, but I do not think it would be expedient to hand over pounds to a taluk board. Many taluk boards are, I believe, bankrupt and it may be that in some taluks pounds are a liability rather than an asset; so that to add the management of them to a taluk board would be to add another drain on inadequate resources. And few taluk boards are efficient administrative bodies.

The best solution of the difficulty would be to hand over all rural pounds to the district board which would be able to hand over any pound, under section 65 of the Local Boards Act, to a panchayat if and when it saw fit. The centralization of control in the district board would also have the advantage that a District Pound Fund could be constituted: such pooling of the pound incomes would enable the deficit on some pounds to be met by the surplus from others and would provide a fund from which the cost of accounts and audit could be met; when a pound is handed over to a panchayat, a fixed sum to cover the cost of audit would be payable by it to this District Fund. It might also be possible for a district board to appoint an Inspector of Pounds: when Revenue Inspectors and Tahsildars cease to inspect, it is desirable that somebody else should do it.

131. Unfortunately however, though transfer of pounds to a district board can be made under the Cattle Trespass Act, it seems doubtful whether the Local Boards Act permits it. Under rule 1-A (2) (g) of schedule V of the Act, the control of cattle pounds is within the competence of a panchayat, but under rule 1-C (2) (d) it is expressly excluded from the competence of the district board. Unless the

schedule can be amended in this respect, which seems to me highly desirable, it is therefore apparently necessary that each pound should be handed over separately to a panchayat, and where there is no panchayat, to the taluk board under section 6 (2) of the Local Boards Act. Or preferably, where there is no panchayat, the Government might retain control. I do not think there is any serious inconvenience in a system by which Government would control some pounds and panchayats others. But it would be far more simple and satisfactory to hand over all pounds to the district board or municipal council or in the smaller towns, to the panchayat straightway.

132. In the next place, if pounds, or some of them, are handed over to local bodies some modification of the present elaborate system of accounts and audit is required. It is idle to expect the same standard to be maintained when control is entrusted to amateur bodies appointing their own pound-keepers as is maintained now when the whole administration from the pound-keeper upwards is under trained official control. The Examiner of Local Fund Accounts can be instructed to devise some simple methods.

133. Another point to be decided is whether if a local body wished to appoint a village headman as pound-keeper, the Government would permit him to accept the appointment. I see no reason why he should not be appointed, provided it was understood that the arrangement was a private one between himself and the local body and that his official superiors would take no notice of any disputes between them.

134. To sum up, after the section 6 of the Cattle Trespass Act has been amended the powers of the District Magistrate under the first three chapters of the Act may be transferred to the district boards (schedule V of the Local Boards Act being amended, if necessary, to enable this to be done), to Municipal Council and to urban panchayats: the system of audit should be simplified and if possible, an Inspector of Pounds should be appointed: the Revenue Department will cease to have anything to do with pounds and Collectors should report what staff can be surrendered in consequence.

If, on the other hand, rural pounds are not to be transferred to the district boards, it will be necessary to enquire of each rural panchayat if it is willing to take over the pound in its jurisdiction, and when the panchayat is unwilling or where there is no panchayat, control should remain with the Revenue Department. No retrenchment in the Revenue establishment will be possible: for the number of pounds in municipalities and other urban areas is too small for the transfer of them to affect markedly the volume of work done by the Revenue establishments.

SUMMARY OF POSITIVE RECOMMENDATIONS.

135. I append a summary of such recommendations requiring action as this report contains.

(1) The power to transfer control of irrigation works to or remove control from panchayats should be delegated to Collectors (paragraph 66).

(2) A probable reduction during the next few years in the grant for repairs of Minor Irrigation Works should be accompanied by some reduction in the number of Minor Irrigation Overseers (paragraph 68).

(3) The practice of requiring the ayacutdars to contribute to the cost of repairing Minor Irrigation Works should be more generally adopted in certain classes of work (paragraph 73).

(4) Collectors should invite village panchayats to take charge of certain classes of porambokes (paragraph 79); when porambokes are handed over to panchayats minor or casual encroachments on them should be ignored (paragraph 81); in the case of all porambokes and assessed wastes, discretion to leave petty encroachments alone should be freely exercised (paragraph 82); and the Board's Standing Order should be amended accordingly and Tahsildars should be invested, by amendment of Act III of 1905, with power to evict encroachers (paragraph 83).

(5) The proposals made by the Board of Revenue for the better maintenance of land records should be accepted with modifications, viz., reduction of Assistant Directors of Land Records from five to two and rejection of the proposed District Inspectors (paragraphs 93-94). The reduction by 137 of the number of Revenue Inspectors should be accepted (paragraphs 98-102).

(6) The scope of jamabandi should be reduced by eliminating certain questions from the jamabandi check memorandum (paragraphs 113-127).

(7) The intensive inspection of cultivation in selected villages by Revenue Inspectors should be abolished (paragraph 118).

(8) The karnam's inspection note-book should be abolished, and the form of the adangal modified (paragraph 117).

(9) Volume II of the 'Report on the settlement of the Land Revenue' should be abolished (paragraph 116).

(10) The volume of work done in the Revenue Divisional Offices should be reduced, and in consequence one clerk in each office should be abolished (paragraphs 40-44).

(11) The management of cattle pounds should be transferred to local boards, and in consequence a certain number of clerks in taluk offices and Collector's offices should be abolished (paragraphs 127-134).

I have the honour to be

Sir,

Your most obedient Servant,

A. G. LEACH,
Officer on Special Duty.

CONFIDENTIAL



REPORT

ON

AGRICULTURAL INDEBTEDNESS

BY

MR. SATHYANATHAN

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TABLE OF CONTENTS.

PART I.
AGRICULTURAL DEBT—ITS CAUSES AND EFFECTS.

PARA-
GRAPH
NUMBER.

CHAPTER I.—INTRODUCTORY.

Terms of reference and scope of enquiry	2
Method of enquiry	3
Diversity of conditions	4
Physical features of the province	5
Climate	6
Rainfall	7
Tenures	8
The people	9
Classification of land	10
Holdings	11
Irrigation	12
Crops	13

CHAPTER II.—THE CAUSES OF INDEBTEDNESS.

Poverty	15
Vicissitudes of seasons	16
Ravages by wild animals and pests	17
The character of the people	18
The rise in the standard of living	19
The money-lender	20
The middleman and the lack of marketing facilities	21
Litigation, local politics and faction	22
Ceremonies	23
Over-population	24
Fragmentation of holdings	25
Cattle mortality	26
Agricultural practices and the law of diminishing returns	27
The lack of subsidiary occupations	28
Taxation	29
General	30

CHAPTER III.—THE ECONOMIC DEPRESSION.

General	31
Imports and exports	32
Prices of staple food crops	33
Some statistics from the Registration Department	34
Extent of sales and mortgages	35
Rates of interest on mortgages and bonds	36
Purposes of borrowing	37
Periods of mortgage and bonds	38

CHAPTER IV.—VOLUME AND DISTRIBUTION OF AGRICULTURAL INDEBTEDNESS.

Results of investigation by officers of the Revenue department	39
Total debt on population basis	40
Total debt on average basis	41
Total debt on assessment basis	42
Total estimated debt	43
Mortgage debt	44
Nature of security	45
The purpose of borrowing	46
Indebtedness among different classes	47
Relation of debts to assets	48
Credit agencies	49

CHAPTER V.—CIVIL COURTS.

Treatment of usury and other malpractices of money-lenders by civil courts ..	51
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PART II.
REMEDIES FOR AGRICULTURAL INDEBTEDNESS.

CHAPTER VI.—LEGISLATIVE REMEDIES.

Agriculture as an industry	52
A typical example of debt	53
The need for scaling down debt	54
The need for debt conciliation boards	55
Public opinion on the proposed legislation	56

	PARAGRAPH NUMBER.
The extent and nature of private conciliation at present in force	57
Compulsion versus mutual agreement	58
Mr. Ramalingam Chettiar's Debt Conciliation Bill	59
Legislation restricting the alienation of land	60
Regulation of accounts	61
Registration of money-lenders	62
Jurisdiction of civil courts	63
The Usurious Loans Act X of 1918	64
Damdapat	65
Prevention of fraud	66
The Code of Civil Procedure	67
Civil Jail	68
CHAPTER VII.—THE DEPARTMENTS OF AGRICULTURE AND INDUSTRIES AND THE CIVIL VETERINARY DEPARTMENT.	
The department of Agriculture	70
The department of Industries	71
The Civil Veterinary department	72
CHAPTER VIII.—THE CO-OPERATIVE MOVEMENT.	
Historical	73
Officialisation versus non-official control	74
Supervision and audit	75
Co-operative credit societies	76
Interest	77
Overdues, arbitration and execution	78
Non-credit societies	79
Loan and sale societies	80
Controlled credit	81
Co-operative stores	82
Other non-credit societies	83
Co-operation for women	84
Education	85
Training	86
The need for a progressive policy	87
Land mortgage banks	88
CHAPTER IX.—A SCHEME FOR CO-ORDINATED AND PLANNED ACTION.	
Concentration centres	89
Spread of education	90
Official and non-official co-operation	91
CHAPTER X.—LAND REVENUE, FORESTS AND IRRIGATION.	
The land revenue policy	92
Rent on zamindari	93
Forest policy	94
Irrigation	95
CHAPTER XI.—MISCELLANEOUS REMEDIES.	
Communications	96
Weights and measures	97
Transport	98
Emigration	99
Insurance	100
Education	101
Conclusion	102
APPENDIX No. I.	
Replies from the general public in response to the questionnaire issued.. .. .	
APPENDIX No. II.	
Reports from officials of the Revenue department in response to the questionnaire	
APPENDIX No. III.	
Reports from District Judges and copy of circular letter issued to them	
APPENDIX No. IV.	
Some typical family budgets	

CONFIDENTIAL.

From

W. R. S. SATHIANADHAN, Esq., I.C.S.,

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Board of Revenue (Land Revenue and Settlement), Madras.

To.

THE SECRETARY TO GOVERNMENT,

LAW (GENERAL) DEPARTMENT

[Through the Secretary, Board of Revenue (Land Revenue and Settlement).]

Dated Fort St. George, the 31st July 1935.

SIR.

Under G.O. No. 3295, Law (General), dated 20th November 1934, I have the honour to submit my report on the indebtedness of agriculturists in the Presidency of Madras.

PART I.**AGRICULTURAL DEBT—ITS CAUSES AND EFFECTS.****CHAPTER I—INTRODUCTORY.**

2. *Terms of reference and scope of enquiry.*—A period of six months was allowed me for this investigation. I was asked to tour throughout the Presidency. My staff consisted of one clerk and one stenographer. The immense amount of written evidence to be examined, of literature to be studied and of statistics and oral evidence to be collected necessitated more time than was left at my disposal. I therefore had to apply for an extension of 29 days which was granted in G.O. Ms. No. 1997, Law (General), dated 12th June 1935. I took charge on the 3rd January 1935 and submitted my report on the 31st July 1935.

In G.O. No. 3295, Law (General), it is stated that M.R.Ry. Diwan Bahadur T. A. Ramalingam Chettiyar Avargal, M.L.C., introduced in the Madras Legislative Council a Debt Conciliation Bill. It was in connexion with this Bill that I was asked to investigate the problem of rural indebtedness. My terms of reference were as follows:—

(1) To what extent indebtedness prevails among agriculturists;

(2) how the present depression in value of land and the fall in prices have affected the position of the agriculturists;

(3) how far compulsory recovery of debts through courts has affected the position of agriculturists who have incurred debts;

(4) what facilities are now afforded by land mortgage banks and co-operative societies to agriculturists;

(5) whether conciliation in the matter of discharge of debts is now being resorted to and, if so, to what extent;

(6) to what extent property has been mortgaged by agriculturists as security for debts and how much land has changed hands during the last four years; and how much thereof went to non-cultivating classes;

(7) whether legislation on the lines of the Debt Conciliation Bill for the establishment of conciliation boards is really necessary for the relief of agriculturists and whether there is any demand for such legislation by them; and, if so, whether the scope of legislation should be limited only to debts on land or should include all debts of agriculturists;

(8) whether such legislation is likely to curtail the facilities that now exist for borrowing; and

(9) whether in case legislation is considered unnecessary, there is any other possibility of affording relief to agriculturist debtors.

The Government in this Government Order further states as follows: "At the same time, they (the Government) realize that the problem of agricultural indebtedness is one that calls for a remedy and are prepared to devise or support practical measures which are calculated to solve it satisfactorily." The nature of my work therefore seems clear. The problem of rural indebtedness has of late forced itself much into public notice, chiefly because of the acute economic depression which swept over the world five or six years ago and still continues. In almost all countries, there are attempts being made

towards some sort of a quick solution; in India, nearly all the provinces, notably the Punjab and the United Provinces, and most of the progressive states, particularly the Bhavanagar State, have been and are still devising ameliorative measures,* legislative and otherwise. Everywhere economic experts are busy with the problem.

The problem is a vast one affecting, as it does, the Government, as well as the people of India, to an equal extent. No single prescription can cure the chronic and alarming state into which the ryot has been plunged of late. As Mr. Pillai in his *Economic Condition of India* states; "In treating the poverty and indebtedness of the people, it is essential to find out the root cause; else the treatment will be of the symptoms merely, and not of the disease. The eradication of the evil of indebtedness cannot be effected by any single remedy but will require the persistent and simultaneous action of a diversity of remedies, the most important of which is the education of the peasant himself." The Royal Commission on Agriculture also have struck the right note when they say: "It must be clearly recognized that the worst policy toward debt is to ignore it and do nothing."

3. *Method of enquiry.*—I am grateful for the cordial co-operation of Collectors, District Judges, the Registrar of Co-operative Societies, the Director of Agriculture and the Inspector-General of Registration. All Assistant Collectors and selected Revenue Divisional Officers and Tahsildars conducted detailed investigations into one village each in accordance with a plan outlined by me. A questionnaire was issued to the general public and the response was most generous. I toured throughout the presidency, devoting on an average about three to four days to each district. I conducted detailed investigations into the condition of about five hundred families of ryots and labourers. I also held conversations with all those interested in the subject, who cared to discuss the problem with me. My tour programme was given wide publicity well in advance. Officials, especially those of the Co-operative department, gave me valuable information. Wherever possible, I visited co-operative institutions, agricultural farms and private enterprises of advanced ryots in connexion with farming, cottage industries and the like. The time allowed me was naturally inadequate for such an important and involved enquiry, embracing, as it does, the whole presidency. My report, therefore, cannot be complete in every detail. Yet it may serve at least to reveal broadly the position at present and indicate the main lines on which concerted and well-planned action should be taken. Such action is very necessary and that as soon as possible. My report is divided into two parts. In Part I, I have tried to set out the present position of the agriculturist as regards his debts and to

analyse the causes and effects of such indebtedness. In Part II, I have suggested remedies for indebtedness.

4. *Diversity of conditions.*—The report of the Madras Provincial Banking Enquiry Committee, published in 1930, contains a resume of the special features of the province. The diversity of conditions in different parts of the presidency is bewildering. There are marked differences in soils, tenures, and climate as well as well-defined variations in races, castes and customs.

5. *Physical features of the province.*—The Madras Presidency occupies the southern portion of the peninsula. Its extreme length from north-east to south-west is about 950 miles and its extreme breadth about 450 miles. The presidency may be divided into three distinct portions, the eastern coast, the western coast and the table-land in the interior. These divisions are determined by two great mountain ranges, the Eastern and Western ghats, which extend along the two coasts, diverging from each other and leaving between them and the sea narrow strips of plain country. These mountain chains are pierced by three famous rivers, the Godavari, the Kistna and the Cauvery, as well as by other minor rivers and streams. The interior, between these two mountain ranges, consists of successive table-lands and chains of hills crossing from one ghaut to the other.

6. *Climate.*—The climate varies considerably in different parts. Except for a few isolated spots like the Nilgiris and Palnis, where the climate is cool and temperate, South India as a whole is a hot country with intense heat in the summer, and a short and unsatisfactory cold weather, in which the temperature does not fall sufficiently to compensate for the rigour of the really hot months. At Masulipatam and Guntur the thermometer rises frequently to 115° in the shade and occasionally to 120°. The tracts below 4,000 feet above sea level are dangerously malarious. Cholera and smallpox take their regular yearly toll almost throughout the presidency, and plague is found in many places. The climate, therefore, being enervating and depressing, induces lethargy and slackness while promoting epidemics. Hence it is not conducive to heavy manual labour or sustained mental effort.

7. *Rainfall.*—The western hills arrest the lower strata of rain clouds brought up from the Indian ocean by the periodical winds of the south-west monsoon, causing fairly regular and excessive rainfall on the western coast in the districts of Malabar and South Kanara. But the south-west monsoon is weak on the eastern side of the western ghats. The heaviest rainfall of the rest of the presidency occurs during the lighter north-east monsoon. The northern districts, however, have a better rainy season, approximating to that in Bengal. The following statement exhibits the average rainfall in the twenty-five districts of the presidency.

STATEMENT No. 1.—Rainfall in inches in 1933-34 as compared with the average of the 51 years ending with 1930.

District.	South-west monsoon, 7th June to 26th September.		North-east monsoon, 27th September to 31st January.		Hot weather, 1st February to 6th June.		Grand total.	
	Average (inches).	1933-34 (inches).	Average (inches).	1933-34 (inches).	Average (inches).	1933-34 (inches).	Average (inches).	1933-34 (inches).
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Ganjam—								
Agency	43.1	54.0	7.8	13.1	8.1	3.6	59.0	70.7
Plains	28.8	39.4	11.3	12.7	5.0	1.0	45.1	53.1
Vizagapatam—								
Agency	47.3	47.7	5.9	8.9	6.3	3.8	59.5	60.4
Plains	24.4	23.0	10.7	13.7	4.9	2.3	49.0	39.0
East Godavari—								
Agency	36.1	33.7	7.7	14.2	5.2	3.3	40.0	51.2
Plains	24.6	23.9	12.4	13.0	3.3	0.9	40.3	37.8
West Godavari ..	26.4	28.8	10.0	13.0	2.8	1.8	39.2	43.6
Kistna	24.1	24.9	10.0	12.9	2.9	1.1	37.0	38.9
Guntur	18.5	15.7	10.6	14.2	2.7	1.6	31.8	31.5
Kurnool	17.3	13.8	6.1	9.3	2.3	2.6	25.7	25.7
Bellary	14.6	20.5	5.7	8.7	2.9	2.4	23.2	31.6
Anantapur	13.4	14.1	6.4	6.8	2.9	2.7	22.7	23.6
Cuddapah	15.4	11.8	10.5	9.2	2.3	1.4	28.2	22.4
Nellore	11.3	7.5	21.5	29.0	2.2	0.7	35.0	38.2
Chingleput	15.8	7.6	28.2	29.3	2.5	0.4	46.5	37.3
South Arcot	16.6	9.6	25.9	28.7	3.5	1.1	46.0	39.4
Chittoor	14.9	12.0	14.7	16.6	3.7	3.3	33.3	31.9
North Arcot	18.1	12.4	15.9	16.8	4.1	2.1	38.1	31.3
Salem	14.8	12.9	11.6	15.1	6.3	6.1	32.7	34.1
Coimbatore	8.4	10.6	12.2	20.3	6.0	6.2	26.6	37.1
Trichinopoly	12.1	12.5	16.0	21.8	5.7	2.9	33.8	37.2
Tanjore	12.4	8.0	28.5	28.5	4.0	3.7	44.9	40.2
Madura	9.0	13.5	16.1	23.7	6.3	5.2	31.4	42.4
Ramnad	7.5	7.7	18.5	22.9	5.0	4.5	31.0	35.1
Tinnevely	3.3	5.0	20.5	23.9	5.2	4.6	29.0	33.5
Malabar	88.4	97.5	17.5	23.3	12.0	7.9	117.9	128.7
South Kanara ..	125.5	121.6	12.7	21.9	7.3	2.8	145.5	146.3
The Nilgiris	42.1	46.2	20.8	24.7	11.2	9.7	74.1	80.6

The rainfall naturally has a profound effect upon crops. While the vegetation in Malabar and South Kanara is luxuriant and prolific, that in the Ceded districts of Kurnool, Cuddapah and Anantapur is thin and hungry-looking, if I may say so, and as Mr. Moir puts it, "depressing even to the omnivorous goat." Unfortunately, the rains do not fall with regularity year by year. Years of drought are often followed by devastating floods; and less favoured tracts like the Ceded districts frequently descend to famine conditions, as at present, in Anantapur and Bellary.

8. *Tenures.*—The main forms are the *ryotwari*, *zamindari* and *inam* tenures.

The ryotwari system of holding is the principal tenure of this Presidency. The pattadar or registered holder of the land holds

it direct from Government, subject to the payment of land revenue. The ryot is not restricted in his powers of alienation. The land revenue proper remains fixed for a period of 30 years, at the end of which it can be decreased without limit or increased up to 18½ per cent, after an economic enquiry by a Special Settlement Officer. The ryot is bound to pay the assessment fixed on his holding, whether cultivated or waste, though remissions of land revenue are usually granted for drought or other causes beyond the ryots' control. Ryots can also relinquish their lands to Government and need not pay further land revenue, if they apply sufficiently early in a season to enable others to cultivate such lands. The following statement exhibits the area under ryotwari tenure in different provinces:—

STATEMENT No. 2.—Ryotwari.

Name of Province and the year of collection of statistics.	Total area less Indian States.	Fully assessed area that is cultivated.	Land revenue assessed on fully assessed area.	Incidence of land revenue on fully assessed area per acre.	
				For total area.	For cultivated area.
(1)	(2)	(3)	(4)	(5)	(6)
	ACS.	ACS.	RS.	RS. A. P.	RS. A. P.
Assam, 1931-32	29,795,971	(a) 2,220,449	91,44,321	2 4 2	Figures not available.
Bombay, 1930-31	74,769,351	23,816,959	4,05,59,988	1 5 6	1 11 3
Burma, 1931-32	155,849,528	17,470,599	(c) 3,39,87,610	(b) 1 10 4	(b) 2 1 2
Central Provinces and Berar, 1931-32	11,180,815	7,125,736	1,02,09,886	1 0 16	1 6 11
Coorg, 1927-28	1,012,260	Figures not available.	3,06,974	2 11 6	Figures not available.
Madras, 1928-29	(d) 62,518,786	25,266,691	6,47,19,451	1 15 0	2 9 0

(a) Incomplete.

(b) Defective owing to incomplete data.

(c) Excluding certain districts for which figures for revenue are not available.

(d) Excluding an extent of 150,993 acres (ryotwari, zamindari and inam being the area of the Mettur district).

[Extract from the Agricultural Statistics of India, 1931-32—Volume I, pages 10-11.]

Under the zamindari tenure, the zamindar holds his estate under a *sannad* by paying to the Government a fixed sum known as *peshkash*. The relations between the zamin-

dar and his ryots are regulated by the provisions of the Estates Land Act. The following statement exhibits particulars relating to zamindari tenure.

STATEMENT No. 3.—Showing the approximate area and revenue of the Zamindaris in the Presidency of Madras for fasli 1343 (1933-34)

Districts.	Name of Zamindaris.	As per census of 1881.		Estimated revenue the Zamindaris in fasli 1343.	Peshkash payable to Government in fasli 1343.
		Cultivated and cultivable area.	Uncultivated area.		
		Total.	Total.		
(1)	(2)	(3)	(4)	(5)	(6)
		ACS.	ACS.	ACS.	RS.
Ganjam ..	Parlakimedi ..	227,200	40,800	268,000	4,98,400
Vizagapatam ..	Vizianagram ..	384,000	81,280	465,280	20,88,890
	Bobbili ..	65,280	12,160	77,440	628,895
	Jeypore ..	..	..	..	..
East Godavari ..	Pithapuram ..	157,120	49,280	206,400	11,44,832
Kistna ..	Devarakota ..	89,600	28,160	117,760	9,43,023
Nellore ..	Venkatagiri ..	769,960	401,280	1,171,240	2,51,230
Chittoor ..	Karvetnagar ..	218,880	222,720	441,600	11,62,240
Rannad ..	Kalahasti ..	368,000	411,620	779,620	3,98,598
	Sivaganga ..	232,960	137,600	370,560	4,32,717
Tinnevely ..	Rannad ..	586,880	158,720	745,600	14,83,611
	Ettaiyapuram ..	..	..	337,750	10,47,800
	All other estates ..	..	..	8,138,080	2,96,258
Total ..		3,099,880	1,543,520	19,094,901	1,34,54,443
					26,35,590

[Extract from the Report on the Settlement of Land Revenue of the Districts in the Madras Presidency for fasli 1343 (1933-34).]

There are inam holdings of various kinds, the main feature of which is that the land is held on a reduced or nominal assessment, subject to certain conditions.

There are tenants under all these three systems. Some are long-term tenants with occupancy rights, holding land under registered documents for long periods extending to ten and twelve years. There are the occupancy ryots paying rent to zamindars. There are again tenants-at-will holding under simple leases oral or documentary for a year generally. The lease amounts are paid to the registered ryotwari or inam holders or to zamindars, either in money or in kind. The main forms of tenancy are the sharing system in kind and the fixed lease system in money or in kind.

The tenures in Malabar and South Kanara are different to those in the rest of the presidency. In Malabar, the *janmi* holds the land of Government on payment of assessment. Under him, the *kanamdar* holds on a twelve years' lease and he has a right to renew on payment of a fee. When he leaves, he is entitled to compensation from the *janmi* for all improvements he has effected. The *janmi* and *kanamdar* also lease their lands to sub-tenants or *kuzhikanamdars* on short term leases. The *kanamdar* has almost similar rights to the zamindari occupancy tenant.

In South Kanara, the holding is held under the *muli* tenure. The *mulaavargadar* holds land under Government subject to payment of assessment. He has special claims to adjacent waste lands known as the *kumaki right*. The two main classes of tenants are *mulgenidars* with occupancy rights and tenants-at-will or *chalgenidars*.

9. *The people*.—One of my terms of reference is to what extent property has changed during the last four years and how much thereof has gone to non-cultivating classes. As far as I can make out, there is no such thing in this presidency as a "cultivating class," as distinct from a "non-cultivating class." Landholders and tenants belong to all castes and communities from Brahmans to the depressed classes and actual cultivators as well as absentee landlords are found in all of them. There are cultivating landlords and tenants among all communities and castes, who personally supervise the work on their lands and even do much, if not all, of the work themselves. It is encouraging indeed to find many Brahmans throwing off the shackles of pride and prejudice and doing all the items of agricultural operations themselves with the exception of ploughing. Others who are generally affected by caste prejudices and believe in the false dignity of "sitting at ease," will do well to follow this magnificent lead. Absentee landlordism is steadily on the increase. It is especially increasing among those who lend money to agriculturists, whether professional money-lenders or agriculturist and trader money-lenders. Land was a safe investment till a few years ago, though the return it yielded was meagre. So those, whose professions gave them a surplus for investment, invested in land. Hence, we have absentee landlords among Government servants, lawyers, and retired men. Professional money-lenders, and traders and agriculturists who lend money are gradually turning out to be big absentee landlords. When their loans are not returned, they eventually take the land of their debtors in full or part payment. It being

impossible for them to cultivate this growing volume of landed property themselves, the land is let out on lease to tenants. This tendency of land to pass into the hands of those who will not or cannot cultivate in person has been much aggravated by the economic depression.

I do not think there is any official definition of an *agriculturist* in this province. There are very many who derive some income from their lands and who also earn from other sources. For the purpose of this report, however, he can, I think, be defined as one who derives his income mainly from the land. I presume it is not the intention of the Government to deal with zamindars and rajas, who hold land under zamindari tenure. They may or may not be indebted; but their indebtedness, if any, will probably be of such dimensions as not to come within the purview of any remedial measures that may be contemplated. It will be well, therefore, in this report, to limit our attention to ryotwari and inam landholders, to tenants and sub-tenants under them, to zamindari ryots and to farm labourers.

The total population of British territory in the Madras Presidency (excluding the States of Pudukottai, Banganapalle and Sandur) was 46.74 millions in 1931, as compared with 42.32 millions in 1921. There was therefore, an increase in population of 4.42 millions during the decade 1921-1931. Applying the same rate of increase to the years subsequent to 1931, we arrive roughly at a total population in 1935 of 48.57 millions.

In 1921, 71 per cent of the total population was declared to be supported by agriculture and the same percentage was surmised in 1931. So according to the census reports, we may roughly calculate that 34.44 millions of people in the Madras Presidency in 1935 are supported by agriculture. It should be realized that such calculations cannot possibly be exact. When estimating in millions and crores, errors must creep in. Especially so is this tendency when figures are calculated for anything dealing with agriculture. As already indicated, an agriculturist is an elusive person. Let us suppose a person is a clerk and earns Rs. 35 a month. He may also derive an income of about Rs. 40 from his lands. When questioned by census enumerators, he will almost certainly give his occupation as "clerk." Variations on this theme can be endless. There has been a marked tendency in the last few years for a man, to try and deny any relation to agriculture, if he earns even a negligible income from some other regular source. In 1921, however, the tendency to embrace agriculture was paramount and as Mr. Yeatts says, "comment was made then (in 1921) that some of it (the great rise in the number of agriculturists) probably represented the habit of classing one's occupation as agriculture in preference to other specific but less honourable pursuits."

According to the census report, agricultural labourers increased from 4.62 millions in 1921 to 5.09 millions in 1931. The following table is taken from the latest census report and exhibits the chief contributories to 1,000 persons engaged in cultivation:—

Agricultural labourers ..	429
Cultivating owners ..	390
Cultivating tenants ..	120
Non-cultivating owners ..	34
Non-cultivating tenants ..	16

To quote from the census report, "the predominance of agricultural labourers is at once apparent and these with the working owners constitute over 80 per cent of the total persons engaged in agriculture. The proportions have varied considerably from 1921, but considerations already adduced will account for much of the variations. Circumstances of pride frequently enter in these returns of occupations. The low proportion of non-cultivating tenants shows to what extent sub-infeudation obtains in Madras and from another point of view indicates the extreme smallness of the average holding."

10. *Classification of land*.—All lands are divided into survey fields and then again into subdivisions. Cultivable lands are divided from the revenue point of view into *wet* and *dry*. Wet lands are those which have a more or less unfailing source of water supply. In all districts, except Malabar and South Kanara, the Government generally supply water to wet fields by means of irrigation sources. In Malabar and South Kanara, as we have seen, the regular south-west monsoon affords a fairly regular water supply. There are no "irrigation sources" in Malabar, South Kanara and the Nilgiris. Wet rates are very much higher than dry rates. Dry lands are generally on a higher level than wet lands and depend almost solely upon rainfall for water. If water from a recognized source of irrigation is supplied to dry lands, or for an additional crop to wet lands, an extra water rate is charged. In Malabar and South Kanara, we have an additional classification known as *garden*, in which the coconut, areca-nut, pepper-vine and the like are grown.

11. *Holdings*.—A revenue holding may consist of a single field or subdivision or, what is far more common, a conglomeration of fields and subdivisions in a single village. The average ryots' holding is generally of the latter type. Many ryots hold lands on ryotwari pattas in several villages. A single patta is given to a ryot who holds land singly, while joint pattas are given to ryots who hold lands jointly. The joint patta is a common feature of South India, an unfortunate but inevitable result of the provisions of Hindu and Muhammadan Laws. The names of these joint holders constantly change as time passes. Some of these pattadars die, others become majors, a few give up their shares to others and so on. But seldom is trouble taken to intimate such changes to the Revenue department. Yet, it is the duty of the unfortunate karnam to keep the revenue registry up to date. No wonder then that

such a registry is not all that it should be in spite of the ceaseless efforts at rectification of the Revenue department, helped as it is by the Land Records staff. All joint holders are

jointly and severally responsible for the payment of land revenue on their holdings. The following statement exhibits the size of holdings in the Madras Presidency.

STATEMENT No. 4.—Showing the size of holdings in Madras Presidency and the number of pattas of various values held.

	Number of pattas.		Extent of holdings in acres.	
	Fasli 1335.	Fasli 1340.	Fasli 1335.	Fasli 1340.
(1)	(2)	(3)	(4)	(5)
Pattas on which the payment is Re. 1 and less—				
Single pattas	615,262	702,706	364,658	415,652
Joint pattas	1,780,692	509,391	237,961	263,524
Total ..	2,395,954	1,212,097	602,619	679,176
Rs. 10 and less but over Re. 1—				
Single pattas	1,890,396	2,063,586	5,414,095	5,910,164
Joint pattas	3,382,964	1,105,726	3,584,034	7,004,451
Total ..	5,273,360	3,169,312	8,998,129	12,914,615
Rs. 50 and less but over Rs. 10—				
Single pattas	761,814	790,988	6,260,925	6,460,294
Joint pattas	447,991	444,695	4,303,014	4,978,495
Total ..	1,209,805	1,235,683	10,563,939	11,438,789
Rs. 100 and less but over Rs. 50—				
Single pattas	83,230	84,774	1,727,312	1,743,920
Joint pattas	39,330	32,285	896,557	848,590
Total ..	122,569	117,059	2,623,869	2,592,510
Rs. 250 and less but over Rs. 100—				
Single pattas	32,835	35,025	1,331,110	1,375,291
Joint pattas	13,460	11,944	631,487	555,084
Total ..	46,295	46,969	1,962,597	1,930,375
Rs. 500 and less but over Rs. 250—				
Single pattas	7,042	7,832	626,691	646,899
Joint pattas	2,402	1,928	216,850	202,841
Total ..	9,444	9,760	843,541	849,740
Rs. 1,000 and less but over Rs. 500—				
Single pattas	2,404	2,286	418,173	428,822
Joint pattas	588	529	107,697	122,248
Total ..	2,992	2,815	525,870	551,070
Over Rs. 1,000—				
Single pattas	862	921	459,750	521,062
Joint pattas	189	191	99,868	130,162
Total ..	1,051	1,112	559,618	651,224

[Extract from the Report of the Settlement of the Land Revenue of the Districts in the Madras Presidency.]

It will be seen that the bulk of the pattas are those which yield a land revenue of Rs. 50 and less, those which give Rs. 10 and less forming the vast majority.

Joint pattas are definitely on the decrease, a sign partly of the disintegration of the joint family and the growing urge for partition. What is alarming, however, is that, in spite of fresh assignments to small farmers and labouring classes, the small holder, who constitutes the bulk of the agricultural population of this presidency, is gradually making way for the large landholder, who, while absorbing the lands of the cultivating small farmer, seldom cultivates the land himself.

In the five years between faslis 1335 to 1340, registered holders paying between Rs. 250 and Rs. 500 have increased by 216, those paying between Rs. 500 and Rs. 1,000 have acquired nearly 25,000 acres more land and of those paying more than Rs. 1,000, there are 61 more. In this corresponding short period, the number of pattas paying Rs. 100 and less has fallen from 9,001,688 to

5,734,151 or by 3,267,537. Statement No. 3 above does not give a complete or accurate idea of the present position, because revenue registry is usually not up to date and also because the figures for years after fasli 1340 are not available for purposes of comparison.

12. *Irrigation.*—The great rivers, Godavari, Kistna and Cauvery supply water to the three main deltaic areas. The districts of East Godavari, West Godavari, Kistna, Guntur, Tanjore, Trichinopoly and South Arcot are benefited by channels from these irrigation sources. The Kurnool-Cuddapah canal irrigates small portions of the Cuddapah and Kurnool districts. There are small isolated deltaic areas in Tinnevely, Madura, Nellore, Ganjam and North Arcot districts. The Cauvery-Mettur project, which has recently been completed at a total cost of over seven crores, will open up for wet cultivation a vast dry area in the Tanjore district, besides supplying more water to the old Cauvery delta. The following statement shows the particulars regarding the areas irrigated in this presidency.

STATEMENT No. 5.—Area irrigated in each district from the various sources of irrigation (canals, tanks, etc.) (extract from season and crop reports).

