

CONFIDENTIAL.

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DATED 11th February 1897.

[Despatch Abstract.]

Recording B.L. Submitting report on the system of administration & the laws to be introduced in the Laccadive Islands of Malabar & in Minicoy as a preliminary to the restoration of the sovereignty of the Cannanore family.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

Revenue (1897) Department.

CURRENT No. 1114

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It is for Political to deal with the merits of the questions
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By M. 8. 11/2/97

SUBJECT.

Submitting to Government a report on the system of administration & the laws to be introduced in the Laccadive Islands of Malabar & in Minicoy as a preliminary to the restoration of the sovereignty of the Cannanore family.

BACK PAPERS.

G.O.	No	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

Continuation of the Printed Précis, dated 10th August 1889.

157. *The Government agrees with Mr. Winterbotham.*—The Government considered that any idea of abolishing the coir monopoly against the wishes of the islanders must for some time to come be abandoned.

G.O., No. 452, Political, dated 4th September 1889, in Board's Proceedings, No. 6070, Mis., dated 23rd September 1892.

158. Orders in regard to Minicoy were deferred pending the return of the Collector from the island, the inhabitants of which had resisted the amin's authority and disobeyed the orders in respect to the clearance of the jungle.

G.O., No. 452, Political, dated 4th September 1889, in Board's Proceedings, No. 6070, Mis., dated 23rd September 1892.

159. At the same time, the impracticability of devising any scheme of administration, which, with intentions however good, the Raja would be able to carry out, was pointed out to the Government of India with the request that, as the necessary preliminary to the introduction of an improved system, the islands might be permanently transferred to the British rule, a malikhana calculated at liberal rates being allowed to the Raja. As instances of the difficulties inseparable from existing arrangements were noticed (1) the difficulty in abolishing the monopoly system which was all along condemned and (2) the difficulty in introducing the alternative system of a tree-tax owing to a large fall in the price of coir, a difficulty which could have been faced if the islands had all along been subject to the British rule. In Minicoy, certain elementary reforms, such as the clearance of jungles, the opening out of fresh careers for the sailor population and the breaking down of the monopoly under which the food supply was entirely dependent on an individual resident, were necessary; but they could not be carried out so long as the fiction of the Raja's proprietary rights had to be maintained and the Government, as the trustee of the Raja's interests, had to raise as much revenue as the Raja ever did, for the people were discontented with an administration which differed from its predecessor only in interfering with their ancient customs.

160. *Disturbances in Androth.*—An unruly faction had disturbed the peace and defied the amin's authority. Mr. Twigg visited the islands, punished a few of the offenders and brought back some to the mainland to undergo imprisonment.

161. *Administration of criminal justice.*—The above punishments led to an examination of the legal position as regards the criminal administration of the islands. The islands had been declared a scheduled tract and the Code of Criminal Procedure was applicable; but the District Magistrate pointed out that the provisions of this law could not be made to fit in with any practicable scheme of administering the islands. In practice, he said, it had been assumed that the islands were beyond the operation of the British India Acts. The amin magistrates exercised jurisdiction by virtue of a Government order and were guided by a set of simple rules framed under the instructions of Government and conceived in the spirit of the Indian criminal law. It was desirable that the amins should continue to exercise the same jurisdiction and powers under the order of Government and in accordance with the custom of the islands and that the Criminal Procedure Code and certain other enactments should be declared inapplicable.

Mr. Winterbotham's letter in G.O., Nos. 52, 53, dated 31st January 1890, in Board's Proceedings, No. 6070, Mis., dated 23rd September 1892.

* Vide page 5 of the G.O. in Board's Proceedings, No. 3257, Mis., dated 30th May 1893.

162. The inclusion of the Laccadive Islands in the schedule to Act XIV of 1874 implied that the islands formed part of British India. The discrepancy between this view and that adopted by the Government of India in 1876 was pointed out to that Government, and pending orders the questions raised regarding the criminal administration were held in abeyance by the Local Government.

