

SERVANTS OF INDIA SOCIETY'S LIBRARY,  
POONA 4.  
FOR INTERNAL CIRCULATION

To be returned on or before the last date stamped below

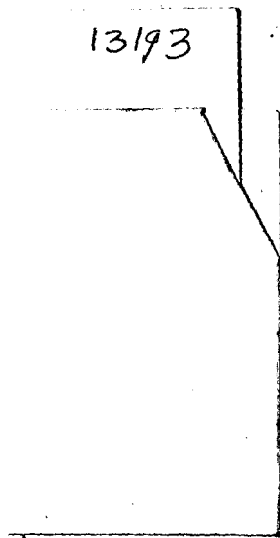
~~6 JUN 1968~~

2 MAY 1970

12 NOV 1970

30 APR 1968

13193



TRAVANCORE



Dhananjeyarao Gadgil Library



GIPE-PUNE-013193

ECONOMIC DEPRESSION  
ENQUIRY COMMITTEE

REPORT

1931

---

TRIVANDRUM :  
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS,  
1932.

X:742.22

G2

13193

## CONTENTS.

### CHAPTER I.

#### PRELIMINARY.

<i>Paragraph.</i>		<i>Page.</i>
1	Appointment of the Committee	1
3	Composition	2
4	Period of appointment	3
5	Preliminary sitting	3
9	Itinerary	4
13	Main resolutions and final sittings	6

### CHAPTER II.

#### SCOPE OF ENQUIRY.

18	Terms of reference	7
19	The plan of investigation	8

### CHAPTER III.

#### THE CAUSES AND CHARACTERISTICS OF THE PRESENT DEPRESSION.

22	A world-wide phenomenon	10
24	The causes of the depression	10
28	Main features of the depression	12
31	A paradoxical situation	14
32	Causes peculiar to India	15
33	International co-operation necessary	15

### CHAPTER IV.

#### THE GENERAL CHARACTERISTICS OF THE ECONOMIC DEPRESSION IN TRAVANCORE.

35	The fall in the prices of agricultural produce	17
39	Increased cost of production	18
40	Scarcity of money	19
42	Unemployment	20

### CHAPTER V.

#### THE EXTENT OF ECONOMIC DEPRESSION IN TRAVANCORE.

45	The effect of a general fall in prices	23
46	Absence of famine conditions	23

<i>Paragraph.</i>		<i>Page</i>
47	Classes affected	... 24
48	Classes dependent on agriculture	... 24
49	The middle class agriculturist	... 25
50	The upper class	... 25
51	Classes beneficially affected	... 26
52	Wage rates	... 27
53	The agricultural labourer	... 28
54	Industrial labourers	... 29
55	The poor people	... 29
56	Disparity in the price levels of manu- factured goods and agricultural produce	... 30
57	Retail prices	... 31
58	The towns-folk	... 31
59	Articles whose prices have fallen little	... 32

## CHAPTER VI.

THE EXTENT OF THE ECONOMIC DEPRESSION  
IN TRAVANCORE—PADDY CULTIVATION.

60	Some basic facts	... 33
63	Paddy	... 34
64	Kuttanad karapadoms—cultivation costs	... 34
67	Kayal reclamations	... 36
70	Prospects in 1107 M. E.	... 37
72	A disillusionment	... 38
75	Nanjnad	... 40
81	The income from paddy cultivation in Nanjnad before and after the fall in prices	... 42
83	General prospects of paddy cultivation	... 43
85	The competition of Burma rice	... 44

## CHAPTER VII

THE EXTENT OF THE ECONOMIC DEPRESSION  
IN TRAVANCORE—PRODUCE OF THE CO-  
COANUT PALM.

88	Previous investigations	... 47
89	Acreage under the co.coanut crop	... 47
90	Cocoanut production	... 48
91	Statistics of export	... 48
92	Copra prices	... 51
93	Average Alleppey prices of copra for the last ten years	... 51

<i>Paragraph.</i>		<i>Page.</i>
94	Marketing	52
95	Two varieties of copra	52
98	The middlemen in the copra trade	53
99	Cocoanut oil	54
100	Cocoanut oil prices	55
101	The average Cochin prices of cocoanut oil	56
103	Coir yarn	56
104	Coir yarn prices	57
110	The middlemen in the yarn trade	60
112	Mats and matting	60

## CHAPTER VIII.

THE EXTENT OF THE ECONOMIC DEPRESSION  
IN TRAVANCORE—PEPPER, TAPIOCA, ETC.

117	Pepper production	63
121	Pepper prices	65
124	Tapioca	66
126	Ginger	67
127	Cashewnut	67
128	Lemongrass oil	68

## CHAPTER IX.

THE EXTENT OF THE ECONOMIC DEPRESSION  
IN TRAVANCORE—PLANTATION CROPS.

130	Rubber production and export	69
131	Increase in quantities exported	69
132	Yield	70
133	The rubber slump	71
135	Cost of production	71
137	Rubber prices	72
138	The small planter	73
140	The prospects of rubber	73
141	Tea acreage	74
142	Statistics of tea export	74
143	Cost of production and yield	74
144	Marketing	74
146	Tea prices	75
149	Export duty on tea	76
150	Cardamoms	76

## CHAPTER X.

THE EXTENT OF THE ECONOMIC DEPRESSION  
IN TRAVANCORE—TRADE AND INDUSTRIES.*Paragraph.*

156	Merchants and manufacturers	...
159	Internal trade	...
160	Local banks	...
161	Industries	...
162	Cotton weaving	...
163	Manufacture of tiles	...

## CHAPTER XI.

THE EXTENT OF THE ECONOMIC DEPRESSION  
IN TRAVANCORE—STATISTICS OF EXTERNAL  
TRADE.

165	Exports and imports	...	83
172	Disproportionate increase in imports	...	86
174	Luxuries	...	88
175	Close study of trade statistics required	...	89

## CHAPTER XII.

## REMEDIES—LAND REVENUE.

176	The need for balanced judgment	...	91
181	Remission of taxes	...	93
188	Kandukrishni tenants	...	95
190	Agricultural loans	...	96
195	Loans, tharavilla, and half contributions for irrigation works due to Government	...	98
196	Co-operative societies	...	99
197	Weavers' co-operative societies	...	99
198	Attachment and sale of immovable pro- perties	...	100
199	Demand notice	...	101
200	Tax on rubberlands	...	102

## CHAPTER XIII.

## REMEDIES—AGRICULTURE.

201	Agriculture	...	103
202	The price of paddy	...	108
203	Kuttanad cultivators	...	104
207	Nanjnad cultivators	...	107
209	Concessions to the Vala community	...	108



## CHAPTER XIV.

## REMEDIES—TRADE, MARKETG, ETC.

<i>Paragraph.</i>		<i>Page</i>
210	Tariff	... 109
211	Tariff values	... 110
212	Export duty on tea	... 110
213	Shipping facilities	... 111
215	Steamship freight and landing charges	... 113
220	Freight concessions	... 114
221	Organization of trade	... 115
222	Indian home markets	... 116
224	Co-operative production and sale societies	... 117
229	Licensed warehouses	... 119
230	Organized markets	... 120

## CHAPTER XV.

## REMEDIES—CREDIT FACILITIES.

231	Assistance to banks	... 121
233	Land Mortgage Bank	... 122
236	Chitties	... 123
241	Decree debts	... 125

## CHAPTER XVI.

## REMEDIES—MISCELLANEOUS.

242	Education	... 126
253	Public works	... 129
255	Statistics and co-ordination of economic data	... 131
259	Motor transport	... 133
265	Abkari contractors	... 134
266	Retrenchment	... 135

## CHAPTER XVII.

SUMMARY OF PRINCIPAL CONCLUSIONS  
AND RECOMMENDATIONS.

		136
Conclusion	...	142

## MINUTES OF DISSENT.

	<i>Page.</i>
I. Minute by Dr. K. Madhavan Pillai	... 14
II. Minute by Mr. K. C. Eapen	... 15
III. Minute by Mr. S. Krishna Iyer	... 15
IV. Minute by Mr. Thariathu Kurjithomman	... 16
V. Minute by Mr. M. L. Janardhanan Pillai	... 17

## APPENDICES.

I. Questionnaire.	... 18
II. G. O. R. Dis. No. 627/41/Development, dated the 18th April 1931, and R. O. C. No. 4613/31/Development, dated the 24th September, 1931	... 19
III. G. O. R. O. C. No. 2764/31/Rev. dated the 14th July, 1931.	... 20

## CHARTS.

	<i>To face page</i>
1 Variations in Indian wholesale prices, 1914—1930	... 12
2 Variations in the price of paddy	... 40
3 Variations in the price of copra	... 50
4 Variations in the price of C. N. oil	... 54
5 Variations in the price of poonac	... 56
6 Variations in the price of pepper	... 64
7 Variations in the price of ginger	... 66
8 Variations in the price of turmeric	... 68

**REPORT**  
OF  
**THE ECONOMIC DEPRESSION  
ENQUIRY COMMITTEE.**

---

**CHAPTER I.**

---

**Preliminary.**

1. The Dewan announced, in his address to the twenty-seventh session of the Sri Mulam Popular Assembly, that Government proposed to appoint a Com-

*Appointment of the Committee.* mittee to investigate and report upon the causes and extent of the present economic depression so far as it affects Travancore and to suggest the measures that might be adopted to meet the situation. Paragraph 7 of the address reads as follows :—" All the world over economic depression prevails and Travancore has not escaped its effects. At no time in recent years, have the prices of the staple articles of local produce such as paddy, pepper, cocoanut, rubber, and tapioca fallen so low. Our economic revival depends to a large extent upon the increased buying capacity of our foreign customers and no action taken by ourselves alone can accelerate the economic revival of the foreign countries which buy our goods. The position is any way serious and the actual conditions deserve to be studied. Government, therefore, propose to appoint a Committee to investigate and report upon the causes and extent of the present trade depression, so far as it affects Travancore and to propose measures that might be adopted to meet the situation."

2. In the same session of the Assembly, representations were made by several members on the acute distress felt by the

people on account of the economic depression and on the necessity of relief measures being adopted by Government promptly. The question was also discussed at considerable length at the last two sessions of the Legislative Council. Government also received a number of memorials, including one signed by a large number of the Sri Mulam Popular Assembly members and others. Public meetings were held at various centres and numerous resolutions on the subject were passed and forwarded to Government. The newspapers of the country, being fully alive to the seriousness of the situation, made constant reference to this ubiquitous problem. In response, therefore, to public opinion so well expressed and in pursuance of the Dewan's announcement, this Committee was appointed in G. O. Dis. No. 627 of 31/Devpt., dated the 18th April, 1931—*Vide* Appendix II.

3. The personnel of the Committee was as follows :—

*President*: Rao Sahib N. Kunjan Pillai,

*Composition*. M. A., B. Sc., Ph. D., *Census Commissioner*.

*Members*:

1. Mr. R. Krishna Pillai, B. A., B. L., *Ag. Land Revenue and Income Tax Commissioner*.
2. Mr. P. Gomathinayagam Pillai, B. A., *Excise Commissioner*.
3. Mr. R. Vaidyalingom Pillai, B. A., B. L., *Registrar of Co-operative Societies*.
4. Mr. I. C. Chacko, B. A., B. Sc., *Director of Industries*.
5. Mr. R. Nilacanta Pillai, B. A., B. L., *Chief Account Officer*.
6. Mr. S. Krishna Iyer, B. A., B. L., *Planter, Kottayam*.
7. Mr. M. L. Janardhanan Pillai, *Merchant, Alleppey*.
8. Mr. K. C. Eapen, B. A., *Banker, Trivandrum*.
9. Mr. K. Madhavan Pillai, M. L. C., *Trivandrum*.
10. Mr. Thariathu Kunjithomman, M. L. C., *Muvattupuzha*.