District.	Area irrigated from						Total.	Percentage of irrigated area to net area sown.	Percentage of area irrigated by wells to the total area irrigated.	Percentage of irrigated area to net area sown in the previous year.
	Government canals.	Private channels.	Tanks.	Wells having independent ayacuts.	Wells supplementing recognized sources of irrigation.	Other sources i.e., spring channels, etc.				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Ganjam	167,889	42,322	418,979	67,385	2,956	84,655	713,845	49	9	47
Vizagapatam	54,893	68,455	385,018	67,385	2,956	102,360	718,111	28	9	26
East Godavari	375,247	..	103,577	..	146	65,502	544,326	56	1	56
West Godavari	420,183	..	73,519	..	..	13,776	513,467	54	1	53
Kistna	334,569	..	21,979	..	..	1,278	374,793	54	1	53
Guntur	33,138	..	42,202	..	..	4,258	79,600	18	4	18
Kurnool	16,181	..	17,484	..	..	3,584	37,249	15	17	4
Bellary	40,495	..	95,607	..	..	8,856	144,702	2	19	8
Chingleput	10,901	..	233,501	..	..	3,661	247,963	20	30	19
North Arcot	100,550	..	411,568	..	..	17,698	509,743	36	21	33
South Arcot	27,123	..	261,431	..	..	68,791	357,345	65	5	37
Nellore	27,123	..	261,431	..	..	22,164	466,150	37	3	35
Salem	26,501	..	22,580	..	..	15,665	64,746	30	23	36
Chingleput	10,901	..	233,501	..	..	3,661	247,963	17	54	16
South Arcot	27,123	..	261,431	..	..	22,164	466,150	28	78	27
Nellore	27,123	..	261,431	..	..	22,164	466,150	31	31	20
Trichinopoly	129,393	..	120,051	..	..	1,365	250,732	22	28	23
Tanjore	863,966	..	116,614	..	..	1,365	980,945	35	28	43
Madurai	114,551	..	53,020	..	..	6,568	173,131	29	14	30
Tinnevely	51,441	..	166,259	..	..	2,177	219,827	21	12	22
Presidency—1933-34	3,627,218	139,134	3,491,793	1,354,289	379,035	589,767	9,202,221	27.2	14.7	27
1923-24	3,474,261	175,350	3,193,125	1,732,068	379,035	426,618	9,000,422	28.0	..	..

NOTE.—There are no sources of irrigation on the West Coast and the hills. Excluding the West Coast and the hills 29.0 per cent was irrigated during the year 1933-34.

* Revised figures.

Irrigation under Government canals has substantially increased in the last ten years and will certainly expand much further when the Cauvery-Mettur project is supplying the full area it has been intended for. Irrigation under private channels has diminished, while

the total number of wells remain about the same.

13. *Crops.*—The appended statement furnishes particulars of crops raised in different parts of the presidency.

STATEMENT No. 6.—Extract from the season and crop report of the Madras Presidency, 1933-1934.

Name of districts.	Total area.	Forests.	Net area sown.	Area of paddy irrigated and unirrigated.	Area of cholam irrigated and unirrigated.	Area of cumbu irrigated and unirrigated.	Area of ragi irrigated and unirrigated.	Total cereals.	Total area of pulses sown.	Area of sugarcane.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Ganjam	5,964,818	568,754	1,454,626	1,057,714	17,327	11,272	146,065	1,274,356	280,902	6,757
Vizagapatam	10,999,200	1,100,694	2,596,807	1,027,713	71,702	207,471	501,846	2,133,753	258,890	34,531
East Godavari	3,980,698	432,580	1,027,590	717,702	61,702	44,704	18,057	819,538	179,767	9,221
West Godavari	1,511,021	48,864	814,982	676,632	60,902	32,089	5,738	852,042	97,493	1,665
Krishna	2,269,786	109,736	2,126,748	395,718	435,617	168,509	14,888	1,463,775	110,223	1,333
Kurnool	4,683,524	1,469,312	2,126,748	395,718	435,617	168,509	14,888	1,463,775	110,223	1,333
Bellary	3,664,539	362,238	2,100,650	4,095	622,392	58,776	23,083	1,301,478	133,552	248
Anantapur	4,307,049	456,662	2,051,941	4,095	622,392	58,776	23,083	1,301,478	133,552	248
Cuddapah	3,724,695	1,152,250	2,051,941	4,095	622,392	58,776	23,083	1,301,478	133,552	248
Tynte	1,955,897	468,309	1,041,720	100,021	224,360	115,034	6,804	1,235,413	148,961	22
Chingleput	1,955,897	468,309	1,041,720	100,021	224,360	115,034	6,804	1,235,413	148,961	22
Madras	18,685	126,841	767,091	725,408	6,595	10,903	78,675	844,869	15,054	333
South Arcot	2,693,098	163,204	1,299,965	609,650	68,690	90,461	87,063	1,015,993	15,271	1,935
North Arcot	3,778,865	525,282	204,597	204,597	47,310	158,378	166,199	610,598	44,541	9,683
K. Arcot	2,465,856	176,433	1,118,184	488,086	67,207	89,138	112,023	879,628	82,580	7,883
Salem	4,527,107	1,438,703	1,683,436	1,027,713	173,733	298,388	264,904	1,153,003	281,345	6,706
Coimbatore	2,825,870	144,920	1,353,760	336,371	227,138	226,758	178,194	1,188,583	325,906	8,675
Tamilnadu	2,398,895	12,692	1,295,588	1,118,291	11,017	27,302	17,835	1,160,061	63,373	5,891
Madurai	3,140,263	738,814	1,213,772	385,321	249,977	32,961	50,674	1,284,328	98,616	2,097
Thiruvallur	2,758,099	221,512	1,256,947	485,576	69,672	119,781	73,682	884,568	44,478	373
Malabar	3,645,573	357,888	1,457,096	891,382	77,273	132,983	27,825	726,388	142,603	279
South Kanara	2,573,509	518,815	1,457,096	891,382	77,273	132,983	27,825	726,388	142,603	279
The Nilgiris	633,377	311,048	557,792	586,692	..	..	1,632	503,552	25,502	3,742
			86,278	5,727	119	..	2,638	18,892	629	2
Total 1933-34	91,007,561	13,693,112	33,879,533	11,703,788	4,411,554	2,559,562	2,123,968	24,995,939	3,052,080	121,650

Totals for 1923-24 13,100,701 34,067,941 11,015,984 4,614,579 3,067,294 2,254,014 2,827,373 89,075

Totals for 1923-24 *13,157,794 *32,287,088 10,516,701 4,647,085 2,645,076 2,592,199 2,688,454 121,286

STATEMENT No. 6.—Extract from the season and crop report of the Madras Presidency, 1933-34—cont.

Name of districts.	Total fruits and vegetables including root crops.	Total food crops.	Coconut.	Tobacco.	Groundnut.	Gingelly.	Caster.	Total oil seeds.	Cotton total.
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
ACS.	ACS.	ACS.	ACS.	ACS.	ACS.	ACS.	ACS.	ACS.	ACS.
Ganjam	39,277	1,631,431	8,447	3,224	49,985	52,048	5,286	127,827	980
Bastar	56,045	2,076,453	25,339	51,053	126,352	142,808	10,216	368,843	13,655
East Godavari	27,529	1,051,912	1,631	7,882	6,434	69,269	6,413	181,524	7,133
West Godavari	15,555	966,275	1,297	6,991	109,324	7,776	8,703	127,072	17,601
Krishna	12,187	1,685,231	183	94,810	332,879	1,039	31,931	386,452	73,381
Guntur	8,040	1,470,663	20	4,608	480,097	2,493	531,362	518,450	177,559
Kurnool	8,559	1,455,546	17,044	18,564	18,564	18,564	18,564	18,564	18,564
Bellary	8,897	1,486,914	484	1,400	446,597	29,064	69,390	55,535	169,279
Anantapur	22,966	889,400	117	1,693	229,478	3,075	8,633	245,081	38,724
Cuddapah	9,539	1,412,516	283	2,720	16,595	3,522	47,588	68,226	34,724
Tynte	18,500	1,885,478	5,806	19	38,956	17,200	12	62,896	3
Chingleput	22,394	1,722,334	4,111	1,736	381,960	55,780	1,096	444,676	1,360
South Arcot	33,147	1,006,168	2,935	512	113,826	5,913	5,633	135,092	32
Chittoor	22,812	1,477,542	11,537	2,073	295,035	25,276	5,092	339,458	369
North Arcot	16,582	1,562,718	9,108	4,860	151,480	52,278	23,874	238,551	51,818
Salem	14,682	1,051,912	1,631	7,882	6,434	69,269	6,413	181,524	7,133
Coimbatore	24,806	1,322,246	1,631	7,882	109,324	7,776	8,703	127,072	17,601
Tamilnadu	32,772	1,038,646	32,344	1,450	65,061	23,119	8,126	128,805	46,545
Madurai	9,908	968,101	7,188	2,068	120,310	27,059	4,585	168,366	145,768
Malabar	195,292	1,962,048	6,340	1,154	58,854	27,255	1,132	93,744	222,274
South Kanara	13,453	683,592	33,351	1,470	1,596	6,462	305	29,710	296,186
The Nilgiris	748,299	29,754,422	561,555	247,826	3,779,365	836,145	304,668	5,648,211	2,155,942
Total for 1933-34	..	..	..	..	..	..	..	..	..

Totals for 1923-29 28,516,113 285,229 3,679,349 759,716 344,373 5,515,954 2,464,775

Totals for 1923-24 28,961,922 * 219,842 1,811,790 695,758 339,020 3,584,591 2,631,621

* Revised figures.

This statement deserves close study. During the eleven years from 1923 to 1934, forests have increased by 545,000 acres. The net area sown, though it has risen from 1923 to 1928, has definitely decreased thereafter. The difference, however, is not substantial. Nor are variations in the areas under paddy, total food crops, tobacco and coconut, particularly significant or noticeable. As regards sugarcane, the area under it has dropped steeply from 1923 to 1929 and again has risen as steeply from 1929 to 1934. Areas under cholam, ragi and cumbu have noticeably fallen off in the last five years while pulses have increased. The most remarkable increase is seen between 1923 and 1929 in the area under ground-nut which shot up from 18.12 lakhs of acres to 36.79 lakhs and again rose in 1934 to 37.79 lakhs.

Agriculture in the Madras Presidency at present is predominantly a food-producing agency. Of the net area sown of 33,880 lakhs, as much as 29,754 lakhs or 88 per cent consists of food crops. Of the area sown with food crops, paddy (mostly irrigated) easily takes the first place with 11,704 lakhs of acres. Cholam, cumbu and ragi, which are predominantly dry crops, account between them for 11,083 lakhs of acres. It is as well to recognize clearly that the economic system of the South Indian farmer must necessarily concern itself mainly with food crops, and paddy in particular. Paddy cultivation will take on an added significance when the new area under the Cauvery-Mettur project is opened up.

The following statement shows the acres under rice in different parts of India and in other parts of the world:—

STATEMENT No. 7.—Statement of area and production of rice.

Name of provinces.	Area (1,000 acres)— Average for		Increase or decrease per cent.	Production (1,000 tons)— Average for		Increase or decrease per cent.	Average yield per acre in tons.	
	1922-26.	1927-30.		1922-26.	1927-30.		1922-26.	1927-30.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1 Bengal	20,793	20,604	- 1.0	7,068	8,615	+ 8	38	42
2 Bihar and Orissa	14,446	14,015	- 3.0	4,636	5,466	+ 18	32	39
3 Burma	11,996	12,691	+ 6.0	4,739	4,818	+ 2	40	38
4 Central Provinces and Berar	5,193	5,456	+ 6.0	1,460	1,605	+ 10	28	29
5 Madras	10,068	11,385	+ 3.0	4,947	5,259	+ 6	45	47
6 United Provinces	7,178	6,902	- 4.0	2,168	1,709	- 21	30	25
7 Indo-China	12,084	13,843	+15	5,045	5,907	+ 17	47	43
8 Italy	415	346	-17	569	651	+14.0	137	143
9 Japan	7,714	7,848	+ 2	10,257	11,045	+ 7.7	133	141
10 Java and Madura	8,082	8,680	+ 7	4,988	5,174	+ 4.0	61	60
11 Korea	3,849	3,923	+ 2	2,610	2,524	- 3.4	68	72
12 Siam	6,394	6,357	- 5	4,560	4,244	- 7.0	71	67

(Extract from the Report of the Rice Production and Trade in the Madras Presidency 1934, page 2.)

Madras takes the fourth place among the provinces as regards acreage under rice cultivation, with Burma topping her by a close margin.

The Indian provinces are conspicuous in their poor yields per acre, while Japan and Italy are distinguished by their splendid

outturns. Madras takes the rather dubiously distinguished position of leading the other provinces in the yield per acre. The following statement taken from the *Indian Trade Journal* perhaps gives a better idea of rice production in the different provinces than the previous one:—

Provinces and states.	Area (thousand acres)		Yield (thousand tons)		Yield (per acre—lbs.)	
	1933-34.	1932-33.	1933-34.	1932-33.	1933-34.	1932-33.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Bengal—						
Autumn	5,775	5,795	2,254	2,208	874	853
Winter	15,499	15,590	6,226	6,958	900	1,000
Summer	393	394	166	198	946	1,126
Total, Bengal	21,667	21,779	8,646	9,364	894	983
Bihar and Orissa—						
Autumn	3,354	3,330	956	936	638	630
Winter	9,829	9,702	3,322	3,251	757	751
Summer	40	40	14	14	784	784
Total, Bihar and Orissa	13,223	13,072	4,292	4,201	727	720
Burma	12,851	12,702	5,185	4,913	904	866
Madras	11,576	11,534	5,090	5,406	985	1,050
United Provinces (a)	6,003	6,187	1,737	1,334	648	483
Central Provinces and Berar (b)	6,886	7,055	1,984	2,009	645	638
Assam—						
Autumn	817	875	196	232	537	594
Winter	3,345	3,588	1,017	1,335	681	833
Summer	187	188	81	85	970	1,013
Total, Assam	4,349	4,651	1,294	1,652	666	796
Bombay—						
Autumn (b)	3,199	3,567	1,470	1,549	1,029	973
Spring	18	18	5	8	622	996
Total, Bombay (b)	3,217	3,585	1,475	1,557	1,027	973
Coorg	84	84	54	55	1,440	1,467
Hyderabad	1,110	997	299	293	603	658
Mysore	763	769	225	242	661	705
Baroda	225	226	65	63	647	624
Bhopal (Central India)	23	20	7	(c) ..	682	..
Grand total	81,977	82,661	30,353	(d) 31,089	829	(d) 843

(a) Includes autumn, winter and summer rice and also figures for the Rampur state.

(b) Includes Indian States.

(c) Not available.

(d) Excluding Bhopal.

(Extract from the *Indian Trade Journal*, dated 1st March 1934, page 801.)

Centuries of experience have led the Indian peasant to choose the best crop to suit his environment. In Madras, paddy cultivation has taken the first place and will keep it, because economically paddy should take the lead. Professor Mukerjee wisely remarks as follows:—"Notwithstanding the copious and favourable rainfall of China, Japan and India, each nation has selected the one crop which permits it to reap the full advantage, not only of practically all the rain which falls directly upon its fields, but in addition enormous volumes of the run-off from adjacent uncultivable mountain country. These nations have adapted conditions to crops and crops to conditions, until in rice they have a cereal which permits the most intense fertilization and at the same time the insuring of maximum yields against both drought and flood for dense populations. With the practice of Western nations in all humid climates, no matter how completely and highly they fertilize, in more years than not yields are reduced by a deficiency or excess of water. Rice, which gives a maximum yield is a good staple crop for dense populations. Where the population is not dense, however, it cannot be grown; for the cultivation of rice demands a large number of unskilled hands and arduous hand labour over relatively brief agricultural seasons. With a cheap supply of agricultural labour, little manure and with imperfect tools and implements, rice feeds large masses of population. Social cohesiveness among rice-growing peoples naturally is encouraged when a large population is concentrated in small fertile areas, while the flooding of the rice-fields during transplantation develops communal habits of agriculture and communal control of irrigation. It is this social cohesiveness which has governed the characteristic distribution of fields in China, Japan and India."

CHAPTER II.

The causes of indebtedness.

14. Rural indebtedness is not peculiar to India. The agriculturist all the world over is indebted to some extent or another. Mr. Darling states that in Prussia in 1902, 628,000 peasant proprietors carried a debt of £377 millions, and the farmers of the United States in 1910 owed £475 millions. In India itself, agricultural indebtedness is not a phenomenon which has appeared only in recent years. Sir Frederick Nicholson, in 1895, estimated the total debt of the rural population of Madras at 45 crores. In 1930, the Madras Provincial Banking Enquiry Committee estimated the debt at 150 crores. It will be seen later in this report what the present indebtedness is.

Every historian assures us that the Indian agriculturist has always been indebted. But the extent of indebtedness varies, not only with landed security which the agriculturist can offer, but also with the personal credit

he commands. But personal security, however, trustworthy, can never induce a man to lend freely unless the borrower holds property to back his credit with. The more valuable the property, the more the borrowing power; and if, as in India, forethought and caution are thrown to the winds and there is dire necessity for money at any cost, the more the borrowing power of the ryot, the more does he borrow. "Debt follows credit" as Mr. Darling says.

Prior to the advent of the British into India, the position of the Indian cultivators was most precarious. Torn as the country was by political strife and the ceaseless clash of rival powers for supremacy, the fear of constant ejection and dispossession of the land and the fact that the right of private possession of land was not firmly established, discouraged the ever-present money-lender from throwing his money about among agriculturists with that freedom and abandon, which characterized him later. The internal security conferred by the British gave to the agriculturist a secure tenure in his land. He was free to do what he liked with it. He could sell or mortgage it and the law courts respected these transactions. So the security the agriculturist could offer was suddenly vastly increased. And with the increase of security indebtedness shot up. Mr. Darling's theory of debt following credit, however, will not be applicable if the agricultural industry is one yielding a steady and substantial profit every year to a people who, with wisdom and forethought, live carefully within their means and put by the extra profits for a rainy day.

15. *Poverty*.—Quite apart from the character of the people, agriculture in India, with the exception perhaps of the raising of a few commercial crops, is not a profit-making concern. Its main concern in India is to provide food for the teeming millions. "In India agriculture is, with most cultivators, with uneconomic holdings, more a mode of living than a business," says the Royal Commission on Agriculture. The following observations of the Simon Commission hold as good to-day as they did in the past. "The low standard of living to which the mass of India's population attains is one of the first things that strike a Western visitor. Wants are few, diet is simple, climate is usually kind, and a deep-rooted tradition tends to make the countryman content with things as they are. But the depth of the poverty, the pervading presence of which cannot escape notice, is not so easily realized."

The gross value of the crops of the Madras Presidency in 1928-29 was estimated by the Madras Banking Enquiry Committee at Rs. 165 crores. The average prices of rice, cumbu, ragi and cholam taken together fell between 1928-29 and 1933-34 by above 50 per cent, so that the gross value of crops of the

Presidency in 1933-34 would roughly be Rs. 80 crores. Assuming that there was a rural population of 34 millions in the Presidency in 1933-34, we get a gross income from crops raised per head of population, of about Rs. 23-8-0. But the net income should be arrived at by subtracting from the gross value of the produce, the cost of cultivation, land revenue, interest payments and so on. The cultivation expenses may roughly be taken at 40 per cent of the yield, though I am perhaps estimating cultivation expenses at too low a figure. Hence, from a yield valued at Rs. 80 crores, we may deduct Rs. 32 crores for cultivation expenses. We should deduct 8 crores for land revenue assessment and rent paid to zamindars. This leaves a net agricultural income of 40 crores in 1933-34 to support 34 millions of people. Even assuming that no interest on debt is paid, we arrive at the figure of Rs. 11-12-0 as the income per head of rural population in 1933-34. Therefore, even in a year of normal rainfall, making no allowance whatever for a rise in the standard of living or for payment of interest on agricultural debt (no question of paying back the principal generally arises) a sum of about Rs. 15 per head (allowing Rs. 3 to Rs. 4 for income from other sources) has to suffice on an average for food, clothing and the numerous sundries which are required for a man, woman or child. Professor B. V. Narayanasami of the Annamalai University whose evidence will be found in Appendix I, calculates the present *per capita* income of the agriculturist at Rs. 7-8-0. I believe that this is rather too low a figure. My figure of Rs. 15 per head may perhaps be too optimistic, but it is safer to err on the right side and I am positive that my estimate cannot possibly be attacked as being too low.

The average ryot therefore is forced to live a squalid life, ill-fed, poorly clothed, wretchedly housed and with hardly any surplus for those extra amenities which make life worth living.

16. *Vicissitudes of season.*—There is general agreement that the return from investments on agriculture as regards the staple food crops, is low, averaging from 2 to 5 per cent in a normal year with average prices. Normal years are not very common in India. As Mr. Darling observes, "the monsoon may fail, or what is more likely near the hills, the rain may come at the wrong time; or a river may rise and sweep away harvest, hamlet and herd. In such circumstances, to support a family upon a few acres without getting into debt requires a level of skill, industry and thrift seldom attained in a hot country. Undoubtedly it can be done, just as a small sailing boat weathers the storms of the Atlantic; but, unless the boat is both well found and well manned, it will assuredly sink. In India, the farm is too often neither the one

nor the other, and nature can be almost as destructive on land as at sea." Mr. Darling rightly reckons that a cycle of five years will give one good year, one bad and three neither bad nor good which we may take as normal. In the good year, the ordinary small holder may just pay his way without a loan. In the bad year, he is forced to borrow for all his wants, including cultivation expenses, food and clothing. Even in the middling years, the cultivator, I maintain, is obliged to borrow to some extent, not only for special expenses like marriage or to buy a bullock, but also for his cultivation expenses. If payment of land revenue and of interest on standing debt do not absorb almost all his surplus, he may be able to pay off at least the recurring debt for cultivation expenses. Often as not, he is unable to do even this and so the borrowings for cultivation expenses go to swell the standing debt. I visited a famine work in the Anantapur district. Those working for famine wages included labourers and small landholders generally paying assessment up to ten rupees. On being questioned as to why landholders paying over ten rupees did not come and work, the village officers told me that it was beneath their dignity to do so. It was admitted that their lands also were lying waste, and land revenue assessment had been completely remitted. I wanted to know how the people came by the wherewithal to live with, since a remission of land revenue put no money into their pockets. The answer was that they had borrowed the money. "Did they borrow from co-operative societies?" I asked. "No" was the answer, "by the time the loan application goes through, the applicants will certainly die of starvation." The fact was that these small landholders, in preference to earning their living by honest work, chose to borrow from money-lenders (including agriculturists and traders who lend money) at most exorbitant rates of interest. The wonder was that the money was so readily available.

17. *Ravages by wild animals and pests.*—Crop pests cause considerable damage. The rice bug for instance is a menace to paddy near forests and will often devastate a whole promising crop in a few days. The officers of the Agricultural department, when appealed to for help by the ryots of South Kanara, offered the bright suggestion that an enormous net should be procured to cover the fields and net such insects! A cloud of locusts can lay bare a vast expanse of cultivation in a few hours. Some years ago, I was an eye-witness to such a visitation in the Anantapur district. The locusts suddenly appeared in millions. I thought we were caught in a great dust storm. Shortly afterwards, the ground was covered with a carpet of these insects 6 inches deep.

Wild animals like elephants, pig, bison, deer and monkeys are regular visitants from forests to neighbouring fields. In Coimbatore

or in South Kanara, for instance, a herd of wild elephants will tear down and completely devastate in a short time a fine plantation reared with infinite care and immense expense. Again, the rat is a greedy rodent which is reputed to consume 6 lb. of grain a year. Professor Mukerjee estimates the loss caused by rats in India per year at Rs. 22 crores.

18. *The character of the people.*—In order to estimate correctly the character of the Indian farmer, one has to trace his history from the earliest times. The Indian farmer has been and will always be the foundation of the economic structure of India. His welfare is a national concern, which should not and indeed cannot be ignored by the State, without eventually leading to catastrophe. This responsibility of the State for the welfare of the farmer has been stressed strongly by every investigator into rural economics. For instance, according to the Central Banking Enquiry Committee, the Businessmen's Commission on Agriculture in America say in their report: "Agriculture is not merely a way of making money by raising crops; it is not merely an industry or a business; it is essentially a public function or service performed by private individuals for the care and use of the land in the national interest; and farmers in the course of a living and a private profit are the custodians of the basis of the national life. Agriculture is therefore affected with a clear and unquestionable public interest and its status is a matter of national concern calling for deliberate and far-sighted national policies, not only to conserve the natural and human resources involved in it, but to provide the national security, promote a well-rounded prosperity and secure social and political stability."

During the series of administrations prior to the advent of the British, "the environments created by the State were such as to depress and discourage productive efforts of all kinds. However benevolent might have been the intentions of the autocrat at Delhi, they were often frustrated by the cumbrous machinery of his administration and the general corruption of his officers. Internal order and security were still unknown, especially in the outlying parts of the Empire; and it was the rule rather than the exception for the strong to prey on the weak . . . The net result was to weaken the will to produce and encourage the investment of any surplus wealth in such unproductive forms as hoarding. A rise in the standard of living was an impossibility under these conditions." The farmer was the most oppressed of all. He dared not show signs of prosperity for fear he should be ejected from his land. No one bothered about his welfare. He remained uneducated and his ignorance and simplicity were taken advantage of by his oppressors, who squeezed him at every turn.

The earlier years of the East India Company's advent brought little improvement into the condition of the farmer. At first, the Company was but little interested in the agricultural production of the country. The abolition of the East India Company's monopoly in the Eastern trade marks the beginning of a new era in English commercial activity. The Royal Proclamation of 1858, by which Queen Victoria assumed the direct sovereignty of India, ushered in a period of progress in all directions,—communications, trade, agriculture and so on. The entry of India into the markets of the world was followed by a rise in agricultural prices. Agriculture became more commercialized. But such favourable results were inevitably attended by undesirable features. With an increase in agricultural prosperity, the moneylender came more to the fore. More tragic was the gradual growth of an army of unscrupulous middlemen. The poor ryot in his simplicity borrowed freely and without scruple, because the money was more or less thrown at him by a horde of creditors and prompt repayment was not insisted upon. The middleman with his wily ways absorbed almost all the surplus profits of agriculture. Land was mortgaged up to the hilt. Lack of education and co-operation, poor village communications and above all want of marketing facilities, made and still make the ryot an easy prey for profiteers. He does not save enough from a good harvest, to serve him as an insurance in case of a failure of crops. For one thing, there are no sound institutions within easy reach of him to put his savings into. Insurance facilities have not been extended to the small farmer. He has not been taught to save or balance his budget. His everyday wants are few, but now and then he "goes on the burst" and indulges in an orgy of expenditure for a marriage or a funeral.

Centuries of oppression might be expected to have turned the Indian farmer into a callous brute, whose finer feelings have all been soured. This is not so. The Indian agriculturist is still a fine fellow, surprisingly clean considering his environment and poverty, deeply experienced in the cultivation of the crops he has specialized in for ages, and with a really well-developed standard of honour. His sense of humour has not been scorched out of him. A friend of mine driving a car was held up by the inevitable cart in the middle of the road, with the old cartman lolling at ease in it with a cigar in his mouth. No amount of hooting or angry shouts could stir the old man into action. He appeared to be in a deep trance and not a sign of intelligence was visible in his vacant countenance. My friend got off his car and proceeded to exhaust himself by a stream of indignant words. Finally, he demanded in lurid language what the cartman meant by appropriating the whole road to himself when he paid no tax for it. The

old rustic heard the speech through quietly and at its finish replied with the laconic question "which came first into India, the cart or the car?"

It is not an impossible task, as so many people imagine, to educate in rural economics the ryot and labourer and to instil into him wisdom and thrift in managing his affairs as well as self-respect and a realization of the benefits of co-operation. He should be approached, however, with sympathy and understanding. He is naturally deeply suspicious of those who try to reform him, because of his bitter experience in the past; but patience and perseverance are bound to succeed with such pliable and essentially sound material. The Indian Statutory Commission have, like all other Commissions sent out to India, recognized the position of the agriculturist and state as follows:—

"In spite of the progress that undoubtedly has been made and of the great increase in the gross wealth of the country, the ordinary cultivator on his tiny plot is still a man of few resources with small means of meeting his limited needs—usually illiterate, though not on that account necessarily wanting in shrewdness with an outlook confined by tradition and environment and needing above all things that those who consider his future as a citizen should understand something of his life as a man."

19. *The rise in the standard of living.*—Mr. Pillai observes as follows: "The English labourers of to-day command many conveniences, comforts and luxuries denied to the nobles of Elizabeth's days. But the Indian labourer of Akbar's days, there is reason to believe, led pretty much the same life as his rural confrere of the present time. The great bulk of the population lived on the same economic plane as now. We cannot be sure whether they had a little more or a little less to eat, but they probably had fewer clothes and they were certainly worse off in regard to household utensils and to some of the minor conveniences and gratifications of life. One curious result of this unchanging standard of living is that, even when opportunities are afforded to the Indian labourer to earn higher wages, he uses his greater earning power to do less work, and enjoy greater leisure, rather than to earn more by working more regularly or by improving his efficiency." The explanation for this almost stationary standard of living and for physical and mental inertia can be sought partly in the poverty of the people, which prevents them from raising their standard of living, and partly in the lack of a desire to progress born of years of suffering and oppression.

The success of a wise, progressive and sympathetic administration can be gauged by the standards of living adopted by the people. Given proper education, a spirit of hope and

enterprise, freedom to expand in and a reasonable surplus over and above the bare necessities of life, the standard of living must increase. It cannot remain stationary. Through bitter experience, the Indian peasant's outlook on life is pessimistic in the extreme. It is only of late that there have been signs of a new attitude and a fresh vigour. A rising standard of living cannot lead to increased national prosperity, unless such a rise is accompanied by a stronger urge to grapple with difficulties, improve efficiency, and thereby earn more wages and wrest more from the land.

The series of years of high prices, before the economic depression, certainly have helped to raise the standard of living of the agriculturist. He wears better and more clothes, his food is more elaborate and tasteful, and he is inclined to spend more on sundries. Coffee and tea shops have sprung up like mushrooms all over the country. Where a yokel in the past would have cheerfully walked ten miles to get to his destination, he pays now for a bus ride. The increasing volume of unemployment among graduates, intermediates and S.S.L.Cs., has brought to the villages a band of discontented youths, with expensive and often vicious tastes and a contempt for manual labour and drab village life.

The increase in the standard of living has naturally added its quota to the volume of debt, especially so after the onset of the depression, when, in spite of the sensational fall in prices and rise in the value of money, the standard of living has failed noticeably to come down. A set of new wants satisfied by years of prosperity cannot easily be ignored when adversity sets in. The agriculturist, accustomed to his new standard of living naturally clings to it, even by borrowing in times of adversity.

20. *The money-lender.*—Much has been written about money-lenders and their ways. The Madras Banking Enquiry Committee has given a very detailed and good account of them. In several provinces, there are regular classes of money-lenders. In Madras, professional money-lenders, like Marwaris and the Chetti banking community of the Ramnad district, are not plentiful. Yet professional lenders of money are not as scarce in Madras as sometimes represented. Those, whose sole occupation is that of money-lending, drive a harsh bargain with the agriculturist and give little concession to him when he is in difficulties. The Marwaris in particular charge from 18 to 50 per cent simple or compound interest and often more. Their operations are distinguished by the most hard-hearted ruthlessness.

The lenders of money to agriculturists in this province are mostly agriculturists or traders. The ryot money-lenders own land themselves and belong to the same communities

I fear, are not taken into account when the interest due is calculated subsequently. The recorded loan is treated by court as the sum actually paid to the borrower. These practices are in use among agriculturist as well as professional money-lenders. I give below a short resume of the results of conversations I had in the last six months with some typical money-lenders.

(a) *Conversation with a leading agriculturist money-lender of Chingleput district.*—(I have verified the facts from the documents themselves.) This gentleman is a Mudaliar. He pays a land revenue assessment of about Rs. 1,000 and, as the owner of a shrotriyam village, pays quit rent of Rs. 300. His money transactions now cover over a lakh of rupees. A large amount of his land was acquired by foreclosing on his clients when they were unable to repay their debts to him. He got the major portion of his land by court-sale but also came by some of it by private negotiations.

He keeps a set of accounts but does not render statements to his debtors, nor does he give them receipts. About two-thirds of the loans due to him are on pro-notes (mostly joint) on personal security. About a third of the loans are on mortgages of immovable property. Very little has been lent on jewels (he states that generally Marwaris and Nattukottai Chetties lend on the security of jewels), though many money-lenders are now anxious to lend on the pledge of jewels, seeing that land value has fallen so much.

He is strongly in favour of legislation for keeping and rendering accounts on the lines of the Punjab Acts. He is doubtful if registration of money-lenders will be practicable, but thinks it will be a good move.

He generally lends at 12 per cent simple interest; but writes down 24 per cent in pro-notes to put fear into his clients. He says he always charges simple interest, yet seems to have experienced great difficulty in collecting his dues in the last three or four years owing to the depression.

He is not at all in favour of debt conciliation, if such legislation will burden him with more land which he does not want. He wants cash and is quite prepared to compound for a reasonable proportion in cash. He declares that the period recorded in mortgage deeds is never adhered to and that, even though two and three years are mentioned, the average duration of a mortgage is over six years. The following pro-notes in his custody were examined:—

(1) Loan of Rs. 3,500 on 5-3-1931. Interest Rs. 1-8-0 or 18 per cent. (He says he actually collects at 14 annas.)

Repayments:—

Rs. 492 on 11-6-1932.

Rs. 600 on 12-4-1933.

Rs. 700 on 12-1-1935.

as the ordinary agriculturists. The ordinary interest they charge varies from 9 to 18 per cent. Loans are given mainly on pro-notes, on personal security or on joint security; but they are granted also on the mortgage of landed property. A short period is fixed for repayment of pro-note debts, generally a year or ten months, and interest has to be repaid in regular instalments. Creditors know very well that borrowers can seldom keep to the terms of repayment. If the interest is not paid on the due dates, penal interest from 18 per cent upwards is charged. The law of limitation of three years on pro-note debts leads to frequent renewals of pro-notes. At every renewal, the principal is entered with its unpaid interest (commonly penal rates) as the fresh principal. Hence, pro-note debt increases rapidly and heavily by the accumulation of heavy penal rates of simple interest, as well as by compound interest with three-year or shorter rests. When several renewals of pro-notes have been made, the debt has multiplied itself many times over and generally ends by being converted into a mortgage debt. Finally, the creditor forecloses and takes the poor ryot to court. Here the creditor secures his decree, generally *ex parte*, and eventually takes possession of most of the ryot's land. The ryot loses his land and becomes a tenant or a labourer. The creditor, whose landed property is thus gradually augmented, is little interested in cultivation. He lets out his lands on the best terms he can secure.

No receipts are given to ryots for repayments; but such are generally noted in pro-notes or other documentary evidence of loans. This is left to the will and pleasure of the creditors. There is nothing to prevent them from not noting them. Certainly, the repayments are not entered separately against principal and interest. The agriculturist borrower, who is often guileless, thriftless and an irresponsible simpleton, accepts as true all that the creditor says to him. Generally he does not exactly know what he owes at any particular time. He can tell you how much he first borrowed. He can also tell you the rate of interest. But he seldom calculates the total interest he has to pay every year and generally loses track of the repayments he has made. I was permitted by a kind agriculturist money-lender to examine his pro-notes and accounts. The accounts are simple day books. No separate accounts of interest and principal due are maintained. The backs of pro-notes contain entries of repayments. I am not able to say, however, if these are entered regularly and correctly. The balance due seldom seems to be struck except in the last stages, when the debtor is taken to court. The dictum 'once in debt, always in debt' is often too true.