163. *Future management of the islands.*—The Government of India accepted the Local Government's suggestion to declare the islands to be British territory and submitted it for the sanction of the Secretary of State. At the same time, the Local Government was asked to consider what provision should be made for the Raja either by way of an annual malikhana or the payment of a lump sum.

164. The Secretary of State, in reply, forwarded a memorandum drawn up by its legal adviser who held that, before the Government could exercise administrative rights in the islands, they must either obtain a cession from the Bibi of her title to the islands, or by some Act of State publicly annex the islands.

165. The Local Government submitted a reply to the memorandum of the legal adviser to the Secretary of State, and hoped that it would remove any doubts as to the possession by the British Government of sovereign rights over the islands. At the same time, it suggested the grant of a malikhana of Rs. 6,000 per annum to the Cannanore family.

166. The Government of India, in forwarding the above to the Secretary of State, stated that its own views on the subject had undergone a change and that it was no longer prepared either to support the contention that the islands

were British territory or to propose their annexation. Until the arrears of peshkash were cleared off, the existing system of administration should be in force. When release from sequestration became possible, the Raja might be offered an annual rent-charge in consideration of the cession of the islands.

167. The Secretary of State accepted the recommendations of the Government of India. The latter desired to be informed of the progress made in the liquidation of the arrears of peshkash. This decision settled the questions raised regarding the administration of criminal justice.

168. *Mr. Dumergue's visit to the islands during 1891.*—Mr. Dumergue paid a visit to the islands in 1891. Besides redressing such grievances as were brought before him, he introduced the following improvements in the administration:—

(a) For the sharing system, under which the padhi-padhi (half-and-half) crown lands in Kavarathi were managed, was substituted a system of cowles free of assessment for twenty years, but subject to the condition that the several plots assigned to the cowldars should be planted with cocoanut trees in five

years and that at the end of the cowle period a rent of 10 *palams* of coir should be paid for each tree in bearing.

(b) The annual lease of four islets attached to the island of Agathi being found too short to encourage any attempt to replace dying trees was changed to one of twenty years subject to the condition that the lessee should plant a given number of trees annually.

(c) Arrangements were made for the teaching of Hindustani in addition to Malayalam in Androth and of English also in Minicoy.

169. In regard to the monopoly in respect to the supply of rice to Minicoy, Mr. Dumergue observed that the rice supplied by the monopolist was as good as that consumed by the poorer classes on the mainland and that a better quality was kept for those who could or would afford it. The monopolist's prices would probably defy foreign competition and his expenses were great. The prices were also kept down by the fear of lynch law. There were no obstacles to a free trade except the isolated position of the island, and the only effectual way of Government interference would be for Government to play the merchant itself. This step was, in his opinion, not called for.

170. As regards the clearance of the jungle and the creation of a class of cultivators in Minicoy, there were less jungles there than in the other islands and an abundance of cocoanut trees growing in and towering above the jungles. There was no decrease in the cocoanut produce, and, in fact, owing to the shallowness of the soil, the screwpine was absolutely necessary for the protection of the young palms from the heat of the sun. The necessity for the clearance of the jungle on sanitary grounds had not been established, and there was no justification for attempting to transform the sailors into agriculturists.

171. Mr. Dumergue thought that two of the three special Minicoy taxes—that on fishing boats and that on vessels trading with Bengal—could be abolished as being undesirable restrictions on trade.

172. The above views and recommendations were generally accepted by the Board and the Government.

173. *Liquidation of the arrears of peshkash and further correspondence with the Government of India and the Secretary of State.*—The Government of India was informed that it was impossible that the arrears of peshkash due by the Raja should ever be cleared off and was requested to move the Secretary of State to reconsider the decision already communicated regarding the sovereignty over the islands.