Mr. R. Krishna Pillai ceased to be a member of the Committee on his retirement from service on the 17th Chingom 1107 and his place was filled up by Government by nominating Rao Sahib S. Parameswara Iyer, M. A., B. L., as a member.

4. The G. O. constituting the Committee had fixed the 31st June 1931 for the submission of the Report; but, on account of two circumstances beyond our

*Period of appointment.* control we were not able to start work immediately. The Secretary first appointed

did not, on account of ill-health, accept the appointment. The new Secretary was appointed on the 8th May 1931 and he joined duty on the 11th. Just then the election of members to the Legislative Council intervened and some of the members of the Committee who were candidates for election could not leave their constituencies. It was not possible, therefore, to hold the preliminary meeting of the Committee earlier than on the 29th May 1931. In these circumstances, we were able to start work only about six weeks after the constitution of the Committee; and we felt that we would not be able to complete our investigations and write the Report within the time fixed in the G. O. It was, therefore, necessary to request the Government for an extension of time for the submission of the Report. Accordingly, in G. O. R. Dis. Nos. 627-1/31 Devpt. dated the 18th July 1931, and R. O. C. 4613/31/Devpt. dated the 24th September 1931, Government sanctioned the extension applied for, up to the 30th September 1931.

5. At its preliminary sitting held at Trivandrum, on the 29th May 1931, the Committee appointed a sub-Committee composed of Messrs. P. Gomathinayagam

*The preliminary sitting.* Pillai, R. Vaidyalingom Pillai, M. L. Janardanan Pillai, and the Secretary to draft a questionnaire. Copies of the draft questionnaire prepared by the sub-Committee were circulated among the members and the alterations and additions which they suggested were incorporated in the questionnaire, the English version of

which was published in the Government Gazette on the 9th June 1931, and the Malayalam and Tamil versions on the 16th June 1931. A copy of the questionnaire is appended to this Report—*Vide* Appendix II.

6. The distribution of copies of the questionnaire was, for the most part, carried out directly by the Committee; but in the case of the Shencottah taluk, it was done through the local Tahsildar. 1500 copies of the questionnaire were circulated among the public. Written answers to the questionnaire were received from 125 persons and memoranda on specific questions from 75.

7. At the preliminary meeting, the Committee also decided to gather oral evidence by examining witnesses at the following centres:—Alleppey, Cochin, Ernakulam, Alwaye, Muvattupuzha, Kottayam, Peermade, Tiruvalla, Mavelikara, Quilon, Trivandrum, and Nagercoil. The tour programme was so prepared as not to clash with the meetings of the Legislative Council and of the Finance Committee, and it was published in the Government Gazette of the 2nd June 1931. Printed copies of the tour programme were issued to the public along with the copies of the questionnaire.

8. At the preliminary meeting, the Committee passed the following resolution:—“That all coercive measures against non-payment of land tax for the current year (1106 M. E.) be held in abeyance.” In G. O. R. O. C. No. 2764/31/Rev. dated the 14th July 1931, Government passed orders on the recommendation conveyed in the above resolution.—*Vide* Appendix III.

9. The Committee kept strictly to the tour programme, except for slight deviations in respect of three stations. Peermade was dropped on account of heavy rains and very poor response to the letters inviting witnesses to meet the Committee. Changanacherry was not on the programme; but, in compliance with the special request of the President of the local Municipal Council, the

*Itinerary.*

Committee halted at the station on their way to Tiruvalla and examined witnesses on the morning of the 27th June 1931. Over and above the two days allotted for Trivandrum, the Committee held another special sitting there on the 20th July 1931 for the purpose of recording further evidence.

10. The Committee was on tour for 20 days. The number of business meetings was 4. Twenty-four sittings were held, lasting for 16 days, for the purpose of taking oral evidence. The total number of witnesses examined was 200 or, on the average, 8 per sitting and 12 per day.

11. Deputations representing the following special interests were also received by the Committee :-

- (i) Punja cultivators of Kuttanad,
- (ii) Oil-Mill owners of Alleppey,
- (iii) Coir mats and matting industry,
- (iv) The Travancore Labour Association,
- (v) The Valans of Shertallai,
- (vi-ix) Abkari contractors of Muvattupuzha, Kottayam, Meenachil and Mavelikara,
- (x) Market contractors of Tiruvalla,
- (xi) Travancore Cardamom Planters' Association of Madura, and
- (xii) The Central Travancore Combined Planters' Association.

12. The Committee was invited by the Travancore and Cochin Chambers of Commerce to meet them at their own premises. The members of the Travancore Chamber gave evidence in their individual capacity and those of the Cochin Chamber gave joint evidence. Much valuable information was gained as the result of the discussions with the two Chambers. At Ernakulam the Committee was welcomed and comfortably accommodated by Messrs. The Tata Oil Mill Company, Ltd., Mr. K. M. Antia, the Manager of the firm, gave evidence at great length, throwing much light on the factors that govern the export of our copra and coconut oil. Mr. K. L. Thomas,

the Chairman of the Cochin Municipal Council, placed the Municipal Hall at our disposal for holding the examination of local witnesses.

13. On the termination of the tour, the Committee met at Trivandrum on the 20th July 1931 in order to frame their conclusions and recommendations and to

*The main re-* embody them in a series of resolutions  
*solutions and final* which were to form the basis of the Report.  
*sittings.* The draft Report was considered and passed at our final sittings, lasting for three days from the 28th to the 30th September 1931.

14. We desire to express our grateful acknowledgments to all the gentlemen who assisted us by sending answers to our questionnaire and memoranda on specific subjects that came within our purview and to those who, in response to our invitation, appeared before the Committee and gave evidence.

15. We may also be permitted to thank the Government for the very satisfactory arrangements they were kind enough to make for the conduct of our work and for our tours.

16. Our thanks are due to our Secretary Mr. M. O. Varghese, for the very valuable services he rendered in all stages of our work and particularly in the preparation of the Report. His knowledge of general economic principles, his insight into local conditions, and his capacity for lucid presentation were of immense service to us. It is no exaggeration to say that but for the zeal and industry he showed in the discharge of his arduous duties, it would not have been possible for us to accomplish our task and produce this Report within the very limited time allotted to us.

17. We also wish to record our appreciation of the highly satisfactory manner in which the other members of our staff carried out the very heavy work that devolved on them, ungrudgingly and in loyal co-operation with the Secretary.

---



## CHAPTER II.

### Scope of Enquiry.

18. The terms of reference to the Committee are "to investigate and report upon the extent and causes of the present depression so far as it affects Travancore, and to propose measures that might be adopted to meet the situation." In this connection, we

*Terms of reference.*

might point out that the terms of reference made to this Committee are much wider in scope than those to the Madras Committee which was appointed in February last. The enquiry in Madras was confined mainly to the investigation of the possibilities of co-operative marketing in respect of certain agricultural produce, and some definite questions were expressly excluded from it. The Madras Committee was specially instructed, for instance, not to consider the question of postponement of kists, as the subject was then under separate consideration by the Government. The scope of enquiry by that Committee was thus limited to specific questions arising from the general economic depression. However, according to our terms of reference, we are not called upon to make a regular economic enquiry. Nevertheless, the temptation was strong to draw us further afield than was warranted by the palpable manifestations of the present depression. It is well known that economic phenomena seldom appear isolated. What seems detached or extraordinary is, very often, but a link in a long chain of occurrences and tendencies and it is not possible to touch it at any one point without producing repercussions at other points. At the very first sitting of the Committee, for instance, a discussion arose as to whether the terms of reference admitted of our going into the question of the incidence of taxation. It is arguable that it is a wider question, not quite relevant to the present enquiry; but, at the same time, it is reasonable to hold that the whole question of taxation must be subjected to a rigid examination, in so far as burdens which the ryot would not mind bearing in prosperous or even normal times, he would feel as severe hardships at a crisis like the

present when the income from the produce of his fields has shrunk to anything from 40 to 50 per cent of what it was two years ago.

19. The view that prevailed at the preliminary sitting was that the terms of reference did not debar us from tackling any question that had a direct bearing on the

*The plan of investigation.* present situation. However, there were one or two circumstances that made it unnecessary or inexpedient on our part to enter upon an elaborate or too detailed a survey. In the first place, the time at our disposal was all too short. We had to complete, in the space of four months, work that should ordinarily have taken a year to get through. The occasion did not admit of protracted or detailed investigations in every case or the preparation of elaborate reports. The call was for gauging the situation in the shortest possible time; to take it in at a sweep, as it were, and to arrive at conclusions, at once comprehensive and adequate to meet the exigencies of the time. Our Report is, therefore, subject to the reservations entailed by considerations of urgency and expediency and we felt it advisable to forward to Government, even before we were in a position to prepare the Report, such conclusions and recommendations as, in our opinion, had to be communicated to them for their immediate consideration. Secondly, the results of the investigations of the two Committees appointed by Government in recent times, namely, the Unemployment Enquiry Committee and the Banking Enquiry Committee, were available to us. These, particularly the latter, lightened our task to a considerable extent and placed in our hands valuable data which would otherwise have taken a great deal of time and labour to collect. Besides, the President of the Committee, in his capacity as the Census Commissioner, was able to make accessible to us much useful information relevant to the present enquiry.

20. We must make it clear, here, that in carrying out the work entrusted to us, we have steadily resisted the attractions of mere academic investigations. The subject-matter of our enquiry is a live issue and we have tried to approach it mainly from

the point of view of an immediate and pressing necessity. The present situation, according to all observers, is but a passing phenomenon. Sooner or later economic factors are bound to adjust themselves and the equilibrium of demand and supply will be restored. Consequently, such measures as we have deemed proper to recommend to Government are largely, but by no means entirely, in the nature of palliatives designed to meet the needs and requirements of a temporary dislocation of our economic life. We have looked about to see how best we might suggest measures calculated to mitigate hardships, alleviate distress and enable the country to tide over this time of trouble.

21. We have not felt it necessary, for the purpose of this enquiry, to attempt anything more than sketching the bare outlines of the forces and tendencies that are responsible for the world-wide trade depression which we are facing along with the rest of mankind. It is a big question on which economists of repute differ among themselves. We have confined ourselves mainly, to noticing the general conditions that at the present moment govern the external markets for our staple articles of export. For practical purposes, we start from the all too tangible fact that there is world-wide depression in trade, industry and agriculture. We, then, proceed to examine the nature, and estimate the extent, of the depression so far as it affects Travancore. Nor is it practicable or necessary to examine in detail every conceivable economic activity or enterprise obtaining in Travancore. We have, therefore, set before us the smaller and more practicable task of examining the facts and needs of the situation in relation to such crops, trades, or industries as may fairly be taken as representative of the economic activities of our country.

## CHAPTER III

### The Causes and Characteristics of the Present Depression.

22. The present economic depression is world-wide. The catastrophe has affected all countries, manufacturing as well as agricultural. The normal economic organization of the world seems to be temporarily out of gear and the whole balance of harmonious economic relations to be rudely disturbed.

*A world-wide phenomenon.* Mr. Keynes, the famous economist, recently described the present depression as a first-class disaster. We in India are facing a situation which the whole world is facing to-day. In fact, this catastrophe once again demonstrates the close interdependence of nations. The prosperity or adversity of a nation has reactions throughout the whole world.