Interest is frequently deducted in advance, so that the borrower is only paid his recorded loan minus the interest; but such deductions,

These repayments though entered on pro-notes, do not show separate accounts for principal and interest. According to him, the repaid amount of Rs. 1,470 represents interest for four years at 10½ per cent and the balance represents repayment of principal. (Unfortunately, it has not struck the creditor or the borrower to reduce the principal by the amount repaid, for calculation of future interest.) The creditor states that if debt is repaid out of court, 10½ per cent interest will be charged, but if the matter is taken to court, 18 per cent will be charged. (This condition presumably applies to the interest already repaid.)

(2) Loan of Rs. 1,882 on 15th February 1931, for discharge of previous debts. Interest at 12 per cent. No repayments of principal or interest subsequently.

(3) Loan of Rs. 3,000 on 22nd April 1931 at 12 per cent. Repayments recorded on pro-notes; Rs. 300 on 5th January 1932 and Rs. 500 on 31st August 1933. These repayments are said to represent interest, though not recorded as such. The creditor also declares that a sum of Rs. 200 was subsequently repaid. This sum is entered in the general account, but not on the pro-note.

There are several pro-note loans to agriculturists at 9 per cent and many renewal pro-notes in discharge of prior loans. These pro-notes are mostly on joint personal security.

The following are a few loans on the mortgage of immovable property, the documents of which were examined.—(1) Loan of Rs. 400 at 12 per cent interest on 27th January 1924, on mortgage of one house and one acre and 45 cents of land (mostly wet land), Rs. 250 repaid on 9th August 1930 and Rs. 50 on 31st March 1934. All this said to be for interest due. No principal repaid.

(2) Loan of Rs. 400 on 5th December 1929 at 12 per cent on the security of a house and one acre and 36 cents of wet land. No repayments.

(3) Loan of Rs. 2,000 at 12 per cent on 29th July 1925, on the security of 7 acres and 50 cents of wet lands. The following repayments have been recorded on the document and are said to represent interest:—

Rs. 240 on 4th September 1926.
.. 250 on 29th September 1929.
.. 240 on 5th December 1930.
.. 240 on 17th September 1932.

(b) Conversation with another agriculturist money-lender of Chingleput district.—A Nayudu by caste. He was a cultivator pure and simple about five years ago. He started money-lending then in partnership with two others. They have lent out about Rs. 40,000 to Rs. 45,000 in cash and are repaid in cash. Only short term loans are dealt with, and money is lent only on joint pro-notes and not on the security of movables or immovables. Suppose A borrows Rs. 100; he is given Rs. 90 in cash, Rs. 10 being deducted for interest for ten months. The repayment should be made

in ten months in monthly instalments of Rs. 10. If instalments are not paid regularly a penal interest of 18 to 24 per cent is charged. The pro-notes all recite an interest of 24 per cent to be on the safe side, but the actual collection is only said to be 10 per cent for ten months. The money-lender declares he is compelled to take his clients to court now-a-days as times are hard (which means that the penal rate of interest of 24 per cent comes into operation). The demand for loans is increasing, but less is being lent out. Interest is not rising, though credit is being shortened. Most of the present loans are for family expenses, as land is yielding very little in terms of money. The majority of the clients are small landholders with 1 and 2 acres of land each. Farm-servants and coolies are lent not more than Rs. 25 each. Tenants borrow as much as they can. Most of the land is pledged up to the hilt and often over and over again. The money-lender is agreeable to the scaling down of debts by debt conciliation boards, if the scaled down amount is discharged in cash.

(c) Conversation with an agriculturist money-lender of Kistna district.—He started with four lakhs capital and now has sixty lakhs. He charges interest at Re. 1-4-0 per hundred. He is not at all keen on getting back his capital, but wants only interest. He came by 1,500 acres of land at very low prices from his debtors. He always has hundreds of suppliant-debtors in his compound, crying out "save me!". He says the Government must come to the rescue. When Rs. 30,000 has been lent out, he tells me that lenders will not accept land at once in payment, but will wait till the debt swells to Rs. 50,000 and then take all the land. He lets his land out on lease. Now no one borrows from him. Land has fallen remarkably in value during the last few years. The ryot is plunged into hopeless despair. There was a regular house to house visit by money-lenders in 1928-29, who forced money on ryots, even when they were unwilling to take loans. All lands are now either attached by or mortgaged to money-lender. The Kistna and Godavari ryots are bound hand and foot. There is a network of cross-sureties taken for pro-notes. The money-lender wants a stay of all proceedings against land for a definite period for recovery. He is eager for a settlement of debts, for he has learnt a bitter lesson. Money-lenders are putting much pressure on their clients in the last few months through fear of Government interference.

(d) Conversation with an agriculturist money-lender of Ramnad district.—He is a Nadar by caste. He has lent out over two lakhs. He now finds great difficulty in getting back even interest. He lends at 9 to 12 per cent and tries his best to avoid civil courts. He negotiates privately with debtors and tries to buy their lands in discharge of debts. He leaves a bit of land over for debtors. When he gets lands, he leases them out, or leaves them waste. He does not

generally lease out to the ex-debtor. He buys land at the present market rate. He prefers cash to land. He will forego interest, if he can get back the principal in cash. He finds that farm-labourers are generally not much indebted.

Court-fees and court costs are extravagant and the law's delays are tremendous. He has to incur as much as Rs. 50 to Rs. 100, in costs for a suit for Rs. 100. He proposes disposal of civil cases by lots, as the "decision in civil courts are often so frivolous and arbitrary." He says that he is compelled to bribe all court officials except the Judge! He wants quick decision and not this dragging on.

(e) Conversation with two prominent Nattukottai Chetti, bankers of Karaikudi in the Ramnad district.—These are large landholders under the Sivaganga zamindari. They lend out in India only to cultivating tenants. They find no difficulty in collecting payments. They take principal and interest from the thrashing-floor. They go to court only in about two out of ten cases. They lend ordinarily at 9 to 12 per cent compound interest with one yearly and six monthly rests.

When they go to court, they say they have to pay *mamuls* to process-servers even for summonses and very much more for executions. If they do not give these bribes, the process-servers will go to the defendant for money. These practices are absolutely common and general according to them. There is much delay in civil courts. The difference in production and price of paddy in Burma and India is not due to the difference in the incidence of land revenue. They are due, because, in Burma, the people work harder, the land is better, the rain is more regular, land value is less and cultivation is more scientific than in Madras. Much land in Burma, the Federated Malay States and India is passing into the hands of Nattukottai Chettis, who want to sell but cannot find buyers even at 25 per cent below the present market value. In the Federated Malay States, disposals in civil courts are much quicker than in India, and court-fees are less. A civil suit in the Federated Malay States is on the average disposed of in one or two hearings and not civil courts are much quicker than in India. The registration of documents in the Federated Malay States is better. The original documents—sale records, etc.—are invariably consulted and used for recording all subsequent transactions. Official receivers are much quicker at their work and there is less bribing of *amins* and other court officials.

Many high placed officials and experienced non-officials have declared that the problem of agricultural indebtedness is not acute in this Presidency, because most of the credit comes from the agriculturists themselves, who are accommodating and sympathetic and not addicted to the malpractices, which have made the professional money-lender a by-word. The examples I have given of typical agriculturist money-lenders will show, that even if deliberate malpractices are few, the system

of accounts maintained and the methods of lending adopted are loose, unsystematic and capable of gross abuse by the unscrupulous. The borrower is such an ignoramus that he is entirely at the mercy of his creditor, once he has borrowed. One of the District Judges whom I have consulted remarks as follows: "I have little doubt that in many instances agriculturists are deliberately cheated by money-lenders, who secure from illiterate victims more than what is intended; and when the security is eventually sued upon there is nothing but the word of the ignorant victim against the evidence of the written evidence, that the consideration was much less than what is set out therein. A common practice is for the money-lender to deduct from the principal amount anything from 10 to 20 per cent as 'advance payment of interest'. This is of course failure of consideration from the outset to the extent deducted, but future interest continues to be calculated on the principal amount shown in the documents." One cannot but agree with Mr. Darling when he says, "There is little to choose between him (the agriculturist money-lender) and his professional rival. The one is as harsh as the other is astute, and both are demoralized by the system under which they work. Under this system, the creditor is in danger of being turned into a tyrant and the debtor into a serf. The cultivator sows that another may reap, and toils that the creditor may gain. Of what use to him, then are all the devices for improving the quantity or the quality of his harvest? As well teach him to convert his bullock-cart into a lorry, for all the good that it is likely to do him. Economic freedom is a condition precedent to progress, and to the Indian cultivator no progress is possible till the power of the money-lender, agriculturist or *bania*, is broken. As a German writer says, 'usury must be fought to protect not only the weak but the whole industry of agriculture against a parasite which threatens its foundations'."

Though, considering the risks involved, fairly moderate rates of simple interest are ostensibly charged, these rates of interest from 9 to 18 per cent are really seldom, if ever, applied. In reality the heavy penal rates of 18 per cent and upwards are in force. These are the rates which are entered in documents for the edification of courts. The law of limitation helps the lender to charge compound interest with frequent rests. Often enough, compound interest is charged with yearly rests. Agriculture as an industry gives a return of from 2 to 5 per cent in a normal year. To borrow for such an industry at even 9 per cent is therefore unsound, and obviously such loans cannot be repaid without encroaching upon capital, which is the land itself. In order to repay loans, agriculturists borrow again and again. So the standing debt gradually increase till it overwhelms the small and medium landholder and deprives him of his land, leaving him helpless and destitute. One poor ryot, whom I examined, borrowed Rs. 40 on pro-note a few

years ago. He was forced to renew the loan several times and finally renewed for Rs. 400, to which the loan had swelled in a few years by the accumulation of unpaid compound interest. The moment this renewal was made, the creditor took the ryot to court and got his decree for Rs. 400 with ease. He took possession of all the ryot's land, which stood at about this value then, but which was worth about Rs. 1,000 before the depression. The ryot is now landless, having had to part with land worth at one time Rs. 1,000 in discharge of a paltry loan of Rs. 40.

Traders and middlemen also lend money to agriculturists. They lend generally for cultivation expenses at very high rates of interest. Loans in kind, like the grain loans in Cuddapah known as "Nagu," bring in interest from 50 to 100 per cent per annum. These are generally short-term loans repayable in 3 to 12 months and are collected at the thrashing-floor at harvest time, or at the houses of the landholders. The emissaries of these money-lenders squat upon the land or in the *payals* of the houses and refuse to budge till the loan is paid. They employ threats, and, I fear, often resort to force. They charge a daily *batta* for the days of waiting. The desperate agriculturist has to part with most of his grain. If this is not enough, he rushes about borrowing from others. The need is so great that money or grain is borrowed on any condition and at any price.

Traders, especially in isolated localities with difficult means of communication, as in the Palni Hills of the Madura district, hold a monopoly in general stores. The ryots must get their supplies like provisions and clothing, from them. Advantage is taken of this monopoly to drive iniquitous bargains. As the ryot usually has no money to offer, he has to borrow his stores. The interest charged is often over 100 per cent. The quality of the articles is unsatisfactory—bad grain, poor clothes, etc. The prices are exorbitant and the interest charged startlingly high. But worse still, these traders usually stipulate, when lending, that the ryot must sell his produce to them. The prices given them are absurdly low. False measures and weights are freely used and in every way the ryot is held in a relentless grip from which he cannot extricate himself. These malpractices have gone to such lengths in the Upper Palnis that potato cultivation has practically been abandoned.

The agricultural labourer generally has no land to offer as security for his loans. He can only offer himself. So, as in the *gothi* system of the Vizagapatam Agency, a labourer who wants a loan gets it on binding himself and often his family to service under his creditor for periods which extend to many years. This type of borrowing is found in some form or other scattered all over the Presidency. Once bound to slavish service in this way, the labourer finds it difficult to

extricate himself. The creditor seldom keeps to his contract, and rarely releases his virtual slaves after the period stipulated has been served. By fraud or subterfuge, he tries and often succeeds in binding the labourer for life to his service. When I was serving as Special Assistant Agent at Koraput, desperate labourers came to me in hundreds, praying for succour from their relentless masters. Such forms of virtual slavery are relics of the predial slavery that was a normal feature of pre-British India. They are abominable customs, which should be rooted out by legislation. "The evidence set forth in the Report on Slavery of 1841 shows clearly enough that serfs were a normal element in the rural population of pre-British India. It says that something like slavery existed in the North Indian provinces up to the period at which they were under British rule. Even at the present day, the Pulayas of the Malayalam countries, the Padials of the Madras Presidency and the lowest classes of agricultural labourers in the Bombay Presidency and the Central Provinces occupy pretty much the same position."

The money-lender has no doubt served a useful purpose in supplying credit to agriculturists. But the almost fatal ease, with which such credit can be obtained, and the high rates of interest charged, have led to the present overwhelming burden of standing debt. These creditors do not trouble to find out whether the money they lend out is for a productive or an unproductive purpose. It is, therefore, necessary to substitute for such credit a much cheaper and regularized form.

21. *The middleman and the lack of marketing facilities.*—By middlemen I mean all the classes of speculators and traders, who act as intermediaries between the agriculturist producer and the consumer. More specially do I refer to those who connect the producer with the retail seller, the exporting merchants and firms and the factories and firms which buy raw material and convert it into finished products or products fit for export. In the past, when lack of communications limited the Indian market to localities in the vicinity of the producer, and when the Indian market had little or no connexion with world markets, the agriculturist was often able to sell to the consumer direct in fairs and shandies, and the problem of the middleman hardly arose. Now, with a network of quick railway communications and fast shipping connecting all parts of the world together, the middleman has stepped in and firmly established himself.

While the money-lender serves a useful purpose in supplying money to the ryot, the middleman serves an equally useful purpose in acting as a channel for the distribution of produce from the remote village to the markets of the world. But the money-lender, as we have seen, has become a danger to the peasant. In the same way, the middleman has abused his position by wresting nearly all the surplus profits from the ryot. Especially burdensome

are the operations of the middleman or trader, when he also lends to the ryot for cultivation expenses, at interest which may be anything up to 100 per cent, on the condition that the crop is sold to him. This type of middleman makes a double profit. He profits by lending as well as by buying, if such a term as buying can be used for the coercive methods adopted by this wily class in forcing the needy and ignorant ryot into parting with his produce.

There is a certain season in the year, generally from January to March, when the principal crops are harvested and when the agriculturist is compelled to get ready money to pay his land revenue and other commitments. The prices of grains and other agricultural produce are the lowest at this period. Yet the ryot is compelled to part with the major portion of his produce in order to find money to pay his dues. It is at this critical time that the middleman is on the prowl. He is helped by lack of facilities for storing crops in villages and towns. The want of godowns and of a reliable and cheap credit agency to advance on the security of crops, compels the ryot to part with his produce at this critical period to the middleman and trader. If he could only obtain an advance for his immediate needs and hold over selling for a few months longer, he would obtain much higher prices.

An officer of the Agricultural department with some others went *incognito* to a road, along which the ryots were in the habit of taking their produce from a group of villages to town. They watched near a *mandi*, as the shop of a certain class of middlemen is known. A cart containing bags of groundnut came by. The middleman and his minions came out of the shop with sticks in their hands. While two or three engaged the driver and his companions in conversation, the others commenced removing the bags of groundnut from the back of the cart. The cartman and his fellows soon spotted this and protested, saying they wished to sell their groundnut in the town. Their protests were in vain. By persuasion and by threats and even by the use of force, this middleman and his men, who might as well be called dacoits, forced the poor ryots to sell their produce to them. The price they paid was fixed by them. No protest by the ryots was of avail. So the ryots with a little money in their pockets turned their empty cart and went back to their village.

Quite apart from the often arbitrary and ridiculously low prices paid by middlemen, the commissions they take and the deductions they make for various alleged purposes like charity are legion. But, above all, the ignorant ryot is duped by false weighment and measurement. One way is to use false weights and measures, not stamped by the Government stamping party. The middlemen keep one set of proper weights and measures for inspection and another for weighing and measuring. They are helped in the use of such false standards by the

bewildering variety of weights and measures in vogue in the country, which vary not only from district to district, but often even from taluk to taluk. The stamping party often prints its stamp near the tops of the measures. So, these can be, and I believe are, cunningly altered at the bottom without interfering with the stamps. Even with genuine weights and measures, an experienced measurer can without detection make a false weighment or measurement in spite of the closest watch. So clever are these men. I would estimate the loss to the agriculturist by false weighment and measurement at from 5 per cent to 30 per cent. There are other means of cheating, like sprinkling water on the grain before measuring.

I interviewed a deputation of ryots at Coonoor, who represented their grievances about potato cultivation and marketing. I verified from officers of the Co-operative and Agricultural departments that these grievances were substantially genuine. They are as follows:—

Ryots on the Nilgiris, as in other similar places, are unable to cultivate their lands or buy provisions without borrowing. They borrow from traders and merchants generally at Mettupalaiyam at the foot of the hills. If artificial manure is bought, interest at Rs. 2 per bag of manure, which is worth Rs. 12 is charged for a period of three months. This amounts to 67 per cent per annum. Provision dealers supply provisions on credit and bind the ryots to sell their potato crop to them. If rice is lent, a measure per rupee is taken as interest at the outset and further interest of 24 per cent charged. Repayment should be made in a year. These lenders bind the ryots to sell their potato crops to them. The latter have to cart the potatoes to Mettupalaiyam at their own cost, a distance down the *ghat* of from 15 to 30 miles. They are paid a price of from Rs. 3-8-0 to Rs. 4 per bag of about 200 lb. These merchants and dealers eventually sell potatoes at Madras for Rs. 8 a bag, after meeting all costs of transport, etc., and make a net profit of about Rs. 4 a bag. If ryots want seed potatoes, they are obliged to buy them at Rs. 7 to Rs. 8 a bag while they themselves sell at Rs. 3-8-0 to Rs. 4 a bag. They are compelled to sell at Mettupalaiyam at any price offered; often they are not paid immediately, but are told to go back to the hills and return later for payment. When they return to Mettupalaiyam, the dealers pay them, after deducting for what they allege is for damaged potatoes and so on. False weights and measures are freely used. The prohibition rules on the hills for Badagas induce them to go to Mettupalaiyam frequently to drink. They spend much of what they get for potatoes at Mettupalaiyam on drink and return almost empty-handed.

I submit that the wholesale prices in ryot's selling months, published by the Board of Revenue and adopted for revenue and settlement purposes often may not represent the

actual prices which the ryot gets. Especially is this so for special crops, expensive to raise, like sugarcane, tobacco and cotton. The coast land in South Kanara, south of Kasargod, is cultivated with excellent tobacco. The Mappilla who specialises in this form of cultivation is compelled to borrow at exorbitant rates of interest from middlemen, who stipulate that the tobacco must be sold to them. The ryot is compelled to sell at about Rs. 6 a unit of tobacco. The tobacco is eventually sold at Rs. 20 a unit in the open market. It is a fallacy to assume that special crops bring in heavy profits to the cultivator. They will certainly do so, if chief credit is available for cultivation expenses and the middlemen do not swallow almost all the surplus profits. But, as things are at present, the cultivator of special crops is even more hard hit than the agriculturist who sticks to paddy cultivation. Like vultures, these traders and dealers hover over the areas under special crops, ready to devour the helpless ryot.

Mr. T. Adinarayana Chettiar has written an excellent report on *Marketing of agricultural produce in South India*. The following are extracts from his report, which are only too true:—

"That the average farmer is unfitted by education and upbringing, not to speak of his want of belief in his own destiny, to fight against the organized, clever and resourceful buyer is only a truism. One can see in any weekly market a bag of onions being sold for four annas or even less and a bunch of about 150 bananas for 2½ or three annas, not as a rare occurrence but as a daily fact. Want of marketing intelligence, which, in the case of industrial products, is hourly shifting, the smallness of the farmer's output, the absence of access to the markets, the perishable nature of his produce and above all his want of financial position to hold out against better prices—all these combine to produce this unfortunate result. The remedy lies in organization and finance. . . . The practices of the wily middleman in groundnut trade would stagger imagination, not to speak of the plight of the ryot who had taken advances from the Sowcar-trader on the express understanding that he is to sell his produce to none else. The false market prices quoted by the buyer, the false weights he uses and the innumerable deductions and above all the deduction for charity are common knowledge. The Bombay dealer has invented another deduction, viz., the *pinjrapole*. . . . In South Arcot, in addition to the illegal deductions, there is the practice of *thallupadi*, i.e., knocking off two pounds for each lot handled, besides the liability to personal motive and forcible bringing in of the crop-laden carts to the middleman's *mandies* (depots). Although in the case of goods, the trade of which is no longer local, e.g., cotton and groundnut, it is easy to know the current rates telegraphically; when the middleman goes with money to the ryot's door and forces an advance on him, this knowledge is not

available to the ryot. . . . As regards perishables, the profits made by middlemen are even more. Green plantains and betel leaves travel up to Kanouj and up to the very foot of the Himalayas. There are no ready means of ascertaining the current prices in the purchasing provinces. That this trade is not negligible would be evident from the fact that in three railway stations in Trichinopoly district green bananas are booked to the value of Rs. 5 lakhs. Mangoes lend themselves to similar handling. . . . The middlemen and the indigenous bankers now undertake the financing of the ryot with the unavoidable result that the ryot's margin of profit is next to nil. Lack of funds handicaps the ryot not only as a purchaser but as a seller as well. For, if he is in debt to the middleman, he is compelled to sell his produce immediately after harvest when prices are low. Often he is in want of money even to cart his produce to a central market. Financial help will render the ryot a more competent seller, i.e., increase his bargaining power."

22. *Litigation, local politics and faction.*—These three causes are more closely interwoven with each other than may be imagined. The increasing interest in local politics compels the villager to take sides with rival parties contending for office in the various elective bodies—panchayat boards, municipal councils, taluk boards (since abolished), district boards, the Legislative Council and even the Assembly. Election time is a period of extravagant moneyspending, upheaval and turmoil. Much bitter feeling is both engendered and augmented. There is a growing tendency for leading lights in villages to plunge into local politics. The inevitable law tout is always ready to do his bit of propaganda for litigation, and no doubt one of his main causes of success is the existence of party feeling and faction.

There are certain districts famous for their factious villages. Guntur and Tinnevely may be cited as examples. Members of rival castes and communities spend all their spare time in consolidating their own position and in trying to do the other side down by fair or foul means. False cases are concocted by hundreds, riots and even murders are common occurrences, and much money is wasted. A lawyer frankly told me that he would put litigation and the presence of the law tout in the village as the main causes of indebtedness. Members of factious villages are always going to civil and criminal courts miles away from their homes. The frequent adjournments drag these cases on for months and even years. The moment these cases are decided, appeals are launched as a matter of course till the highest tribunal is reached. Experienced lawyers are engaged and money is spent like water on lawyer's fees, court fees, mamools to court subordinates as I am told, *batta* to witnesses, fees to petition writers and touts, the manufacture of false documents, bribes to false witnesses, food for the gaping crowd, which invariably follows the contending parties to court and so on. When all

appeals have been exhausted, fresh cases arise out of the ashes of the old like the mythical *phoenix*. The intricacies of Hindu and Muhammadan Law and the complicated forms of land tenure help to swell litigation. Faction, politics and litigation therefore are together responsible for much of the unproductive debt. This is the view of a District Judge whom I consulted: "I consider that one of the principal causes of indebtedness in this Presidency is the passion of the Indian villager for litigation; a passion which is undoubtedly encouraged by the system of touting which is all too prevalent. Unfortunately, the Indian villager can never appreciate when his cause is lost. He refuses to recognize the fact and to accept the decision as final. Instead he continues to throw good money after bad and goes on hypothecating his family property and pledging his all in a vain attempt to win at the last fence. In this he is encouraged by the village law touts who encourage false hopes from a purely selfish motive of getting a little commission for themselves out of the business. One constantly comes across appeals and suits and other matters which never had a chance of success from the outset. They should never have been brought and in some cases this is so obvious that one is inclined to suspect that some vakils encourage their clients to persist in foolish litigation instead of being honest and advising them to cut their losses and save their money."

Villagers have too much idle time on their hands. They have all their evenings free and have no cultivation to do for about six months in the year. No wholesome recreations are available, such as wireless sets, cinemas, theatres, playgrounds or other places of corporate amusement and exercise, where they can while away the idle hour in mutual enjoyment. This leads not only to lack of corporate life, but tempts the villager into mischief. Faction and litigation are the chief forms of amusement the villager has. The game of local politics is also absorbing to him. "Satan finds some mischief still for idle hands to do." In case the factious spirit is showing signs of waning and members of rival parties are found shaking hands, the leaders are always there to whip fresh life into villagers. The village munsif often takes the lead of one party against his old rival, the karnam. One or the other is a member of the local panchayat court or forest panchayat. It is considered fair play to down the enemy even in these courts of justice and communal grazing grounds. In this way, every incident in village life is magnified by interested persons into an affront to some one or other, and ill-feeling, spite and all the other ingredients which go to prevent real co-operation among villagers, are kept alive and periodically fanned into flame.

23. *Ceremonies.*—The landless Indian labourer who earns from four to eight annas a day during the cultivation season, actually spends about Rs. 100 on a single marriage.

The small landholder with 2 to 20 acres of wet land will spend anything from Rs. 200 to Rs. 500 on a marriage and the big landholders with 20 to 100 acres of wet land incur debts up to several thousand rupees on each marriage. None of these classes can, therefore, celebrate marriages and many other ceremonies without generally having to borrow; and, as cheap credit is not readily available, the money-lenders are generally the creditors and they, as we have seen, charge very heavy rates of interest. Thus, the cost of a marriage frequently binds an agriculturist in debt for life. Yet, he is compelled by custom and religion to spend such exorbitant sums. If he does not do so, he runs the risk of public ridicule and often of social ostracism.

The general impression is that most of the expenses incurred in marriages are sheer waste. This is not quite true. Much of the expenditure is incurred in purchasing jewellery and vessels. Much goes in the form of dowries paid to young men, who use this money for education and other useful purposes. Dowries are paid for women in some parts, and often a woman is economically worth all that is paid for her. The Kapu woman is a splendid specimen, stalwart and hardworking. She earns almost as much as her husband does. She works as hard as he does, if not harder in field and at home.

Among certain classes in the Coimbatore district, however, a marriage is not the occasion of pecuniary loss, but rather a means of replenishing the family coffer. All guests are expected to give the host presents in money; so much so indeed, that when a creditor presses a man for his dues, the man replies, "wait a short while when there is to be marriage in my house. I shall then be able to pay all I owe."

All said and done, however, expenses on ceremonies are far too heavy a burden. The agriculturist should be taught to cut them down to suit his means. This is the view of an experienced District Judge whom I consulted: "The root cause of the indebtedness of the agriculturist is, I am convinced, not the increase of facilities for borrowing owing to the improvement of the machinery for recovery of debts, but the growth of bad social habits resulting in reckless extravagance on marriages, funerals, and ceremonies generally. . . . The real way to tackle this question is, in my opinion, not to impair commercial morality and weaken the sanctity of contracts, but to educate the ryot into some small measure of financial prudence. If only agriculturists could be persuaded to control their expenditure on special functions with reference to their power to meet this expenditure, the trouble of agricultural indebtedness would largely disappear."

The recent economic depression I am told has had a splendid effect in bringing down marriage expenses to almost half of what they were in pre-depression days. The gold vessel has in many cases made way for the silver,

which in its turn has been superseded by brass. One-day marriages are becoming increasingly popular. It is to be hoped that this hard-earned lesson will not be forgotten in the future. I understand that in certain parts of Malabar a number of families arrange for a simultaneous celebration of their marriages, so that a single celebration will suffice. The expenses are clubbed and are therefore

most moderate per family. The Sarda Act has had a good effect in driving underground marriage of under-age girls. These secret marriages finished overnight cost very little compared with those spread over days of celebration, feasting and music.

24. *Over-population.*—I append below a statement showing figures relating to population, etc., in 1921 and 1931.

STATEMENT No. 9.—Statement showing figures relating to population, etc., in the Madras Province in 1921 and 1931.

Year.	Total population in millions.	Area in square miles.	Density per square mile.	Area not available for cultivation.	Cultivable waste other than fallow.	Current fallows.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1921	42.32	142,300	298	21,826,988	11,997,206	9,978,419
1931	46.74	142,300	329	20,515,113	13,099,483	10,704,153
		Net area sown during the year.		Holding (9)		Average holding per individual.
				Wet.	Dry.	Total.
				(8)	(9-a)	(9-b)
1921		33,073,385	5,163,821	20,963,663	26,127,484	62
1931		33,495,798	5,361,041	22,250,290	27,611,311	59
				ACS.	ACS.	ACS.
				ACS.	ACS.	CENTS.

(Figures in columns (5) to (8) are for the years 1921-22 and 1931-32 respectively and those in column (9) are for faslis 1330 and 1340 respectively.)

While the population increased between 1921 and 1931 by 10.4 per cent, the net area sown rose by only 1.3 per cent and the total

holdings by 5.4 per cent. The following table exhibits densities per square mile in different provinces and countries.

STATEMENT No. 10.

Province (British territory) or country.	(Area 1,000 sq.m.)	Rank by area.	Population (Millions).	Rank by population.	Density per square mile.	Rank by density.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Burma	233.7	1	14.67	8	63	9
Madras	142.3	2	46.76	3	329	4
Bombay (excluding Aden).	123.6	3	21.80	6	176	6
United Provinces	106.3	4	48.41	2	455	2
Central Provinces and Berar	99.9	5	15.51	7	155	8
Punjab	99.0	6	23.58	5	238	5
Bihar and Orissa	83.05	7	37.68	4	454	3
Bengal	77.5	8	50.11	1	646	1
Assam	55.0	9	8.62	9	157	7
Belgium	11.7	..	8.13	..	692	..
England and Wales	58.3	..	39.95	..	685	..
Great Britain	88.7	..	44.89	..	505	..
Prussia	113.8	..	39.30	..	345	..
Italy	119.7	..	42.16	..	352	..
Poland	150.0	..	31.9	..	210	..
Sweden	173.1	..	6.10	..	35	..
France	212.9	..	41.0	..	195	..
Japan	260.8	..	85.10	..	330	..
Persia	628.0	..	10.0	..	20	..

Among Indian provinces, Madras occupies the second rank in area, the third in population and the fourth in density. Indian provinces, as has been often repeated, are mainly agricultural. They are not strongly industrialized and more than 70 per cent of the people are supported by agriculture. Yet their densities are high and only the strongly industrialized countries of the West exceed Madras in density. Madras now holds more people than Great Britain, the small lead of

the latter in 1921 having been converted into a Madras lead of nearly two millions. While Bengal increased by 7.3 per cent and the United Provinces by 6.7 per cent, Madras from 1921 to 1931 recorded a lead of 10.4 per cent, only exceeded by Bombay, the Punjab, Burma and the Central Provinces. The following statement taken from the latest census report exhibits density of population, water-supply and crops, for the districts in the presidency.

STATEMENT No. 11.

Name of division and district.	Percentage of total area.		Percentage of cultivable area.				Percentage or gross cultivated area under						
	Density in 1931.	Cultivable.	Net cultivated.	Double cropped.	Percentage of cultivated area irrigated.	Rainfall.	Faddy.	Cholum, cumhu and ragi.	Other food crops and pulses.	Groundnut.	Cotton.	Other crops.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
PROVINCE	328	61.9	37.4	60.4	8.1	28.6	52.16	28.8	27.0	22.1	6.8	6.2	9.1
Agency	89	37.8	14.4	38.1	0.8	6.7	54.60	39.7	21.1	17.9	0.1	0.2	21.0
East Coast, North ..	386	68.0	42.7	62.8	12.5	40.0	38.83	39.1	23.8	20.7	2.4	2.3	11.7
Ganjam	428	62.4	44.8	71.8	14.6	46.8	43.10	62.3	13.3	16.1	1.9	0.1	6.3
Vizagapatam	534	62.4	38.7	62.1	22.7	38.5	37.53	28.2	20.5	22.4	4.6	1.1	14.2
Godavari, East	660	70.2	50.3	71.7	20.5	50.4	41.40	50.3	13.1	19.0	..	0.7	16.9
Godavari, West	518	83.7	51.5	61.6	15.1	67.6	42.00	67.9	9.8	11.4	0.5	0.1	10.3
Kistna	354	80.2	53.0	66.1	8.6	44.3	38.50	44.7	23.6	13.8	1.7	4.0	12.2
Guntur	354	76.5	56.4	73.8	10.3	15.5	32.01	16.2	27.0	31.0	4.7	5.2	15.9
Nellore	187	58.4	24.7	42.3	4.9	42.9	37.25	28.4	42.5	20.6	0.5	2.6	5.4
Deccan	153	67.7	44.2	65.3	2.3	8.9	23.88	3.7	35.4	31.3	11.9	13.7	4.0
Cuddapah	160	54.5	28.1	51.5	4.3	23.5	27.19	9.2	42.9	19.7	18.0	6.4	3.8
Kurnool	135	59.1	42.2	71.4	2.0	5.7	22.81	2.9	34.1	32.2	14.4	13.1	3.3
Bangsanapalle	153	79.9	63.5	79.4	0.2	9.9	21.70	0.1	46.0	12.7	8.6	27.1	5.5
Bellary	170	82.5	64.6	78.2	1.6	2.9	21.70	1.3	37.4	29.6	7.0	21.8	2.9
Sandur	86	13.7	11.0	80.4	..	1.6	28.37	0.1	63.4	26.3	2.0	1.6	6.6
Anantapur	156	77.0	43.2	56.1	2.2	11.7	21.44	4.5	29.3	40.5	11.8	7.8	6.1
East Coast, Central ..	417	57.6	36.3	63.0	11.5	34.6	39.60	23.9	34.0	19.3	13.1	4.1	5.6
Madras *	318	..	..	..	..	..	..	..	..	..	..	..	..
Chingleput	535	56.5	39.4	69.8	17.4	67.1	47.97	70.2	11.8	7.1	4.6	..	6.3
Chittoor	245	49.7	18.7	37.6	7.7	38.6	33.69	23.0	42.6	18.1	10.5	0.1	5.7
North Arcot	488	54.8	36.9	67.2	14.3	38.0	36.88	30.9	22.1	17.3	24.2	0.2	5.3
Salem	345	57.6	35.2	61.1	9.9	16.5	30.01	7.3	46.4	31.0	6.5	2.6	6.2
Coimbatore	345	60.1	41.8	69.5	10.6	27.4	29.53	4.7	49.3	20.1	6.1	14.0	5.8
South Arcot	583	68.8	50.3	73.0	12.5	40.4	47.51	35.4	17.9	14.8	27.1	0.1	4.7
East Coast, South ..	463	72.6	47.1	64.8	7.0	41.1	35.68	33.8	24.8	20.4	4.5	10.1	6.4
Tanjore	638	72.0	50.0	77.8	7.7	73.0	46.33	74.7	3.6	10.0	6.0	0.1	5.6
Trichinopoly	443	78.4	47.4	60.5	6.2	26.7	31.91	19.0	42.7	22.3	7.2	3.4	5.4
Pudukkottai	340	66.6	39.3	59.0	0.2	34.2	35.03	35.2	21.0	25.5	13.7	0.4	4.2
Madurai	447	68.5	40.1	58.5	8.2	40.2	33.18	22.3	29.1	27.4	4.5	11.7	5.0
Ramanathapuram ..	382	77.2	52.5	68.9	8.6	30.4	33.51	27.1	26.8	20.0	2.3	18.1	5.7
Tinnevely	473	69.4	44.1	63.6	11.4	35.1	34.11	24.6	22.7	21.5	0.3	20.1	10.8
West Coast	471	64.0	30.0	46.8	10.7	..	120.39	57.7	0.9	17.0	0.1	..	24.3
Nilgiris	172	40.4	12.5	31.0	1.6	..	77.33	7.0	3.4	29.0	..	..	60.6
Malabar	610	68.2	38.9	57.1	10.8	..	128.26	51.3	0.8	19.1	0.1	..	28.7
Aniengo	6,766	91.7	89.9	98.0	..	..	..	..	..	..	..	..	100.0
South Kanara	341	63.9	21.4	33.5	12.0	..	155.57	77.9	0.9	11.0	..	..	10.2

* Not treated as an agricultural district: taken as not available for cultivation. No rain gauge. Columns 3-14 are average of faslis 1331-40, i.e., July 1921-July 1931.