174. Subsequently, the Collector of Malabar suggested, as a means of reducing the ever-growing arrears, (1) that the peshkash should be apportioned between the islands which were under sequestration and the Cannanore property which was not under sequestration but was held by the Raja as a subject of the British Government; and

(2) that the arrears found due on the latter should be collected by the application of Act II of 1864. He pointed out that the Raja had a quantity of hoarded wealth and possessed extensive lands on the mainland. The Government, while approving of the principle of the Collector's proposal, desired the Collector to report whether the allegation that the Raja had means of liquidating the arrears was borne out by facts. If true, the Government observed, it would determine Government in taking coercive measures to recover as much as possible of the arrears, first, by threatening to sequester the Cannanore lands and, next, by proceeding to put the threat into execution.

175. The Secretary of State refused to reconsider his decision regarding the status of the Laccadive Islands, but agreed with the Madras Government in considering that the temporary character of the sequestration was a serious bar to the introduction of an appropriate system of administration. It had been stated that there was no prospect of the arrears of peshkash being liquidated and it was therefore improbable that the present sequestration so far as it depended on such liquidation would come to an end. In these circumstances, he called for a report as to whether any equitable arrangement could be come to by which the Raja might be induced to cede his sovereign rights.

176. The Government of India, in communicating the above instructions, decided that interest should not be charged on the arrears of peshkash and called for an amended account showing the arrears due on account of the principal only. Should all efforts to bring about a voluntary settlement by the offer of a liberal remission of arrears and the grant of malikhana fail, a report to this effect was to be made with recommendations as to the terms to be allowed to the Raja if annexation should be decided on.

177. The Government of India was furnished with a revised statement of arrears in which the amounts due on account of the islands from the date of the last sequestration were shown separately from those due on account of the property on the mainland. Interest was charged only on the latter, the compensation due to the Raja on account of the Amindivi islands of South Canara was credited proportionately towards the two classes of arrears, and the surplus left of the revenues of the islands of a year, after meeting the outstanding peshkash, was credited towards the mainland arrears. A surplus was thus available only in faslis 1291, 1292, 1293, 1299 and 1300, and the total of sums thus credited towards the peshkash due on the mainland property was Rs. 53,935-10-0.

178. The above accounts showed that, at the end of fasli 1302, a balance of Rs. 15,868-1-8 was due on account of the islands and Rs. 18,909-0-8 on account of the Cannanore lands. Revised up to fasli 1303, the arrears were Rs. 23,082-9-9 and Rs. 22,342-10-4, respectively. Crediting towards the island dues Rupees 23,632-10-6, the value of the unsold coir on hand, it was found that the Raja had overpaid Rs. 550-0-9 on account of the islands and that he had yet to pay only Rs. 21,792-9-7 on his entire estate. Thus, the prospect of a liquidation of the arrears was not, as it was once supposed to be, very remote.

179. An examination of the island accounts for nineteen years during which the islands were under sequestration showed Pages 6 and 7 of Board's Proceedings, No. 368 Confdl. No. 46, dated 31st August 1894. an average annual surplus income of only Rs. 12,589 without allowing either for the cost of providing steamers for the periodical visits or the pay of the visiting officer and his establishment or the cost of superintendence by the Collector and his establishment on the mainland. The revenues already realised could, moreover, form no safe basis on which to estimate the revenues which would be realised under an improved system of administration. The area of the islands was only 4,200 acres and the male population including children was only 4,767. Under a better system, the income must diminish, while the cost of administration would increase. For these reasons and in view of the fact that the islanders denied that they owed allegiance to the Raja, and that the Raja had neither the ships, men nor money required to undertake their subjugation, the Board of Revenue considered that the Raja might be allowed a malikhana of Rs. 10,000 per annum (inclusive of the Amindivi compensation of Rs. 5,250), that he should pay the peshkash (Rs. 3,617 as apportioned with the sanction of Government) on the Cannanore lands and that the arrears of Rs. 21,792-9-7 yet due from the Raja should be remitted.