23. The tendency towards a general slump in commodity prices became noticeable about the year 1926 and pronounced in 1929-30 and has become catastrophic since. Introducing the Indian budget for 1931-32, Sir George Schuster said : "The downward trend of the trade movement started in October 1929, after the Wall Street collapse in America, and from there the movement spread to other countries all the world over. The depression deepened at an accelerated rate in 1930 and conditions became progressively worse as the year advanced."

24. The world depression is the cumulative result of various developments that followed the War. It is a whole atmosphere of tendencies and the general temper of the post-war world that largely account for it, rather than any single factor. However, economists the world over have vied with one another in explaining the causes of the slump. They make a broad distinction between monetary and non-monetary causes, but they differ with regard to the relative importance of these two classes

of causes. The shortage and maldistribution of gold have been regarded by Sir Henry Strackosch, Professor Gustav Cassel and others as the principal or even the sole cause of the recent catastrophic fall in commodity prices. They point out that war debts and reparation payments have enabled the U. S. A. and France to accumulate between them £1,175 millions \* against a world monetary stock of £2,336 millions. To this extent, they say, there is shortage of gold in other countries and they have had to contract their volume of currency and credit.

25. Most economic experts, however, are inclined to hold that non-monetary causes are mainly responsible for the slump. They attribute it to a disequilibrium between production and consumption, between supply and demand, brought about by various factors. As Professor P. J. Thomas states in a memorandum placed before us : " It (the present slump) seems to have commenced with a break-down of consumers' purchasing power resulting partly from the loss of balance between the prices of raw materials and those of finished products, and partly from certain inherent tendencies in modern capitalistic industry which makes consumption lag behind production." It is also thought by several economists that the present depression is but a phase of the business cycle, a phenomenon which is becoming wide-spread with the growing economic unification of the world.

26. That there has been considerable overproduction since the War, few will deny. The high level of prices that ruled during and immediately after the War induced vastly increased production. Goods were produced in advance of, and without any economic relation to, demand. Speculation became rampant, bank credit was inflated, and a dizzy boom developed. This kept prices high in spite of over-production, but when the crash came in October 1929, the fall was equally phenomenal.

27. Over-production is, however, relative to effective demand. Contraction of demand has, consequently, to be considered along with over-production. In fact, over-production and under-consumption together make one set of causes and

---

\* October 4, 1931.

signify the production of more goods than can be sold at a profit. The breakdown of consumers' purchasing power is a fundamental factor in the situation. In different parts of the world, different circumstances have aggravated this break-down; in Great Britain, dwindling foreign trade; in Germany, the rigour of reparation payments; in Europe generally, high tariff walls; and in India and China, political unrest. Reference may also be made to the Five Year Plan of Soviet Russia whose avowed object is to dump at cheap rates some of the staple products of inter-national trade with a view to break the power of capitalists elsewhere.

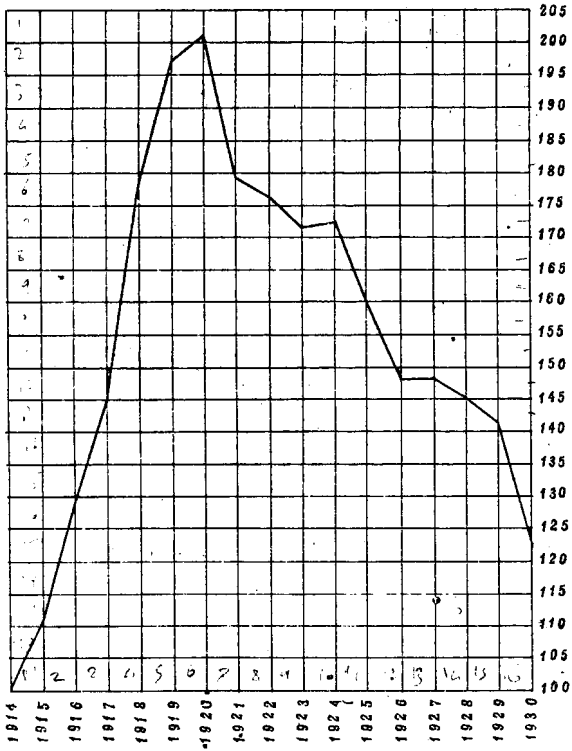
28. We shall now briefly indicate the salient features of the depression all the world over. The most outstanding symptom is a phenomenal fall in wholesale

*Main features of the depression.* commodity prices. This is true of all countries. Since October 1929, the decline has been continuous. Some idea of the magnitude of the fall may be gathered from the following London *Economist* index numbers of price movements throughout the world :—

(1913	..	100 units)
1926	...	145.1
1927	...	141.9
1928	...	136.5
1929	...	126.9
1930	...	115.8
1931 January	...	91.3
1931 May	...	87.5

29. Another striking feature of the depression is the fact that the fall in prices has been heavier in agricultural countries than in manufacturing countries. This is clearly brought out on

**DIAGRAM SHOWING VARIATIONS IN**  
**INDIAN WHOLESALE PRICES**  
**1914-1930**



21

comparing the index numbers of wholesals prices in some of the leading countries, both agricultural and manufacturing. The following table shows the comparative rates of fall in India, United Kingdom, U. S. A., Australia, and Japan :- \*

	India.	U. K.	U. S. A.	Japan.	Australia.
	July (1914-100)	(1913-100)	(1926-100)	(1900 100)	(1911-1000)
September 1929.	143	135·8	87·5	217·5	1858
January 1930 .	131	131·0	93·4	201·4	1719
May " .	121	122·0	89·1	189·4	1683
September " .	111	115·5	84·2	171·5	1532
December " .	100	108·9	78·4	160·8	1399
January 1931 .	98	106·9	77·0	158·5	1419
February " .	99	106·2	75·5	158·0	1397
March " .	100	105·9	74·5	153·3	1405
April " .	98	105·7	73·3	157·9	1339
May " .	97	104·4	71·3	154·0	..
June " .	93	103·2	..	..	..
July " .	93	..	..	..	..
August " .	92	..	..	..	..
September " .	91	..	..	..	..

30. There is yet another noticeable feature of the fall in prices, viz., that the fall has been more marked in the case of raw materials than in that of manufactured articles. This may be seen from a comparison of the index numbers of the exports and imports of India.

\* Government of India—Department of Commercial Intelligence and Statistics.



## \* Calcutta Index Number Series (1914.)

Year.	Exported Articles.	Imported Articles.
1929—September	133	150
„ December	123	143
1930—January	120	141
„ April	110	140
„ July	98	135
„ October	90	131
„ December	85	125
1931—January	82	124
„ February	84	125
„ March	84	126
Fall in March 1931 as compared with September 1929	37%	16%

The above table shows that the fall in export prices has been more than twice the fall in the prices of imported articles.

31. A period of falling prices is always one of dull business. The present rate of fall has been so great and sudden that producers have not found it possible to sell their goods at a profit. Warehouses are filled to overflowing with unsold and unsaleable goods. The level of money profits has steadily declined. Such a state of affairs has naturally led to contraction of business, restriction of output and above all unemployment. It has been observed that the world is starving in the midst of plenty. Mankind faces today a paradoxical situation of "general plenty causing general impoverishment." Mr. Arthur Henderson has pictured a situation of "world-wide

*A paradoxical situation.*

Mr. Arthur Henderson has pictured a situation of "world-wide

\* Government of India—Department of Commercial Intelligence and Statistics.

economic depression and unemployment, poverty and starvation, while the corn bins of the world are bursting with food and countless millions are lying idle in the banks."

32. The problem of trade depression in India is partly a world problem and partly her own. In recent times, the economic prosperity of India has been tending to

*Causes peculiar to India.* depend to an increasing extent upon her foreign trade—the export of raw materials and some food stuffs and the import of manufactured commodities in exchange. This tendency received a rude check on account of the reduced effective demand for agricultural products among the chief nations of the world and the consequent fall in the Indian ryots' purchasing power. Indeed, the ryot in India is doubly hit; for, the prices of articles he has to sell have fallen, but the prices of manufactured goods he has to buy have not fallen to the same extent. Further, the strength of the movement for the substitution of Indian for foreign cloth aggravated the situation; the trade in foreign piece-goods in the principal cities in India was paralysed on account of the Civil Disobedience Movement and stocks remained uncleared for months. The importance of the trade in foreign cloth can be realized from the fact that its annual amount has been, for some years now, in the neighbourhood of 60 crores of rupees or nearly 25 per cent. of the total value of imports into India.

It is widely thought in India that the exchange ratio has aggravated the slump. Government fixed the rate of exchange at 1s. 6d. at a time when prices were rather high, but when the slump came soon afterwards that ratio became unfavourable to the interests of producers of export staples in India. This may have accentuated the slump in India and increased the ryots' burdens.

33. The lost equilibrium can be restored only by international action. There is ample evidence that the wide-spread distress prevailing in all countries has spontaneously begotten an international co-operative spirit, and if this can be established on a wide enough basis, the first step will have been taken towards ultimate recovery. Indeed, one of the

most hopeful signs of the day is the fact that the leading nations of the world are in close co-operation with a view to bring about a satisfactory readjustment of the monetary factors in the world situation. The Gold Delegation of the League of Nations, the Bank of International Settlements, and the recent conferences on the Continent and in London were all designed to concentrate international effort on a satisfactory solution of the problem. The MacMillan Committee on English Banking holds that a wise control of the world situation is within the competence of what we may call an oligarchy of central banks.

34. The key to the rehabilitation of Europe is, however, held by the United States of America. This view has recently been gathering volume. President Hoover's debt moratorium proposals were a generous response to the appeal of the rest of the world as well as a frank recognition of the difficulties of even the greatest creditor nation of the world today. "America's difficulties," said Mr. Hoover the other day, "are bringing home to the ordinary citizen the great truth of the vital inter-connection of all peoples." The announcement has been hailed as the silver streak in a sky overcast with black and and threatening clouds. The meaning of the Hoover Scheme seems to be this: All countries are in a very bad plight. The war debts and reparation payments are everywhere putting a heavy strain on industry which is already overstrained on account of the prevailing depression. If the temporary suspension of these payments is going to relieve the strain to some extent, they need not stand in the way of recovery for a year at least. What is going to be done after the close of this period of grace still remains a mystery. The Hoover announcement was made on the 20th June and recent events have shown that the rehabilitation of Central Europe cannot be accomplished by the mere negative help of suspending excessive debt burdens. Great Britain and the U. S. A. are taking the lead in saving European finances. This also is the meaning of the determination of the British Cabinet to balance the budget this year, almost throwing to the winds the age-long allegiance to party labels and shibboleths.

---

## CHAPTER IV.

### The General Characteristics of the Economic Depression in Travancore.

35. As set forth in the previous chapter, the problem under investigation is not peculiar to Travancore. The main features of economic depression in this country are

*The fall in the prices of agricultural produce.* practically the same as those observable elsewhere. The movement of prices here, as in the rest of India, is bound up with the movement of prices throughout the world.

In their resolution dated the 24th October 1914, on Mr. K. L. Datta's Report on the enquiry into the rise of prices in India, the Government of India, at the commencement of the war, observed : "The problem of the future course of prices in India is one to which no solution can be found in the analysis of Indian conditions only. It is essentially bound up with the question of the movement of prices throughout the world." The level of prices for all our commercial commodities which are handled in the foreign markets must inevitably follow world prices.