The agency tracts are the most thinly populated. In Tanjore, Malabar and East Godavari, the density exceeds 600 per square mile. Vizagapatam, West Godavari, Chingleput and South Arcot have densities over 500 per square mile. Nellore, the Nilgris and the four Ceded districts are thinly populated with densities under 200 per square mile. The remaining districts average between 200 and 500 per square mile. The increase in population is outstripping the increase in the area cultivated and, barring calamities and assuming the same rate of increase as in 1921-1931, the area of holding per individual is bound to dwindle steadily. There is much truth in Dr. Gilbert Slater's note of warning: "No policy, however wise, can lift the Indian population out of poverty as long as the conventions hold almost universally that every girl must be married young, must begin bearing children as soon, or almost as soon, as she is capable of doing so, and must continue to bear children till exempted by death or the cessation of fertility."

25. *Fragmentation of holdings.*—As Mr. G. Keatings observes, "To a great extent, no doubt, the uneconomic holding is the result of the Hindu law of inheritance. By this law

every male member of the family obtains a share in the ancestral property of the family not only on his father's death but at his own birth; and, like the Prodigal Son in the parable, he may demand a partition of the property at any time." This leads naturally to the question, what is an economic holding? The same author observes, "It is a holding which allows a man a chance of producing sufficient to support himself and his family in reasonable comfort, after paying his necessary expenses."

There are few such economic holdings in Madras. The cause is partly that the majority of the agriculturists have small holdings from 1 to 10 acres of land, and chiefly that these holdings, big or small, are not in one compact block, but scattered in small bits all over a village or often distributed amongst several villages.

The ultimate unit of land for revenue purposes is the subdivision or whole survey field; and seldom does a holding, consisting of several fields and subdivisions, form a single compact block. Ancestral property (inherited or obtained by partition), self-acquired property and so on form together holdings made up of

a large number of scattered bits. Subdivisions especially in wet lands are often extremely small and irregular in shape. The

STATEMENT No. 12.—Small wet holdings in Chingleput taluk.

Name of village.	Total extent of wet holding.	Total number of the fields including sub-division in the village in respect of wet holdings.	Average area of sub-divisions and whole fields.	Name of village.	Total extent of wet holding.	Total number of the fields including sub-division in the village in respect of wet holdings.	Average area of sub-divisions and whole fields.
ACS.	CENTS.			ACS.	CENTS.		
100. Hanumanthapuram ..	282-02	603	47	Siruseri ..	103-48	237	43
Dasarikuppam ..	106-32	333	32	Kandalur ..	100-93	283	36
Madayathur ..	278-35	624	45	Pulipakkam ..	203-29	533	38
Settipatturamaiyan-kuppam ..	91-50	585	16	Natham ..	198-55	551	36
Kottamedu ..	307-48	948	32	Vonbakkam ..	198-37	370	54
Kumili ..	120-67	732	16	Olalur ..	76-37	236	32
Edakundram ..	135-21	453	30	Nemmeli ..	558-42	1,075	52
Poondi ..	103-20	380	27	Krishnankaranai ..	326-43	396	82
Royamangalam ..	185-51	399	46	Pattipulam ..	80-66	441	18
Otteri ..	191-46	464	41	Saluvankuppam ..	203-05	387	53
Poailuppai ..	169-69	325	52	Ninnakerai ..	153-44	970	16
Oragudam ..	527-13	1,027	51	Kattankolathur ..	342-98	980	35
Mulikulathur ..	311-96	1,083	29	Karanaipuducheri ..	295-67	509	58
Nalloor ..	200-39	1,057	19	Guduvancheri ..	370-66	927	40
Amalipakkam ..	69-34	116	60	Nandivaram ..	176-11	409	43
Nathamkariacheri ..	674-34	1,749	39	Unamancheri ..	506-72	1,211	42
Meyyur ..	206-02	465	44	Tirukachur ..	460-48	974	47
Palur ..	2,522-05	5,079	50	Kilakaranai ..	373-30	1,542	24
Melamanapakkam ..	81-82	393	42	Kalvoy ..	124-29	359	35
Chettipuniam ..	375-50	940	40	Settamangalam ..	482-00	1,521	32
					73-37	403	18
Total ..	12,349-79	31,879	39				

Each subdivision and whole survey field, especially in wet areas, is carefully banded to differentiate it from its neighbours. The bands, which may vary from a foot to two feet in breadth, are not generally cultivated except in Malabar and South Kanara, where coconut palms are grown on them. The more the fragmentation, the more wastage there is on bunds. Mr. Darling has summed up well the causes and evils of fragmentation and I cannot do better than quote from his book, *the Punjab Peasant*: "Small holdings are the result of large population and of laws of inheritance which prescribe that each son shall get an equal share of his father's land. That is bad enough, but what are we to say of a custom which requires that the few acres each son receives should be split up into as many fragments as there are different soils in the village, so that all may get an equal share of every kind of land—good, bad and indifferent? Yet this custom is well-nigh universal. . . . The more fertile the land the more it is split up, as fertility and population go together. Accordingly, the greater the population the greater the evil. . . . If things are better in Europe, it is because many countries have resolutely faced the problem and made it possible by law for the majority of a village or a commune to insist upon consolidation. But where this has not been done, the evil is still acute. In Eastern France, it has seriously affected the value of the land, and certain communes are literally dying. In one (Meaux), plots of less than a quarter of an acre form one-fifth of the whole cultivated area; in another (Chaigny), 5,447

following statement will illustrate clearly the small size of wet subdivisions and whole survey fields:—

2 acres are split up into 48,000 plots averaging one-tenth of an acre each; and in a third (Prepillon), the map of the village curiously resembles that of Bhayapur in Chapter XIII. In parts of Italy and Spain, conditions are no better, and in Sardinia, they are as bad as anything to be found in the Punjab; properties of from half a row to four rows of vine trees are the rule, and in some parts of the island the boundary hedges of cactus take up nearly half the cultivable area. The problem, therefore, is not peculiar to the Punjab, and everywhere the consequences are the same. Land is wasted in innumerable boundaries, and labour and time in going from plot to plot; rotations cannot be varied, nor can valuable crops be properly supervised; scientific cattle breeding is impossible, disputes are frequent, and enterprise is paralyzed. In short, all the evils of small holdings are aggravated a hundred-fold, and agricultural progress is impossible. Worst of all, and this is the experience of both Germany and Italy, where fragmentation is bad, the money-lender is strong, for fragmentation means a dwarf domestic economy and a hand-to-mouth existence. . . . The smallness of the average holding and its almost incredible fragmentation together constitute one of the basic causes of debt."

Before discussing remedies in Part II of this report, I should like to make the position of the small holder, the tenant and the labourer, a little clearer. A small landholder, it is recognized, does not usually possess an economic holding. It is too small in the first

place and much too scattered in the second. But a large proportion of small holders, who cannot possibly make a living out of their holdings alone, take other pieces of land in the vicinity on lease and so become tenants as well. Indeed, these small holders turn out to be the best tenants. They have vested interests in the locality and the cattle and implements they possess as landholders are used for cultivating the lands taken on lease. Small holders and tenants and members of their families often hire themselves out to

others as farm labourers, when they have not enough work to do on their own fields. Fragmentation of holdings, therefore, is not such a great evil as it would be if the practices detailed above were not in vogue. Yet, none the less, fragmentation is one of the basic causes of debt, and consolidation is urgently needed.

26. *Cattle mortality*.—The following statement compares livestock and agricultural implements in 1930 with those in 1935.

STATEMENT No. 13.—Number of livestock and agricultural machinery and implements in the Province of Madras as ascertained by a census held in January 1935 (Preliminary figures) compared with the Census figures in 1930.

		Totals for the Province.	
		1935.	1930.
Oxen—			
Males—			
1 Breeding bulls, i.e., entire male over three years kept or used for breeding purposes.		198,025	85,283
2 Working bullocks, i.e., bullocks and uncastrated males over three years kept for work only		6,139,124	636,475
3 Bulls and bullocks over three years not in use for breeding or work			
4 Young stock—			
(a) Under one year		959,777	
(b) One to three years of age		1,277,708	
Females—			
1 Breeding cows, i.e., cows over three years kept for breeding or milk production		4,247,015	
2 Cows over three years used for work		1,126,084	
3 Cows over three years not in use for work or breeding purposes		569,858	
4 Young stock—			
(a) Under one year		1,218,263	
(b) One to three years of age		1,312,233	
Total, oxen		17,684,562	16,447,360
Buffaloes—			
Males—			
1 Breeding bulls, i.e., entire males over three years kept or used for breeding purposes.		148,441	
2 Working bullocks, i.e., bullocks and uncastrated males over three years kept for work only		1,105,313	
3 Bulls and bullocks over three years not in use for breeding or work		136,035	
4 Young stock—			
(a) Under one year		495,045	
(b) One to three years of age		407,047	
Females—			
1 Breeding cows, i.e., cows over three years kept for breeding or milk production		2,389,154	
2 Cows over three years used for work		269,645	
3 Cows over three years not in use for work or breeding purposes		224,158	
4 Young stock—			
(a) Under one year		848,505	
(b) One to three years of age		775,493	
Total, buffaloes		6,798,836	5,993,414
Sheep		11,905,724	12,864,343
Goats		6,748,132	7,406,018
1 Horses		32,761	24,761
2 Mares		14,172	111,954
3 Young stock colts and fillies—			
(a) Under one year		3,415	3,044
(b) One to three years of age		2,218	
Mules		2,852	765
Donkeys		145,095	131,104
Camels		30	14
Ploughs—			
(i) Wooden		4,293,812	4,444,753
(ii) Iron		44,879	31,097
Carts		1,186,102	1,235,009
Sugarcane crushers—			
(i) Works by power		1,627	
(ii) Worked by bullocks		23,883	
Oil engine with pumps for irrigation purposes		3,821	
Electric pumps for tube wells		924	
Tractors		10,072	

B.P. Mis. No. 1345, dated 1st April 1935.

The number of total oxen and buffaloes has increased to some extent from 1930 to 1935. Breeding bulls have also increased. Sheep, goats and cows have decreased in numbers. Though wooden ploughs have grown fewer, the number of iron ploughs has shown

a gratifying increase. From this statement the following results have been arrived at:—

	1935.	1930.
Number of cattle per 100 of population	52.4	53
Number of cattle per 100 acres of sown area	72	65

While the number of cattle per 100 of population is on the decrease, the number per 100 acres of sown area is increasing. When a pair of buffaloes is reckoned to be needed for ploughing about five acres of land, the cattle in this Presidency can hardly be said to be in excess of requirements, even if they are efficient. But efficiency is not a noticeable characteristic of the cattle in this country. The small stunted animals seen roaming about the country-side in search of fodder are not only incapable of doing hard and sustained work, but are short-lived and fall an easy prey to disease. Indiscriminate breeding, insufficient food and lack of segregation are responsible for the poorness of the stock. "For anyone who has not lived in a primitive country, it is difficult to realize how much a peasant's life may depend upon his cattle. Without them his fields remain unploughed, store and bin stand empty, and food and drink lose half their savour; for in a vegetarian country what can be worse than to have neither milk, butter nor *ghi*?" Buffaloes and oxen are an indispensable part of the equipment of the cultivator. They are required not only for the plough, the cart and the water-lift, but also for the supplying of milk, butter, *ghi*, fuel and above all for the farmyard manure, which forms the bulk of that employed, especially for wet cultivation. There are signs that the

quality of cattle in this country is slowly deteriorating; but it is essential that such should improve. As the Royal Commission on Agriculture observe, "the process having gone so far, India having acquired so large a cattle population and the size of the animals in so many tracts having fallen so low, the task of reversing the process of deterioration and of improving the livestock of this country is now a gigantic one; but on improvement in its cattle depends to a degree that is little understood, the prosperity of its agriculture and the task must be faced."

A farmer must replace the cattle he loses. If he fails to do so, he has to sit at home and give up cultivation altogether. In 99 cases out of 100, a farmer has no money to replace the cattle he loses annually. He is compelled, therefore, to borrow at high rates of interest. The constantly recurring losses of cattle by drought, disease and destruction by wild animals is therefore an important cause of rural indebtedness.

Quite apart from the heavy mortality of cattle from natural causes, the death roll from contagious disease and by wild animals is very heavy indeed. It is gratifying, however, that deaths from contagious diseases are steadily decreasing, as will be seen from the following statement:—

STATEMENT No. 14.—Deaths of bovines from contagious diseases from 1929 to 1934.

Year.	Rinder-pest.	Anthrax.	Hæmorrhagic septicæmia.	Black-quarter.	Foot and mouth.	Other contagious diseases.	Total.
1929-30	106,046	8,329	7,516	6,755	5,354	24,523	158,523
1930-31	59,323	4,978	7,104	8,116	1,828	18,241	99,890
1931-32	28,412	4,734	6,145	5,358	1,753	10,232	56,634
1932-33	12,735	3,605	6,464	9,351	1,346	6,695	40,196
1933-34	5,209	3,612	7,536	7,550	1,590	6,277	31,774

Thus, according to the figures furnished by the Madras Civil Veterinary department, as many as 387,017 bovines died from contagious diseases between the years 1929-30 and 1933-34.

27. *Agricultural practices and the law of diminishing returns.*—Statements Nos. 7 and 8 show that the outturn per acre of the staple crop, paddy, is depressing low in India, as compared with that in countries like Japan and Java. The same low outturn unfortunately applies to most of the other crops as well. While want of capital and the vagaries of nature account for much of this low outturn, gross slackness, conservatism in adhering to the old crude methods of cultivation and consequent lack of enterprise and initiative in attempting newer and more efficient methods of agriculture, must also be largely responsible for the comparatively meagre return from land.

Professor R. Mukerjee has summarized the crude methods adopted by the Indian farmer as follows: "Agriculture is carried on with the most primitive tools. The peasant maintains himself by crude and comparatively unprofitable agriculture at a low level of existence. He uses bad and infertile seeds and

works at great disadvantage owing to the inefficiency of his appliances. Darling observes: 'The plough that looks like a half-open penknife and just scratches the soil, the hand-sickle made more for a child than a man; the old-fashioned winnowing tray that woos the wind to sift the grain from the chaff; and the rude chopper with its waste folder, are undisplaced from their primitive but immemorial functions.' "The labourer to-day is a lazy, truculent worker, as compared with his forefathers. He insists on having his morning sleep, and seldom comes to the field before 8 a.m. He cries off work earlier than before and works with less vigour and more indifference. He needs to be stirred into greater activity. Most important of all, the small, medium and big landholders, whether absentee landlords or not, should take more personal interest in their properties, and either by working on the land themselves or by closer supervision and greater enterprise, must ensure the maximum return from them. The slackness of ryots and labourers in certain districts like Ganjam is notorious. An officer of the Agricultural department described the activities of a certain class of Ganjam agriculturist in this way: "The ryot ploughs twice,

broadcasts paddy seed, covers the seed by means of a plough and goes home to laze away his time, prays to God and gets into debt. In November, he goes with his sickle to his field to see what has happened in the meanwhile. If he finds a crop, he harvests it. If not, he probably offers up another prayer."

I have had many representations made to me that the soil in many places, especially in deltaic areas, is getting exhausted and that in consequence the yield per acre, already the lowest in the world, is still steadily declining. The careful investigations of settlement officers and others do not support this view. If at all the law of diminishing returns is coming into operation in this country, the change is so slight as to be almost imperceptible. The old crude system of agriculture is to be thanked for having secured "practically constant productivity on the whole and in the long run." Even assuming that diminishing returns have already supervened, particularly in thickly populated and long cultivated areas, the adoption of better and more scientific methods of cultivation ought effectively to arrest their course.

28. *The lack of subsidiary occupations.*—According to Dr. Slater, taking the land of South India all round, there is agricultural work for the cultivator only for five-twelfths of his possible working time. To be on the safe side, we may assume on an average that the agriculturist finds work to do on his land for about six months in the year, leaving his six months free to do what he likes. Mental and physical inertia, lack of ambition and pride of caste and position, have all contributed to the fact that the agriculturist wastes most of this spare time in doing practically nothing towards earning a subsidiary income. Cottage industries, which are not likely to be drowned by competition from the products of factories and organized industry, are not wanting. Spinning, weaving, carpentry, pottery, fruit-growing, poultry-keeping, rearing of sheep and goats, bee-keeping, sericulture, market gardening and all those skilled and delicate handicrafts from gold, silver, brass, bell-metal, iron and wood which have made India so justly famous for delicacy and taste, suggest themselves off-hand. But still the waste of labour continues. In Japan, though half the land is under rice, two million peasants (the number is steadily growing) earn a substantial subsidiary income by the rearing of the silk-worm. In Bengal and the Punjab, sericulture is a useful supplementary occupation. In the Punjab, many raise agricultural capital by silk-worm rearing and use the money in taking on lease a plot grown with melons; with the money left over they lease a mango orchard and follow this up with oranges and other fruit. They, therefore, show a spirit of enterprise and are not sunk in a stupor of hopelessness combined with gross laziness. As Mr. Yeatts in his census report observes of vernacular equivalents to means of livelihood, "nearly all contain a reference to sitting which clearly plays a large part in

the daily life of these fortunate persons." It is no exaggeration to say that caste prejudice and pride of position offer grave obstacles to the development of cottage industries in this Province. It is considered *infra dig* for any one except a member of the potter caste to engage in pottery. None but members of carpenter family should make chairs and tables and agricultural implements; none but toddy-drawers should climb the coconut and palmyra. The members of the Nadar community in the Tinnevely district, who have been the official toddy-drawers, have recently struck work and declared that they are too superior to climb the palmyra and coconut palms. Members from other communities will not take up this work, as it is beneath their dignity to do so. So the toddy-drawing business is almost at a standstill in the Tinnevely district and men have actually to be imported from Malabar for this work.

29. *Taxation.*—From nearly all districts, individuals and often deputations have represented to me that much of the indebtedness of the agriculturist is due to the heavy incidence of the land revenue. This delicate and vexed question, therefore, cannot be shelved.

The people represent that—

(i) the principle of taking half the net profit as land revenue from big and small holders alike is unfair and has led in India to the highest land tax in the world.

(ii) payment in money is unfair and works a grave hardship in periods of depression, when the value of money is increased and the value of produce correspondingly diminished. It is argued that the present profits from agriculture are almost *nil* and that the land revenue and commuted money rents, taken by Government and zamindars respectively now represent far more than half the net profits from the land.

(iii) while land tax proper is no doubt not enhanced during the currency of the thirty-year settlements, there is no limit to the enhancement of water-rates and other miscellaneous items of land revenue during this period and such enhancements not only disorganize the whole economic machinery of rural economics, but drive the ryots affected into desperate straits.

The Government land revenue in a normal year does not generally exceed 25 per cent of the net profits. Commuted money rents in certain zamindaris however sometimes amount to as much as 50 per cent or more of the net profits of the tenants. The land tax on ryotwari land is therefore not a major cause of indebtedness in a normal year. But, in years of acute depression, when twice the amount of grain as before has to be sold to meet the land revenue, it may be said that this tax does bear rather heavily on the people and after being paid, leaves them very little margin of grain indeed to support themselves or to repay their debts.

30. *General.*—I have attempted to analyse the general causes of indebtedness at some length. A clear knowledge of the causes of

indebtedness is necessary before remedies can be suggested. These causes are so interwoven with each other that it is impossible to assess correctly the proportion of indebtedness due to each. Almost all of them have become aggravated by the great economic depression which swept over the world about five or six years ago.

I have given a few typical family budgets in Appendix IV, taken from various reports, sent to me from officers of the Revenue department and the Settlement staff. Few agriculturists maintain accounts and so most of these budgets are based solely upon the statements of agriculturists. They may not therefore be quite reliable. Even allowing for under-statements and exaggeration, it will be seen how little is the income from agriculture, especially now in a time of depression. As many ryots are unable to make a living from the land alone, they are often obliged to borrow even for family expenses, unless they have some subsidiary occupation to augment their income from the land. The lives lived by the ordinary peasant are frugal and inexpensive generally, but the standard of living is undoubtedly gradually rising.

CHAPTER III.—THE ECONOMIC DEPRESSION.

31. *General.*—The periodic recurrence of trade cycles is well known; but the depression that took the whole world unawares about 1928 and still continues was one of the most severe that has ever been experienced. The causes which lead to such trade slumps are many and involved. Political factors have as much to do with them as economic forces. Currency problems are also inextricably involved. To analyse these intricate and interwoven causes will require a large volume. Such treatises are to be found in numbers, but it is not necessary to go over all this old ground, because we are here concerned not so much with the causes of the depression as with its effects. Our main task is to see how we can infuse vigour and hope into the Indian farmer and help him to tide over the very difficult times through which he is undoubtedly passing.

The direct result of an economic depression, given a fairly stable currency, is a marked fall in the value of all commodities and a pronounced rise in the value of money. A depression often suddenly comes like a thief in the dark, after a period of booming prices. The present depression, as is well known, has resulted in the downfall of many reputed banking and business concerns and hundreds of thousands of small traders and speculators have come to grief. The period of rising prices and trade optimism before the depression tempted people to speculate heavily in the hope of a continuation of such favourable prices; and, when the prices suddenly shot down, such speculators often crashed. Even individuals and companies, with keen business acumen and provided with all the latest knowledge of the trend of prices, markets, political events and so on, made mistakes in

not foretelling the impending decline. How much more then was the farmer affected, with his poor business education, want of knowledge of world prices and the ignorance of the trend of market fluctuations. Before the onset of the depression, he found that the prices of his crops were excellent and continued to rise. So he speculated, often wildly, upon land, borrowing at heavy rates to buy more land. Suddenly came the depression. He found to his bewilderment that his crops were fetching less and less in terms of money. His commitments to Government and others in terms of money became harder and harder to meet, as he was obliged to sell more and yet more of his crops to get the money required. The value of land declined steeply and there were no purchasers even at low current market prices. To add to his difficulties, cheap rice from foreign countries was flooding India and depressing the price of local rice still further. Is it any wonder then that the Indian agriculturist to-day is so heavily involved in debt; obliged to pay in money to Government, zamindars and others the same as he had to do before the depression and forced, in order to meet this demand in money, to dispose of about twice the amount of his crop as before; unable to dispose of his land at even half the price it easily fetched in predepression days; unable, with credit shortened, to borrow enough even for current family and cultivation expenses; compelled, therefore, to part with much of his hoard of jewels and ornaments in order to get ready money; and, hence, left more at the mercy of unscrupulous money-lenders and middlemen than before. The Government have been pleased to suspend the collection of a portion of the land revenue; but, in several districts (Malabar, South Kanara and Salem), the additional taxation imposed by the introduction of resettlements has taken away materially from the benefits of the suspension. In parts of Tanjore and Trichinopoly, ryots under the old Cauvery delta are now obliged to pay enhanced water-rates which increase the land revenue demand from numerous individuals by over 100 per cent.

The rupee is linked to the pound sterling. That is to say the currency of a country like India, which depends mainly upon agriculture for its welfare, is linked with the currency of a country like England, which depends for its prosperity, not upon its agriculture, but mainly upon its banking and trade. The pound sterling, gold standard or no gold standard, is about the most stable currency in the world to-day. One has only to see the way, in which the franc, the mark and other continental currencies are fluctuating to realize the essential soundness and stability of the pound. No doubt, India has benefited enormously by having the rupee linked to such a sound currency unit; her borrowing power is high, and she finds it all the easier to meet her commitments to the mother country. But the great difference between the value of money and the value of

commodities, especially of food and commercial crops, has undoubtedly been a hardship on the Indian agriculturist. Some countries have solved the problem by a judicious inflation of currency, so that the great gap caused by the depression between the value of money and of commodities has been bridged to some extent. Sir George Schuster has, however, laid down that the problem of currency is outside the scope of remedial measures that Local Governments may contemplate in consultation with the Central Government for the amelioration of the conditions of the agriculturists. The Indian agriculturist, at present, is mainly concerned with the production of food crops like rice and wheat, in which we must not forget to include dry food crops like ragi, cholam, and cumbu. The main argument in the past for allowing rice to come into this country from abroad, unchecked by effective protective tariffs, is that India does not produce enough food crops to feed her own people and must therefore import the deficit. I am led to wonder whether it has ever struck anyone, that one of the chief reasons why outturns in India are so low, is because the demand is limited and prices are unstable. What can be the use of urging the ryot to adopt improved methods of cultivation in order to increase his output, if at the same time the inevitable argument is thrown at him that he must have imported rice as well? How is it possible for the output to be increased, and where is this increased output to find a market, when rice is allowed to come into this country to depress prices? The recent levy of a small import duty on broken rice will undoubtedly afford much relief; but it may not be high enough or comprehensive enough, I submit, to prevent paddy, whole rice and even broken rice from being imported in sufficient quantity to depress local prices seriously. Many of the other countries have effectively barricaded themselves against the import of food crops. We need an effective tariff barrier against the import of rice and paddy, like that which France imposed in 1934 as follows:—

Goods of Indian origin.	General rate of import duty—France per 100 kilograms.	
	Former.	Now.
Rice—		
In the straw	4.20	16.80
Broken rice	8.40	30.00
Whole rice, flour and grits ..	34.40	137.60

It is only by properly checking foreign imports of paddy and wheat and such like products that a real stimulus will be given to Indian agriculture in the matter of increased outturns. What is going to happen to the vast new wet area that the Cauvery-Mettur Project is going to open up? Where

is the paddy that will be grown thereon to go to, and what will be its price? The whole or even a major portion of this new wet area can never grow sugarcane. The water-rate for this *daffusal* crop for one thing is likely to be a heavy burden, and sugarcane cultivation is too expensive for the average small farmer. Any deficit in food for India in rice can always be made up by the consumption of grains grown on dry lands. The great influx in the last two years of rice from Burma and abroad has had much to do with the steady decline in the areas cropped under cholam, ragi and cumbu as seen from statement No. 6. The poorer classes of ryots and labourers, who once mainly ate the healthy cholam, ragi and cumbu, have now to a noticeable extent gone over to the cheap broken rice from abroad, which is not only throwing dry lands out of cultivation but is less nutritious and certainly wanting in vitamin content. I am convinced that the main reason why India fails to produce enough food crop for her own consumption is because prices of food crops are not only constantly fluctuating, but are also on an average not high enough to stimulate her to more labour and greater enterprise. The instability of prices of food crops in India can be effectively remedied, and prices can be sufficiently raised, by imposing proper tariff barriers against foreign imports. The rapidly growing Indian population can easily absorb the increased output that can be achieved thereby. There can be little hope of success in adopting a policy of putting the cart before the horse. If a proper market at attractive prices is first assured then increased production will inevitably follow, and the Indian farmer will respond with enthusiasm to agricultural education. But no amount of propaganda to adopt advanced scientific methods of cultivation will, I think, be of use if the farmer rightly feels that he cannot get stable and attractive prices for his crops. The *free-trader* economist, no doubt, has sound reasons for permitting the natural forces of supply, demand and private competition to adjust themselves; but I submit that his theories may not be so convincing when he attempts to apply them to food crops grown in a country predominantly agricultural, where almost the whole of the supply is absorbed by demand from within the country itself.

32. *Imports and exports.*—India in the past exported much paddy and rice to other countries. Now her exports have dwindled and her imports increased. The following statement exhibits the imports and exports of paddy and rice in the last five years:—

STATEMENT No. 15.—Import and export of paddy and rice—Sea-borne trade.

	1929-30.				1930-31.				1931-32.			
	Imports.		Exports.		Imports.		Exports.		Imports.		Exports.	
	Rice.	Paddy.	Rice.	Paddy.	Rice.	Paddy.	Rice.	Paddy.	Rice.	Paddy.	Rice.	Paddy.
Bengal	5,635	725	2,288,229	27,612	7,445	1,571	2,253,784	25,445	17,931	9,042		
Bombay	294	..	120,040	6	86	..	118,886	51	44	..		
Madras	5,184	710	93,852	4,265	3,965	1,560	101,711	4,368	17,301	9,042		
Sind	..	..	42,862	..	2	..	43,638	..	..	..		
Bihar and Orissa	..	..	92	..	..	..	259	..	..	..		
Burma	69	15	2,024,990	23,335	1,008	10	1,975,393	21,021	6	..		

	1931-32—cont.				1932-33.				1933-34.			
	Exports.		Imports.		Exports.		Imports.		Exports.		Imports.	
	Rice.	Paddy.	Rice.	Paddy.	Rice.	Paddy.	Rice.	Paddy.	Rice.	Paddy.	Rice.	Paddy.
Bengal	2,301,415	70,291	35,510	11	1,828,196	58,844	84,024	4,381	1,732,539	11,384		
Bombay	123,185	14	16	..	120,795	2,161	731	..	107,657	3		
Madras	61,175	2,355	35,418	10	64,894	2,028	77,665	4,381	78,262	1,082		
Sind	37,848	..	..	..	28,339	..	2	..	17,550	..		
Bihar and Orissa	50	..	..	..	..	..	..	..	..	..		
Burma	2,065,815	67,920	19	1	1,602,330	54,653	40	..	1,516,396	10,293		

(Extract from the Annual Statement of the Sea-borne trade of British India with the British Empire and foreign countries for the year ending 31st March 1934.)

33. Price of staple food crops.—I append below four statements exhibiting the trend of prices of paddy, cholam, ragi and cumbu in the last ten years:—

STATEMENT No. 16 (a).—Statement showing the harvest price per imperial maund of 82-2/7 lb. on the average of the price prevailing in two or three of the principal markets in each district from 1924-25 to 1933-34.

District.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	RICE.									
	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.
Ganjam	7 0	6 11	6 8	6 1	5 14	5 14	5 4	4 5	3 10	3 1
Vizagapatam	6 11	6 11	6 13	6 11	6 5	6 12	4 13	4 12	4 8	3 3
East Godavari	5 13	6 5	7 0	6 5	6 1	6 1	4 1	3 11	2 14	2 6
West Godavari	7 0	6 5	6 14	6 12	6 4	5 14	3 11	3 14	3 2	2 8
Kistna	7 6	6 5	6 14	6 12	6 4	5 14	3 11	3 14	3 11	2 10
Guntur	6 11	6 11	7 6	6 13	6 1	5 10	4 3	4 4	3 5	2 7
Kurnool	7 11	7 2	7 2	6 13	5 14	5 12	3 13	3 8	3 11	2 10
Bellary	8 0	7 5	8 0	7 3	6 15	6 9	5 6	4 9	4 6	3 12
Anantapur	7 13	7 5	7 5	7 3	6 15	6 9	5 6	4 9	4 6	3 12
Cuddapah	10 0	6 11	7 5	7 3	6 15	6 9	5 6	4 9	4 6	3 12
Nellore	6 11	6 11	7 5	7 3	6 15	6 9	5 6	4 9	4 6	3 12
Chingleput	7 13	6 3	7 5	7 3	6 15	6 9	5 6	4 9	4 6	3 12
South Arcot	7 11	6 8	7 11	7 3	6 15	6 9	5 6	4 9	4 6	3 12
Chittoor	7 0	6 8	7 11	7 3	6 15	6 9	5 6	4 9	4 6	3 12
North Arcot	7 0	6 8	7 11	7 3	6 15	6 9	5 6	4 9	4 6	3 12
Salem	8 5	8 5	8 5	8 1	7 9	7 3	5 6	4 5	4 2	3 14
Coimbatore	8 5	8 5	8 5	8 1	7 9	7 3	5 6	4 5	4 2	3 14
Trichinopoly	8 0	7 11	8 0	8 1	7 9	7 3	5 6	4 5	4 2	3 14
Tanjore	8 1	8 8	8 3	8 1	7 9	7 3	5 6	4 5	4 2	3 14
Madura	8 8	7 11	7 0	8 3	7 11	6 15	5 12	4 3	3 13	3 1
Ramnad	9 13	7 8	7 5	7 3	6 11	5 10	4 7	4 4	3 10	3 1
Tinnevely	7 8	7 5	8 0	7 3	6 12	5 2	4 5	3 15	3 3	3 3
Malabar	7 11	7 2	7 0	7 5	6 7	5 1	4 15	3 14	3 3	2 14
South Kanara	7 0	7 5	6 11	6 4	6 12	5 8	5 0	4 0	3 10	2 15
The Nilgiris	9 2	8 14	8 0	7 14	7 11	7 5	5 9	4 10	3 10	3 7

STATEMENT No. 16 (b).—Statement showing the harvest price per imperial maund of 82-2/7 lb. on the average of the price prevailing in two or three of the principal markets in each district from 1924-25 to 1933-34.

District.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	CHOLAM.									
	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.
Ganjam	..	..	..	..	..	..	..	..	..	..
Vizagapatam	..	..	..	..	..	..	..	..	..	..
East Godavari	4 0	4 5	4 3	3 3	3 11	4 1	2 14	2 14	2 6	1 7
West Godavari	4 13	4 11	4 3	4 13	4 5	3 12	2 4	2 14	2 6	1 12
Kistna	5 0	4 8	5 0	4 13	4 7	3 9	2 13	2 14	2 6	1 12
Guntur	4 10	4 2	4 6	4 13	4 3	3 15	2 1	2 11	2 11	1 14
Kurnool	4 5	3 3	3 11	4 3	4 3	3 12	2 2	2 11	2 6	1 15
Bellary	5 5	4 2	4 8	4 8	3 12	3 12	2 1	2 2	2 6	1 15
Anantapur	4 13	3 13	4 0	4 8	4 0	3 10	2 6	2 6	2 6	1 14
Cuddapah	4 14	3 8	4 0	4 13	4 3	3 5	2 0	2 6	2 6	1 14
Nellore	4 8	4 6	4 10	4 7	3 6	3 2	2 5	2 6	2 6	1 15
Chingleput	..	..	..	..	..	..	..	..	..	..
South Arcot	..	..	..	..	..	..	..	..	..	..
Chittoor	..	..	..	..	..	..	..	..	..	..
North Arcot	..	..	..	..	..	..	..	..	..	..
Salem	5 2	4 14	5 2	4 9	4 6	3 9	2 13	2 6	2 8	2 10
Coimbatore	6 5	5 13	5 5	5 0	5 2	5 4	3 14	2 8	2 8	2 10
Trichinopoly	5 5	4 11	5 2	4 11	4 6	3 14	2 7	2 7	2 8	1 10
Tanjore	5 13	5 2	5 2	4 9	4 12	4 1	2 15	2 9	2 5	2 0
Madura	4 6	4 8	4 8	3 9	4 3	3 3	2 10	2 8	2 2	1 15
Ramnad	4 8	4 11	4 8	4 6	3 15	2 14	2 8	2 8	2 0	1 8
Tinnevely	..	..	..	..	..	..	..	..	..	..
Malabar	..	..	..	..	..	..	..	..	..	..
South Kanara	..	..	..	..	..	..	..	..	..	..
The Nilgiris	..	..	..	..	..	..	..	..	..	..

STATEMENT No. 16 (c).—Statement showing the harvest price per imperial maund of 82½ lb. on the average of the price prevailing in two or three of the principal markets in each district from 1924-25 to 1933-34.