180. In due course, the Local Government addressed the Government of India which again addressed the Secretary of State. The Government of India observed that no arrears could be considered as due on account of the islands at the close of 1893-94; that the position being thus materially different from the state of affairs already reported, when it was understood that the tribute in respect of the islands was hopelessly in arrears, indebtedness; that the alleged incompetence of the Raja to exercise authority over the islands would not justify their annexation; that the proper course to follow was to definitely set aside the Raja for life and to restore the native rule after his

death if his successor should be competent to administer the islands; that during a period of temporary British administration laws could be and constantly were imposed by the authority of the Governor-General in Council and faulty systems were superseded and the same course could be followed in the case of these islands.

181. The Secretary of State accepted the views of the Government of India except in one respect. He was not satisfied as to the necessity for setting aside the present Raja for life. In recent G.O. in Board's Proceedings, No. 3506, Mis., dated 15th July 1895. cases of disorder and mal-administration of Native States, it was found sufficient to suspend the chief's powers until certain requisite reforms were introduced, restoring them after a limited period on specified conditions, one of which was the maintenance of the reforms introduced under British authority. This course would be fairly applicable to the present case. The Secretary of State accordingly suggested the introduction into the islands of such a scheme of administration combined with arrangements for political supervision as could be continued under the Raja's authority, and directed that the Local Government should be required within a limited period, say, of three years, to report on the progress made in the introduction of such an administrative system and on the conditions on which the islands could be transferred to native rule. The special question of the personal competence of the present Raja for the exercise of sovereign rights in the islands might be then considered.

182. In communicating the above orders, the Government of India directed G.O. in Board's Proceedings, No. 3506, Mis., dated 15th July 1895. that the Raja should be informed of the decision arrived at and encouraged to regard the restoration of his authority as a possibility if he hereafter proved himself worthy of being tentatively entrusted with the administration and that the report called for should be submitted within three years.

CONFIDENTIAL.

PROCEEDINGS OF THE BOARD OF REVENUE
(LAND REVENUE).

READ—the following letter from J. HEWETSON, Esq., Acting Collector of Malabar, to the Secretary to the Commissioners of Land Revenue, dated Calicut, 18th July 1896, No. 10/Confdl. :—

I have the honour to reply to Board's Proceedings, Mis. No. 3506/Confdl. No. 64, dated 15th July 1895, calling on me to submit detailed proposals for the future administration of the Laccadives on the lines approved of by the Right Honourable the Secretary of State for India and to furnish information as to the laws proposed to be introduced into the islands. The scheme of administration is to be one that could be continued under the Raja's authority and is to be combined with arrangements for political supervision.

2. The principal question in connection with the four northern islands is the continuance or otherwise of the monopoly system. This question has been often discussed since the islands came under Government management. The first substitute proposed was an export duty, but in G.O., No. 292, Political, dated 4th May 1885, Government preferred the monopoly system, and in Board's Proceedings, No. 2782, dated 1st October 1885, embodied in G.O., No. 748, dated 28th October 1885, it was stated that the system of an export duty was condemned as generally impracticable. In the same Government Order Government approved of a tree tax payable in coir and based on a complete survey and regular land assessment. This system was ordered to be introduced as soon as the Collector could arrange to have it carried into effect.

3. Nothing seems to have been done on this Government Order, and the subject is next alluded to by Mr. Winterbotham in paragraph 14 of his report for fasli 1296 embodied in Board's Proceedings, No. 362, dated 13th April 1888. It is there pointed out that the fall in the price of coir had made it more difficult to abolish the monopoly system, and the Collector said he did not see his way to introducing the system approved by Government in the Government Order quoted above.