36. The heavy fall in the prices of our principal articles of export is the most outstanding fact about the present situation in Travancore. Addressing the last session of the Sri Mulam Popular Assembly, the Dewan said : "At no time, in recent years, have the prices of the staple articles of local produce such as paddy, pepper, coconut, rubber, and tapioca fallen so low." This is undoubtedly the crux of the whole problem to-day. What the vast majority of our people stand in need of is better prices for their produce. The witnesses who gave evidence before us or sent us written answers to the questionnaire are nearly unanimous in the view that a general rise in the prices of our agricultural produce will bring about the return of general prosperity.

37. When we speak of better prices we do not mean the boom prices of 1925-1928. Indeed, nobody expects the return of prices to that dizzy height. At all events, the absurdly low prices that rule the market to-day must certainly change for the better. The present level will kill all incentive to production and drag down all desirable standards of living. We do stand in need of a fair level of prices for our export goods in order to make it worth while for our producers to produce and to enable our people in general to maintain a reasonable standard of living.

38. The general tendency is to view the present fall from the boom period that followed the termination of the Great War. Such a view, correct as it is, is not quite helpful to a proper understanding of the present situation. To gain a correct perspective of the present level of prices, we have to survey the price levels antecedent to the War and those subsequent to it and take also into consideration the total quantities exported during these periods. Some attempts in this direction are made at appropriate places in the following pages. It will be seen that the export of raw products has been steadily increasing, while the prices have been generally falling since 1929. But, compared with the pre-war prices, it may not be quite correct to say that the present low level is entirely unprecedented, though its consequences are, all the same, disastrous to the country. It is difficult to gauge the ramified effects of this phenomenon and a great deal more so, to suggest remedies. If all prices had fallen in proportion, viz., the prices of imported goods—wholesale and retail—the prices of capital and labour, perhaps no serious harm might have resulted. But prices have actually fallen disproportionately.

39. The effect of the fall in the prices of our agricultural products is aggravated by the disproportionate increase in their cost of production. Money costs have *increased cost of* risen in real value and mean at least 50 per cent. more in commodities now than two years ago. Labour charges have not come down in conformity with prices. Thus, between low prices on

the one side and increasing cost of production on the other, the agriculturist is confronted with a perplexing situation. In other countries, where agriculturists are governed purely by profit and loss accounts, the immediate result of a similar state of affairs would be a tendency to leave off agriculture as a profession. But our agriculturist is bound to his land with hoops of steel. There are powerful sentimental and psychological factors which make him stick to his fields with a tenaciousness hardly found among his confrères elsewhere. To him, land represents a scheme of existence hallowed by social and religious associations.

40. A remarkable feature of the present situation in Travancore, as elsewhere, is the widespread scarcity of money. One of our witnesses put it concisely as "cash famine." All classes of people feel the shortage of money to an extent unknown in the last two decades. Low prices and scarcity of money really act and react upon each other. In a predominantly agricultural country like Travancore, the money that circulates among the people is the equivalent of the produce of the soil. Our people have very little investments outside. The income from services rendered abroad has never been considerable either; and now, on account of unemployment and political troubles elsewhere, our people in British India, Burma, Malaya, Ceylon, and other countries either find it extremely difficult to get along or return home in large numbers; and so, that source also is speedily drying up. Consequently, the volume of money available in the country depends upon, and varies in direct proportion to, the prices of our commercial goods. Professor A. Gopala Menon says: "We in Travancore, having a few articles of staple trade like copra, pepper, rubber, which are the hardest hit, have the misfortune to suffer severely."

41. Thus there is a wide gap between fixed money commitments and actual incomes. Debtors find it difficult to meet creditors and the real weight of debts has increased to a considerable extent. Money is tight and the facilities ordinarily available to the people are strained to a degree. Local banks

and money lenders find it difficult to respond to the daily increasing pressure upon their resources. Even if they had the money, they would naturally be shy to advance on depreciated produce or falling land values. The banking concerns of the State are, indeed, severely affected. Moneys lent out are practically locked up. We find that, as far as possible, the banks now lend only on gold. In fact, gold is the only commodity, here as elsewhere, that has appreciated in value. The rate of advance on gold has gone down very considerably. The Trivandrum Permanent Fund has brought down the rate of advance on gold from Rs. 10 per sovereign to Rs. 7-8-0. In the mofussil, the rate has gone down below Rs. 5. We have been told that, in order to raise loans, gold is taken from the up-country stations to the banks in Trivandrum. Reports go to show that there is a large accumulation of gold in the banks.

42. We have no statistics of unemployment and so, our conclusions on this question are based largely on the evidence that has been placed before us. In central

*Unemployment.* and north Travancore, we were told by witnesses that there were 'lakhs of unemployed people' going about the country. There may be slight exaggeration in this; but evidence clearly points to the existence of extensive unemployment. The problem of unemployment which was already acute in the State is, in our opinion, aggravated by the present untoward economic situation. The disbandment of labour force on the rubber and tea estates is very considerable. Manufacturing firms have made appreciable reductions in the number of hands employed by them. Agriculturists either postpone or curtail, as far as possible, the employment of labour on their fields. The number of employees disbanded from commercial and industrial firms is not inconsiderable. Nor would it be correct to hold that unemployment exists only among unskilled labourers. Even if this were so, the problem would none-the-less be serious. But as a matter of fact, all these are not unskilled labourers. The services of a large number of men, possessing educational qualifications, employed as clerks, accountants, supervisors, and in various

other capacities have also been dispensed with. Moreover, we have to bear in mind that many young men, who in normal times would have been absorbed by the planting, commercial, and industrial establishments, have lost their chances of present employment. These continue to be dependants on the already depleted incomes of agriculture. Further, a large number of Travancoreans who were employed in Burma, Malaya, the Straits Settlements, Ceylon and other countries, have been turned out of their jobs and have come home to swell the ranks of the unemployed. Evidence does not show that they are becoming absorbed in other employments.

43. The Census figures show that the number of persons employed on rubber and tea estates in normal times would be somewhere about 150,000. Even if we suppose that only 50 per cent. of these have been disbanded—probably the proportion is much more—75,000 men must have been thrown out of employment from the estates in Travancore alone.\* Of these 30,000 to 40,000 may be Travancoreans and the rest outsiders. We are of course concerned directly with Travancoreans only. To the number of Travancoreans disbanded, must be added those who have been repatriated from Ceylon, Malaya, and other countries. When compared with the total agricultural and industrial labour, the extent of unemployment caused by the economic depression may be small, but the actual number of persons thrown out of employment, even if it be only 40,000, is certainly considerable. As for the chances of these finding employment on their own lands or elsewhere, there is no evidence of it, except in the capital, where a certain number of labourers are being absorbed in the water-works or railway

\* As far as we have been able to ascertain the facts, we understand that the following estates have stopped work :—Maankulam of K. D. P. H. Co., Thatlakaud of the Periyar Rubber Company, the Kothamangalam estates of Cumberbatch & Co., Valianation of Thodupuzha Rubber Co., Mar Thoma of the Mar Thoma Rubber Co., Malaukara of the Malaukara Rubber and Produce Co., the Malabar, Karimpanal, Ratusgiri, Chioti, Vengathasam, Chittady, Gramby, and Kollankulam estates, the Eruunakutty group; all the Mundakayam loyal planters, the Central Travancore group, and one-half of Messrs. Harrison and Crossfield's very large group. On the tea estates, all over Travancore, more than one-third of the labour force is paid off to reduce work and cost of production.



work. According to the figures supplied by the Trivandrum Water Works Engineer, the average number of unskilled labourers employed by him, per day, in 1105 and 1106 were 500 and 1,200 respectively. The Railway Engineer's average daily figures for 1104, 1105, and 1106 were respectively 350, 375, and 425. The Water Works Engineer's average for the last three months of 1106 went up to 1,079 and that of the Railway Engineer to 1,105. Even if we take the highest figures, not more than 2,200 labourers are absorbed by the big schemes now going on at Trivandrum.

44. The overwhelming evidence furnished by a great many of our witnesses goes to prove that the present depression has undoubtedly increased unemployment in the country. With regard to educated unemployment, the Unemployment Enquiry Committee has found that "not only is it very acute but it is far more acute than in the provinces of British India in which the problem has been investigated."—*Vide* page 19 of its Report. If it was so acute in 1928, it is much more so to-day and the problem is made worse by the prevailing unemployment among unskilled labourers. The simultaneous existence, side by side, of extensive unemployment both of the educated classes and the unskilled labourers should be regarded as creating a situation of extraordinary complexity.

---

## CHAPTER V.

### The Extent of Economic Depression in Travancore.

45 Professor Stanley Jevons thus sums up the effects of a general fall in prices on the several sections of society:—

*The effect of a general fall in prices.* “Creditors and receivers of fixed annual incomes gain, because, the rupee due to them will now buy more than before. On the other hand, debtors and the payers of fixed rents lose, because their incomes decline in proportion to the fall of prices or even more in the case of persons living on profits and the fixed payments they are under contract to make, thus constitute a heavier burden on the reduced income. The working classes, as a whole, benefit by a fall of general prices. The wages of skilled workmen are not easily or immediately reduced and usually the earnings of skilled workers fall less than the cost of living. This gives them the opportunity of adopting a higher standard of living... On the other hand, unskilled workmen can offer less resistance to the reduction of their wages. Their earnings will sooner or later fall almost in proportion to the cost of living; but they experience a temporary benefit during the delay. Merchants and traders do not suffer much unless they hold large stocks of commodities; but manufacturers and all owners of industrial plant suffer because profits become greatly reduced and no longer furnish an adequate remuneration for management and supervision and interest on capital. Drastic economies in production become necessary.” The features delineated above are more or less visible in Travancore to-day.

46. Broadly stated, all classes of people are affected by the prevailing depression, directly or indirectly. We find that the term ‘famine’ is being frequently used in order to signify the condition of general stringency that exists in the country to-day.

*Absence of famine conditions.* We are, however, not prepared to endorse the view that the present situation amounts to famine conditions.

There is no evidence of wide-spread starvation or destitution. The seasonal conditions have been generally favourable and the crops good. Food stuffs abound and can be obtained at cheap rates. At the same time, there is undoubtedly the scarcity of purchasing medium which in a large measure counteracts the cheapness of food stuffs. As yet, there is no evidence of a contraction in the acreage under crops. If prices continue to remain at the present low level, there is a likelihood of marginal lands going out of cultivation.

47. Some classes have been affected more severely than others. The fundamental cause of the trouble being the collapse of commodity prices, the blow has directly

*Classes affected.* fallen on those classes whose income depends entirely on the saleable surplus of their agricultural produce. In the case of those who depend almost exclusively on one or two commercial crops or a food crop like paddy, the effect of the slump has been very severe. The agriculturists of Nanjinad and Kuttanad and those who are engaged in the planting industry come under this category. The great majority of our people who are, in one way or other, dependent for their livelihood upon the produce of the cocoanut palm are experiencing a very bad time on account of the heavy fall in the prices of cocoanut, copra, and coir yarn. The spinning of coir yarn which was perhaps the most thriving industry in the State until recently, is passing through distressing times.

48. We think it neither necessary nor possible to measure, with any degree of accuracy, the effects of a general visitation like the present, by the ordinary methods of statistical computation; nevertheless, as it is

*Classes dependent on agriculture.* indisputable that the primary producers have been more severely hit than other sections of society, we might be able, from an examination of the census figures, to form some estimate of the extent of population directly affected by the depression. The proportion of population supported by agriculture was 56 per cent. in 1911 and 54 per cent. in 1921. The exact figures for 1931 are not yet available; still, taking into account the tendency of this proportion to fall from census to census, we may not be far wrong if we estimate

that 50 per cent of the population in 1931 are directly dependent on agriculture. The total population of the country, according to the census returns of 1931, is 5,095,973. It follows that about 25 lakhs of people depending *entirely* on agriculture have been *directly* hit by the depression. This is of course a very highly simplified estimate of one aspect of the situation. Actually there are many complicating factors to be considered, even in respect of the classes dependent on agriculture. The prosperity of vast numbers of artisans, for instance, depends upon that of the agricultural population. The proportion of rural to total population according to the census returns of 1931 is 89.2 per cent. Probably this proportion gives a truer measure of the extent of the prevailing depression.