District.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	RAGI.									
	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.
Ganjam	3 0	3 3	3 14	3 14	3 2	2 9	2 3	1 14	1 10	1 11
Vizagapatam	3 5	3 3	3 13	3 13	3 5	2 15	2 10	2 3	1 14	1 8
East Godavari	3 14	3 6	3 11	4 1	3 5	3 6	2 7	2 2	2 2	1 8
West Godavari	4 0	3 8	4 0	4 0	3 12	3 5	2 9	2 2	2 2	1 5
Kistna	4 0	3 10	4 0	3 13	3 5	3 4	..	..	..	..
Guntur	..	..	..	..	..	..	..	..	..	..
Kurnool	..	..	..	..	..	..	..	..	..	..
Bellary	4 6	3 11	3 5	3 14	3 11	3 10	2 1	2 1	2 2	1 9
Anantapur	4 6	3 10	4 11	4 5	3 11	3 1	1 14	2 1	2 3	1 13
Cuddapah	4 5	3 11	4 3	4 0	3 4	2 12	2 3	2 3	2 2	1 11
Nellore	4 14	4 6	5 0	4 10	4 11	4 5	3 3	2 8	2 13	2 10
Chingleput	4 5	4 11	4 14	4 11	3 8	4 0	2 15	2 8	2 0	2 4
South Arcot	4 5	3 11	3 8	3 15	4 5	4 1	2 2	2 4	2 8	2 6
Chittoor	5 0	4 11	4 13	4 12	4 11	3 10	2 4	2 7	2 3	1 14
North Arcot	4 14	4 6	4 9	4 6	4 5	3 13	2 4	2 9	2 10	2 5
Salem	5 0	5 6	5 5	4 13	4 13	4 8	3 11	2 9	2 10	2 5
Coimbatore	5 10	5 2	5 0	5 2	5 0	4 15	2 13	2 3	2 3	1 12
Trichinopoly	6 5	5 3	4 14	4 2	5 4	4 0	2 9	2 8	2 0	1 12
Tanjore	5 3	4 11	4 13	4 12	4 15	3 10	2 13	2 5	2 8	1 14
Madura	4 14	4 11	4 2	4 13	3 11	3 10	2 8	2 4	2 2	1 10
Ramnad	4 5	4 0	4 6	4 0	3 13	3 2	2 8	2 4	2 2	..
Tinnevely	..	..	..	..	..	..	..	..	..	..
Malabar	..	..	..	..	..	..	..	..	..	..
South Kanara	..	..	..	..	..	..	..	..	..	..
The Nilgiris	6 5	6 0	5 10	5 11	5 13	5 2	3 12	2 14	..	..

STATEMENT No. 16 (d).—Statement showing the harvest price per imperial maund of 82½ lb. on the average of the price prevailing in two or three of the principal markets in each district from 1924-25 to 1933-34.

District.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.	RS. A.
CUMBU.										
Ganjam	3 14	3 11	4 5	3 13	3 7	3 3	3 0	2 5	1 13	1 10
Vizagapatam	..	..	..	..	..	..	..	..	..	..
East Godavari	..	..	..	..	..	..	..	..	..	..
West Godavari	..	..	..	..	..	..	..	..	..	..
Kistna	4 8	4 8	4 11	5 0	4 12	4 5	3 7	2 13	3 3	2 13
Guntur	4 11	4 8	4 13	5 0	4 13	4 10	3 8	2 13	2 14	2 11
Kurnool	..	..	..	..	..	..	..	..	..	..
Bellary	4 11	3 11	3 13	4 3	3 11	3 15	2 5	1 14	2 5	1 14
Anantapur	4 2	4 0	3 5	4 4	4 2	4 8	2 4	1 12	2 3	2 2
Cuddapah	4 5	4 3	5 0	5 5	4 5	3 13	2 13	2 11	2 10	2 5
Nellore	..	..	..	..	..	..	..	..	..	..
Chingleput	5 10	5 2	2 5	4 15	4 12	4 4	3 7	2 12	2 8	2 7
South Arcot	4 2	3 11	3 11	4 7	4 12	3 8	2 4	1 14	2 10	2 1
Chittoor	5 2	4 11	4 14	4 3	4 4	4 2	2 3	2 3	2 3	2 4
North Arcot	6 5	4 13	4 8	4 4	4 12	5 2	3 4	2 0	2 2	2 4
Salem	5 5	4 14	5 0	4 14	5 5	4 12	3 13	2 9	2 14	2 10
Coimbatore	6 5	6 0	5 5	5 5	5 9	4 14	3 9	2 1	2 8	2 9
Trichinopoly	..	..	..	..	..	..	..	..	..	..
Tanjore	6 10	6 2	5 11	5 15	5 8	5 0	3 14	3 0	2 14	2 3
Madura	5 10	6 3	5 10	6 2	4 14	3 4	3 9	3 0	2 11	2 0
Ramanad	6 2	5 2	5 13	5 8	5 2	3 13	2 10	3 3	2 11	2 8
Tinnevely	..	..	..	..	..	..	..	..	..	..
Malabar	..	..	..	..	..	..	..	..	..	..
South Kanara	..	..	..	..	..	..	..	..	..	..
The Nilgiris	..	..	..	..	..	..	..	..	..	..

than any diminution in wages. A growing difficulty in securing employment marked however the influence of the slump upon them."

The following remarks are extracted from the Season and Crop Report of the Madras Presidency for 1933-34:—

"The population dependent on agriculture had as a whole increased its standards of living during the years of affluence and is now suffering the reaction brought about by the low prices of agricultural produce. The classes who have invested money in lands, as distinguished from the cultivating ryots and labourers are the worst sufferers. Frequently they are now overburdened with debts incurred for both agricultural improvements and personal extravagances. These men are largely absentee landlords and now experience difficulty in securing suitable tenants for their lands at rents which they have hitherto considered fair. Their investments have in fact shared a fate similar to investments in general as a result of the world economic depression. The tenant farmer is somewhat better off; but he has had to labour under the severe handicaps of low prices.

The supply of food grains and fodder has been sufficient but the economic condition of the cultivating ryot cannot be said to have been satisfactory in this respect. His principal difficulty has been to find ready money in his village. The lands of many ryots are mortgaged; but the high price of gold has assisted them to some extent in discharging their obligations. There has been no advance in the cost of production. Agricultural labourers are largely paid in kind and have been comparatively little affected by the general economic depression.

The position of the labourer paid in cash has improved appreciably. He has generally earned practically the same money as before but has had to spend less on the necessities of life as prices generally have fallen."

A Tahsildar of South Kanara whose report will be found in Appendix II has represented his views on the depression as follows:—

"The general indebtedness of the ryots in the village is growing heavier year by year. The prime cause is the general economic depression, especially, the fall in the price of rice and coconuts in the district. When rice was selling at Rs. 10 per *mura*, coconuts at Rs. 8 per 100 and areca at Rs. 10 per 1,000, people had cash in their hands. Now rice sells at Rs. 3 per *mura*, coconuts at Rs. 3 per 100 and areca at Rs. 5 per 1,000. A ryot who had to pay an assessment of Rs. 50 annually had to sell only 5 *murals* during the above year, but now he has to sell 17 *murals* for paying the same amount. The difference in the number of *murals* to be sold is striking and the ryot has barely anything for his own consumption." This statement of the bare facts as found in South Kanara, applies equally to all the other districts.

It is only in the last few months that the prices are at last showing an upward trend.

It still remains to be seen whether the change is temporary or the definite beginning of the end of the depression. In either case, it will take many years for the agriculturist to recover from the devastating effects of such a serious and prolonged slump. Professor George O'Brien in his book entitled *Agricultural Economics* gives an excellent survey of the effects of depression on the farmer in general. His remarks apply with even greater force to the Indian agriculturist:—

"It may not unnaturally be asked why so much emphasis has been laid on the effect of a fall of prices on the farmer and so little on the effects of a rise. Do not his differential gains in the rise compensate him for his differential losses in the fall? It is true that the effects of the slump are rendered less onerous by the preceding boom than they would be if no boom had occurred, indeed, the savings put aside during the good years may stave off actual bankruptcy during the bad. But apart from this, the two movements do little in the way of mutual compensation. For one thing, the turn in the tide of prices probably overtakes the farmer unawares. Farmers live remote from markets and market news, and are not so sensitive to changes in market conditions as producers in other industries. Intoxicated by the optimism of good prices they are tempted to go on increasing their output even after the peak in the movement has been reached, trusting that any set back which they observe is but a temporary hesitation pending a further rise. Their losses in the fall are thus intensified, and probably, more than the extra profits made in the rise are absorbed in keeping them out of bankruptcy. Moreover, adjustments are made more rapidly in periods of expansion than of contraction. Many more or less permanent charges may have been incurred under the exhilaration of high prices which afterwards grow heavier owing to the combined effect of lower profits and the appreciation in the value of the currency unit in which the charges have to be paid. Especially distressing is the lot of those who have borrowed money in order to purchase land during the period of high prices. Among such farmers bankruptcies and forced sales become the order of the day. Finally, the psychological effects of the slump are serious, and far from transitory. Falling prices undermine confidence. In the absence of confidence farming deteriorates, and the farmer is slow to recognize signs of improvement when prices once more show an upward tendency. The cumulative effect of all these factors tends to prolong the harmful consequences of a depression long after the causes which brought it about have ceased to operate. . . . It is impossible to doubt that the net effect of the cycle is a loss to the agricultural industry. . . . Every student of agricultural economics is agreed that the gains derived during the boom do not in fact compensate for the losses suffered during the slump, and the farmer has therefore a more pressing and urgent need for some policy of price stabilization than any other member of

the society. 'The agriculturist' states the final report of the World Economic Conference, 'should find his just remuneration, not through speculation, but in the regularity of prices enabling him to reckon on a legitimate return equivalent to that accorded to other producers.' Unfortunately, the formulation and execution of such a policy is outside the power of the farming classes even if they were fully organized for joint action. In this matter their fortune lies in the power of the bankers and statesmen who control the purchasing power of money."

34. *Some statistics from the Registration department.*—I requested the Inspector-General of Registration to furnish me with some figures for the whole Presidency. He found it impossible without additional staff to

35. *Extent of sales and mortgages.*—

STATEMENT 17 (a).—Statement showing the extent of lands in acres sold and mortgaged in the Presidency of Madras taking two typical villages for each district excepting the districts of North and South Malabar and South Kanara during the years 1930 to 1934.

Years.	Total changed hands.			Net sold by agriculturists to non-agriculturist.			Net area sold.			Net mortgaged by agriculturists to non-agriculturists.		
	Dry and garden.	Wet.	Total.	Dry and garden.	Wet.	Total.	Civil courts.	By private sales.	Total.	Dry and garden.	Wet.	Total.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1930 ..	3,896	1,229	5,125	505	267	772	181	4,944	5,125	2,652	691	3,343
1931 ..	3,858	1,682	5,540	1,033	335	1,368	203	5,337	5,540	1,806	844	2,650
1932 ..	3,631	2,098	5,729	512	405	917	354	5,378	5,732	1,762	843	2,605
1933 ..	4,934	1,735	6,669	1,949	357	2,306	469	6,179	6,668	1,639	914	2,553
1934 ..	4,095	1,899	5,994	748	333	1,081	496	5,497	5,992	1,501	796	2,297
								+ 2	+ 2			

The definition of the word *agriculturist* proved rather a stumbling block in preparing these figures. So far as this statement is concerned, I believe that all those, who noted their occupation as *agriculture* or *cultivation*, were termed *agriculturists*; and non-agriculturists were those who gave other occupations as their means of livelihood. There being no distinct division between cultivating and non-cultivating classes, it was impossible to separate them. So among agriculturists in this statement, we shall find both owner cultivators and absentee landlords like agriculturist money-lenders. Among non-agriculturists also will probably be found absentee landlords, whose main support is income from some source other than land, Government servants, lawyers, professional money-lenders, traders, merchants and so on. There has been a steady increase from 1930 to 1933 in the total area that has changed hands. The area sold to non-agriculturists has fluctuated a bit, but has definitely risen between 1930 and 1934. Sales through civil courts, though increasing, form much less than 10 per cent of the total sales. The area mortgaged by agriculturists to non-agriculturists however has dropped steadily from 1930 to 1934, which clearly indicates a steady decline in fresh borrowings and a shortening of credit. The Government have asked me, in question No. 6 of my terms of reference, to what extent property has been mortgaged by agriculturists as security for debts. I am not able to furnish the extent; but the value of mortgages in the last ten years is given in statement No. 19. I have also been asked how much land has changed hands in the last four years and how much thereof

collect, tabulate and consolidate the particulars I required from the millions of documents and entries in registers in all the Sub-Registrars' offices. He very kindly agreed, however, to furnish me with the information I required for two typical villages in each of the districts in this Presidency, except Malabar and South Kanara. Of course, the registration district of Madras was also to be excluded. Statements 17-a to 17-d are those sent by the Inspector-General of Registration at my request and they furnish useful information of the trend of events from 1930 to 1934 so far as the agriculturist is concerned. I suggest that such tabular statements for the whole Presidency should be prepared and published once in five years so that the condition of the agriculturist may be watched in future.

has gone to the non-cultivating classes. I have already indicated the difficulty of differentiating between cultivating and non-cultivating classes in the Presidency. We may assume that no non-agriculturist cultivates his land and many agriculturists also are non-cultivators. This is particularly so for big agriculturist landholders, especially the money-lenders among them, all of whom probably come under the rather vague term *agriculturist*. There are 21,631 ryotwari villages in the twenty-five districts of the Presidency. The average number of ryotwari villages per district may be taken to be 865. The total acreage that changed hands in the four years from 1931 to 1934 according to statement No. 17-a is 23,932 acres. This figure is for two villages for each of the districts except Malabar and South Kanara. So the total ryotwari area, that has changed hands from 1931 to 1934 for the Presidency, except Malabar and South Kanara, may roughly be calculated as $\frac{23,932 \times 865}{2}$ or 10,362,000 acres. Of the area of 23,932 acres, which changed hands from 1931 to 1934 according to the previous statement, 4,772 acres or about 20 per cent went to non-agriculturists. So, from 1931 to 1934, the area of ryotwari land which went to non-agriculturists, excepting that in Malabar and South Kanara, is 2,072,000 acres. Of the 10,362,000 acres of ryotwari land which changed hands during these years, I should say a very large proportion went to big absentee landlords particularly agriculturist money-lenders. This shows that many small and medium landholders were and are being rendered landless and destitute because of foreclosure on their debts.

36. *Rates of interest on mortgages and bonds*—
STATEMENT No. 17 (b).—Statement showing mortgages without possession and bonds registered in 1930—1934 classified according to rates of interest charged in the Madras Presidency taking two typical villages for each district.

34TATEMENT III—BONDS—cont.

ordinary interest. The much heavier penal rates generally are enforced, as borrowers seldom repay within the period stipulated. The common practice of deducting at the outset a sum for interest and only paying the balance to the borrower must not be lost sight of.

STATEMENT No. 17 (c).—Statement showing the different purposes for which lands were sold, mortgaged without possession, mortgaged with possession and loans were obtained on bonds during 1930–1934 in the Madras Presidency taking two typical villages for each district excepting the districts of North and South Malabar and South Kanara.

35

of sales and mortgages. *Purposes not ascertainable and other purposes* account for a good proportion of sales and mortgages. Sales and mortgages for *payment of list* are trivial.

38. *Periods of mortgage and bonds—*

STATEMENT No. 17 (d).—Statement showing mortgages without possession, mortgages with possession and bonds registered in 1930–1934 classified according to periods of loan in the Madras Presidency taking two typical villages for each district excepting North and South Malabar and South Kanara.

Years.	One year and less—Number in which the amount of loan is						Above one year but not more than three years—Number in which the amount of loan is						Total number transactions.	Total amount.
	Rs. 25 and less.	Between Rs. 26 and Rs. 100.	Between Rs. 101 and Rs. 500.	Between Rs. 501 and Rs. 1,000.	Above Rs. 1,000.	of	Rs. 25 and less.	Between Rs. 26 and Rs. 100.	Between Rs. 101 and Rs. 500.	Between Rs. 501 and Rs. 1,000.	Above Rs. 1,000.	of		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
STATEMENT VIII.—Statement of mortgages without possession.														
1930	18	109	157	61	34	379	188,602	1	57	147	38	20	263	128,668
1931	5	110	151	43	24	333	151,156	1	59	150	37	24	271	144,493
1932	6	87	136	40	21	290	118,295	3	82	136	42	25	288	150,612
1933	11	79	131	29	18	268	158,176	1	99	131	35	15	261	117,743
1934	4	99	123	24	7	257	72,280	6	86	132	25	20	263	104,654
STATEMENT IX.—Statement of mortgages with possession.														
1930	1	8	10	4	1	24	2,853	..	30	71	23	15	139	77,374
1931	..	6	8	16	..	24	3,905	..	40	67	22	13	143	57,568
1932	..	6	8	23	..	23	13,887	..	48	84	37	19	186	211,437
1933	..	7	11	21	..	21	4,118	..	48	77	25	10	164	69,067
1934	2	9	8	2	..	21	4,285	5	43	86	16	12	162	68,654
STATEMENT X.—Statement of bonds.														
1930	..	18	10	22	1	31	6,853	..	1	5	1	..	7	1,510
1931	..	14	18	..	..	36	5,172	..	3	6	..	..	9	1,826
1932	..	21	10	..	..	32	4,580	..	4	3	..	..	8	910
1933	..	16	9	..	..	25	4,000	..	5	..	..	..	17	1,630
1934	..	12	3	1	1	17	7,686	1	4	..	..	..	6	785

Years.	Above three years—Number in which the amount of loan is						No term—Number in which the amount of loan is						Total number transactions.	Total amount.
	Rs. 25 and less.	Between Rs. 26 and Rs. 100.	Between Rs. 101 and Rs. 500.	Between Rs. 501 and Rs. 1,000.	Above Rs. 1,000.	of	Rs. 25 and less.	Between Rs. 26 and Rs. 100.	Between Rs. 101 and Rs. 500.	Between Rs. 501 and Rs. 1,000.	Above Rs. 1,000.	of		
(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
STATEMENT VIII.—Statement of mortgages without possession—cont.														
1930	4	43	143	57	32	279	189,555	7	143	240	99	71	560	355,116
1931	1	14	83	55	42	195	210,789	12	127	244	84	70	546	377,227
1932	..	15	92	43	32	182	175,400	9	143	254	100	54	560	331,444
1933	..	32	122	48	46	248	221,245	9	172	197	64	36	478	225,398
1934	..	19	133	35	45	235	213,180	15	145	208	71	58	467	198,768
STATEMENT IX.—Statement of mortgages with possession—cont.														
1930	1	29	48	19	18	115	91,487	1	22	25	11	8	61	22,242
1931	4	18	34	33	22	111	80,912	1	17	33	..	6	62	22,558
1932	..	18	69	22	15	126	74,917	4	30	33	..	11	85	33,194
1933	4	43	43	28	17	135	77,373	5	24	45	4	7	85	28,478
1934	1	36	64	20	15	136	76,927	6	25	25	5	8	69	38,053
STATEMENT X.—Statement of bonds—cont.														
1930	..	1	..	..	..	1	50	1	12	12	7	26	58	123,361
1931	..	..	3	..	..	4	2,032	..	15	5	6	17	43	74,176
1932	..	1	..	..	..	3	143,100	..	7	14	2	14	37	40,905
1933	..	4	5	..	..	9	1,310	..	4	16	13	10	43	51,070
1934	..	4	4	1	..	9	2,610	..	7	6	2	7	22	23,555

As regards mortgages with and without possession, the most popular periods of loan seem to be the *no term* ones, while those *above three years* and *between one and three years* are second and third in demand. There are, however, quite a number of loans on mortgages for periods below one year. Most of the bonds are for loans for periods below one year.

CHAPTER IV—VOLUME AND DISTRIBUTION OF AGRICULTURAL INDEBTEDNESS.

39. *Results of investigation by officers of the Revenue department.*—As no special investigators under me were appointed for

detailed enquiries in selected villages, I requested District Collectors kindly to depute Assistant Collectors and selected Revenue Divisional Officers, Tahsildars, and Deputy Tahsildars to hold detailed enquiries in one village each on a plan outlined by me. The reports from these officers for 141 selected villages in this Presidency will be found in Appendix II. Actually, reports relating to about 160 villages were received, but after careful scrutiny I was obliged to reject about 20 reports for various reasons,—villages not being typical, irreconcilable figures, omissions and so on. The investigators were requested to attend personally to the enquiry and to approach villagers with tact and sympathy in order to win their confidence. I

submit however that the figures furnished in these reports cannot be quite accurate, considering that most of the important columns had to be filled up from oral evidence. The villager is notoriously suspicious of those, especially officials, who wish for information from him and seldom gives a plain and accurate statement of his affairs. If he feels that his interlocutor is there to enhance his taxes, he will magnify his liabilities and underestimate his assets and profits. If he feels that his questioner has come to force him to pay off what he owes, he will become secretive about his liabilities to his creditors. It is difficult to blame the ryot. After all, it is asking much of him to make all his private affairs public. Hence, all such information should be accepted with the greatest caution and reserve. I append below a tabular statement compiled from the results of the enquiries made in the 141 villages referred to above. It

will be noticed from the statement that several columns do not tally. For instance, the figures furnished in column 2-a seldom correspond with the total of the figures furnished in columns 2-e to 2-i. The differences can probably be explained by the temporary or permanent absence from villages of ryots and labourers and also by the fact that *farm servants* do not by any means include all farm labourers. The figures in column 8 do not often correspond with the totals of the figures in columns 9, 10 and 11. The discrepancy is probably due to the fact that a number of absentee agriculturists, who own lands in the village have been included either in column 8 or in one of the columns 9 to 11. The absentee landlord, who owns land in one or more villages, has proved a great stumbling block to the investigators who did not, I imagine, all follow the same principles in compiling the figures.

Population.

Grand total

Investigations by Assistant Collectors, Revenue Divisional Officers, In-

The following results are worked out or abstracted from this statement and should, I again submit, be accepted only as rough averages.

	Agricultural population.
Registered holders	54
Tenants	18
Labourers	28
	100

As a result of assignments to the labouring classes, many labourers have now become small holders of land. They are also frequently tenants in a modest way. Small landholders may also be tenants and may also hire themselves out as labourers in their spare time. All these contingencies should be taken into consideration when valuing these figures.

The percentages of those free from debt to those examined are as follows:—

Registered holders	21
Tenants	23
Farm labourers	36

The debt per head of population is 38. The debt per family is 194.—Thus, there are on an average five members to a family.

The debt per acre of occupied land (ryotwari, inam and zamindari) is 63. The debt per rupee of assessment (ryotwari, inam and rental to zamindars) is 21.

There are, in 161 villages, 2,440 agriculturist money-lenders operating, as compared with 364 professional money-lenders like Marwaris, the proportion being about 7 to 1. Traders and money-lenders, not belonging to the professional money-lending classes, have, I believe, not been included in these figures. The total debt in 141 villages is Rs. 1,78,85,663 and has been borrowed in the following proportions from different kinds of creditors.

Government (takkavi)	1
Co-operative societies	6
Others, mainly ryot money-lenders	93
Total	100

The total debt is divided as follows:—

Mortgage debt	47
Unsecured debt	50
Debt on security of movables	3
Total	100

40. *Total debt on population basis.*—According to statement No. 18, the debt per head of population is Rs. 38 as compared with Rs. 37, arrived at by the Madras Banking Enquiry Committee in 1930. It was obviously not possible for the investigators to include the indebtedness of the larger landholders, who do not live in the villages where they own lands. Often these landholders own lands in several villages. I shall demonstrate later by figures that the debt per head increases with assets. The more land a man holds, the more is he indebted, so that the average debt per head of those who pay over Rs. 100 in assessment is very nearly a thousand rupees. This unavoidable omission to record the debts of

the landlords, who live away from the localities in which they own land, has undoubtedly vitiated to some extent the results arrived at, especially of the debt per head. I consider that the figure Rs. 38 is too low and should be increased by at least 10 per cent to include these larger landholders, who have not been enquired into. I therefore propose to adopt Rs. 42 as the debt per head of population. The next point to be decided is by what figure this debt per head should be multiplied to give the agricultural debt for this presidency. The Madras Banking Enquiry Committee in 1930 chose the figure given for total population according to the 1921 census. This was 42 millions. Actually, in 1930, the total population was about 46 millions, as the 1931 census gave 46·7 millions. Both the censuses of 1921 and 1931 conclude that 71 per cent of the population was supported by agriculture. The Madras Banking Enquiry Committee did not choose to adopt this proportion for purely agricultural population in 1921, which should have been 71 per cent of 42 millions. The committee must have had sound reasons for this procedure. I believe that the total population was chosen, in preference to the population supported by agriculture, because almost every Indian family in India has some sort of landed interest or other, though all are not supported by agriculture. I shall therefore follow the lead of the Madras Banking Enquiry Committee and multiply the debt per head by the total population. The 1931 census gave 46·74 millions as the total population. Assuming that population increased from 1931 to 1935 at the same rate as from 1921 to 1931, we should have a population in 1935 of about 48·57 millions. *The total agricultural debt on the population basis is therefore Rs. 42 × 48·57 millions or Rs. 204 crores.*

41. *Total debt on average basis.*—The results of the present investigations are worth comparing with the results of the Madras Banking Enquiry Committee.

	Debt per acre.	
	1930.	1935.
Northern circars	62	69
Ceded districts	23	22
Tamil districts	62	68
West coast	65	69

The average worked out by the Madras Banking Enquiry Committee in 1930 was Rs. 51. I have worked out the average by dividing the total debt in the 141 villages investigated into by the total acreage under occupation and have arrived at the figure Rs. 63.

The Madras Banking Enquiry Committee multiplied Rs. 51 by the total acreage under ryotwari holdings and arrived at Rs. 149 crores. The area under zamindari held by occupancy tenants was not included by the Committee. I submit that this area should be included, as we are also dealing with the indebtedness of occupancy tenants and such have quasi-proprietorial rights over their

lands. The area under ryotwari holdings in 1933 was 27,880,556 acres. To this, I add the rough figure 5,000,000 acres as the area held by occupancy tenants in zamindaris. The total comes to 32,880,000 acres. *The total agricultural debt on the acreage basis is therefore Rs. 63 × 32,880,000 or Rs. 207 crores.*

42. *Total debt on assessment basis.*—The debt per rupee of assessment, or zamindari rent, is Rs. 21 as compared with Rs. 19 arrived at by the Madras Banking Enquiry Committee in 1930. The Committee multiplied 19 by the ryotwari assessment and rental on zamindari land, and arrived at a total of Rs. 153 crores. I submit that cesses on ryotwari amount must be included as the investigators include cesses in their calculations. When an agriculturist is asked what land revenue he pays, he invariably gives a figure which includes cesses.

The assessment in fasli 1343 was Rs. 5,97,07,979. The rental in zamindaris under the same fasli was Rs. 2,38,28,737. Cesses on ryotwari and miscellaneous was Rs. 84,08,220. These total to Rs. 9,19,45,000. *The total agricultural debt on the assessment basis is therefore Rs. 21 × 9,19,45,000 or Rs. 193 crores.*

43. *Total estimated debt.*—The total debt has been calculated by the above three rough methods and the results agree closely. I would therefore estimate the total agricultural

debt in this presidency at the present day at about Rs. 200 crores. The detailed enquiries which led to this estimate were made in February, March and April of this year. This estimate obviously excludes petty loans entered in Katha accounts and loans in kind.

44. *Mortgage debt.*—The Madras Banking Enquiry Committee arrived at the total debt by another method. They multiplied the average per year of the aggregate value of mortgages by three, added to this the aggregate value of bonds in 1928 multiplied by two and called this the outstanding registered debt, rural and urban. Assuming this to be 50 per cent of the whole debt, they arrived at 134 crores as the total debt. I feel that this method is not very convincing. All my enquiries go to show that the figure 3 by which the aggregate value of mortgages was multiplied to arrive at the mortgage debt, is far too low. It is most difficult, if not impossible, to arrive at the proper multiple. The slightest mistake in this multiple will vitiate total mortgage debt enormously. Again, there has been no allocation between rural and urban debt, and I doubt if the figure 2, by which value of bonds was multiplied, is the correct one. The estimates are too rough.

I give below a statement taken from figures for the last ten years, furnished by the Registration department of gifts, sales, mortgages and bonds:—

STATEMENT No. 19.—Taken from the administration reports of the Registration Department.

	Gift.		Sale.		Instruments of mortgage.		Bonds.	
	Number.	Aggregate value. RS.	Number.	Aggregate value. RS.	Number.	Aggregate value. RS.	Number.	Aggregate value. RS.
1924	17,822	1,28,39,120	575,361	27,24,86,525	506,918	19,94,18,477	30,669	2,39,68,085
1925	18,146	1,49,93,865	587,103	28,09,76,020	508,355	20,10,06,341	30,335	2,49,37,524
1926	19,726	1,53,08,939	589,702	28,84,35,392	494,227	19,71,02,316	29,867	2,46,06,099
1927	20,295	1,63,17,938	625,321	31,09,00,603	525,747	20,56,72,478	33,992	3,09,07,501
1928	21,634	1,67,03,093	643,268	32,63,60,591	510,974	19,87,43,259	32,255	3,43,26,954
1929	21,807	1,73,34,310	649,499	32,44,12,002	485,850	19,05,66,096	31,368	3,17,12,924
1930	20,732	1,65,79,881	581,438	29,00,09,465	444,182	18,93,04,547	33,150	3,99,39,061
1931	18,749	1,31,07,972	503,735	24,59,67,009	389,487	17,69,89,913	26,651	2,01,18,932
1932	22,537	1,42,99,530	623,080	28,04,00,364	418,235	17,08,59,081	21,051	1,06,55,632
1933	22,172	1,32,80,127	595,601	25,61,06,946	388,582	15,94,56,523	19,549	99,71,427

This statement shows that, as regards gifts, sales, mortgages and bonds, registered by the Registration department in the last ten years, the highest numbers and values were reached in the years 1927 to 1929 and thereafter there was a steady decline in all these transactions. So far as gifts and sales are concerned, the lowest point was reached in 1931 and they have increased thereafter in number and value. Mortgages have been dropping steadily from 1927 to 1933, and so also have bonds been declining from 1927 to 1933, except for a sudden and temporary leap upwards in 1930. These figures clearly indicate that fresh borrowings in the depression period are less than before the depression, and that every year the amount borrowed is getting less. Legitimate sales of land are naturally falling during the depression, owing to the remarkable decline in the value of land. The worst year for sales and gifts in the last ten years was 1931. Thereafter, there has been a rise, which I suspect is due, not to the desire for land as an investment but to the forcing of clients by lenders of money to part with their lands in part or whole payment of their debts.

I may also add that there is the growing tendency for unsecured debts to become converted into secured debts, at the insistence of money-lenders, who are finding that their free-and-easy methods of letting unsecured debts accumulate *ad infinitum* is becoming dangerous in this depression period, when land is steadily falling in value, and the return from the land in terms of money is also on the decline. In spite of these definite trends, fresh mortgages are steadily falling year by year, which is a clear indication that the agriculturist, along with others, is finding it harder and harder to obtain fresh credit.

45. *Nature of security.*—As already stated, the total debt consists of about 47 per cent mortgage debt, 50 per cent unsecured debt and 3 per cent debt on the security of movables—gold, silver and crops mostly.

46. *The purpose of borrowing.*—The investigators responsible for the figures in statement No. 18 have attempted to classify from enquiries the purposes for which debt was incurred. This classification, which must be accepted with the same caution as the figures

for total debt, is furnished in the following statement:—

	RS.	PER CENT.
Purpose of borrowing—		
Payment of prior debts ..	44,85,400	25.1
Marriage and other ceremonies ..	18,80,761	10.5
Payment of land revenue ..	5,84,173	3.3
Relief of distress ..	10,88,377	6.1
Agricultural expenses ..	17,87,457	10.0
Improvements to land ..	7,88,709	4.4
Education of children ..	2,47,337	1.4
Trade ..	3,01,937	1.7
Purchase of land ..	24,74,715	13.8
Construction of houses ..	10,08,416	5.6
Other expenses ..	12,38,384	6.9
Total debt in 141 villages in the Madras Presidency ..	1,78,85,666	100

Payment of prior debts takes precedence over all other purposes at 25.1 per cent. It is difficult to decide what really is a productive purpose and what not. For instance, trade and education are necessary and useful and are in this sense productive. If, however, the term *productive* is adopted in the restricted sense of only benefiting the land and helping cultivation, productive purposes should consist of the following: agricultural expenses, improvements to land, purchase of land, construction of houses and payment of land revenue. Education and trade may be mentioned separately, and unproductive purposes should consist of payment of prior debts, ceremonies and relief of distress. Classified thus we get the following results:—

Debts for productive purposes ..	37.1
Debts for unproductive purposes ..	41.7
Education of children ..	1.4
Trade ..	1.7
Miscellaneous ..	12.9
Total ..	100

Result of personal investigation of 564 families throughout the Presidency.

(1)	(2) Number of families.	(3) Extent of holdings and land taken on lease.	(4) Assessment and rent paid.	(5) Total debt.	(6) Debt for family.	(7) Debt per head.	(8) Debt per acre.	(9) Debt per rupee of assessment.
		ACS.	RS. A. P.	RS.	RS.	RS.	RS.	RS.
Farm labourers owning no lands and paying no assessment or rent	23	..	..	1,739	76	15	..	..
Registered landholders and tenants paying land revenue or rent of Rs. 1 to Rs. 100	306	4,483-03	11,143 8 0	3,23,438	1,057	211	72	29
Registered landholders and tenants paying land revenue or rent of Rs. 100 and above	235	24,738-00	1,35,453 4 0	10,79,186	4,592	918	44	8

It will be seen that the average debt per head increases with assets. While the farm labourer's debt is only Rs. 15 per head, that of the landholder or tenant, who pays assessment or rent, between Re. 1 and Rs. 100, is Rs. 211 and the figure actually rises to Rs. 918 for those who pay assessment or rent of over Rs. 100. The farm labourer and the tenant-at-will have no landed property. No one will therefore lend them much money. So their debt is limited. As regards ryotwari landholders and occupancy tenants, they have the security of land to offer, and the more their security the more their borrowing power, and the more do they actually borrow.

I submit, however, that the *burden of debt* should not be estimated by the amount borrowed alone. A man with a debt of rupees 20,000 may be more solvent than a man with

Debts for productive purposes, excluding trade and education, therefore account for only 37.1 per cent, while unproductive purposes account for 41.7 per cent. A large amount of this proportion is swallowed by payment of prior debts, while expenses on ceremonies cover about a fourth of the unproductive debt. The argument adduced by so many, that the plight of the agriculturist is entirely due to extravagant expenditure on ceremonies like marriages, is not borne out by these figures. No doubt, expenses on ceremonies do account for 10.5 per cent of the total debt and can well be substantially reduced, but such unproductive expenditure is not by any means the sole cause for the heavy indebtedness of the people.

Before the depression, much money was spent on investing and speculating on land and as much as 13.8 per cent of the indebtedness is accounted for in this way. Now, sales are dwindling for want of buyers, who find they have better sources of investment than land. A significant fact is the very small sum spent on the education of children. Payment of land revenue has caused only 3.3 per cent of indebtedness, while relief of distress (most of the borrowings under this head I believe were in recent years after the depression) has led to 6.1 per cent of the debt.

47. *Indebtedness among different classes.*—The theory that debt follows credit is well treated by the indebtedness per individual of different classes of agriculturists. I made personal investigations of about 560 agricultural families scattered throughout the Presidency and recorded detailed statements from the representatives of each of them and the following are some of the results:—

a debt of Rs. 500. The proper criterion of the burden of debt is the proportion which indebtedness bears to assets.

Labourers and tenants-at-will generally have no landed property at all and so their burden of debt is heavy, though the amount is trivial. As already stated about 36 per cent of them are free from debt and the average debt per family is about Rs. 76. Labourers and tenants-at-will live a frugal and simple life and spend very little on clothes and food. Their only items of extraordinary expenditure are ceremonies and drink. The average labourer spends as much as Rs. 100 on a marriage, for which he generally borrows by binding himself to service under his creditor for a fixed period of years. Much money is spent on drinking. Such classes have few commitments in money. The labourer, who

is paid in grain wages, has not suffered any loss in income in kind as the result of the depression. Those paid in cash wages have been forced sometimes to accept a lower money wage as a result of the depression; but wages have certainly not fallen in the same proportion as prices have. Indeed wages in certain places have not fallen at all while prices of commodities have dropped steeply. The position of labourers and tenants-at-will is therefore not as alarming as the position of other classes of agriculturists.