4. In his letter embodied in Board's Proceedings, No. 208, dated 20th March 1889, Mr. Winterbotham discussed the matter and pointed out that any improved system must commend itself to the islanders as advantageous and fair and that it could never pay to introduce changes which the islanders as a body would actively or passively resist. He also said that the islanders were "as determined as ever to have nothing to say to" the Raja and would "oppose every change they think intended to facilitate his restoration to power." Finally, he said that when the principles of the Malabar settlement were decided on the same system of land tax or combined land and tree tax could be introduced into the islands. Unfortunately these principles are still unsettled. In another letter, embodied in Board's Proceedings, No. 401, dated 11th June 1889, Mr. Winterbotham repeated the same views, and in G.O., No. 452, Political, dated 4th September 1889, Government concurred that "any idea of abolishing the coir monopoly against the wishes of the northern islanders must for some time to come be abandoned."

5. In 1891, Mr. Dumergue visited the islands, and paragraph 54 of his report is as follows:—"The questions of continuing the monopoly and of the settlement have already been temporarily decided and it appears to me that any further discussion of them in this report is unnecessary as the islands are still merely under attachment. The two questions are, however, inseparably connected with each other, and at present the islanders are strongly opposed to any change. They are also resolved never again to submit themselves to the rule of Sultan Ali Raja of Cannanore."

6. It has, however, now been decided that the islands are to be eventually handed back to the Raja, and it has been always pointed out that the monopoly system would not work in that case as the Raja could not afford to stand the loss in bad years, when he could obtain in the open market only the same or even less than the fixed price he had paid to the islanders.

7. During my recent visit I discussed the matter with the amin, elders and inhabitants of the four islands and they are all opposed to the idea of free trade and preferred the monopoly under Ali Raja to free trade under him. I must say that I think they are right. The coir has to be brought to the mainland, sold and exchanged for rice and other commodities and the return voyage made before the monsoon sets in. At present the islanders sell their coir to Government at a fixed price and are paid with only the delay necessitated by weighing the coir. Under a free trade system, they would have to find purchasers for themselves which would not be an easy task and in some years would be impossible. Moreover, if they found a purchaser, they would probably not get as good terms as they do from Government, for a private person having to lay out capital, to insure the coir, and to take the risks of a fall in the market would not be able to pay the price Government do. Under such a system the islanders would probably fall into the hands of some west coast Shylock and would be eternally in debt to him, the profits of a good year being entirely absorbed by the debts carried forward from a previous bad year. I should therefore personally prefer to see the monopoly system continued in spite of the economical objections to it.

8. It is the only system, in my opinion, under which the islanders can live. I would therefore continue it, binding Ali Raja to continue the prices at present paid by Government, and allowing him indulgences in the payment of peshkash in years when he makes a loss owing to the low price of coir, or the high price of rice, or both combined. I may add that my opinion as to the impossibility of the islanders effecting sales under a system of free trade has been formed after consulting with the firms who buy most of the Government coir.

9. If it is decided not to continue the monopoly, the only course will be to substitute a tree tax on all trees, Government or private, and so fixed as to realize the amount now derived from the monopoly. The present rate fixed on Pandaram trees should, I consider, continue; the rates and the period of exemption vary so much that it would not be fair to fix a uniform tree tax, private trees paying the single rate and Pandaram trees the double rate. If this is done, the next party that visits the islands will have to count the trees and classify the soil and so introduce a rough system of settlement. The officer sent to inspect the islands might be attached for a few months to the special settlement officer to learn the principles on which the trees are classified on the coast.

10. On Minicoy, where the monopoly system has never been in force, I have no changes to propose except the possible abolition of the monopoly on the four northern islands. Some of the smaller monopolies which bring in very little might also be abolished, such as those on cow's and tortoise shell.