49. Broadly speaking, the present economic stress is severely felt by the middle class agriculturists who form the preponderating

*The middle-class agriculturist.* element in the composition of our population. The middle class in Travancore affect much of the expenditure and social status of the rich. But they have none of the surplus income of the latter. They depend almost entirely on their agricultural incomes and it is this class that feels the direct impact of a general depression. The middle class forms the back-bone of society and, in normal times, a preponderating agricultural middle class population should be regarded as a sign of social health. Unfortunately, in our country they are entirely unorganized; they have no subsidiary occupations to reinforce their agricultural incomes, no reserves against lean years, and what is worse, they are in a state of chronic indebtedness. Consequently, a general depression like the present has completely upset all their calculations of income and expenditure and rudely disturbed the even tenor of their placid existence.

50. It is a moot-point whether we have an upper class of any considerable moment in this country. At all events, those

*The upper class.* who are rich, in any sense whatever, form only a very small proportion of the population. Their wealth is largely in landed property. Their status in society and standard of life are in a large measure determined and maintained

by the income from their fields and gardens. The heavy fall in these incomes has naturally hit them severely. The Banking Enquiry Committee has found that among the well-to-do classes, 64 per cent of incomes goes to meet non-food items of expenditure. This proportion shows the large sphere of money transactions in the everyday life of these people. They are committed to find large amounts of money for taxes, the education of their children, the marriage of their girls, the liquidation of debts, the continuance of the usual routine of agricultural operations, and for the numerous comforts of life which have come to be regarded, more or less, as necessities. Unless they make drastic cuts in their standard of living and comfort, they will easily run the risk of being ruined. Moneys they have loaned out do not come in. Their stocks of agricultural produce cannot be converted into money. At the same time, they can ill afford to postpone indefinitely their responsibility to meet obligations, without compromising their position and standing in society. Generally speaking, they have a high sense of honour and personal integrity. Their needs cannot be put off. The children at schools and colleges, very often in institutions outside the country, cannot be recalled; remittances to them cannot be delayed; the marriage of girls and other domestic festivities cannot be postponed without exposing themselves to social ignominy. Investments in stocks and shares are comparatively few and of recent origin and even here they have lost heavily. Such is the un-enviable lot of even the so-called rich people in this country at this peculiar time of trouble.

51. Those who receive fixed money incomes are in a position of comparative advantage. Labourers who are on a money wage—provided they are in regular employ-

*Classes benefited.*—ment and there are no wage cuts to suit falling prices—may be said to be beneficially affected. Under the category of those who receive fixed money incomes come the salaried classes, particularly Government employees and those who get customary fees. The great majority of our witnesses seem to think that Government servants enjoy a position of absolute advantage in relation to other sections of the

community. But Government servants who gave evidence before us maintain that their savings are confined merely to food costs which form only a small proportion of their expenditure and that other items like the education of children, rents, conveyance charges, personal services, and the numerous details that go to the maintenance of reasonable standards of comfort and efficiency have not fallen at all.

52. Till recently, the course of wages, both agricultural and industrial, was upward. The wages of P. W. D labourers and workmen of various kinds have remain-

*Wage rates.* ed fairly steady since 1922, when they reached their maximum. Many of our witnesses - industrial and agricultural employers - pointed out to us that to a very considerable extent the P. W. D. sets the wage rates and that an equitable adjustment of wages to price levels should be possible only when the P. W. D. revises the existing rates. The P. W. D. has schedule rates of wages to be paid to different classes of workmen in different localities. Estimates and tenders are based on these rates. The contractors are not bound to pay the schedule rates to their workmen; but the P. W. D. generally pays them schedule rates when the department engages them directly. As long, therefore, as the P. W. D. rates remain as they are, there is not much chance of the labourers engaged by private people agreeing to a reduction in their wages. If on the other hand, the P. W. D. revise their rates, making some reduction therein, the revised rates will be regarded as the standard rates by the contractors and the labourers in general and a proportionate reduction in the wages of labourers engaged by private people will not be resented by them. This is the position as stated by private employers. We may grant that, so far as general tendencies are concerned, the course of wages has followed the P. W. D. rates. We are, however, not in a position to endorse the view that labourers and private employers are, as a rule, consciously guided by the rates fixed by the P. W. D. Even the P. W. D. contractors are not bound to pay the schedule rates. Industrial labourers may, to a considerable extent, be influenced by such standard

rates, but the agricultural labourers, at any rate, possess neither the organised strength nor the bargaining power to insist on standard wages.

53. Agricultural labourers who receive their wages in kind are in a very bad predicament. We understand that in nearly every place they are asking to be paid in

*The agricul- money or for an increase in the quantity of*  
*tural labourer.* paddy they usually receive as wages. As yet, reduction in wages has not been considerable, though the tendency is definitely downward. When the alternative is between unemployment and lower wages, the unorganised agricultural labourer is, generally speaking, prepared to accept the latter. In some places, e. g., Nanjinad, agricultural labourers have been getting their wages in money and they now refuse to receive payment in kind. But, if landowners are unable to make money payment, the labourers will either have to go without employment or receive wages in kind. However, such a position does not yet seem to have been reached in Nanjinad. During the last five years, agricultural wages have been steadily rising. Rates differ from place to place, but it might be generally true to say that agricultural wages rose from 4 annas to 7 annas on paddy fields, and from 5 annas to 8 annas on garden lands of permanent or catch crops.

Evidence clearly shows that in many parts of the country, there is slackness in the demand for agricultural labour and a tendency for wages to fall. This is not due, as yet, to lands going out of cultivation so much as to the fact that agriculturists, as far as possible, try to postpone, curtail, or do themselves, various items of work which in normal times would be carried out by hired labour. There is another circumstance, too, that spells hardship to the agricultural labourers. During the off-season, between harvest and sowing or sowing and harvest, and especially in the rainy season, large numbers of them used to migrate to the planting estates for employment. But now, nearly all the rubber and tea estates have not only stopped recruiting fresh labour, but have also disbanded the greater portion of their labour force,

54. Whereas agricultural wages are largely governed by custom, there is organisation and the feeling of common interests among industrial labourers. During the

*Industrial labourers.* last decade the tendency of industrial wages was decidedly upwards, but in the last six months they have remained steady in most cases, and in some, reductions from 6 to 10 per cent. have been made. Labourers had a fairly favourable time till recently, with good wages and low prices of food stuffs. As a rule wages do not adapt themselves rapidly to changing price levels. In Alleppey, male skilled labourers earn from 12 annas to Rs. 1-4-0 per day, unskilled labourers 8 annas, and female skilled labourers 6 to 12 annas. Skilled labourers are still on a comparatively better footing than their unskilled comrades; for employers, as a rule, do not like to dispense with them, if they could help it, as it would be difficult to get them together again on the return of stable conditions in industry. New hands are not taken at all. As far as possible, they resort to reduction in the number of hands rather than to wage cuts. In the tile factories in Quilon, wages have not been lowered; but considerable reduction in the number of hands has been effected. Some of the European employers at Alleppey told us that when it was explained to the operatives that the alternative lay between closing down and wage cuts, they agreed to accept lower wages, in good part, and in many cases made good the deficiency by over-time work.

55. Then there is the case of "the poor people." It is difficult to define the term. We mean that section of society which in common parlance is referred to as

*The poor people.* "the poor." The income of these people is largely spent on food and to this extent they have had good times so far. This is also true of those who have not got to spend anything on services, taxes, and other money charges. The Banking Enquiry Committee has found that over 72 per cent of the expenditure of a family in indigence is on food, whereas the proportion of food costs drops to 36 per cent in the case of a family in comfort. Cheap



food which is the main item of a poor man's expenditure, is his special advantage in a period of falling prices. But this is likely to be temporary. The poor people will have a good time only so long as they are in regular employment, and if conditions continue to be what they are, they will soon feel the pinch like everybody else. In this connection, the following statement by the Rt. Rev. E. A. L. Moore, Bishop in Travancore and Cochin, is particularly illuminating; "My experience lies chiefly amongst the poorest class communities which are not at present greatly affected by the economic depression owing to the low price of food, though I fear they are likely to be as the depression continues."

56. There are some other aspects of the present situation that we would very briefly refer to, before we close this chapter. It has been brought to our notice

*Disparity in the price levels of manufactured goods and agricultural produce.* that considerable difficulty is felt on account of the disparity in the prices of manufactured goods that are imported into the country and the prices of the raw products exported from here. There is a

wide gap, not only here but elsewhere too, between the price levels of the raw and the manufactured goods. No doubt, the prices of the imported goods are also falling, but not to the same extent as the prices of the products of this country. This is largely due to the fact that manufactured goods can be withheld from the market or kept in stock for some time until prices improve, while agricultural products have, of necessity, to be sold, in any case, before the succeeding harvest for fear of deterioration. Time helps the manufacturer but not the agriculturist. In the matter of restriction of output and similar devices, too, the manufacturer is in a position of comparative advantage. Further, most manufactured goods are produced on the large scale and huge stocks produced or bought at higher prices have been already existing on the market. Unless such stocks are cleared, prices would not come down. Various items that enter into the cost of production like wages, transport and overhead charges remain practically unaltered. As far as India is concerned, the recent enhancements of import duties

have contributed to the higher prices of imported goods. In fact, almost all imports have shown a rise in price after the last annual and the recent emergency budgets of the Government of India were published.

57. Retail prices have fallen to some extent, but not in proportion to the fall in wholesale prices. Retail sale entails more labour and greater risk. There is the force

*Retail prices.* of habit to be reckoned with, and not infrequently, the ignorance of the unorganised buyer is exploited to the full. Very often, too, the buyer is indebted to the local store-keeper and is not in a position to bargain. The hotel keeper and the 'tea-shop' man have still their rents and possibly other expenses to meet and may not be able to pass on the benefit of the fall in prices to their customers. The cost of wages, rents of premises, and wear and tear of articles have not fallen in proportion to the cost of the actual food served. The cost of the food material in a meal may not be more than 25 per cent of what is charged for it. The prices of vegetables, meat, fish etc. have not fallen to any considerable extent, as there is no change in the quantity available. There is also the fact that the cost of the skilled labour required in a hotel is a considerable item. In spite of cheap rice, the wages of such skilled labour as a hotel requires have not so far fallen. However, there is a tendency for prepared foods in hotels to fall. The case of 'tea-shops' seems to be peculiar and can only be explained by the fact that there is an ever-growing demand for tea and coffee. All the same, the rates must fall here also and are now beginning to show a bent in that direction.

58. The towns generally have not derived anything like the full benefits of the fall in the prices of agricultural produce in the rural areas. Rents have not come down

*The towns-folk.* and the tendency is definitely upward. Wages and personal services of all kinds are still high. Such necessaries as milk, ghee, fruits, eggs, meat, fish, vegetables and fuel for which there is a steady demand from the town-dwellers have not shown any appreciable fall in prices. "If the rural districts do not look to the towns near by

for the sale of their products, there will be a glut of goods in one place and a scarcity in the other. Few will deny that such an experience is common in this land to-day. The so-called town dwellers have not been benefited by the fall in prices to the same extent, or anything like it, as the loss suffered by the agriculturists by the fall of prices in the wholesale markets. This indicates one direction in which improvement can be effected—a proper correlation between productive and distributive centres—a profitable field for our educated youths and co-operative organisations.” \*

59. Articles that are very little or not at all affected include kerosene oil, soaps, patent medicines and patent goods of all kinds, stationery articles, books, etc. The posi-

*Articles whose prices have fallen little.* tion of kerosene oil will be discussed in a subsequent chapter. We may, however, observe here that this is a case of practical monopoly controlled by an oil combine.