Small and medium landholders including occupancy tenants who pay assessment or rent from Re. 1 to Rs. 100 are the hardest hit of all the agriculturist classes. They form the great bulk of the landowning or landholding classes and are the backbone of the agricultural industry in India. They are the people who generally live in the villages and personally attend to the cultivation of their lands. There are few absentee landlords among them. Their lands are the best tended and cultivated of all. Though the debt per head among them of Rs. 211 and per family of Rs. 1,057 is less than the debt per head and family of the bigger landholders, the debt per rupee of assessment and the debt per acre is far higher than among those who own or hold more land. This will be clearly seen from the previous statement. The debt per acre among these small and medium farmers is Rs. 72 and the debt per rupee of assessment or rent is Rs. 29, and only about 18 per cent of them are free from debt. They live frugal lives no doubt, but, in order to keep up their status and prestige as respectable *pattadars*, are obliged to spend large sums on ceremonies. Caste imposes many unhappy restrictions upon them. They are often too proud to work as labourers, or to engage in subsidiary occupations. They are the people, who are burdened with the heaviest debt and who are steadily losing their lands to their creditors. I have indicated in paragraph 11 how the number of *pattadars* paying Rs. 100 and less has actually fallen by 32,67,537 between faslis 1335 and 1340. It is this tendency for land to pass from the cultivating small and medium owners into the hands of absentee landlords, which needs to be checked as soon as possible and the only direct way in which this can be done is to relieve the former of their pressing burden of debt, without forcing them to part with their lands.

The larger and big landholders who pay over Rs. 100 in assessment or rent are also badly hit, but not to such an extent as the small and medium ones. The average debt per head among them is about Rs. 918, but the debt per acre and per rupee of assessment is only Rs. 44 and Rs. 8, respectively, as compared with Rs. 72 and Rs. 29 among the small and medium landholders.

There are many *absentee* landholders among those who pay over Rs. 100 in assessment. Many do not depend upon the land for a living, but earn their livelihood as Government servants, or in professions like law and

medicine. The very big landlords include among them prosperous money-lenders (professional or otherwise) who have acquired most of their lands by court sales or private sale in discharge of debts due to them. If, from this class of those who pay over Rs. 100 in assessment, we exclude all those who do not support themselves solely or mainly by agriculture, we shall be left with a class of large and big landholders who are supported almost solely by agriculture and members of this class are almost but not quite as badly involved in debt as small and medium landholders. Some cultivate their lands in person and others are absentee landlords who lease out to tenants. The average debt per head and family among them will be above Rs. 1,000 and Rs. 5,000, respectively. About 20 per cent of this class will be free from debt.

48. *Relation of debts to assets.*—My personal enquiries from 541 landholding families led to the following results:—

Their landed property, consisting of 12,663 acres of wet land, 16,406 acres of dry land and 108 acres of garden, was worth Rs. 1,57,00,000 before the depression. The present value, they state, of the same property is only Rupees 68,56,000. The total indebtedness of these families was found to be Rs. 14,02,000. This showed that the relation of debt to value of landed property before the depression was 9 per cent, but at the present is 20 per cent. These figures show in a striking manner the effects of the depression.

49. *Credit agencies.*—As already seen, borrowing from different kinds of creditors can be divided as follows:—

Government ..	1
Co-operative societies ..	6
Others ..	93
Total ..	100

Government (takavi loans) and co-operative societies together account for only 7 per cent of the total debt. Creditors, other than Government and co-operative societies, account for 93 per cent of the debt. Agriculturist money-lenders are the biggest money-lenders, followed by professional and trader money-lenders. Banks do not lend much direct to agriculturists. The Imperial Bank of India lends to a certain amount on the security of produce, provided proper godowns for storage are forthcoming. Unfortunately such godowns are extremely scarce and if I am asked how best I would spend a goodly sum of money for the relief of the agriculturist, I would say, "first build good godowns all over the country, secondly dig wells and then improve village communications."

CHAPTER V—CIVIL COURTS.

50. The following statement furnishes civil court statistics for mufassal courts for ten years from 1924 to 1933.

STATEMENT No. 20.—Civil Court Statistics.

Year.	Number of suits for money or movable property.	Number of mortgage suits.	Execution proceedings.					Insolvency petitions.		
			Number of execution applications received (except village and panchayat courts).	Satisfaction obtained in full.	Satisfaction obtained in part.	Wholly infructuous.	Amount realized in execution.	Number of debtors imprisoned in execution.	Number filed.	Number granted.
1924 ..	489,544	22,046	353,400	55,292	29,954	265,308	RS.			
1925 ..	525,555	22,429	390,225	57,965	32,094	267,748	1,68,25,105	3,732	3,208	171
1926 ..	520,913	24,212	367,307	58,996	33,600	271,867	1,73,73,120	3,658	3,419	238
1927 ..	483,065	24,267	368,924	59,088	35,101	273,960	1,92,40,072	3,782	3,865	187
1928 ..	453,016	23,001	370,683	60,771	36,151	276,315	2,18,30,490	3,806	4,245	198
1929 ..	470,200	21,995	365,034	59,906	36,478	267,596	2,15,08,754	4,082	4,345	269
1930 ..	478,404	20,544	374,000	57,146	37,282	274,110	2,24,43,998	3,943	4,360	221
1931 ..	559,592	20,754	385,277	50,088	41,832	283,046	2,30,23,468	4,030	4,893	243
1932 ..	571,613	23,644	403,952	52,936	46,821	298,742	1,98,24,927	4,505	6,334	179
1933 ..	556,815	22,767	399,604	47,595	48,817	300,440	2,26,34,184	4,544	6,473	233
							2,29,08,733	4,417	6,104	319

The number of suits for

The number of suits for money or movables and the number of mortgage suits have not risen conspicuously from 1924 to 1933. A more or less steady average has been maintained in these years; there has been a slight increase in both classes of suits, in spite of the acute economic depression. As regards execution proceedings, the number, in which full satisfaction was obtained, rose from 1924 to 1928, when the depression commenced in earnest, and thereafter fell more or less steadily. The number of wholly infructuous cases however has steadily increased through the ten years under review. The number of debtors imprisoned in execution shows a steady and substantial increase. Insolvency petitions have also increased so that the number granted in 1933 is more than double the number granted in 1924.

Statement No. 20 exhibits figures for all classes of people, not agriculturists alone. Much difficulty was felt in obtaining figures relating only to agriculturist defendants and applications for insolvency. After much correspondence, it was decided that the term should cover all those who gave their occupations as *cultivation* or *agriculture*. The old records in civil courts had to be examined in detail and figures extracted. Many records were not available and some had been destroyed. Eventually, only thirteen District Judges were able to send me figures for the years 1930 to 1934. These have been consolidated and tabulated and the result is furnished below. For the reasons given above, the figures may not be quite accurate. The full reports of the District Judges will be found in Appendix III.

STATEMENT No. 21.—Civil Court Statistics (Original and Small Causes)—Thirteen districts (Figures for the remaining districts not received or incomplete).

Years.		Number of suits instituted in the Civil Courts in districts where profession is agriculture or cultivation in the discharge of debts.	Total value of such suits.	Number and value of such suits on promotes without security.		Number and value of such suits on the security of immovable property.		Number and value of such suits on the security of movables.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		RS.	RS.						
1930	..	47,975	1,52,30,383	37,859	98,94,022	6,096	54,33,613	352	86,209
1931	..	53,620	1,74,55,584	44,772	1,17,98,704	5,953	43,47,742	320	58,184
1932	..	55,857	1,85,92,011	49,462	1,20,29,233	9,081	77,39,652	815	56,978
1933	..	52,881	1,98,70,141	42,918	1,00,57,850	7,442	54,02,573	496	59,787
1934	..	47,394	1,55,52,985	37,608	87,78,265	7,151	61,46,477	307	39,565

Years.		The average duration of suits.	Number of decrees passed in favour of plaintiffs.	Number of decrees passed in favour of defendants.	Value of decrees passed on behalf of plaintiffs.	Area, assessment and value of land which has passed from defendant to plaintiff through Civil Courts as a result of decrees against defendants.	Number of agriculturists and cultivators who have put in insolvency petitions.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		DAYS.			RS.		
1930	..	397	45,109	4,833	1,87,59,855	Not complete.	977
1931	..	574	50,936	5,239	1,62,85,708	Do.	1,494
1932	..	384	52,893	6,809	1,99,75,004	Do.	1,610
1933	..	322	50,623	5,450	1,48,77,040	Do.	1,363
1934	..	489	42,064	4,728	1,11,99,867	Do.	1,320

It will be seen that the number of suits against agriculturists in the discharge of debts is almost the same in 1934, as in 1930. The

highest point was reached in 1932 and thereafter there has been a steady falling off which shows as far as I can see, not that creditors

are pressing agriculturists less heavily to discharge debts, but that private negotiations are being increasingly resorted to in discharge of debts, in preference to taking the cases to civil courts. Cases brought to court for unsecured debts far exceed those for secured debts. The average duration of suits is startlingly high, exceeding 400 days or approaching a period of two years. One can imagine the great cost to the parties, incurred in travelling long distances to appear at these courts over and over again for a single suit, often to waste their time and money in idle waiting because of inevitable adjournments. As might be expected, the plaintiffs have won in about 90 per cent of the suits. Insolvency among agriculturists was highest in 1932 and thereafter decreased somewhat, but the insolvency petitions in 1934 are far higher than in 1930.

51. *Treatment of usury and other mal-practices of money-lenders by civil courts.*—I asked all District Judges kindly to furnish me with particulars of the extent to which the Usurious Loans Act was worked in the districts with details of the number of cases in which interest had been cut down and particulars of the interest eventually awarded. The replies were vague and incomplete and not capable of being tabulated. Several District Judges were not able to give any information whatever on the subject. I have given below the answers received to these questions.

Extracts regarding the working of the Usurious Loans Act from the reports of the District Judges.

Ganjam District Munsif's Court, Sompetu.—The provisions of the Usurious Loans Act are being applied in some cases, and in all cases where interest is found to be excessive or penal, interest is being reduced to 18 per cent.

District Munsif's Court, Chicacole.—In three suits 15 per cent compound interest is reduced to 12 per cent simple interest, 18 per cent compound interest to 12 per cent simple interest, and 60 per cent compound interest to 12 per cent simple interest.

East Godavari—District Munsif's Court, Razole.

Year.	Number of cases dealt with under the Usurious Loans Act.	Interest claimed. Per cent.	Interest allowed. Per cent.
1930 ..	1	15	6
" ..	1	28½	6
1931 ..	2	37½	25
" ..	6	37½	24
" ..	2	37½	18½
" ..	3	37½	6
" ..	1	27½	24
" ..	1	30	6
1932 ..	26	37½	24
" ..	2	37½	18½
" ..	3	28½	24
" ..	2	45	22½
" ..	1	30½	24
" ..	1	31½	24
" ..	1	25	18½
" ..	1	27½	24
1933 ..	26	37½	24
" ..	1	22½	12
" ..	3	28½	24
" ..	1	37½	18½
" ..	1	30	24
1934 ..	1	67½	12

District Munsif's Court, Peddapuram.—Two hundred and twenty-one cases in which the rate of interest was cut down.

District Munsif's Court, Amalapuram.—Two hundred and sixty-three cases in which the rate of interest was cut down.

KISTNA.			
Year.	Number of cases dealt with under the Usurious Loans Act.	Interest claimed. Per cent.	Interest allowed. Per cent.
1930 ..	2	22½	12
1931 ..	8	22½	12
" ..	1	12½	12
" ..	3	16½	12
1932 ..	3	22½	12
" ..	3	12½	6
" ..	1	12	
" ..	15	12	
		(compound interest) 12	
		(Simple interest).	
1933 ..	28	12	
		(compound interest) 12	
		(Simple interest).	
1934 ..	119	12	
		(compound interest) 12	
		(Simple interest).	
" ..	4	12½	
		(compound interest) 12½	
		(Simple interest).	

Guntur—Sub-Court, Tenali.—One hundred and eighty-three cases in 1930–1934 where the rate of interest allowed ranges from 6 to 12 per cent.

District Munsif's Court, Guntur.—In 23 cases interest was reduced from 45 to 30 per cent.

In eight cases interest reduced from 37½ to 30 per cent.
Do. 30 to 15 do.
Do. 45 to 30 do.
Do. 75 to 24 do.

District Munsif's Court, Repalle.—Interest was disallowed in 61 cases and allowed at 12 per cent in six cases. In 161 suits interest was disallowed. In 28 cases, the amount allowed was less than that claimed.

District Munsif's Court, Narasaraopet.—Wherever interest was found penal, it was disallowed. Only in *ex parte* suits, the contract rate was allowed till date of plaint and interest at 6 per cent allowed thereafter.

Nellore—District Munsif's Court, Kavali.—In 96 cases interest was reduced from 24 and 37½ per cent to 12 per cent.

Cuddapah.
1930 29 cases reduced to 12 per cent
1931 2 cases reduced to 12 per cent.
1 case 19 per cent disallowed.
1932 7 cases reduced to 12 per cent.
1933 5 cases allowed 12 per cent.
1934 6 cases allowed 12 per cent.

Kurnool—District Munsif's Court, Nandyal.—1930–34—90 cases—Interest cut down to 12 per cent.

District Munsif's Court, Markapur.—1930–34—783 cases—Interest was reduced to 6 per cent.

Chittoor.—Prior to 1931, 6 per cent was awarded. In 1931 and 1932, 126 cases were awarded interest at 12 per cent. The original claim was from 18 to 36 per cent. In 1933–34, 261 cases were awarded at 6 per cent as against claims for 12 to 36 per cent.

"The number of cases would be much greater, were it not that vakils know what rates of interest the court is likely to allow and usually limit them accordingly."

North Arcot—1930-34.—In 33 cases the interest was cut down.

Coimbatore—1930-34.—In 687 cases interest has been cut down. It was reported that generally interest is allowed at 24 per cent per annum wherever the contract rate provides for a higher interest.

The Nilgiris—1930-34.—In 29 cases interest has been cut down. It is reported that generally interest is allowed at 24 per cent per annum wherever the contract rate provides for a higher interest.

South Arcot—District Munsif's Court, Chidambaram.—Generally interest is allowed at not more than 24 per cent per annum. In cases where interest is claimed in excess of 24 per cent, it is invariably reduced to 24 per cent per annum.

District Munsif's Court, Vriddhachalam.—The District Munsif states that the interest usually claimed by money-lenders has been 24 per cent to 36 per cent. His predecessor had fixed a maximum award of 30 per cent under the Usurious Loans Act. He also reports that he has reduced 30 per cent to 27 per cent. Cases of claim above 36 per cent have been very rare.

District Munsif's Court, Villupuram.—The practice in this court has been to award interest only at 25 per cent per annum where as it is claimed at more than that rate.

District Munsif's Court, Tindivanam.—Generally the claim is for interest at 24 per cent and in many cases the claim is made only at 18 per cent.

District Munsif's Court, Kallakurichi.—

	Cases.	Per cent.	Allowed.	Per cent.
1930-34 ..	21	36	Do.	24
	12	36	Do.	24
	10	36	Do.	24
	83	36	Do.	24
	72	36	Do.	12
	57	37½	Do.	24

Madura.—Interest was cut down in 61 cases in 1932-34. Interest at 24 per cent is generally allowed. It is reported that, though the bonds provide for higher interest, only 24 per cent per annum is claimed and allowed.

Ramnad—District Munsif's Court, Manamadurai.—Two hundred and thirty-four cases in 1930-34 were reduced from 18 to 37½ per cent to 6, 12 and 18 per cent.

Salem.—Usually interest is claimed at 24 per cent per annum. In many cases the parties themselves restrict their claim to 24 per cent though the stipulated rate is higher. Courts do not award more than 24 per cent and the percentage of cases where courts reduce the interest will be between 5 per cent to 15 per cent.

South Malabar.—In 46 cases between 1930-34 interest has been cut down.

It is at once obvious that a uniform procedure is not followed in all the courts. The number of cases, in which the Usurious Loans Act has been applied, forms a ridiculously low proportion of the total number of cases dealt with. The decisions, as to what is usury and what is not, seem fickle and uncertain and the rates of interest eventually allowed vary from 30 per cent to 6 per cent. I am compelled therefore to conclude that the decisions have not always been arrived at on definite principles of law, but somewhat perhaps according to the individual personality of the presiding judges. From the reports, I am led to believe that in cases, where the defendant does not appear and is therefore declared *ex parte*, the interest claimed is never questioned by court, however high it might be. It is an established fact that such defendants, being hopelessly poor and despondent, seldom contest the claims of their rich and powerful creditors, who invariably engage good lawyers to represent them. I am led to believe further that the amount of principal claimed and recorded in pro-notes or registered documents is never questioned by the courts in any suit, although it is well-known that the borrower very often does not get the amount recorded in the documents. The worst of it is that interest is calculated on fictitiously recorded principal amounts, thus enhancing the rates of interest to an enormous extent.

Part II.

REMEDIES FOR AGRICULTURAL INDEBTEDNESS.

CHAPTER VI—LEGISLATIVE REMEDIES.

52. *Agriculture as an industry.*—I have heard it often said that India is not an industrial but an agricultural country. The correct way of putting it, however, seems to be that India is a country whose principal industry is agriculture. Agriculture should be regarded as such an industry as ship-building, or the manufacture of motor cars. The difference lies only in their relative importance to the country. Agriculture provides not only food for the people, but also the bulk of their revenues to Local Governments. The Government and the people therefore are equally and specially interested in the welfare of the industry of agriculture. The first essential of a sound industry is that it should be able to market its wares at a price which will ensure to its workers a reasonable wage and to its shareholders a proper return. The periodic trade cycles, which follow each other, upset world prices of most commodities, including the prices of food crops. No amount of manipulation of tariffs can completely eliminate price fluctuations caused by such world-wide trade cycles. But the prices of food crops in India can be stabilised to a greater extent than the prices of other commodities because India herself provides most of the market for such; and there is really not much necessity, as matters stand at present, to import food crops from abroad. Any

deficiency in the Indian supply to meet the Indian demand can easily be made good by increasing the area under cultivation of food crops (for instance, the new area under the Cauvery-Mettur project is ready to hand) and by adopting improved methods of cultivation. But both these most desirable forms of expansion want a strong stimulus and they are not encouraged by low and constantly fluctuating prices. I submit that one of the most the propoition of commercial food crops especially rice, have fallen so low in the last few years is because foreign rice and paddy have been allowed to be dumped into this country unchecked. The first essential to make the rather tottering industry of agriculture in India a sounder and better concern is for the Government to stabilise prices as far as possible by all methods in their power, especially by erecting an effective tariff barrier against the import of grains from abroad.

No industry can hope to remain solvent, if it borrows indefinitely at rates which are much higher than the returns on invested capital. It is admitted on all sides that the return from the land, on which staple food crops are grown, varies from 2 to 5 per cent in a normal year and seldom exceeds 6 per cent even in a good year. Agriculture in India is mainly a food-producing agency, the proportion of commercial to food crops being very low indeed. It must not be forgotten that the vicissitudes of season are such that out of every five years at least one year is a bad one. Under these circumstances, to borrow indefinitely at rates exceeding even 6 per cent per annum cannot but end in the bankruptcy of the agricultural industry. It is obvious therefore that lending to the average agriculturist in India at rates, which exceed 6 per cent simple interest per annum, must be regarded as usurious, whoever the creditor may be. Loans taken by agriculturists at higher rates than 6 per cent simple interest cannot normally be expected to be repaid from the income from the land, and to be discharged eventually must end in the passing of the land into the hands of the creditor. It is this alarming tendency that we now perceive. If the agriculturist is to be saved, the bulk of his standing debt, at rates of interest ranging usually from 9 to 24 per cent and often rising to even 36 per cent, must be paid off by some financing agencies (like Government or co-operative societies or land mortgage banks), who at the same time will give the debtor-agriculturists every opportunity of repaying from their income, by charging interest at as low rates as possible and by collecting in easy instalments spread over a long period of years.

53. *A typical example of debt.*—Let us suppose an agriculturist held 6 acres of wet land, which were worth Rs. 6,000 in 1920. He borrowed early in 1922 on pro-note a sum of Rs. 1,000 from a ryot money-lender. The pro-note recited Rs. 1,000 as principal to be repaid in three years at 18 per cent interest per annum, the interest to be paid annually.

Actually, the creditor charged only 12 per cent interest if paid regularly, 18 per cent being the penal rate entered in the bond and intended primarily for evidence in court. That penal rates of 24 per cent and 36 per cent are quite common must not be forgotten. The borrower was paid in cash only Rs. 880, Rs. 120 being deducted in advance as interest for a period of one year. Interest however was calculated on Rs. 1,000. Prices being steady and high, the borrower was able to pay annual interest till 1928. He therefore paid Rs. 720 in the shape of interest. The note was renewed twice for Rs. 1,000, once in 1925 and once in 1928, partly perhaps because the borrower was unable to repay principal and largely because the creditor not only did not press for principal but actually discouraged the borrower from repaying it. The depression commenced in 1928 and the farmer then found himself unable to repay even interest. The penal rate of 18 per cent therefore came into force and the note was renewed in 1931 for Rs. 1,540 (Rs. 1,000 being original principal and Rs. 540 being interest for three years at 18 per cent per annum). The debt mounted in 1934 to Rs. 2,370 (Rs. 1,540 being principal and Rs. 830 being interest on this for three years at 18 per cent per annum). The note was renewed for this sum in 1934. The creditor by this time was getting scared. So, after a little while, he took the case to court and claimed a sum of Rs. 2,370 as principal. The debtor did not contest this claim. He knew that he would gain nothing by contesting the claim. He was almost certain to lose his case. His expenses would be enormous, as he would have to engage a lawyer and go up and down to court for the numerous hearings spread over a year or two perhaps. So he wisely remained at home and allowed himself to be declared *ex parte*. The court, going upon documentary evidence, decreed for plaintiff a sum of Rs. 2,370 as principal and perhaps over a hundred rupees as costs and interest. The total value of the decree came therefore to Rs. 2,500. The defendant had no money. He only had his land and a thatched cottage. These were put to court sale. The land, which was worth Rs. 6,000 in 1921, could not fetch even Rs. 3,000 in 1934. There were no bidders. The plaintiff eventually bought in all the land, as well as the cottage, in settlement of the decree. In this way the debt was cleared by recourse to civil court. The defendant was rendered a landless and homeless pauper. He had to become a labourer or a tenant. In either case, his future outlook was miserable. He worked listlessly thereafter and eked out a miserable livelihood. The land he cultivated on lease became neglected. The plaintiff's landed property was already enormous and he certainly did not want more land, but had been forced to take up 6 acres of wet land and a cottage. The land had to be leased out or allowed to remain waste. Even if leased out, the yield could never be expected to be what it was when it had been cultivated by its previous owner, the small owner-cultivator

Hence, for the settlement in 1934 of a loan of Rs. 880 in 1922, the farmer lost all his land worth Rs. 6,000 in 1922. He also paid Rs. 720 in interest and lost his house. This is what is happening every day now in hundreds of cases taken to civil courts.

54. *The need for scaling down debt.*—The present agricultural debt in the province is about Rs. 200 crores, not including petty loans and loans in kind. It is mounting rapidly by the accumulation of high rates of interest, in spite of the fact that much land is passing from debtor to creditor in settlement of some of the debts. The total landed assets are now worth only five times the standing debt. The need is great therefore for the scaling down of agricultural debt. The advantages to the debtor agriculturists are obvious. Such a scaling down will be of equal benefit to creditors, provided after the scaled down amount is mutually agreed upon, the creditor is paid off in money the sums decreed. The creditor is finding it increasingly difficult and expensive to draw in his loans, and his best efforts are only bringing him in more land which he really does not want and which he does not know what to do with. Even, if he is given formal possession of the land, he often finds it almost impossible to enter upon and exploit it owing to the determined opposition of the previous owner and his friends. He will welcome payment in money, even if he has to accept about half his legal claim. But, if he is going to agree voluntarily to a scaling down of the debts due to him, he will quite rightly insist on payment only in money and certainly not in land. So long as conciliation is voluntary, it cannot scare off future credit to any marked extent. On the contrary, it will perhaps encourage future lending.

55. *The need for debt conciliation boards.*—The next question for consideration is the kind of tribunal, which will best discharge the responsible and onerous duties of conciliation between lender and borrower. Civil courts are out of the question. They have not the time to go carefully into the histories of the hundreds of thousands of cases that will have to be conciliated. The cost of civil litigation is prohibitive and the delays excessive. The best course is to provide for the creation of debt conciliation boards by legislation. Most of the other provinces and the progressive States are of the same opinion. The Bill of M.R.Ry. Diwan Bahadur T. A. Ramalingam Chettiyar before the Madras Legislative Council has this object in view.

56. *Public opinion on the proposed legislation.*—I took the opinion of selected members of the public on this subject by means of a questionnaire and had talks with many people about it during my tour. District Judges were also consulted. The members of the Judiciary as well as of the Bar are almost unanimous in opposing the proposed legislation. Their main objection is that such legislation will merely duplicate the machinery for the legal settlement of debts, without conferring any extra benefits on the debtor or

the creditor. While some admit the laws delays, the great cost of civil litigation and the inadequacy of the Usurious Loans Act and relevant portions of other legal enactments, almost every one of them believes that civil courts are still the best tribunals for the settlement of debt, provided some necessary changes are made in the laws now in force. From their replies I am led to believe that many people have only a vague and uncertain idea of what exactly is meant by debt conciliation. The peasant population is almost unanimously in favour of the proposed legislation. Those who fear its introduction do so mainly because they think such legislation will serve to frighten away future credit. Among money-lenders, some favour the move and others do not. As a whole, however, the majority of the people, whom I consulted, are in favour of debt conciliation boards. Those in favour of experimenting with debt conciliation boards unanimously urge that, if boards are to be set up, they should deal with all the debts of agriculturists and should not be limited only to debts on land. I quite agree with this view. As regards the opposition by members of the public and by the Bench and the Bar, I feel that some of it is due perhaps to a lack of knowledge of the present plight of the agriculturist and of what debt conciliation really means. It would indeed be interesting to see what views will be offered after this report is published and opinions are invited thereon. Such legislation will undoubtedly curtail the work of civil courts. One of the principal objects of debt conciliation boards is to reduce the costs involved in a settlement of debts. The principal method is expressly to exclude legal practitioners from appearing before such boards. But the real opposition arises out of a genuine concern that the new scheme is unworkable. The following are the main reasons adduced against the creation of debt conciliation boards:—

(i) The creation of such boards, presumably composed of honorary workers, will lead to greater corruption, faction and injustice than at present; for few honorary workers are available, who can do their onerous duties with that consistently dispassionate and high sense of justice that is required. Influential money-lenders will somehow be able to exert undue influence over these conciliators. The difficulties in the election or selection of proper members for such boards are therefore insuperable.

(ii) Mere voluntary conciliation is of no use. Creditors will never agree to the scaling down of their debts to the extent really necessary for the benefit of debtors. If such boards are created at all, they should be armed with powers to compel the parties to accept their decisions.

(iii) Even assuming that conciliation is practicable and boards have succeeded in passing decrees based upon mutual agreement of the parties, the difficulties of executing the decrees in these hard times will speedily bring the work of such boards to a standstill.

(ii) there should be a law preventing expropriation of such by non-agriculturists,

(iii) even if such a law is impracticable, every agriculturist should be permitted by law to retain at least some land sufficient to form an economic holding, such a minimum amount being inalienable and therefore exempt from attachment or sale.

In this province, excepting the Agency tracts, no restriction is imposed upon the alienability of ryotwari land. I am emphatically opposed to a Land Alienation Act for Madras, for the following reasons:—

(i) There are no distinct tribes in this province, outside the Agency, who can be termed *agriculturists* as opposed to *non-agriculturists*.

(ii) It will immediately be followed by a marked depression in the value of land.

(iii) The majority of agriculturists in this province are landless, or have very small holdings which cannot be classed as economic holdings. Such an Act is not going to give them more land.

(iv) It will make consolidation of holdings almost impossible.

(v) It will hamper agricultural progress by weakening those it seeks to protect.

(vi) It must be admitted that there are many agriculturists, who have by their own fault forfeited the right to hold land. They have grossly neglected their holdings and squandered their profits and their borrowings on unproductive purposes. Nothing but good can come from the land passing from such incorrigibles to those who are better equipped by character and finance to cultivate such holdings properly.

I have been repeatedly told that the Punjab owes much of its prosperity to its Land Alienation Act. The conditions in the Punjab are different to those in our province. Besides, it is an open question whether the Punjab Act has been of real benefit to agriculturists in that province. Mr. Darling is in favour of excluding some tracts from its operation. I am told that there are many well-wishers of the agriculturists in the Punjab and there are even agriculturists themselves who are anxious for its repeal.

61. *Regulation of accounts.*—The Punjab Regulation of Accounts Act of 1931 was the first of its kind in British India. It "obliges all persons, whether money-lenders or shopkeepers, who advance loans in money or in kind at interest to keep an account for each debtor and to send him every six months a signed statement of the account, distinguishing between principal and interest and detailing all the loan transactions of the past six months. If a separate account is not maintained for a debtor, the creditor on suing him is liable to lose his interest, and will in any case not be awarded his costs."

The measures for debt conciliation proposed in the previous chapter are not intended to drive away credit. They certainly will not drive away the honest money-lender. What

we want is systematised credit, operating in a business-like way and, for this, a Bill similar to the Punjab Regulation of Accounts Act of 1931 is necessary. A similar Act has recently received the assent of the Governor-General. It is Madras Act VII of 1935. I suggest that it should be brought prominently to the notice of the public at an early date, and that the attention of all Civil Judges should be drawn to its provisions. Section 3 provides that every creditor shall maintain regular accounts and shall give receipts to his clients for all repayments. I suggest that the creditor should be made to render a full and complete statement of accounts to each of his debtors once in six months showing the total interest and principal due separately and all the transactions relating to the loan which transpired in the previous six months. This provision is found in the Punjab Act. In the Madras Act, the creditor has to render a statement of accounts to his debtor, only if the latter asks for it in writing. This, I submit, is not enough. The lethargy and indifference of the average Indian peasant are notorious. Again in section 6 (1) of the Madras Act, I suggest an amendment to the effect that, if the court finds that a creditor has failed to maintain proper accounts, he will not only be refused his costs, but will also be disallowed interest from the date on which accounts ceased to be correctly maintained. In section 6 (2) of the Act, I suggest that the penalty for not giving a receipt or not furnishing a statement of accounts to the debtor should be loss not only of interest, but also of costs.

62. *Registration of money-lenders.*—I now come to a most important recommendation which I believe will be of the greatest importance and will lead to the great advantage of debtors and honest creditors—I mean the compulsory registration of money-lenders of all classes. I can think of no serious objection to such a measure, provided only those who make a regular business of money-lending are compelled to register themselves.

Such a measure will be welcomed by honest creditors, as it will drive out their undesirable rivals, the unscrupulous and dishonest lenders. Lawyers and members of the legal profession are compelled to register themselves. The operations of money-lenders are as extensive and far-reaching as the practice of law or of medicine. The money-lenders, who will object to compulsory registration, will be the undesirables, whose transactions cannot bear the light of day. It is all to the good that such be weeded out. I cannot see how this sort of registration can possibly be evaded. Provision should be made that no money-lender who has failed to register himself can claim costs or interest above 6 per cent in a court of law. If such penalties are found to be ineffective in practice, more rigorous ones may be imposed after some experience is gained.

If my recommendation finds favour, as I hope it will, the District Collector may be made the registering authority and a suitable

fee may be charged for registration and for annual renewal of licence. The Collector should be given powers to refuse the grant or renewal of licences, or to suspend them if he is satisfied that the money-lender (i) has not maintained regular accounts and passed receipts regularly as required under Madras Act No. VII of 1935, or (ii) has made an entry relating to a loan in any document, showing amount of the sum advanced to be in excess of that actually advanced, plus legitimate expenses incurred; or (iii) has charged compound interest with periods of rest which are less than three years.

63. *Jurisdiction of civil courts.*—The legislative remedies I have recommended do not, I submit, preclude a creditor seeking redress in a civil court of law. There is a strong feeling that the work of civil courts should be considerably speeded up. The law relating to debts can be improved with advantage. This is admitted by several District Judges. As one of them observes, "In my experience, the parties who agree to pay usurious rates do so willingly for the time being, and have to be protected like drunkards, drug addicts and prostitutes, in their own interests."

64. *The Usurious Loans Act X of 1918.*—I have attempted, in paragraph 51, to show from figures furnished by District Judges that the Usurious Loans Act is not being uniformly applied and is resorted to but rarely. The greatest diversity is noticed from court to court in the interest awarded by the application of this Act. No doubt some of the differences in the interest eventually awarded can be explained by the peculiarities of the facts elicited; but I submit that the Act does not lead to more regular results, chiefly because it is vague and also has not been brought prominently to the notice of all judges.

There has been great controversy as to whether law should fix the maximum interest, which a money-lender is permitted to charge an agriculturist. The chief objections to such a course are—

(i) the ease with which money-lenders can evade such enactments, and

(ii) the likelihood that, it will not only lead to greater resort being had to questionable practices, but that also legitimate credit may be frightened away. No doubt, as I have pointed out, the return from agriculture devoted to the raising of staple crops varies only from 2 to 6 per cent. But returns from special crops like sugarcane and cotton are normally higher. If at all the maximum interest is to be fixed, it should be pitched at a much higher rate than that which should be normally charged. While I am, therefore, definitely against the fixing by law of the maximum rate of interest, I am emphatically of opinion that agriculturists cannot possibly bear the strain of being financed at compound rates of interest. I would therefore urge that all compound interest on loans to agriculturists may be held

to be usurious and that courts should award only simple interest in such cases. A suitable amendment to the Usurious Loans Act to this effect is desirable. The following further minor amendments to section 3 of this Act are also recommended: for the word *and* in clause (a) of sub-section (1), the word *or* should be substituted; and the word *may* where it appears for the first time in sub-section (1) should be replaced by the word *shall*.

I am strongly in favour of a direction by the High Court of Judicature to all Civil Judges to use the Usurious Loans Act with greater regularity and precision. Such a direction may set out the position of agriculturists and of the agricultural industry and give specific instructions how effectively to apply the Act in order that this industry may not suffer. I would even suggest that such a direction may clearly indicate the maximum rates of interest that should be allowed under different circumstances. I trust that, if such a direction is issued, the maximum may be fixed with the greatest care, so as not to cripple the agricultural industry, or frighten away legitimate and reasonable credit by money-lenders. Such a direction may clearly lay down that the fact, that the defendant fails to appear and is declared *ex parte*, should not be a bar to the application of the Usurious Loans Act.

65. *Damdupet.*—I recommend the introduction of this ancient and equitable rule of Hindu law into this province. Provisions on the following lines may be enacted:—

(i) In any suit brought after the commencement of this Act against a debtor for the recovery of a loan borrowed before the commencement of this Act, no court shall grant a decree in satisfaction both of principal and interest for a larger sum than twice the amount which the court finds to have been due at the commencement of this Act.

(ii) In any suit brought against a debtor for the recovery of a loan borrowed after the commencement of this Act, no court shall pass a decree for a larger sum than twice the amount of the sum taken as principal.

These provisions follow those found in the Bill recently passed in the Punjab Legislative Council. The objects of this remedy may be summed up as follows:—

(i) It will prevent money-lenders from waiting years and years without demanding repayment, as many do at present with a view to appropriating all the property of their clients.

(ii) It will prevent borrowers and their descendants from remaining in false security without realizing their growing liabilities.

(iii) The "absurd spectacle of a creditor knocking away the entire property of an agriculturist for a portion of his debt and then applying for a warrant of arrest will largely disappear."

66. *Prevention of fraud.*—I suggest that the law should make provision to penalize the common practice among money-lenders of

taking a promissory note or other document for a larger sum than is actually lent. If such is found to the satisfaction of the court and the court is convinced that there was fraudulent intent, I suggest that the whole suit be dismissed with costs without any decree even in part. This will be a deterrent provision against such frauds. It will build up public opinion against such practices, even if it does not do anything else.