11. *Present revenue of the islands.*—The taxes paid on the islands cannot readily be seen from the annual administration reports as the figures include the gross receipts from the coir brought to the mainland and also the payments for the coir, and as the produce of coir paid as rent for Pandaram trees and the price of monopoly coir are included in one total. What is paid to the boats that bring Pandaram coir and the amount of the freight must be deducted from the gross receipts for Pandaram trees. Appendix A shows the way in which I have dealt with the

figures shown in the administration reports so as to arrive at the real condition of affairs for the ten faslis from 1295 to 1304. The figures show that Rs. $\frac{20,437}{22,328}$ has been derived from Pandaram coir in the ten years and that the net profits from the monopoly in the ten years have been only Rs. 27,604 or an annual average of Rs. 2,760—a result which has considerably surprised me. Appendix B shows that the annual revenue from the islands is only Rs. $\frac{13,726}{11,581}$.

12. Appendix C shows the present establishments which I practically propose to retain unaltered as will be seen later on. The total cost of the island establishments is Rs. $\frac{3,054}{2,910}$ a year, and allowing Rs. 1,014 a year for Sultan Musa Ali Raja's mainland establishment and expenses of inspection, the total cost of establishments would be Rs. $\frac{4,068}{3,924}$.

13. Now the original revenue paid by the Cannanore family was Rs. 15,000. Rs. 3,800 is taken as the assessment on the Cannanore town and suburbs (paragraph 12 of Mr. Logan's report embodied in G.O., No. 107, dated 17th February 1875), and Rs. 5,250 is deducted as compensation for the South Canara islands taken over by Government. It has been ruled that this latter amount is to be credited as follows:—Rs. 3,984 to the islands and Rs. 1,266 to the mainland account. This leaves Rs. 7,216 as the revenue due on the Cannanore Laccadives and Minicoy, but as half the profits are paid to Government, this amount has to be doubled and the cost of administration added (paragraph 5 of G.O., No. 569, dated 14th December 1881). In paragraph 12, I have fixed the cost of administration at Rs. $\frac{4,068}{3,924}$. The total revenue to be derived from the islands is therefore Rs. $\frac{18,500}{18,356}$.

$(7,216 \times 2 + \frac{4,068}{3,924})$; but I have shown above that the actual revenue on the average of the last ten years is only Rs. $\frac{13,726}{11,581}$, or a deficit of nearly Rs. $\frac{5,000}{7,000}$. As a matter of fact, the deficit will be far more, for Rs. 1,014 a year will not cover the expenses of a court and clerks on the mainland and of the annual inspection. It is safe to say that the expenditure will reach Rs. 5,000, which would on the present taxation leave Rs. $\frac{8,700}{6,581}$ to be divided between the Cannanore family and Government. If Government took Rs. 7,216 as peshkash, the net profit to Ali Raja would be very small.

NOTE.—(1) The correct figures have been noted below Mr. Hewetson's figures.
(2) The figures quoted by Mr. Hewetson do not agree with those given in the island administration reports. If the latter figures are adopted the last two lines of paragraph 13 will have to be omitted, as the figures show that the Raja will get no profit at all.

(Signed) G. W. DANCE,
Ag. Collector.

28th July 1896.

14. I confess that I do not understand the present division of Rs. 5,250. In the original calculation it was taken for granted that the whole Rs. 5,250 should be credited to island account. If so, the island peshkash would be only Rs. 5,950 which doubled and allowing Rs. 5,000 for expenses of administration would require a total revenue of Rs. 16,900—a much nearer approach to financial equilibrium. I do not think that the islanders can reasonably be taxed at a materially higher rate than at present, and, if so, the figures show that it can never profit the Raja to take over the administration even supposing that the islanders submit peaceably to his rule which every Collector has recorded that they will not.

15. The present system of administration is as follows:—On each of the five islands an amin is appointed from among the inhabitants who exercise all powers in the island; in criminal cases he can only imprison for fifteen days or impose a fine of Rs. 15; in civil matters his powers are not limited, but in practice all important suits are reserved for the officer visiting the islands. It has hitherto been supposed that the inspecting officer was bound by the provisions of the Indian Penal Code