Kerosene oil has become an article of necessity even in the poor man's home. The importance to the mass of the population of the price of this article may be seen from the fact that in the year 1105 kerosene oil to the value of Rs. 64,34,536 was imported into Travancore. There is very strong resentment throughout the country against the manner in which the oil interests are maintaining inflated prices when all other necessities of life have come down beyond compare. The case is made worse in so far as the oil interests who are presumably running a subsidiary tin-plate concern, force their tins at high prices upon a considerable section of the people by their refusal to supply kerosene oil in bulk to the Kuttanad agriculturists. We find that in various places the people are burnishing up their old brass lamps and have begun to burn cocoanut, and other vegetable oils. It should be a matter of business prudence for the oil companies,—if they do not want to lose their markets here—to bring down the cost of the oil to a reasonable level. Witnesses in different parts of the country have brought to our notice that, in the event of the price of kerosene oil being kept up, in spite of the steep decline in the prices of other necessities of life, the people would go back to the indigenous vegetable oils for lighting their homes.

---

\*Professor A. Gopala Menon.

## CHAPTER VI.

### The Extent of the Economic Depression in Travancore.

#### *Paddy Cultivation.*

60. The outstanding facts relating to agriculture in Travancore have been clearly brought out as the result of previous investigations. These facts are fairly well-known. We do not propose to traverse the same ground, but shall content ourselves with merely summing up the main facts of the agricultural situation in normal times, so as to facilitate a better envisagement of the strain imposed by the present depression upon the agricultural population.

61. The income from agriculture is dwindling and is inadequate to meet the increased needs of the people. In normal times, the margin of profits available to the cultivators is not equal to the demands of steadily rising standards of life. The vast majority of agricultural families do not have the wherewithal to maintain themselves in comfort. The pressure of population on cultivated land is very great. The number of people engaged in agriculture has been steadily falling. There is a drift from agricultural occupations, particularly the cultivation of paddy which leaves very little margin of profit. The present abnormal fall in the prices of his produce has, therefore, come upon the agriculturist as a heavy blow. Though lands are not yet lying idle, we have been told again and again that agriculturists are considering with great concern the gloomy prospects of the next cultivation season. This is particularly true of the *kayal* reclamations where the cost of cultivation is at the highest.

62. With regard to the acreage under crops, the figures available up to the end of 1105 do not indicate anything extraordinary. In fact, the acreage under paddy and tapioca alone show some contraction, while all the other principal crops are on the increase. Since 1102, the area under paddy has been

falling and it is very likely that the figures for 1106 will record a further contraction. The tapioca crop was steadily extending up to 1104, but subsequently, on account of the low price of the article and the fall in the demand for it, consequent on the cheapness of rice, this crop received a set-back. The following table shows the acreage under paddy and tapioca for the quinquennium 1101 to 1105:—

	Year.	Paddy.	Tapioca.
1925	1101	668,240	421,508
	1102	673,178	401,334
	1103	670,864	452,450
	1104	669,275	485,237
1929	1105	665,087	480,589

We shall now proceed to examine how the present depression reacts on the cultivation and prospects of the principal crops raised in the country.

63. Kuttanad and Nanjinad are the two important paddy producing areas in the State. An examination of the present conditions in these two tracts should reveal the general position of paddy cultivation throughout the country at the present moment. The figures given in the following paragraphs, relating to the cost of cultivation of, and income from, paddy lands were supplied by some leading cultivators and we have adopted them as, after careful scrutiny, they appear to us to be fairly correct.

64. Punja lands in Kuttanad can be classified under two heads, viz., *karapadams* or old reclamations and new *kayal* reclamations—the former comprising about 80,000 acres and the latter 50,000 acres.

*Kuttanad.* *Karapadams.* About four years ago, paddy sold at 18 chückrams per *kallur*, *adan* para which is equivalent to eigh

standard edangalis. Our witnesses agree that 18 chs. per *kallurkadan* para is a good price for paddy. This was the price that prevailed for two or three years prior to 1104. The expenses of cultivating one acre of land then were on an average Rs. 12 in cash and 40 paras of paddy. Converting the money expenditure into paddy at 18 chs. per para, the total cost of cultivation was 59 paras of paddy. The tax is on the average Rs. 3 per acre, which in kind would be  $4\frac{3}{4}$  paras of paddy, at 18 chs. per para. The total yield, taking it at twelve-fold, was 120 paras of paddy per acre. Deducting from this, the cost of cultivation and the tax, the net income to a cultivating landowner was  $56\frac{1}{4}$  paras of paddy per acre.

65. At present, the price of paddy is about 10 chs. per *kallurkadan* para. The cost of cultivating one acre of land now amounts to Rs. 10 and 50 paras of paddy, or  $78\frac{1}{2}$  paras of paddy in all,  $28\frac{1}{2}$  paras being the equivalent of the money expenditure. The tax of Rs. 3 is equal to about  $8\frac{1}{2}$  paras of paddy. The yield being the same as before, viz., 120 paras of paddy per acre, the net income to a cultivating landowner from one acre amounts now to 33 paras of paddy.

66. The above calculations may be restated as follows:—

*The cultivation costs and income to the cultivating landowner, per acre of karapadam.*

*Before 1104 M.E.* (Price of paddy, 18 chs. per *kallurkadan* para)

In money Rs. 12	...	19 paras.
In paddy	....	40 "
Total	...	59 "
Average yield (12-fold)	...	120 "
Net yield	...	61 "
Tax Rs. 3	...	$4\frac{3}{4}$ "
Net income	...	$56\frac{1}{4}$ "

*At present.* (Price of paddy, 10 chs. per *kallurkadan* para)

In money Rs. 10	...	28 $\frac{1}{2}$ paras.
In paddy	...	50 "
Total	...	78 $\frac{1}{2}$ "

Average yield (12-fold)	...	120 paras.
Net yield	...	41½ "
Tax Rs. 3	...	8½ "
Net income	...	33 "

67. *Kayal reclamations*.—This class of land is invariably cultivated only in alternate years. When the price of paddy was 18 chs. per *kallurkadan* para, the expenses of cultivating one acre were as follows :—

(i) Pumping charges, Rs. 20 to Rs. 25 or an average of Rs. 22-14-0

(ii) Chavaru, bamboo etc., Rs. 5 to Rs. 10 or an average of Rs. 7-14-0.

The total expenditure in cash was thus Rs. 30.

The expenses in kind, including seed, amounted to 50 paras of paddy. Converting the money expenditure into paddy at 18 chs. per *kallurkadan* para, the total cost worked up to 97½ paras of paddy. The tax to be paid on one acre is Rs. 2-14-0 which was equal to about 4 paras of paddy. Taking the yield at 14-fold or 140 paras of paddy per acre, the net income to the cultivating landowner amounted to 38½ paras of paddy per acre.

68. At present, the cost of cultivation amounts to Rs. 20 and 60 paras of paddy or altogether 117 paras of paddy. The tax of Rs. 2-14-0 per acre is equal to 7 paras of paddy. The yield being the same as before, viz., 140 paras of paddy per acre, the cultivating landowner now gets from an acre of land a net income of 16 paras of paddy.

69. The above calculations may be restated as follows :

The cultivation costs and income to the cultivating landowner, per acre of *kayal* reclamation :—

*Before 1104.* (Price of paddy, 18 chs. per *kallurkadan* para).

In money Rs. 30	...	47½ paras.
In paddy	...	50 "
Total	...	97½ "

Average yield (14-fold)	...	140	paras.
Net yield	...	42½	"
Tax Rs. 2-14-0	...	4	"
Net income	...	38½	"

*At Present.* (Price of paddy, 10 chs. per *kallurkadan* para).

In money Rs. 20	...	57	paras.
In paddy	...	60	"
Total	...	117	"
Average yield (14-fold)	..	140	"
Net yield	...	23	"
Tax Rs. 2-14-0	...	7	"
Net income	...	16	"

The facts set forth above show that *punja* cultivation, particularly *kayal* cultivation, is not, at present, a profitable concern.

70. But the problem is not merely one of vanishing profits. The real difficulty is to find the money portion of the expenses of cultivation. Hitherto, the proceeds from

*Prospects in* the sale of cocoanuts used to make good the 1107. deficiencies of paddy cultivation. In the last resort, the agriculturists could borrow from the money lenders or the indigenous banks. We understand that when the price of paddy was good, they used to borrow paddy on interest, ranging from 10 to 20 per cent, and then sell a portion of the borrowed paddy to be utilised for expenditure in cash. But now, on account of the low prices of paddy and cocoanuts and the scarcity of money, they find that the usual make-shift arrangements do not work at all. The sale proceeds of the stocks of paddy and cocoanuts held by the agriculturists do not suffice for household expenses and to meet fixed money charges like chitty instalments, school fees, repayment of loans, taxes etc. The money-lenders and joint-stock banks are not in a position to finance them. The State-Aided Bank is reported to have advanced about Rs. 5 lakhs at 9 per cent interest to the Kuttanad cultivators for the last cultivation. This loan remains



unpaid. We have been told again and again that unless substantial help is forthcoming, the *kayal* reclamation area may not be cultivated next season.

71. However, it seems to be the experience of the Kuttanad cultivators, that twice in twelve years, that is, in every eleventh and twelfth year, the punja lands yield record crops. They believe, whether superstitiously or not, that they have to get a bumper crop in 1107 and 1108. In a valuable memorandum placed before us, Mr. M. K. Anantasiva Iyer says that there is a likelihood of special efforts being made to bring as much land as possible under cultivation this year, and particularly so, by reason of the fact that the crop in 1106 was a failure. It is also believed that there may be a change for the better in the price of paddy, at least after Medom 1107.

72. In this connection, there are one or two points of vital importance that we would wish to touch upon before we leave the Kuttanad agriculturists, for the time being. After the sanction of the scheme for the reclamation of the Vembanad Kayal land during the Dewanship of Sir. P. Rajagopalachari, many of the Kuttanad cultivators, desirous of possessing *kayal* lands, entered into partnership agreements with the wholesale auction purchasers of these lands. They borrowed in money and in paddy and reclaimed the lands. They do not seem to have had any idea as to what the reclamation would cost or what benefit they stood to derive therefrom. The first two cultivations of the *kayal* lands proved to be disastrous failures on account of breach of bunds. It was all a big gamble in land below six feet of water, and most of the cultivators who went in for *kayal* reclamations had invested in this enterprise much more than they were worth. They soon found themselves in a fix and did not know how to proceed further. But the money lenders who were financing them till then, finding no way to realise the amounts already advanced, came to their rescue with further advances. The two cultivations that succeeded the consecutive breaches were good and the owners of the earlier reclamations were able to clear up the

major portion of their debts, as, by a fortuitous conjuncture of circumstances, the price of paddy also rose in proportion to the yield.