67. *The Code of Civil Procedure.*—I suggest amendments on the following lines to the Code of Civil Procedure and other relevant Acts:—

(i) Sub-clause (3), of rule 2, in order XXI, of the Code of Civil Procedure may be omitted.

(ii) In the direction by the High Court recommended by me as regards the Usurious Loans Act, the attention of Civil Judges may be drawn to rule 11 of order XX of the Code, and they may be advised to apply the rule with greater frequency and sympathy to agricultural debtors. I propose that, if the circumstances of the case permits, an agricultural debtor may be ordered to repay his loans in small instalments of not less than Rs. 20.

(iii) In no case should a mortgagor be entitled to more than the mortgaged property in full satisfaction of his entire dues, except costs.

(iv) Properties of sureties ought to be sold only after the properties of the principal debtor are exhausted. Sometimes, the money-lender, colluding with the principal, proceeds only against sureties, thus ruining these often overtrusting individuals. Such a rule will help to put down reckless lending.

(v) A decree-holder should not be permitted to purchase the property of the judgment-debtor, except for a reasonable value to be fixed by the court after due enquiry. The absence of such a provision too often leads to the decree-holder buying in the properties for far less than they are really worth.

If all the measures relating to civil courts I have recommended are adopted and disposals are quickened, there will be immense relief to the parties concerned, especially debtor agriculturists; and, I am sure, the honest creditor will welcome such provisions, as they do not unjustly or unduly curtail his rights.

68. *Civil Jail.*—I am not concerned with the numerous reasons for and against detention in civil jail. I would, however, strongly recommend the abolition of civil imprisonment for this one reason alone, that it will stop future wild and reckless lending without proper security. Money-lenders are free with their money to clients, who have neither the property nor the earning power to repay their debts, because they can always put the debtor into prison, thereby forcing his friends and relations to come to his rescue. Such wild lending must be put a stop to, both in the interests of borrowers as well as lenders.

CHAPTER VII—THE DEPARTMENTS OF AGRICULTURE AND INDUSTRIES AND THE CIVIL VETERINARY DEPARTMENT.

69. Relief from the burden of standing debt and the provision of cheap credit no doubt will help the ryot considerably and so are very essential. But these remedies cannot solve all his difficulties; hence, measures for increasing his profits and cutting down his expenses are equally if not more important. As a layman, I find it a difficult and delicate task to suggest remedies regarding the departments to which this and subsequent chapters are devoted. My general impressions and suggestions are respectfully offered for what they are worth, and I trust they will not be taken amiss as being irrelevant running comments on the working of departments of Government. I submit that the remedies and criticisms I offer as regards these departments are all of them quite relevant to this report and definitely fall within my terms of reference, as they are calculated to improve the economic position of the agriculturist and, therefore, to put him in a better position to repay his present debts and to avoid becoming indebted in the future.

70. *The department of Agriculture.*—This department has made great strides, especially in the last three years. It has helped many ryots to improve their methods of cultivation, adopt more paying crops and consequently increase their outturns and profits. The conservatism and obstinacy of the peasant population in adhering to their old crude ways are often enough difficult indeed to break through. I venture to suggest ways and means of achieving better results:—

(i) No amount of agricultural research can benefit the farmer unless the agencies for propaganda and demonstration are adequate. I submit that a single demonstrator for a taluk cannot possibly be enough. Hundreds of ryots have told me that they have never been approached by officers of the Agricultural department, and they are perfectly willing to try out new implements and methods, provided such are demonstrated to them as being within their means and of real benefit. There should be at least one demonstrator for each revenue firka and each demonstrator should have two to three *maistries* working under him. There are on an average, more than a hundred villages in a taluk. The present meagre staff cannot possibly be expected to get into adequate touch with these villages. Every taluk has about five to ten geographically natural centres where produce from surrounding villages is brought for marketing. These are the marketing centres, which should form the bases for agricultural education and help. There should be a depot at every centre with, if possible, a small farm of two or three acres.

(ii) In imparting agricultural knowledge, care should be taken not to antagonise the people. After all, in spite of his conservatism, the Indian farmer has the experience of centuries behind him, especially in the cultivation of staple food crops. Often

enough, it is poverty and not lack of enterprise, which compels him to adhere to his cheap and inadequate methods. Too often are demonstrators prone to forget this important fact and in consequence are inclined to preach the adoption of improvements which are not within the means of the small farmer. As an eminent economist rightly observes, "in connexion with agriculture, we must be careful of two things. First, we must not ostentatiously tell the native husbandmen to do things which they have been doing for centuries. Second, we must not tell them to do things which they can't do and have no means of doing." No amount of propaganda to introduce such expensive appliances as motor tractors will be of avail, as the ryot cannot afford them. It is folly to my mind to try and teach the Indian agriculturist his own trade in raising staple food crops by means of steam ploughs and the extensive use of expensive ammonia manures. These may be possible for paying industrial crops, but not for paddy, cholam or ragi. Lord Mayo, in 1870, realized the limit within which the Agricultural department should work with regard to the small landholder; he said: "I do not know what is precisely meant by ammoniac manure. If it means guano, superphosphate or any other artificial product of that kind, we might as well ask the people of India to manure their ground with champagne."

(iii) If it is not advisable to preach the adoption of expensive and over-scientific methods for staple food crops, it is yet most essential to impress upon the ryot the need to improve his cultivation by simple and comparatively inexpensive ways such as the substitution of the light iron plough (capable of being drawn by the ordinary cattle of this country) for the wooden instrument, the substitution of good strains of seed for bad and cheap seed, wider spacing in transplanting, the proper conservation of farmyard and leaf manure, scientific rotation of crops, the growing of more fodder and manure crops, the introduction of commercial crops, fruit and flower growing, and the like. Large-scale farming, I fear, is not a practical possibility in this country for the majority of agriculturists. Our efforts at improving cultivation should be specially directed to benefit the small farmer. The general complaint against the Agricultural department is that its officers are prone to talk above the heads of the average ryot. When demonstrators and others are appealed to for real practical help, such help is not often forthcoming. Too often are ryots advised to invest in ploughs, which the weak cattle can never draw and, when this is pointed out, they are advised to purchase expensive cattle like the Ongole breed. Demonstrators make no real efforts to get at the small owner cultivator. They are far too inclined to forget that small farmers form the real backbone of the agricultural industry.

Cattle manure, I am told, is getting scarcer. Much of it is wasted by being used as fuel and as plastering for floors and walls.

Agricultural education should be specially directed against such waste. A great stride will be made if a formula is evolved for the making of an all-round cheap manure by the cultivator on his farm. As, Dr. Mukerjee says, "there are abundant supplies of waste organic matter such as paddy husk, groundnut husk, sugarcane trash, grasses of various kinds and many other substances and it may be possible to bring about a similar fermentation of such materials as has been accomplished at Rothamsted in the preparation of artificial farmyard manure. An important source of soil renewal, within the means of the cultivator in many parts of India, is a compost made from all kinds of vegetable matter, wood ashes and a certain amount of cowdung after the manner in vogue in China and Japan." The Indian is prejudiced against night-soil as manure. I venture to submit that determined education in this direction is very necessary. The loss of valuable manurial products from wastage of night-soil is immense.

(iv) The demand for improved strains of seed is practically inexhaustible. I suggest that early steps be taken to increase the supply of good seed substantially and make it available in abundance at every agricultural depot.

(v) It is unnecessary to stress the great importance of popularizing commercial crops. Special efforts, I submit, should be made to increase fruit-growing. The market for fruit even in India is almost inexhaustible and the possibilities of tapping world markets for graft fruit are immense. Mere propaganda is insufficient. Every depot should stock a good supply of suitable graft and ordinary fruit and flower plants. I visited the garden of an enterprising lawyer at Kumbakonam. He is specialising in grafting and budding fruit and flower plants. He tells me that he is not able to supply the demand of the public for such plants, so great is it.

(vi) The number of demonstration plots and of demonstrations are quite inadequate. Especially important is demonstration for the manufacture of such products as cream jaggery. I venture to suggest that ryots should be encouraged to offer their lands to the Agricultural department for demonstration purposes, by granting them for these plots a remission of fifty to hundred per cent in land revenue according to circumstances.

(vii) Early steps should be taken to increase the stock of cattle at the disposal of the department. More farms at convenient centres like the one at Hosur are needed. Special attention should be devoted to popularize scientific cattle breeding. The people should be encouraged to have the small stunted bulls, seen wandering about the countryside, castrated to prevent indiscriminate breeding. The system of supplying stud bulls for service is meeting with much success and the supply may with advantage be greatly increased. I suggest that even more favourable terms be offered to those who undertake to maintain stud bulls for purposes of service. As far as possible, the department

may popularize goat and sheep rearing, which is a great source of subsidiary income to ryots, in spite of the fact that the Indian by temperament and training is largely vegetarian in his outlook. It is indeed a matter of deep regret that the number of sheep and goats is steadily decreasing in this presidency.

(viii) Two of the most profitable and yet inexpensive forms of subsidiary occupation are poultry and bee-keeping. The agricultural farms I visited are meeting with great success as regards the supply of eggs, and with quite appreciable results as regards the supply of bee-hives and swarms of bees. I suggest that every agricultural depot should have an adequate supply of good hatching eggs for poultry and bee-hives for sale and if possible a small stock of poultry and bee-swarms. A centrifugal hand-machine for extracting honey from the comb can be kept at each depot and employed for a small fee to extract the honey from combs brought in by ryots.

(ix) At present, the Agricultural department grants small *takkari loans* for the purpose of agricultural implements alone. May I suggest that the work of granting such loans for all agricultural purposes, except relief of distress, be transferred from the Revenue department to the Agricultural department? The latter is specialized and ought to be better equipped to gauge the needs of ryots than the Revenue Department. I have already shown that *takkari loans* form only one per cent of the total debt. There is scope for much expansion in Government aid. The following principles should be followed in granting loans for cultivation expenses and other productive purposes, either by the Government, or by co-operative societies:—

(a) As far as possible, loans should be given in kind. If they are required for seed, seed should be given; if for manure, manure; if for graft plants, plants; if for bulls, the bulls should be bought and given to the borrower; if for a well, the well can be had dug by the lending agency. By following this principle of giving loans as far as possible in kind, we can make reasonably certain that the loan is used strictly for productive purposes.

(b) Another principle to be followed in the grant of loans for cultivation expenses is to grant the loans in instalments and not to give the second or third instalment till it is made certain that the previous instalment has been used for the purpose for which it was taken.

(c) Finally, all loans for cultivation expenses should be short-term loans which should be collected in full at the next harvest or, if the crop fails, at the next one to that.

(x) The Agricultural department ought to pay as much attention to marketing as to the raising of crops. As a general policy marketing ought to be clubbed with production and not with distribution. At present, marketing is almost completely neglected. I suggest that every depot should be equipped with up-to-date marketing knowledge and should publish daily, or at least

weekly, price bulletins and other marketing information. The ryot needs nothing to much as accurate marketing news. He wants to be educated and helped in selling his produce at the best price available to those who will give him the best prices. Much can be done by the department in the way of bringing producer and retail merchants, as well as consumers, into closer and more amicable relationship. Wherever demonstrators have been deputed to help and run co-operative loan and sale societies, the societies have thriven. The department can give real help to such societies especially on the selling side. A marketing officer is now touring the presidency and his report is eagerly awaited by the people. If a loan and sale society is started and properly run in every agricultural centre referred to under item (i), the prosperity of the former will be materially enhanced.

(xi) Finally, I would strongly urge the starting of agricultural associations composed of officials and suitable non-officials throughout the presidency. Such associations should devote themselves, not only to propaganda and education by staging exhibitions and demonstrations, but should form the basis of co-operative agricultural societies for collective farming.

71. *The Department of Industries.*—A careful student of economic conditions in India will, I believe, agree with me in deploring the attitude taken by some that a tropical country like India with its rich agricultural resources ought not to turn from the cultivation of the soil and enter into competition with industrial countries. The satisfaction of the most elementary physical necessities exhausts the bulk of the income from the land, leaving hardly any margin for health, education and recreation. Agricultural income per head is steadily falling with the rapid increase in population. The surplus population must seek a means of livelihood other than agriculture; and industrialization is a natural outlet for this "imperious economic necessity." Such industrialization is not likely to affect agriculture in any undesirable way.

It is indeed gratifying to see the progress made by the Department of Industries, in spite of the slump. An active and progressive policy of State aid to industries is most necessary. As is observed in the Montague-Chelmsford report, "on all grounds, a forward policy in industrial development is urgently called for; not merely to give India economic stability, but in order to satisfy the aspirations of her people, who desire to see her stand before the world as a well-poised, up-to-date country; in order to provide an outlet for the energies of her young men who are otherwise drawn exclusively to Government service or to a few overstocked professions; in order that money now lying unproductive may be applied to the benefit of the whole community; and in order that the too spectacular and literary tendencies of thought may be bent to more practical ends."

I respectfully venture to offer the following suggestions, as regards the department of Industries:—

(i) When helping by loans or other aid the starting and running of factories, no consideration should weigh against the giving of full and free permission to exploit all waste products. For instance, only certain sugar factories are permitted to exploit waste products while some others have not been permitted to do so. I submit that there can be no sound economic defence for such differential treatment. Such a loss of good material cannot but be a hardship to the country.

(ii) The possibilities of foreign and home markets need to be carefully explored and outlets found for the absorption of articles manufactured in India, particularly in cottage industries. The appointment by the Government of an Agent in London for the sale of the products of Madras cottage industries is a welcome move and great progress can be achieved by the appointment of active agents in other countries also. South India is famous for many of its cottage industries, and works of art and utility will surely find a ready market in Europe and America if they are properly advertised and exhibited. If the demand is assured, supply will naturally follow, especially if the Government help these industries by technical training and monetary aid. There is much scope for expansion of those cottage industries, which are not likely to meet with competition from machine-made articles. Propaganda and education in this direction are necessary, and labourers and small farmers have to be got at by establishing centres of activity, which can with profit be made to coincide with the agricultural centres referred to in the previous paragraph. The present staff of inspectors and demonstrators is inadequate.

(iii) Cottage industries have to be protected from the predatory activities of middlemen, as agriculture has to be protected. The predicament of weavers is a standing example of the strangle-hold of the employer; to combat middlemen, the department of industries should collaborate actively and on a large scale with the co-operative movement, in the formation and running of co-operative enterprises, such as weaving societies.

(iv) As regards the engineering section of the department, the Government have very rightly laid down that the claims to departmental plants of agriculturists and small-scale industrialists should have precedence over other interests. The plant available for boring wells can well be greatly increased as can the number of boring inspectors. The stock of instruments should be distributed, so as to be easily available at convenient centres scattered throughout the presidency. Little result can be expected if the department waits for applications. Active propaganda and highly favourable terms are required to persuade the ryots to have more bore wells put down; this specially applies to districts which are susceptible to famine.

72. *The Civil Veterinary department.*—I have not many remarks to offer as regards this department. In spite of the depression and the recommendations of the Retrenchment Committee, I strongly recommend a substantial increase in the number of veterinary institutions and of touring posts. The present staff is quite inadequate to meet the needs especially at the time of epidemics. Much avoidable expenditure has to be incurred by ryots in the purchase of cattle to replace those which have died owing to want of prompt and effective treatment. Unless veterinary aid is adequate, readily accessible and speedy, it cannot really benefit the rural areas.

When a case of contagious disease is reported from a village, it is essential for the veterinary staff to get there as quickly as possible. I would recommend that officers of this department should be given special travelling allowances with regard to mileage, etc. If bus fare only is allowed, an officer cannot usually get to a village before 10 or 11 a.m. when all the cattle are in the fields. All he can do then is to advise the villagers. To be of real use, the veterinary staff should be able to reach a village before 7 or 8 a.m. Only then can they treat sick cattle.

Finally, I would strongly recommend the opening of model dairies, not only at Madras, but also at other important centres.

CHAPTER VIII—THE CO-OPERATIVE MOVEMENT.

73. *Historical.*—The co-operative movement in India commenced with the Co-operative Credit Societies Act of 1904. That measure was incomplete and a second Act was passed in 1912. Several local acts came subsequently into force.

Great things were expected of the co-operative movement in India, on the analogy of its phenomenal success in Europe. It was hoped that co-operation would free the cultivator from the vicious system of credit from private money-lenders and emancipate him from the paralysing influences of ignorance, suspicion and fear, thus ultimately lifting the peasant on to a higher plane of culture and wealth. Mr. Wolff, who had much to do with the starting of the movement in India, observes in his *Peoples' banks*: "Throughout history there seems to have been a peculiar ban of failure attaching like a Pandora's curse, to those provident and charitable institutions which did not rest upon self-help."

The enthusiasm of the founders of the movement in India was unbounded. There followed from about 1917 to 1927 an era of expansion of the movement. Thousands of credit societies were registered, and money was lent out freely. The movement during these ten years was, however, perhaps marked by the following defects:—

(i) The expansion was much too rapid. The movement in its infancy had been encouraged to run, even before it had been taught to walk.

(ii) The people of India were too ignorant, uneducated and wanting in civic spirit to assimilate easily the real principles of co-operation.

(iii) A vigorous policy of de-officialization was adopted, and it was bound to fail at such an early stage, as the people had not developed yet, as in the West, the public spirit to understand, nor the knowledge to perform, the duties entrusted to them. Selfish motives and personal interests were therefore given free play in a movement, which could only thrive in an atmosphere of mutual goodwill, untainted by greed, jealousy or prejudice.

(iv) Far too much attention was paid to the credit side of the movement, and the non-credit side was almost completely neglected so that it nearly became all credit and no co-operation.

The inevitable reaction followed; co-operators realized at the end of these ten years of reckless expansion that they had gone too far, and from 1927 the policy of the department had necessarily to undergo a fundamental change. Enthusiasm was damped, a halt in expansion was called, and stock was taken of the results so far achieved. The position was found to be depressing indeed. Thousands of societies were found dormant or unsound; overdues were alarming, and the percentage of the people, who were really helped by the movement, was insignificant. Then came the great economic depression, and money became scarce. Overdues leapt up, hundreds of societies had to be wound up every year, prosecutions for fraud were common, and the department had all its work cut out to keep the movement alive by the consolidation of existing societies which promised well, the liquidation of the bad ones, and a ruthless policy of arbitration and execution. The wonder is that the movement has weathered the depression as well it has done. In only one province, Burma, has it more or less collapsed. That such a fate has not happened to it also in Madras and the other provinces is a matter for congratulation. It behoves us therefore to take careful stock of the present situation. Co-operation, it is agreed, is the one real panacea for the difficulties of the peasant. We have, without fear or favour, to face its numerous defects, to eliminate all its bad elements and to adopt a bold, clear, well-planned and comprehensive policy for the future. I consulted many people on this important subject—co-operators, officials, ryots and labourers. I visited a large number of co-operative institutions. The views I express and the remedies I suggest, are those which find favour with the majority. Such a big subject could not be studied thoroughly in a few months, and I hope I shall be forgiven if this chapter is not as thorough and complete as it ought to be.

74. *Officialization versus non-official control.*—I am afraid I have no information as to the extent of government control over the co-operative movement in other countries; but

here, in India, there are co-operative departments of Government which exercise considerable control. The main functions of the department, apart from acting as a guide and adviser, are, as follows:—

- (i) Registration.
- (ii) Audit.
- (iii) Arbitration and execution.
- (iv) Liquidation.

Primary societies and banks are run by panchayats elected by members. The supervision is in the hands of non-officials. There is therefore dual control, audit being done by Government and supervision by non-officials. Much controversy has been raging of late over the merits of greater officialization, as against the vesting of more responsibility in non-officials. I am told, and what I have seen clearly indicates, that there is a school of non-official co-operators, which stands for de-officialization and exercises a dominating voice in the affairs of this movement. There is a disinclination to offend this body by word or deed, and many are unwilling openly to question its views, though ready enough to criticize in confidence. Such reluctance to offend has, I fear, led to much "whitewashing" of the defects of the movement. But, if the movement is to be saved and is to be of real benefit to the masses, facts however unpleasant or uncomplimentary, must be squarely faced. This has been done in several provinces of late. The report on co-operative societies in Mysore for 1933-34 is one which, in its honest exposition of the real situation, can well be taken as an excellent example to follow. It certainly cannot be denied that most of the capital in the movement is supplied by the public. If the elective method ensures that those returned to office are the genuine representatives of the people who furnish the credit, then there may possibly be some claim for more de-officialization. But, I respectfully venture to suggest that many of those in office, who are so vehement against official control, are not often the mouth-pieces of those who have supplied the credit. Too often are these so-called leaders of the co-operative movement led away by mere theories and influenced by motives which, to say the least, are mixed. If the public supplies the capital for the movement, the Government supply certain amenities which are quite essential. Stamp fees are not levied, registration fees are halved, and the vigilance and help of officials of the Co-operative department are invaluable and indispensable. I would like to see what those non-officials, who are always hungering for more control, would say if Government suddenly lost all interest in the movement and decided to withdraw completely. If this were done, the movement would most assuredly degenerate into chaos and early collapse.

75. *Supervision and audit.*—Supervision of primary credit societies has been relegated to non-officials now for about fifteen years. What has this done for the movement? I can say with confidence that the history of the

supervising unions in this Presidency at least is nothing but a tale of woe. Managing bodies of unions are composed mostly of representatives of primary societies. The main object of a supervising union is to keep a close watch on the work of granting loans in primary societies, verify loan applications, see to the preparation of property statements, and bring to light by periodic and frequent inspections all defects in the running of such societies. I cannot understand how the present unions can possibly discharge such duties satisfactorily. They cannot be independent and disinterested bodies, as they are run mostly by representatives of the very societies, which have to be supervised. Is it any wonder then that the supervisor is often forced, if he is to keep his job, to collude with the managements of credit societies in all their misdemeanours? The supervisor dares not expose the bad working of such societies, for his hands are tied from the beginning. If he is honest and does his work thoroughly and brings to light various defects and fraudulent acts, he is certain to be given speedy notice to quit. So, he carefully glosses over mistakes and shady transactions. He even colludes sometimes with shady office-bearers of primary societies and helps them in their efforts to obtain money for themselves and their friends by illegitimate means. It is common knowledge that property statements of co-operative societies are about the most unreliable documents that can ever be found. Supervisors must first be trained men of good character. They then have to be controlled properly by a disinterested and independent agency. Financing banks are not suited for such control. They also cannot be said to be entirely disinterested. They are not equipped with sufficient staff to exercise adequate supervision. Most important of all, they have not the experience to run proper supervision. *As long, therefore, as supervision is allowed to run its present fatuous and irresponsible course, there can be no hope for the co-operative movement. The only feasible remedy seems to me to be the transfer of the entire work of supervision to the Co-operative department.* Of what use can audit by the department be, while supervision is in other hands? Such dual control can never work. After all, audit is done only once in six months. In six months much can happen. Unless societies are supervised from their very inception with scrupulous care month by month and more often if necessary, unless defects are rigorously brought to light and immediately rectified, and unless undesirable and unscrupulous office bearers are ruthlessly removed from office and prosecuted if necessary, what good results can be expected? Audit reports are generally relegated to waste paper baskets, sometimes without even being read. This is what an experienced gentleman, *with no axe to grind*, says on this subject of supervision and audit: "While a searching audit is efficacious with regard to the recurrence of irregularities, it is best to remember its short-comings. Audit is in respect of accounts and transactions already

over and is like the proverbial closing of the stable after the horse has run away. A man many run away with a cash balance of Rupees 2,000, or create fictitious bonds or pass bogus resolutions. The auditor makes a catalogue of these defects and the summary of defects is communicated to the union and the bank for rectification. He goes there again six months afterwards, discovers the same defects or same kinds of defects, feels a little depressed that nothing has been done to rectify the old defects and again submits a summary. This process is going on endlessly. The Deputy Registrar takes action if serious defects are noted, but he notes the same irregularities in all societies and feels awfully depressed. There is nothing to choose between one society and another, between one union and another, and between one district and another. Changes in the personnel of the district officers, introduction of tried officials of the Revenue department, all have had no effect. What exactly is the cause in all the districts? Human nature is of course common and some of the defects will continue. But to my mind the most potent cause is the parallel non-official machinery of administration. If there should be a parallel Police non-official department with very lax standards of discipline and responsibility, will it be complacently welcomed? In this case, day-to-day administration of societies is practically under the supervisor and the union. The union governing body members are honorary men with no leisure and little knowledge of the intricate working of societies. The diaries of the supervisors are rarely scrutinized, their tour programmes are not properly checked and very rarely is the supervisor even lightly admonished for bad work. At the same time, the supervisor is left to himself; he keeps the union office in disorder, never reads the circulars and shows gross negligence. Any attempt on the part of the financing bank to transfer the supervisor is resented, while recommendations are made to enhance his pay or travelling allowance. Now at the bank itself, there is one clerk to check the diaries of the supervisors, and the executive officer's hands are full. The executive officer is after all a junior inspector and is not fitted to control a big staff. Thus virtually the non-official staff is left unquestioned and uncontrolled. My remedy for this is the immediate transfer of this staff to the control of the department. The Registrar shall appoint and dismiss these supervisors while the Deputy Registrars will control them. It may be argued that these have enough work already. The present work of liquidation is heavy because of want of control over persons who have allowed the societies to go to ruin. It is just like allowing a town to be infected with plague and then resorting to remedial measures. At this rate, the department will have to increase the liquidation staff indefinitely, and more and more the Deputy Registrar's time will be taken with prosecutions and liquidation. It is time that we turn to the preventive side and stop the rot."

I am well aware of the fact that the recommendation given above will raise a storm of protest from a certain non-official section. It will be condemned as a retrograde step and an insidious attempt at unnecessary governmental interference in an essentially democratic movement. I can assure the Government that all those who really count will welcome such a remedy. In fact, it has long been overdue and I hope and trust that the Government will see their way to adopt it as soon as possible in its entirety. There can be no half-way house in such a case. As an example of honest public opinion on this very important question I give below an extract from an article which recently appeared in the *Hindu*: "In many cases, the institutions have been captured by the worst representatives of societies who, by getting themselves elected from them to the directorate of the financing bank, are providing a menace to the safety of the bank by standing in the way of all sound proposals and being also otherwise obstructive. These men, who are generally in the majority, naturally take care to see that men of their own feather are associated with them, both in the supervising unions and in the financing bank; and, as against these persons, there is no chance of the right type of men entering supervising unions or financing banks. The position has been rendered worse in some financing banks by the election of representatives of individual shareholders to the directorate being left to the general body of the bank, instead of to the individual shareholders themselves, as was the case for a long time past. In the agricultural societies, the good and solvent members, partly unwilling to submit themselves to the whims and caprices of the members of the governing body of supervising unions and partly out of fear of sharing their unlimited liability with the growing number of insolvent members and members with no repaying capacity, have gradually fallen off. The limited liability societies such as urban banks, the representatives of which mainly constituted the brain of the supervising union, have in many places got themselves disaffiliated from the union, on the ground that they require no supervision and that they cannot afford to pay both supervision fees to the union

and audit fees to the Government. It may therefore be stated without fear of contradiction that the whole movement is now greatly in the hands of unsatisfactory men, who are exploiting the several institutions under it for the purpose of self-aggrandizement or selfish gain or for serving their political or other ends.

That every one of the above statements is true will be borne out by all mufassal co-operators, who are in the real know of things, and by the various observations of the Registrar contained in the Presidency Administration reports of recent years. Almost all the Registrars have been unanimous in generally condemning the work of supervising unions as unsatisfactory. They suggested from time to time several ways of improving them, not understanding that the real cause of the failure of the unions was due to the non-realization of the natural fact that the debtors or a body of them especially with no repaying capacity and faced with economic distress as at present are unsuited to supervise their own affairs, much less protect the interest of the creditor bank."

The moment supervision is taken over by the department, confidence in the movement will be restored. It will attract honest and upright men, who are now hanging back because of the sorry reputation which the movement has with the general public; a great volume of money will be attracted into it; and I believe that the Imperial Bank will again be willing to tender the help it withdrew, because, as the Managing Governor of the Imperial Bank observes, "the fundamental principle of true co-operation is lacking. Overdues are highly excessive. Audit is defective. Control is inefficient." My recommendation to officialize supervision is not, of course, intended to be taken as a permanent remedy. As the public advances in the true spirit of co-operation, it can gradually be given back responsibility.

76. *Co-operative credit societies.*—The following statement exhibits the strength and position of agricultural credit societies in the last ten years:—

STATEMENT No. 22.—Agricultural Credit Societies.

[Items (3) to (11) are given in lakhs of rupees.]

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
1 Number of credit societies ..	9,164	9,822	11,000	11,966	12,382	12,540	12,439	12,060	11,623	11,348
2 Total number of members ..	487,431	523,564	583,315	630,298	652,285	674,590	676,009	638,629	593,374	562,541
3 Paid up share capital ..	42.81	48.91	58.37	67.56	74.57	80.66	88.24	78.37	72.75	67.95
4 Deposits by members ..	7.01	6.60	7.14	8.16	9.38	9.72	9.60	10.08	10.27	10.59
5 Deposits by non-members ..	9.22	10.11	12.68	16.66	21.81	21.98	25.94	23.55	24.97	26.99
6 Loans from financing banks ..	274.78	303.25	375.80	438.64	461.91	494.70	474.55	404.25	356.52	331.91
7 Loans from Government ..	4.32	6.14	8.12	9.65	10.32	10.21	10.87	8.86	8.43	5.80
8 Reserve Fund ..	19.07	22.85	27.41	33.13	39.47	46.89	54.20	58.31	62.79	67.18
9 Total working capital ..	358.07	398.23	489.52	573.80	617.46	664.16	658.30	583.37	535.73	510.42
10 Net profit ..	5.73	6.68	9.26	9.70	12.88	11.51	8.08	9.69	9.74	8.83
11 Loss ..	..	..	..	..	..	..	..	23.79	25.23	24.63

The following statement exhibits the steady increase in overdues in the last ten years:—

STATEMENT No. 23.—Showing the percentage of balance to demand under principal, arrear interest and current interest of agricultural credit societies.

Year.	Demand under principal in the year.	Amount overdue.	Percentage of column (3) to (2).	Interest overdue at the end of the previous year.	Interest overdue at the end of the year of the amount in column (5).	Percentage of column (6) to (5).	Interest accrued and fallen due during the year.	Balance overdue at the end of the year out of the amount in column (8).	Percentage of column (9) to (8).
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	RUPEES IN LAKHS.	RUPEES IN LAKHS.		RUPEES IN LAKHS.	RUPEES IN LAKHS.		RUPEES IN LAKHS.	RUPEES IN LAKHS.	
1924-25	201.57	84.56	41.95	15.36	7.60	49.48	32.05	11.49	35.83
1925-26	233.57	107.79	46.15	19.45	10.48	53.87	36.82	14.78	30.23
1926-27	265.63	121.30	45.66	25.04	13.49	53.88	39.78	16.45	41.34
1927-28	316.74	135.58	42.81	30.17	17.22	57.08	47.85	17.56	36.70
1928-29	361.12	147.73	40.90	35.09	19.33	55.08	55.99	19.99	35.70
1929-30	379.72	176.24	47.00	38.00	22.47	59.00	58.45	25.35	39.00
1930-31	427.30	254.52	59.56	46.96	30.62	65.20	62.75	31.35	49.91
1931-32	436.88	275.74	63.11	61.54	38.31	62.25	60.43	31.29	51.77
1932-33	391.42	264.41	67.55	68.09	44.87	65.80	54.01	32.22	59.65
1933-34	356.24	251.24	70.71	74.76	52.62	70.39	48.54	31.11	64.10

The following statement shows how co-operative credit societies have been classified in the last six years:—

STATEMENT No. 24.—Classification of Co-operative Credit Societies.

Classification.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
A Thoroughly good societies	280	471	426	363	348	306
B Societies with some defaulters and some mistakes in accounts	1,726	2,343	2,328	2,311	2,081	1,832
C All other societies that do not come under class D. Bad societies which probably have to be liquidated should they fail to come under class C within two years	8,155	9,135	9,180	9,016	8,951	8,507
Number of societies in which collections were—	1,264	1,537	1,509	1,735	1,718	1,982
95 per cent	1,406	1,619	1,491	935	662	604
70 Do.	1,393	1,816	1,791	1,407	1,159	970
55 Do.	941	1,007	1,012	935	847	687
40 Do.	1,040	1,003	1,121	920	967	759
Below 40 per cent	3,677	3,838	3,796	4,947	3,791	4,119
Dormant societies	1,781	3,223	3,565	3,829	5,447	5,308
Societies in which no loans fell due	1,167	980	647	452	225	180

The position as regards overdues is getting worse every day. Good societies are steadily decreasing, while bad ones are on the increase. Losses are heavy, while profits are dwindling. The total number of credit societies and members have been steadily decreasing since 1928. This is because since 1928 the department has concentrated almost entirely upon consolidation of existing promising societies and the dissolution of the bad. The only encouraging sign is that, as a result of strong Government action, the reserve fund is gradually increasing.

The co-operative movement has lent out only about 6 per cent of the total agricultural debt. There are reasons to suspect that even this proportion is too high an estimate of the genuine loans that were given to really needy peasants. *Benami* transactions are by no means scarce. In many societies, the secretary, or president, or both, are men who wield great influence and completely dominate the remaining panchayatdars. Such influential men unfortunately often enter the movement, not to help the poor and needy, but solely to enrich themselves by all manner of means. Loans are first taken by such men in their own names, then in the names of their friends and relations and others, whom they can dominate. The money does not go to those who ostensibly take the loans. I was told by the secretary of a co-operative society, who spoke openly in a large gathering of people, that *benami* loans often amount from 30 to 40 per cent of the total amounts lent out. The unscrupulous and influential president or secretary gets the thumb-impressions of himself and

his followers on to numerous loan applications, which are promptly granted, as he is a virtual dictator in the society. Most of the money goes to one of them. He sees to it that the supervising union keeps quiet. He even sometimes gets the help of the supervisor in his shady transactions. In one case, a loan was actually granted by a society on the security of a plot of land which bore a survey number not existing in the village. Yet, the application went through with the cordial help of the supervisor. Another secretary of a society told me that, when he was in office, he received a letter from an influential lawyer requesting him to see that a large loan was granted to one of his clients. The loan was not sanctioned and soon after the secretary was turned out of office. Slack and crooked supervision is largely responsible for the continuance of these malpractices. If such are not checked from the outset, the society goes from bad to worse till liquidation and prosecution follow. The thing is to keep societies on the straight co-operative path from the beginning. Owing to the overt acts of a few unscrupulous office-bearers, hundreds of innocent persons are ruined as a result of the application of the principle of unlimited liability.

The following changes in the law and rules at present in force seem very necessary, and I recommend them strongly if they have not already been adopted:—

(i) Wise and solvent men who will really contribute to the co-operative movement will not join the societies unless they know the real state of affairs. All obstructions for

good men to come in should be removed. For this the maximum of publicity is required. This was Raffeisen's great maxim. Our societies largely work in the dark and there is the very negation of publicity. Audit reports are not even opened and read for years together, meetings are not held to consider such reports and members are not kept informed of the financial position. Every society should be compelled to hang up its audited balance sheet in its premises and at the village chavadi, or village post office, so that it may be open to public inspection always.

(ii) The surcharge powers of the Registrar should be enlarged and appeal should lie only to the Local Government. At present, a surcharge order can be passed only where there is fraudulent breach of trust. If the maximum individual borrowing power in a society is Rs. 500 and a loan is granted for Rs. 1,000, this will be an irregularity and not breach of trust and hence not a case for surcharge. Surcharge orders should be capable of being issued even in respect of "bad and irregular expenditure of funds or negligence for time-barred debts or loss of decrees and bonds."

(iii) Wilful disobedience of the Act is now punishable by fine, after prosecution before a first-class magistrate, I consider that the Registrar should have the power after an enquiry to impose a penalty for wilful disobedience of the Act and of by-laws.