73. The *tharavila* on the lands auctioned during the Dewanship of Sir. P. Rajagopalachari ranged between Rs. 15 and Rs. 30 per acre. The price of paddy subsequently went up to Rs. 1-14-0 per standard para. Consequently, there was a mad rush for lands at the subsequent auctions and bids were made at very high rates, as high as Rs. 220 per acre. The cost of materials required for putting up the ring-bunds around the reclamations and that of kerosene oil rose high. The expenses of reclaiming an acre of *kayal* land doubled themselves in a few years, while the price of paddy went down, contrary to reasonable expectations. The lands themselves did not prove so productive as they appeared to be. The heavy debts incurred for reclamation and cultivation remain unpaid. The money-lenders hesitate to advance further loans. The agriculturists find it difficult to pay the instalments of *tharavila* and tax due to Government. We are given to understand that there are individual landowners who are indebted to the tune of Rs. 50,000 to over a lakh. The *kayal* area is the only region where large scale agriculture of any kind is carried on in Travancore. It is disheartening that in many cases the agriculturist finds himself, at last, faced with the prospect of a debit balance, as the result of his ambitious adventure in large scale production. If circumstances continue like the present, the cultivators who worked so hard at the reclamation of these lands may have to part not only with their *kayal* holdings newly brought under cultivation but also with their other holdings so as to satisfy their creditors.

74. The average price per standard para of Kuttanad paddy for the last 12 years is shown below :— \*

Year.	Price per standard para.		
	Rs.	Ch.	C.
1095 ...	1	9	6
1096 ...	0	23	7
1097 ...	0	25	13

\* Collected from wholesale merchants' books in Kuttanad.

Year.	Price per standard para.		
	Rs.	Ch.	C.
1098	0	23	12
1099	0	23	2
1100	0	26	0
1101	0	24	5
1102	0	24	4
1103	0	24	8
1104	0	20	10
1105	0	18	12
1106	0	15	10

75. There is no need for us to go into the well-known facts relating to paddy cultivation in Nanjinad. The relevant facts have been brought out by previous enquiries, particularly, in recent times, by the

*Nanjinad.* Banking Enquiry Committee.—*Vide* Report, pages 11 to 14. Our task is to examine the extent and effects of the present depression in relation to the Nanjinad paddy cultivator.

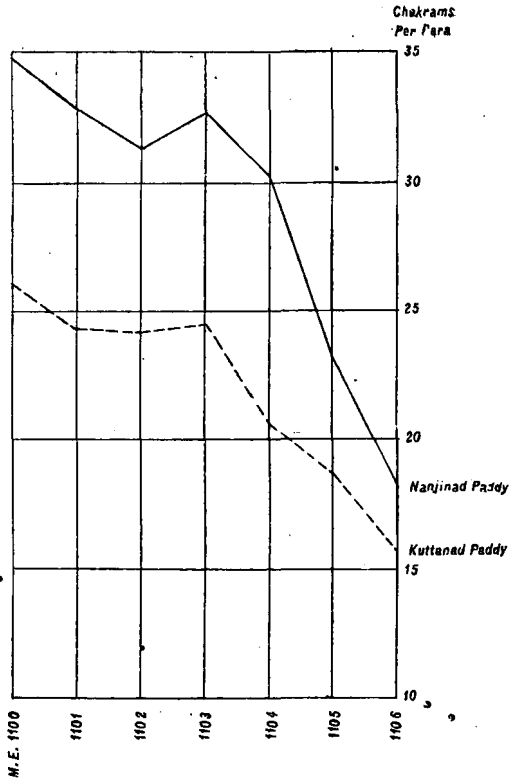
76. The average price of Nanjinad paddy per Kotta of 75 Madras measures for the last seven years is shown below : —\*

Year.	Price per Kottah.		
	Rs.	Ch.	C.
1100	10	17	0
1101	10	0	0
1102	9	15	0
1103	10	0	0
1104	9	5	0
1105	7	0	0
1106	5	14	0

77. In certain months of the year 1106, the price of paddy went down so low as Rs. 5. Even at such low prices, there is

\* Collected from wholesale merchants' books in Nanjinad.

DIAGRAM SHOWING VARIATIONS IN  
PRICE OF NANJINAD & KUTTANAD PADDY



Litho, Survey Office, Trivandrum. 1931 A. D / 1107 M. E.

very little demand for it. The Akyab Champa variety which has now fairly popularised itself in the country, is selling in Nanjinad at Rs. 4-4 as. per bag. The price of paddy is controlled by that of the imported article and it is easy to see what formidable odds the Nanjinad cultivator has to fight against. The minimum cost of production in Nanjinad varies from locality to locality. We may, however, put it down as Rs. 75, and the average cost at Rs. 84 per acre for both crops together. The minimum rent to the land owner should fetch him 4 per cent. on his capital, or at least 3 per cent excluding tax and cess. The actual cultivator should also derive an equal share of profit, excluding the cost of cultivation.

78. Land is still, in the opinion of the investing section of the people who, in this part of the country, are by tradition and temperament conservative, the best form of security and that section is generally satisfied with a lower income from land than from other sources. Similarly, the occupation that attracts the bulk of the people is paddy cultivation, which neither demands much capital, organization, or technical skill from him, nor leads him to incalculable risk or irretrievable ruin.

79. The main need of the Nanjined paddy cultivator at present is a market for his produce. The agriculturists have stored large quantities of paddy, but they are unable to secure even the price which ruled in the market at the time of the last harvest. They cannot dispose of their paddy as long as Burma paddy floods the market. The loss, due to dryage, decay, and other causes, is considerable.

80. The manure problem is not directly connected with the depression; nevertheless, it is of vital importance in any consideration of the prospects of paddy cultivation in Nanjinad. If paddy lands are properly manured, the yield will increase several fold. The cultivator believes more in natural than in artificial manure; but it is difficult to procure the former in the quantity required or at a reasonable price.

81. We shall now compare, on the basis of facts and figures, the position of paddy cultivation in Nanjinad both before and after the fall in prices. The figures in

*The Income from paddy cultivation in Nanjinad before and after the fall in prices.* The following statements are based on those we obtained from the written and oral evidence that we were able to collect. The average cost of cultivation when the price of paddy was good, that is to say, before 1104 M. E. is shown below:—

*Kanni Crop :*

	Rs.	Ch.	C.
Ploughing ...	7	14	0
Repairing bunds ...	1	0	0
Cattle manure ...	17	14	0
Seed ...	7	0	0
Weeding ...	4	0	0
Miscellaneous works ...	3	0	0
Total ...	40	0	0

*Kumbhom Crop :*

	Rs.	Ch.	C.
Ploughing ...	11	14	0
Repairing bunds ...	1	7	0
Green leaf manure ...	16	14	0
Seedlings ...	4	21	0
Transplanting ...	6	14	0
Weeding ...	2	14	0
Miscellaneous works ...	1	0	0
Total ...	44	0	0

82. The yield from both the crops together may be put down at 24 kottas of paddy and straw worth about Rs. 14 per acre. Prior to the period of economic depression, the average price of paddy was Rs. 9 per kotta. The gross annual income from one acre was, therefore, Rs. (216 plus 14) 230. The

tax on double crop paddy lands in Nanjinad varies from Re. 1-22-14 to Rs. 25-15-7 per acre.\* Even in the case of land on which the maximum assessment is levied, the net annual income per acre amounted to Rs (230 minus 84 minus 26) 120 before the economic depression set in.

At present the price of paddy is in the neighbourhood of Rs. 5 per kotta. At this rate, the gross annual income from an acre, including Rs. 10, the value of straw, is Rs. 130 only. The cost of cultivation and the tax remaining the same, the net annual income dwindles down to Rs. 20 per acre.

83. A few remarks now seem to be necessary on some general aspects of paddy cultivation, in relation to the present depression. In the first place, there are no unconscionable regional differences in the price of rice and paddy within the country. *General prospects of paddy cultivation.* Motor lorries, country carts, and canoes ply in the country in large numbers. Traders in paddy and rice are only too many. Barring transport charges from the producing to the consuming centres, there is no material increase of price at the latter.

84. There is at all times some little preference for our produce. Nanjinad rice is liked better than the imported variety by the well-to-do classes in and south of Trivandrum, and they will prefer it even at a slightly higher price. Kuttanad rice is, as a rule, ahead of Burma rice in price. When at least six months old, the Kuttanad paddy fetches a fancy price as '*pazhanellu*'. However, as long as cheap rice, though foreign, is available in the market, it will be purchased by the poorer classes, to the exclusion of the local variety, and in course of time they will develop an acquired habit which will make them take kindly to the former. The poorer classes like the imported rice not only because it is cheaper, but also because the grains are bigger and possess a better sustaining power. This is what is happening all over Travancore, in respect of the Burma variety, and it is therefore natural that the price of the local paddy is governed by the price of the imported grain.

\* The assessment fixed for Puduval registry, however, varies from Rs. 2-15-8 to Rs. 35-19-1 per acre of double crop wet land.

85. Thus we come face to face with the root cause of the whole trouble with the Travancore paddy grower—the competition of cheap Burma paddy and rice. The

*The competition of cheap Burma paddy and rice.* The average annual import of paddy amounts to 1.3 million hundredweights, and that of rice to 2.2 million hundredweights which is equal to 3.3 million hundredweights of paddy. The total value of imported paddy and rice is approximately Rs. 3 crores. The total production of paddy within the country has been estimated to amount to 10 million hundredweights. It follows that roughly we produce two-thirds and import one-third of the rice consumed in the country.

*Quantity and value of paddy and rice imported into Travancore from 1096 M. E. to 1106 M. E.*

Year.	Paddy		Rice	
	Quantity cwts.	Value Rs.	Quantity cwts.	Value Rs.
1096	1,175,251	70,68,073	1,116,916	1,01,57,880
1097	1,516,137	90,40,520	1,264,904	1,36,46,517
1098	1,531,543	91,02,195	1,294,435	1,37,84,519
1099	906,636	65,67,974	1,490,907	1,63,35,461
1100	794,210	49,93,909	1,983,701	1,85,88,420
1101	1,354,993	71,77,489	1,708,533	1,64,41,442
1102	1,235,548	67,74,894	1,300,559	1,30,75,224
1103	1,471,886	81,99,475	2,592,667	2,33,67,425
1104	1,910,115	1,00,56,710	3,375,365	3,05,16,962
1105	1,878,490	94,22,995	2,833,514	2,23,78,573
1106	1,884,536	71,70,712	3,237,059	1,75,62,343

86. There was a time when Travancore produced all the paddy she required and even exported the surplus produce, successfully levying an export duty thereon. Writing in 1743 A.D., when Travancore was in the process of making her northern



conquests, Commander Gollonnesse, the Dutch Governor at Cochin, observed: "The country produces as much rice as is required to feed her inhabitants. Nanjinad produces so much of this grain that the King levies tolls every year amounting to 3,00,000 gallions\* on the rice in the husk exported to Pandy country."<sup>†</sup> It will be seen from this that a sum of nearly Rs. 43,000 was being levied as export duty on paddy in those days. Since Travancore attained its present dimensions, large quantities of rice and paddy have been imported from Burma, Indo-China, and British India. In 1053 M. E. (1878 A. D.), the value of rice imported by sea and land into Travancore was Rs. 16.11 lakhs and of paddy Rs. 10.63 lakhs. We have travelled a long way from 1053. The situation began to change from about the early part of the 19th century. Local production occasionally fell short of the requirements and then foreign paddy was imported into the country. A Royal Proclamation of 1819 A. D., issued during the reign of H. H. Rani Gouri Parvathi Bai, laid down that the import duty then levied on rice should be removed when sufficient rice was not produced in the country and should be re-imposed when the local production was sufficient to meet the demand. The import has gone on increasing rapidly with the increase in population. The population of Travancore in 1816, according to Ward and Conner ‡, was 906,587 and now it stands at 5,095,973. During the same period the area under paddy increased from 474,240 acres to only 665,087 acres. In other words, when the extent of paddy cultivation increased by 40 per cent, the population increased by 462 per cent. As regards imports, the latest available figures are those of 1105, in which year the total value of rice and paddy imported into the country was Rs. 318.02 lakhs.