(iv) According to section 15 of the Act, the Registrar can ask a society to convene a meeting within one month or call a meeting himself. Bad office-bearers can always avoid such meetings by arranging that there should be no quorum. Meetings convened under this section may be made valid even without a quorum.

(v) No individual should be entitled to hold office in more than one co-operative society of a similar kind or connected kind at any one time.

(vi) The Registrar should be given powers under the Act to remove undesirable men after a proper enquiry. His orders in this respect can be made appealable to the Local Government.

77. Interest.—As already repeatedly pointed out, one of the foremost needs of the Indian farmer is cheap credit. The interest charged by co-operative credit societies is no doubt lower than that charged by the money-lender, and one of the good results the movement has undoubtedly achieved is to bring down the general rates of interest charged by private creditors. But the interest charged by societies is still far too high. The lending rate to-day is 9½ per cent, while instances are not wanting of the old rate of 10½ per cent being still in force. Some enterprising societies have brought down their interest to 7½ per cent. The main object of the co-operative movement, I presume, is to eliminate the middleman. Unfortunately, this object does not seem to have been achieved by the movement as it stands at present. Members of the

public invest money in the co-operative movement at a low rate of interest. The rate at which loans are granted is high and bears little relation to the rate of interest allowed on deposits in co-operative banks. This marked difference is because of the number of middlemen institutions between primary societies and the Central Bank at Madras. If primary societies are properly supervised, they are likely to attract deposits direct, which will enable the societies to lend at much lower rates of interest than at present. My own opinion is that co-operative credit societies should never be allowed to lend at over 7½ per cent at the very highest and that all decrees executed by the department in future should be calculated only at 7½ per cent or less on the principal, even as regards old debts. There can be no doubt that, if supervision is made adequate and really effective, the public will be eager to invest their money in co-operative banks and societies at low rates of interest.

78. Overdues, arbitration and execution.—Quite apart from the defects in the running of the co-operative movement, the slump has hit the movement very hard, as it has affected all creditors. Money is so scarce that overdues are rapidly increasing. I believe that if only societies accepted repayment in kind, the overdues would rapidly decrease. For such a method, the first essential is adequate warehouse accommodation and accurate and up-to-date information of current prices. The society can accept repayment in kind at the current market rates, charging a small commission for selling the produce. The produce can immediately be sold and converted into money. The following suggestions for existing co-operative debts are offered:—

(i) As far as possible, only instalment decrees should be passed.

(ii) Where only a few instalments are overdue, decrees should be passed only for such instalments.

(iii) Penal rates should not be levied except as a last resort.

(iv) By a special provision, the Registrar should be empowered to extend all the existing loans in societies for a period of three years.

(v) The department has held that, in the absence of a definite legal ruling to the contrary, the law of limitation applies to co-operative societies. I respectfully venture to disagree with this ruling, for the following reasons:—

(a) The Indian Limitation Act applies only to courts.

(b) The Registrar and arbitrator under the co-operative societies regulation are not courts for this purpose, although they have been given some of the powers of a court—power to summon witnesses, etc.

(c) Arbitrators are not included in the definition of a court.

(d) The Registrar or the arbitrator is not intended to take the place of a civil court for the disposal of suits.

(e) Co-operative societies are partnership concerns managed by persons elected by themselves for their mutual benefit. Claims due from members to such institutions as a whole are quite different from claims between persons with no common interests.

The question, whether or not the law of limitation applies to co-operative societies, is of vital importance to the movement. I suggest that it be immediately referred to the Advocate-General for a binding legal opinion. At present, unscrupulous panchayatdars deliberately allow quite a large proportion of loan-cases to become time-barred, and ignorance of the law of limitation also contributes largely to such cases. I firmly believe

that "unless it is established that the law of limitation does not apply to co-operative societies, the danger ahead is real and banks will be justified in distrusting societies and restricting credit."

(vi) It is essential that loan applications should be as quickly dealt with as possible, especially for cultivation expenses. There is no use in a loan being granted for ploughing, for instance, when the time for ploughing is over. The speeding-up of the machinery for the granting of loans is, therefore, very necessary.

79. *Non-credit societies*.—The following statement exhibits the number of non-credit societies connected with agriculture in this Presidency:—

STATEMENT No. 25.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
1 Loan and Sale Societies ..	..	..	..	..	..	..	..	50	51	53
2 Trading Union ..	..	..	..	..	..	..	..	19	9	7
3 Agricultural Improvement Societies ..	..	..	..	..	..	..	..	3	4	2
4 Stores ..	..	..	..	..	..	..	..	3	5	1
5 Milk Supply Union ..	..	..	..	..	..	..	..	..	..	..
6 Miscellaneous ..	..	..	..	..	..	..	..	14	10	..
Total purchase and sale Societies ..	..	98	16	26	41	..	29	80	70	75
Production and Sale Societies ..	..	5	..	..	..	..	2	14	12	10
Industrial Societies ..	..	..	..	..	..	..	..	2	..	..
Other Societies ..	..	..	..	..	..	..	..	..	..	..
Kudimaramat and Irrigation Societies ..	..	..	12	17	18	17	13	11	11	10
Agricultural Demonstration Societies ..	..	..	13	15	16	17	16	10	10	10
Land Reclamation Societies ..	..	..	9	9	10	11	12	12	12	12
Landholders' Lease Societies ..	..	..	1	2	2	2	15	12	9	8
Arbitration Union ..	..	..	..	..	..	1	1	1	1	1
Agricultural Improvements Societies ..	..	..	..	..	..	..	..	..	..	..
Industrial and Credit Societies ..	..	..	..	..	..	..	7	14	12	12
Cotton Growers Society ..	..	..	..	..	..	..	..	..	..	2
Field Labourers' and Tenants' Societies ..	..	..	258	299	333	335	313	308	294	284
Labour contract ..	..	..	4	4	5	4	3	2	..	..
Salt licences ..	..	..	1	1	1	1	2	..	..	..
Building Society ..	..	..	1	1	1	2	1	..	..	..
Agricultural implements ..	..	..	1	1	1	1	4	..	..	..
Other Societies—Total ..	..	250	300	348	387	391	387	370	349	340
Insurance Societies ..	..	3	4	4	3	5	5	..	..	..

The number of non-credit societies is small. No determined and systematic effort seems to have been made at any time to develop this side of co-operation. Madras in this respect compares very unfavourably with the Punjab.

80. *Loan and sale societies*.—The belief that the best form of security to lend on is crops is steadily gaining ground. To develop properly this form of credit, adequate warehousing facilities are needed, and warehouses are hardly found in India. I really believe that the most important step in the emancipation of the ryot is the building of such warehouses. Co-operative societies are too poor to build them without liberal help from the Government. I venture to suggest that the money, which has been recently made available to our Government for rural uplift, may be devoted entirely to the building of warehouses. These should be built in sufficient numbers to cover the whole Presidency, allowing one to each marketing centre. About a thousand godowns have to be put down in the first instance. These should be fire-proof, insect and rat-proof, damp-proof and thief-proof. Each godown should have at least four separate large compartments for storing produce, so that different credit agencies—like

co-operative societies, private banks, the Imperial Bank—can hire a room each. Once the idea of lending on the security of crops has taken root, it will spread like wild-fire and the Government will have no difficulty in letting these godowns out. The terms must of course be as easy as possible.

Lending on the security of produce is by far the best method; provided the produce can be properly warehoused. There will not be overdues, or defalcations, or any of those difficulties which inevitably overtake creditors who lend on immovable property. A safe rule is to lend up to 75 per cent of the current value of the produce. Such lending ensures a quick turnover. Here then is an invaluable opportunity for co-operative enterprise. Societies for this purpose should, in my opinion, combine loan and sale operations. By this means, the power of the middleman will be broken. I visited at Madura a paddy loan and sale society, which was planted in the very heart of the *mandis*. During the short period it had been at work, it had, in spite of strenuous opposition, done a great deal to help its members. The following is a short account of its working. It was opened on 21st April 1934. There are 59 members with a paid-up share

capital of Rs. 2,310. The society deals mainly in paddy. Up to 15th February 1935, 5,555 bags of paddy and 583 bags of groundnut were received and all, but a balance of 910, were sold for Rs. 22,365, realising a commission of Rs. 586. Of Rs. 6,983, borrowed from the Central bank, all but Rs. 1,310 was repaid. In two months in the co-operative year 1933-34, the society earned nearly Rs. 150 in profit, and declared a dividend of 9 per cent on paid-up share capital. The society advances money to the extent of 75 per cent of the value of the produce. It charges a commission for sale of one anna to the buyer and one anna to the seller per bag. Ryots, by going to this society in preference to *mandis*, have been benefited to the extent of Rs. 1,400, by getting better prices and by correct weight and measurement. The society has a good name and is pulling its weight in spite of opposition and counter-propaganda of 60 private *mandis*. Much work has been done in paying off loans to credit societies from the monies advanced on produce. The society has rented two buildings as godowns and feels the want of proper warehousing facilities keenly.

Once proper warehouses have been provided, such societies ought to be started all over the country. There is full scope for the opening of as many societies at marketing centres as there are godowns. In starting and working such societies the following precautions should be observed:—

(i) Always combine loan with sale operations.

(ii) There should always be a paid secretary and sales officer, if a co-operative inspector or agricultural demonstrator cannot be spared.

(iii) The department should exercise a careful and close supervision, especially over measurement and weight of produce and the selling of it.

(iv) No society should be permitted to bind itself to sell only to a few dealers. The Tiruppur Co-operative Trading Society has agreed to sell *kappas* only to three dealers. Such a limitation of the market obviously tempts buyers to combine.

(v) A broker should never be employed as an intermediary. Here again the Tiruppur Society, I think, is at fault. A broker or agent between the society and the merchants is not only unnecessary, but also introduces the middleman into societies. Our object is to eliminate middlemen.

(vi) Dealing with ryots should always be prompt and business-like. Too often ryots are discouraged by having to wait for hours or even days before being attended to.

(vii) Receipts should immediately be given to ryots for bags stored, detailing the number of bags and their contents.

(viii) Regular and thoroughly business-like accounts should be kept.

(ix) The private interests of influential office-bearers or members should not be allowed to mar the spirit of mutual and equal help to all.

(x) The lowest rates of commission and interest possible should be charged.

Loan and sale societies properly run cannot but succeed, for the principles on which they work are simple and straightforward. Active and intelligent propaganda is however needed. Take the Rasipuram Co-operative Trading Society in the Salem district for example. It was registered in 1929, but did no work till February 1935, owing to slack running and want of proper interest in it. Active propaganda in villages immediately bore fruit, so that in just over two months of working the society was able to sell the cotton of members to the value of Rs. 34,000, realising a commission of Rs. 500. The society in the short period of its active life has been able to eliminate the village middleman, who stands between producer and mill-owner, thus saving the ryot from false weightings, which entail a loss of from ten to thirty pounds per *pothi*, and from false prices. The society by the auction system secures the best prices for its members. This society is badly in need of a proper godown. It intends to do business in groundnut after the cotton season is over. Much of the success of the society is due to the excellent non-official man-power available. The warehouse officer is a co-operative inspector. Another similar society, which has achieved no small measure of success, is the Groundnut Loan and Sale Society in South Arcot.

81. *Controlled credit*.—It is essential to ensure that loans given to ryots by Government or co-operative societies are not abused. I have already suggested that this can partly be done by lending in kind as far as possible. I am afraid little or no attempts are made by panchayats of rural societies or by supervising agencies to ensure that loans are applied for the purposes for which they are given. Rural credit can be really controlled only by linking it with marketing. The description sent to me of the method adopted in the Cuddalore warehouse will explain what exactly is meant by *controlled credit*. The scheme was by no means ambitious and did not seek to control all credit in the district. It financed the cultivation of groundnuts for about 25 societies by granting from Rs. 10 to Rs. 25 an acre and confined its activities to the control of such loans alone. Borrowers were obliged to show the agricultural demonstrator and the co-operative staff the lands which were to be cultivated with the loans. If the staff were satisfied that the land would yield about three times the money advanced, the loans were sanctioned on surety bonds or mortgage-deeds, on the condition that the harvest would be sold through the Co-operative Warehouse at Cuddalore and that loan dues would be recovered from the sale-proceeds. The loan was disbursed in two instalments, one for ploughing, manuring and sowing, and the other for weeding and harvesting. The second instalment was not disbursed till the land was inspected and the inspecting staff certified that the nature of the crops justified the second instalment. Further control was exercised by the staff, which visited

villages during harvest time and secured the produce for the warehouse. The scheme in short was "one of lending in coin and realising in kind after supervising cultivation." It bore rich fruit. Much of it was due to the hearty co-operation between members of the Agricultural and Co-operative departments. A sum of about Rs. 20,000 was advanced and all but a sum of about Rs. 1,600 was realised by means of deduction of sale-proceeds. There were only two members who attempted to evade the conditions. Both these apologised and came into line on a threat of prosecution. The subject of controlled credit is so very important and, if adopted throughout the Presidency, so likely to bear such rich fruit, that I venture to quote from an account of the working of the Koraipet Co-operative Society given by one who knows what he is talking about: "They had tried money-lending there in the past, and burnt their fingers. Loans had been decreed and lands had been sold up to realise the arrears. The Assistant Director of Agriculture and I proposed to do rural uplift in such a society. We offered to help in cultivation the members, who had given up groundnut cultivation for want of cheap credit. We inspected the lands, on which the cultivation was to be done; we estimated the probable yield at about Rs. 60 to Rs. 75 per acre; we got the Central bank to advance to the members of the society Rs. 25 an acre in instalments, once for ploughing and manuring and once for weeding and harvesting. Every borrower bound himself in writing to cultivate the lands he showed us for inspection and to deliver the produce raised for sale through the Co-operative Warehouse at Cuddalore. In all Rs. 1,895 were disbursed for the cultivation of irrigated groundnuts. We made sure by frequent inspection that every pie of the loan given was utilised for the purpose for which it was given. When the harvest came, member after member, true to the agreement he had signed, delivered the produce for sale through the co-operative warehouse. In all Rs. 4,000 worth of groundnuts from this society were sold through the warehouse, which deducted the loans advanced by the Central bank and paid the balance to the respective members. The society did not default to the Central bank. But the satisfaction in the method lay rather in the fact that Rs. 4,000 worth of groundnuts were produced in a village, which had almost given up raising groundnuts this year. The satisfaction also lay in the fact that sale through the co-operative warehouse gave the ryots Rs. 3 to Rs. 4 more per candy of groundnuts, by eliminating the middleman with his false weights, his false weighments and his false prices."

82. *Co-operative Stores.*—The success of such stores depends, as is well known, upon the loyalty of its members. Co-operative Stores are greatly needed in areas like the Upper Palnis in the Madura district, the Nilgiris, the Agency tracts, and all such places to which transport facilities are few and the cost of transport is high. Take the Upper Palnis for instance. When I was camping at

Kodaikanal, hundreds of ryots from distant villages came to me to represent their difficulties. They told me that merchants and traders (mostly Chettis from Vadagapatti) hold them in a grip of iron. They have a monopoly of stores and the ryots are too poor to pay cash for their requirements. So, these shop-keepers lent stores of a poor quality at high prices on credit at the most exorbitant rates of interest. Ryots are compelled to sell their produce to these traders at ridiculously low prices, to say nothing of false weighments and measurements and deductions for all manner of things. Further, ryots are too poor to cultivate their crops. They are obliged to borrow from these traders at very high rates of interest. The ryots begged me to arrange for the starting of small co-operative society stores at convenient centres. I believe that such stores, backed by a comprehensive scheme of controlled credit including loan and sale operations, will prove a great success. The remarkably successful co-operative stores at Kodaikanal serves Government officials, retired gentlemen and others, more than the ryots themselves who live far away in distant villages.

83. *Other non-credit societies.*—There is scope for much expansion in all directions—such as consolidation of holding societies, better living societies, co-operative farming, arbitration societies, and so on. From the reports received, the Punjab has evidently much to teach us in this direction. I suggest that an officer be deputed for six months to study the working of non-credit societies in the Punjab.

84. *Co-operation for women.*—I am of opinion that attempts should be made to start co-operative societies among women. There is no doubt that women can co-operate with men in joint organizations, and the trend of equality between the sexes would seem to demand a corporate activity. But, there are some reasons against this. In the first place, the social system of India is all against it and is likely to keep women in the background so that their interest will never be fully aroused and they will still depend greatly on men. If Indian women are to be improved, their sense of responsibility must be fully roused, and this can best be done by giving them their own concerns to manage. They must be sole masters and not be hindered by special customs and the presence of men. They must in fact learn to depend on themselves. In the second place, there are special problems for women, anxieties and difficulties which can best be tackled by themselves alone, at present at least. Lastly, even in Western countries, by recognizing this principle it has been definitely understood that by separate systems a separation of ideals and interests is not at all meant. As the President of the International Co-operative Women's Guild is reported to have said:—

"A woman's co-operative movement may therefore be an organic member of the whole movement and work in closest harmony with

it. It has never been possible for a woman's movement to be organised if led by men. Women had always to prepare the way for their sisters. Propaganda and the education of women must be organised on different lines from those of men. Man is not a house-wife; he does not know the little world of the household although he lives in it, and many things which are of vital importance to woman appear trifles to man, because he does not understand them. The house-wife can only be understood if the bridge between domestic economy and co-operation is built with a definite end in view."

85. *Education.*—It is unnecessary for me to stress the importance of educating the people in co-operative matters. In this, the department will do well to work in close collaboration with the Agricultural department.

86. *Training.*—A proper training college for co-operative officials seems as necessary as an Agricultural college is for demonstrators and other officials of the Agricultural department. If supervision is taken over by the department, the supervising staff should be a well-trained band of men, carefully chosen. Even Deputy Registrars and Sub-Deputy Registrars can well have a course of training for at least about three months each, particularly in marketing problems and the working of non-credit societies. I have often noticed that really keen Deputy Registrars are often groping in the dark as to how best to break fresh ground in non-credit work. They are often obliged through ignorance to adopt a "hit-and-miss" policy, involving many avoidable failures before success is eventually achieved.

87. *The need for a progressive policy.*—Finally, I venture to plead for a policy of steady, but cautious, expansion in all directions. Mr. Jack, in his *Economic Life of a Bengal district* very wisely observes as follows, and his remarks apply with equal force to the movement in this presidency: "The Government policy in respect of the movement has been announced as a policy of slow and cautious expansion, aiming avowedly at a distant millenium. It is urged in favour of slow expansion that the virtues of the movement lie in teaching the cultivator co-operation and a sense of responsibility and that, if the movement were pushed at a gallop, these virtues would be likely to be lost sight of in the cloud of dust. There is substance in these views no doubt, but a substance which it is sometimes difficult to separate from the shadow. Caution and slowness are comparative terms; and it is not easy to say how many years of waiting and watching are needed to justify their use. In Faridpur at the present rate of progress, which has not enabled one hundredth part of the ground to be covered in ten years, it would require a thousand years to eliminate the professional money-lender by co-operative effort. Indeed, the movement has not as yet got any real hold upon the district, nor is it likely to get any real hold until pioneer societies have been established far more widely than at present."

88. *Land mortgage banks.*—I have little to say on this subject. There were 64 primary land mortgage banks in this presidency at the end of 1933-34, and several new banks have been subsequently registered. The need for steady, though cautious, expansion is very great.

The bank charges interest at the rate of 6½ per cent. With a lowering of the interest on debentures, the lending rate may be reduced to 5½ per cent or even less. Long term credit of this sort should bear as low a rate of interest as possible. Here also, as in the case of co-operative credit societies, I suggest that repayment of loans in kind may be accepted, the banks arranging through loan and sale societies for the immediate sale of such produce.

I suggest that, for the time being at least, loans may be granted solely for repayment of prior debts, especially after they have been conciliated. Even if debt conciliation boards are not constituted, I believe that primary land mortgage banks, with the help of the co-operative staff lent to them, can do much in the way of persuading creditors to agree to forego a substantial portion of their dues in return for payment in cash.

Very severe tests have to be passed by the borrower before he is given a loan. It is no doubt a good thing that the Central Land Mortgage Bank is cautious in sanctioning loans; I venture, however to suggest that there is perhaps too much caution. For one thing, to limit loans to only 40 per cent of the market value of the hypotheca is perhaps erring on the wrong side. The Mysore Committee has recommended that the limit be raised from 50 to 70 per cent. I would recommend the raising of the limit in Madras to 60 per cent. Again, I do not see any reason why good dry land of itself should not be accepted as proper security, even if not backed by wet land.

I would suggest that the limit of lending be raised normally from Rs. 5,000 to Rs. 7,000. This will make land mortgage banks capable of supplying finance to debt conciliation boards, whose limit as regards applicants is a debt of Rs. 10,000. The period of repayment may be extended to 30 years.

I visited several land mortgage banks. What struck me forcibly was the enormous number of rejected loan applications, as compared with sanctioned applications, I examined several cases in detail. I confess I was sometimes puzzled why some applications were rejected. In some cases, the titles were sound, the repaying capacities were good and the value of the hypotheca sufficient. They had been strongly recommended by the primary banks and sub-deputy registrars, and legal opinion held definitely that the title was good. Yet these applications were rejected, while others of no better position, as far as I could see, were sanctioned. I venture to suggest that greater care be bestowed by the Central Land Mortgage Bank on the scrutiny of loan applications, which have been strongly recommended by primary land mortgage banks, than

legal adviser and sub-deputy registrars, and that only the really unsatisfactory cases should be rejected. It is also necessary that detailed reasons should be given by the Central Land Mortgage Banks, or primary land mortgage banks, for rejection and that copies of such findings be given to the disappointed applicants. Otherwise, it is difficult for them to find out exactly in what they are lacking and how they can improve before they can apply again with success.

CHAPTER IX.—A SCHEME FOR CO-ORDINATED AND PLANNED ACTION.

89. *Concentration centres.*—In every taluk, there are from five to ten natural marketing centres, each centre being within fairly easy reach of a group of surrounding villages, from which ryots bring in their produce periodically for sale. These are the centres where facilities for rural help may profitably be concentrated. I very strongly recommend that the following, among other, facilities may be made available at these centres:—

- (i) A good warehouse for storing produce.
- (ii) A loan and sale society.
- (iii) A co-operative credit society for the supply of cheap, short-term, controlled credit for productive purposes, chiefly, cultivation expenses.
- (iv) A co-operative stores.
- (v) Other non-credit societies for the peasant population, most suited to local conditions.
- (vi) A well-stocked agricultural depot under a demonstrator to supply ryots with implements, seed, manure, graft plants, poultry eggs for hatching, bee-hives, and so on.
- (vii) A small farm of 2 to 3 acres for demonstration purposes.
- (viii) A well-informed price information bureau.
- (ix) A stud bull.
- (x) A veterinary dispensary.
- (xi) A dispensary in charge of an official of the Public Health department.
- (xii) A boring inspector and a boring set for putting down wells.
- (xiii) An inspector of industries.
- (xiv) A school for adults for the spread of knowledge pertaining to agriculture, co-operation, industries (especially cottage industries), public health and so on, with facilities for a certain amount of practical training. Model appliances should be available for demonstration.
- (xv) A wireless loud speaker.

In working such centres, officials of the various Government departments should, I submit, co-operate closely with each other. The activities so co-ordinated will soon make such centres popular and useful. Intensive village propaganda is needed and, if necessary, special institutions like co-operative societies may be started in villages, but controlled from the

centres. The wireless will prove invaluable in attracting people, and as an instrument for amusement and imparting instruction is likely to be unrivalled, especially before the novelty wears off. Periodic lantern lectures, special lectures by well-known people (officials and non-officials), and so on are required to relieve monotony. Exhibitions, fairs, competitions and the like can be gradually introduced. In fact, there is no limit to the spread of activities in and around centres, once they have been given a fair start. In order to co-ordinate activities, one experienced officer with a few assistants may be appointed for the whole presidency. Such centres have to keep in close contact with debt conciliation boards and land mortgage banks.

90. *Spread of education.*—It is not necessary that agricultural knowledge could be imparted only by officials of the Agricultural department, industrial knowledge by officers of the Department of Industries and so on. I suggest a wide pooling of knowledge by pamphlets and mutual exchange of views so that all touring officers and subordinates can spread useful knowledge on all subjects pertaining to the welfare of the villager. The officials of the Revenue department for instance can do a great deal during their tours in imparting knowledge and instruction relating to agricultural improvements, cottage industries, village sanitation and co-operative principles.

91. *Official and non-official co-operation.*—Officials and non-officials can usefully co-operate in rural uplift. I suggest the formation of rural uplift committees in every district headquarters, with branches in every taluk. These should include officials of the Revenue, Public Works, Forest, Public Health, Veterinary, Medical, Agricultural, Co-operative and Industries departments. Non-officials and representatives of local bodies, should include leading men as well as women. Special attention should be paid by such committees to education of the villager in matters relating to health and welfare. Mere lectures and discussions will be of no use. Villages have to be regularly visited and special attention is needed to impart knowledge to women. Once the women of villages are interested, improvement will soon follow in all directions. District committees can be co-ordinated by means of a central committee at Madras. The work of arranging for suitable broadcasting programmes should be one of the important duties of such committees.

CHAPTER X.—LAND REVENUE, FORESTS AND IRRIGATION.

92. *Land revenue policy.*—As is well known, rates of assessment on ryotwari land are arrived at on certain settlement principles, the most important of which is that the share to be taken as the Government demand shall be half of the net produce. In arriving at an estimate of the net produce, deductions from the gross values of produce are made for cultivation expenses. Liberal allowances are made for vicissitudes of

to crops and livestock by wild animals are increased.

(iv) Thin scrub jungle, unfit for forest conservation, is better left to the people for communal use than treated as reserved or panchayat forest.

I venture also to suggest the following:

(i) The question of reducing grazing fees all round may be sympathetically considered.

(ii) The rules regarding prohibition of cultivation on hill-slopes are perhaps too stringent, especially in areas like the Lower Palnis.

(iii) The policy of gradually driving out hill tribes from forest areas which have been their abode for centuries, requires revision in some cases. By being turned out of their old environments, these hill tribes are dying out, as in the case of the Kudibis of South Kanara. After all, even if a little loss is incurred in forest revenue by allowing such tribes to remain, such loss cannot justify the elimination of these children of a past age, who fade away and die if too strenuous attempts are made to civilize them.

95. *Irrigation.*—The best form of insurance against vicissitudes of season and famines is to increase and enlarge the sources of regular supply of water for irrigation. Big irrigation projects are few. They cost much money and are consequently expensive to the agriculturist.

Tanks can with profit be repaired and enlarged. Many tanks have been abandoned, because ryots have been unable to contribute to their reconditioning. I suggest that works on as many of these as possible be taken up, by offering more liberal terms to the ryots, even recovering, if necessary, contributions from them in small instalments spread over a number of years.

The most desirable form of irrigation work by far, however, is the well. A good well will irrigate from five to ten acres of land. While touring in Anantapur and Bellary districts recently, I was struck by the prosperity and greenness of small bits of land blessed with wells, as compared with the general atmosphere of famine-stricken barrenness. I suggest that a definite policy in the construction of wells be taken up, especially in districts susceptible to famine. The work should be systematically taken up, taluk by taluk,—the possibilities first surveyed and explored, and then the wells put down, partly perhaps by direct Government help and largely by loans granted to ryots on easy terms.

CHAPTER XI.—MISCELLANEOUS REMEDIES.

96. *Communications.*—My inspections and enquiries clearly show that village communications are quite inadequate. Local bodies, which derive a large income from cesses contributed by the ryot population, are, I am

season, cartage and merchants' profits and so on. Grain outturns are converted into money rates by the application of the average prices of staple food crops for the twenty previous non-famine years. At a resettlement, which occurs once in thirty years, the rates are revised mainly with reference to the average prices of staple food crops in the 20 previous non-famine years. The economic condition of the ryot is investigated into and the new rates can be adjusted so that he can pay them. The maximum increase in assessment at resettlement is limited to 18½ per cent.

My enquiries go to show that for the average cultivating landholder, the land revenue amounts to about 25 to 30 per cent of the net profits in a normal year. In bad years which occur frequently as a result of trade slumps and also of drought, the land revenue amounts to 50 per cent and even more of the net profits of the agriculturist.

Viewed as a rent the land revenue assessment cannot be said to be excessive. As a tax it may be regarded as rather heavy, especially in bad years. If, however, the expenses of the ryot are to be reduced by a reduction in land revenue, so that he may have a bigger margin of profit to pay off his debts with, the fact must be faced that Government will have less money to spend on the people, as the bulk of the revenue of local Governments is derived from tax on land.

93. *Rent on zamindaris.*—The commuted money rents in many zamindaris are very high, sometimes going up nearly to Rs. 30 an acre. These high rates are in my opinion a hardship on the ryot, especially when, as I am told, communal facilities like irrigation works, grazing grounds and the like are, in certain zamindaris, left in a neglected state. I believe there is need for a careful re-examination of the commutation rates with a view to revising them where they are found to be pitched too high.

94. *Forest policy.*—Afforestation has gone on apace in the last five years. In 1928-29, there were 13,100,701 acres of forests, while in 1933-34 there were 13,693,112 acres, meaning an increase of nearly 6 lakhs of acres. While a careful policy of forest conservation is of undoubted benefit to the country, I venture to submit that the following considerations may be taken into account in extending the area under forests:

(i) Grazing grounds are insufficient, and many poor ryots find it hard to pay the fees demanded for grazing in reserved or panchayat forests. The mere fact that lands are left fallow is no ground for assuming that they are not used by the people and so can be turned into forest. Such lands are often very necessary for grazing and other communal purposes.

(ii) It should not be forgotten that extension of forests undoubtedly encourages malaria.

(iii) It should be kept in mind that, by bringing forest lines close to villages, damages

afraid, often negligent of the interests of the villager, especially in the provision and maintenance of village communications. The general complaint is that villages, in which the president of the board or his friends and relations have no concern, are completely neglected and no amount of petitions or deputations about them are of any avail. Inadequate village communications contribute much to the expenses and hardships of the ryot. Varakavipudi village in the Nellore district, for instance, is 14 miles from Nellore town. There are 8 miles of road and 6 miles of sand in between. The village is a wet one. Cart-hire for these 14 miles, much of them over heavy sand, actually comes to Rs. 6 or Rs. 7 for two carts which carry one *putti* of paddy. The position is the same for five other villages nearby. Numerous petitions have been sent to the president of the district board, but nothing has come of them. District union and panchayat boards should be largely responsible for rural welfare. Their neglect of their duties in this respect may be taken serious notice of by the Government. Of what real advantage to the ryot are first and second class roads, when he has to traverse with his country cart miles of neglected cross country to get to them? Why should the ryot pay local boards so much in cess, if even his elementary requirements are not considered?

97. *Weights and measures.*—A bill for the standardization of weights and measures in this presidency seems to be urgently called for. The work of the stamping party has to be not only enlarged, but also modified, so that it may cover every corner of the country, as well as ensure perfect immunity from tampering of stamped weights and measures. All officers of the Revenue, Co-operative and Agricultural departments, not below the rank of a revenue inspector, should be authorized to inspect weights and measures and launch criminal complaints.

98. *Transport.*—I venture to suggest that motor transport of agricultural produce may be encouraged by a reduction in taxation of lorries and if possible of the import duty on them.

Railway freights for agricultural produce are generally pitched too high. There have been some concessions of late, particularly for paddy; but I believe an all-round substantial reduction in freights for all agricultural produce is urgently needed. Some districts raise food crops far in excess of their requirements, while others do not raise enough. Unless the movement of produce throughout the country is fluid and free, proper adjustment of supply and demand is not possible. I venture also to recommend a flat rate per mile irrespective of distances to be covered. Chapter VII of Mr. C. R. Srinivasan's report on *Rice production and trade in the Madras Presidency* is well-worth study in this connexion. To quote from page 70 of his report: "As an illustration let us take the case of the parboiled rice from West Godavari which sells at Rs. 6 per bag of 164 lb. at Madras. The price per bag of

paddy at Godavari can then only be Rs. 2-13-0 as shown below:—

Charges incurred per bag before the rice arrives in Madras.

	RS.	A.	P.
Commission at Madras	0	1	0
Frieghts and incidental charges	1	2	0
Cost of gunny	0	3	0
Milling charges	0	4	6
Profit of the miller or merchant	0	1	0
Brokerage, weighing, etc.	0	0	6
Total	1	12	0

Therefore, the price of 164 lb. of rice or its equivalent 246 lb. of paddy will be Rs. 6, minus Rs. 1-12-0, or Rs. 4-4-0 in Godavari and hence the price of one bag of paddy of 166 lb. will be Rs. 2-13-0. Any reduction or complete elimination of expenditure under any of the abovementioned items would tend to increase the share obtained by the producer of the price paid by the consumer. During the last two or three years the expenditures under most of the above items have already been reduced to the absolute minimum and would not offer scope for any further reduction. The only item that can possibly be revised is railway freight as has been shown already."

99. *Emigration.*—Emigration is mostly confined to labourers who go to work in estates in Ceylon, the Federated Malay States and so on. The slump has naturally reduced such emigration. I suggest that all possible efforts are needed to stimulate emigration.

100. *Insurance.*—There are no insurance companies for the poor man. A great step forward will undoubtedly be taken if insurance companies can be persuaded to do business in small policies suitable for the small farmer. Such policies will soon become popular if properly advertised and pushed.

101. *Education.*—Finally, I wish to touch on the very important subject of education. Elementary education obviously needs to be rapidly extended in villages. In this extension, I think, a definite *agricultural twist*, as some one puts it, ought to be given to it. Special attention is needed to make rural economics, with practical out-door training, a compulsory subject. Since primers are needed to teach reading and writing, they should also be treated as a means of imparting useful knowledge in rural life and especially in agricultural economics.

Schools, I submit, should be as near the abodes of children as possible. The latter cannot be expected to walk even a mile or two in a hot and uncertain climate to get to a central school. The present hours of teaching are too long. A labourer and small farmer expects his children to earn for him. He is therefore unwilling to permit them to spend the whole day in school. If only school hours for children are reduced and so fixed as to interfere as little as possible with agricultural and other operations in which children can be

employed, school attendance will greatly increase. The following striking extract from an economist of Mysore has much truth in it: "Raise the economic efficiency of the villager—that is the most fundamental thing to be done. . . . Parents of the boys have just confirmed my opinion. At least in sixty families I heard the master of the house complaining against the education that was being given to his boys in Government schools. Said they: 'You engage the boys for the whole day for four years in the primary schools and for six years in the middle schools. We at home give them special treatment in the shape of exempting them from our professional and accessory work, just because they are engaged working all the time with you. At school, whatever you teach or do not teach, you certainly teach the boys one thing—to sit on benches with minimum physical activity and and to use the hand mainly for one thing, namely, writing. What happens? After the four or six years' course the boy returns home to join his parents in work; he enters life (as I have already said a very high percentage of rural families cannot afford to send and maintain their children in towns for years together, nor do they like it). The rough agricultural work which has to be done the boys do not like. They have lost their respect for labour and consider it as mean. Their physiques are weak on account of continuous disuse.

They always yearn to take up some clerkship or some village schoolmastership or, to go to town. Such of them that get such places cannot maintain themselves with the pittance they get as pay.' And the climax of the tragedy comes up when the illiterate, uncivilized father is forced to send remittances to supplement the meagre earnings of his educated son."

We are spending much money on Universities. In the Madras Presidency, two new Universities have lately sprung up. If they are to prove really useful to this country, special attention should be devoted to practical research and welfare work in villages; and agricultural economics should, I believe, be made compulsory even for University students.

102. *Conclusion.*—In conclusion, I wish to record my thanks for the strenuous work done for me by my clerk, R. Rangasayee, and my stenographer, K. Narayana Rao. My grateful thanks are also due to all those gentlemen, official and non-official, who have tendered and collected evidence for my report.

I have the honour to be

Sir,

Your most obedient servant,
W. R. S. SATHIANADHAN,
Special Officer.