87. At the present moment, Burma paddy and rice rule the market. Burma enjoys a tremendous advantage over us with regard to the cost of production of paddy. The Burmese rice grower has in recent years lost his markets in the East, as countries like Japan, have succeeded in raising all the rice they

\* Gallion or Kallian means a 'fanam' equivalent to one-seventh of a rupee.

† The Dutch in Malabar—Galletti, Van Der Burg and Groot

‡ Memoir of the Survey of the Travancore and Cochin States.

require, even to the extent of being able to export. The Burmese farmer has lost his European market also, on account of the development of the cultivation of rice in southern Europe, particularly in Italy. In his supplementary note to the Report of the Madras Economic Depression Enquiry Committee, the Raja of Bobbili says: "Burma has in recent years been ousted from her export markets by Siam, and Indo-China. Those countries which were formerly importing rice like Japan, Italy, Spain and America have now 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." The result is that the Burmese grower is able to dump his rice into Travancore at prices ruinous to our agriculturists. The Chairman of the eleventh annual general meeting of the shareholders of the Imperial Bank of India, the other day, pointed out that the Burma rice crop for export in 1931 was estimated at the record figure of  $3\frac{1}{2}$  million tons. On account of the low prices and the outbreak of rebellion in the rice-producing area, only less than 50 per cent of the estimated tonnage has actually been shipped. From the point of view of our rice grower, the menace of Burmese competition is not likely to abate in the near future, unless indeed the unfavourable reports of the Japanese rice crop materialise and Japanese demand for Burma rice is resuscitated. To the paddy cultivators of Travancore, Burma is the danger quarter, but to the general consumer, that country is the poor man's granary.

---

## CHAPTER VII.

### The Extent of the Economic Depression in Travancore.

#### *Produce of the Coconut Palm.*

88. The Banking Enquiry Committee has exhaustively dealt with the production and marketing of the various articles of commerce derived from the coconut palm.—Vide Chapters VII and VIII of the Report. A detailed investigation of the same ground is, therefore, not considered necessary for the purpose of the present enquiry. We propose to confine ourselves to certain aspects of the trade in coconut products which, in our opinion, have a direct bearing on the present depression.

89. The following figures show the acreage under coconut during the last five years :—

#### *Acreage under the coconut crop.*

<i>Year.</i>	<i>Acres.</i>
1101	510,452
1102	522,669
1103	504,044
1104	526,950
1105	563,048

The above figures are taken from the official statistics and are subject to obvious limitations. But the conclusion to which they lead is confirmed by the evidence we have received. The area under the coconut crop is definitely on the increase. Indeed, it is impossible to conceive of a set of circumstances in which the people of this country will cease to cultivate, or lose their faith in, this king of trees. Of course, we have been told that, in various places, gardens are not receiving the usual amount of fond attention. This is but the inevitable consequence of low prices and the shortage of money in the hands of the people.

90. Coconut is exported as nut, or the meat is converted into copra, and copra is milled into oil, and both copra and oil are exported. An idea about the production of coconuts in the country can be formed by converting the quantities of copra and oil exported into their equivalents in coconuts and by adding these to the number of actual nuts exported. In this calculation it is assumed that 6,250 nuts will produce one ton of copra and 10,150 nuts one ton of oil. The numbers of coconuts thus arrived at for the past ten years are given below :—

<i>Year.</i>		<i>Number of Coconuts.</i>
1096	...	328,410,659
1097	...	391,159,288
1098	...	327,668,082
1099	...	325,290,754
1100	...	332,467,631
1101	...	382,418,291
1102	...	374,743,890
1103	...	381,404,088
1104	...	373,931,545
1105	...	404,758,385

To estimate the total output of coconuts in the country the local consumption in the form of nuts and coconut oil must be added to the above figures. There is no means of ascertaining the per capita consumption of coconuts here. If it is taken as 50 nuts per annum—this, if anything, is only a very conservative estimate—the total consumption per annum will amount to not less than 250,000,000 nuts. It will be seen from the figures given above that there is invariably an alternate rise and fall in the coconut crop. Periodical variation in the yield of the coconut palm occurs even if there is no change in seasonal conditions. If this variation is left out of consideration, the export figures reveal a steady increase in the output of coconuts in the country.

91. The following table gives the quantity and value of the different products of the coconut palm exported from Travancore since 1101 M.E.

*Statistics of ex- port.*

K. D. R.

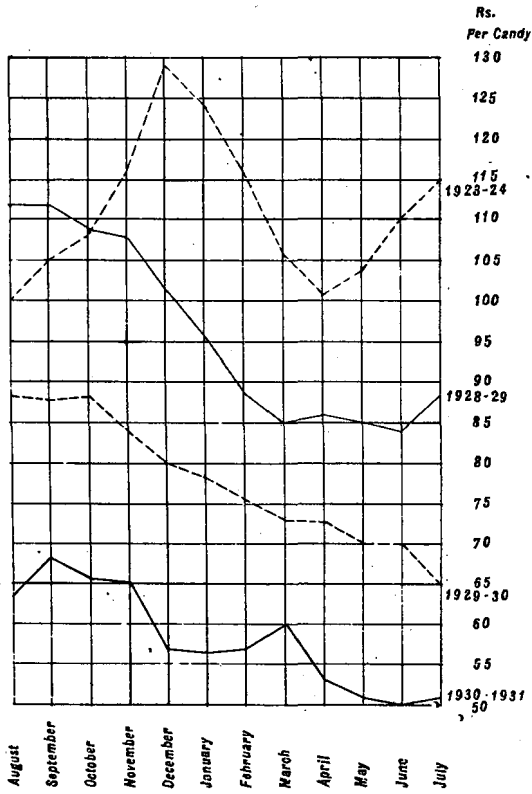
*Quantity and Value of the Products of the Coconut Palm Exported from Travancore since 1101 M. E.*

Articles.	1101		1102		1103		
	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	
Copra	cwts.	483,122	1,08,70,247	456,818	91,87,688	461,889	83,14,009
Cocoanuts	Nos.	16,129,091	10,88,734	18,975,640	10,95,413	19,399,838	9,82,116
Coir	cwts.	635,828	95,37,422	762,068	1,14,31,024	725,985	1,08,89,798
Coir fibre	Do.	3,887	38,981	3,409	34,045	5,564	56,676
Coir mats	Do.	104,292	25,13,328	213,175	44,44,624	256,439	48,58,620
Coir matting	Yds.	2,635,843	28,14,758	3,621,503	36,17,255	3,938,870	45,61,241
Coir rugs	Do.	..	..	250	1,280	4,305	17,378
Coir druggets	.	..	..	..	..	..	..
Cables	cwts.	525	5,251	478	4,779	350	3,495
Coconut oil	Do.	404,560	75,85,503	419,788	76,37,486	428,900	64,33,495
Coconut husk	Ds.	13,393	1,07,146	10,379	83,035	13,284	1,06,275
Poonac	Do.	204,886	10,24,428	224,690	11,23,448	227,537	11,37,683
Total.	..		3,55,85,798		3,86,60,077		3,73,60,786

Quantity and Value of the Products of the Coconut Palm Exported from Travancore since 1101 M.E.—(contd.)

Articles.		1104		1105		1106	
		Quantity.	Value Rs.	Quantity.	Value Rs.	Quantity.	Value Rs.
Copra	cwts.	421,064	76,46,518	337,171	67,43,419	386,157	76,72,404
Cocoanuts	Noe.	22,146,045	1,67,179	23,431,585	14,54,998	18,821,821	11,40,699
Coir	cwts.	733,625	1,13,04,491	734,474	1,10,17,135	589,723	87,50,746
Coir fibre	Do.	6,008	60,220	4,782	47,372	..	..
Coir mats	Do.	173,382	41,71,443	176,069	41,90,803	173,390	40,08,925
Coir matting	Yds.	4,275,873	42,18,357	4,299,637	39,13,429	3,749,358	37,05,093
Coir rugs	Do.	327,656	3,21,254	910,966	9,04,252	575,923	5,37,296
Coir Druggets	Yds.	..	..	97,641	87,956	36,905	34,650
Cables	cwts.	485	4,49	339	3,391	..	..
Cocoonut oil	Do.	433,893	65,08,511	543,739	81,56,131	620,991	92,04,225
Cocoonut husk	Do.	14,337	1,14,707	4,223	33,788	..	..
Poonac	Do.	231,301	11,56,506	301,679	15,08,398	300,200	15,01,002
Total			3,66,74,035		3,80,61,072		3,65,55,041

**DIAGRAM SHOWING VARIATIONS IN  
PRICE OF COPRA AT ALLEPPEY**



Litho, Survey Office, Trivandrum. 1931 A. D. / 1107 M. E.

92. The price of cocoanut in 1928/29 was Rs. 60 per thousand. It has since been steadily falling. In 1930/31 it went down as low as Rs. 15 to Rs. 17. In

*Copra prices.* July 1910 the price of copra stood at Rs. 98 per candy and it rose to Rs. 109 in January, 1914, but declined to Rs. 95 in July of that year. During 1921/22 it was about Rs. 90; during 1922/23 it rose to Rs. 114 in April 1923, and secured an average price of Rs. 100. By the end of 1923, the price shot up to Rs. 137, but dropped down to Rs. 98 in April, 1924. It rose again to Rs. 128 by August, 1924 and to Rs. 132 in October and dropped down to Rs. 98 in February, 1925. By August, 1925 it had again risen to Rs. 114 and to Rs. 122 in November, but declined gradually to Rs. 95 in July, 1926. There was an upward move again in 1927/28 to Rs. 122 in November, 1927. The two following years saw a steady decline, from Rs. 112 in August, 1928 to Rs. 88 in July, 1929 and to Rs. 60 in July, 1930 and to Rs. 50 in July, 1931. During 1930/31 the price ranged between Rs. 50/60 but for a small rise to Rs. 70 in September of 1930. The latest report shows that the highest price of copra at Alleppey is about Rs. 60 per candy.\*

93. *Average Alleppey Prices of Copra for 10 years  
from 1097 M. E. to 1106 M. E.*

Year.	Price per candy.		
	Rs.	A.	P.
1097	95	15	4
1098	100	10	8
1099	112	8	9
1100	112	10	8
1101	105	2	6
1102	89	14	4
1103	110	12	8
1104	95	3	10
1105	75	8	1
1106	57	8	8

\*September 30, 1931.



94. India is at present the chief market for our cocoanuts, copra and oil. The foreign markets for these articles have been lost to us in recent years. Export to foreign countries was, at one time, very considerable, but has entirely stopped since

*Marketing.* the War. There was a time when the Travancore produce used to fetch premium prices in the foreign markets. In the year 1903 Mr. G. T. Mackenzie, a former Resident of the State, made the following observation: "I do not know the cause why the Travancore nut is better than, for instance, the Ceylon nut; but in the London market, a ton of coconut oil from the port of Cochin, that is to say, from Travancore, is worth some pounds sterling more than a ton of oil from Colombo." But this trade has now fallen on evil days. Cheaper substitutes, like palm, groundnut, and whale oils, have taken the place of coconut oil. The Indian consumption of copra and coconut oil has, in the meantime, increased enormously. The prices that we now get in the Indian market will not be paid by the foreign purchaser, so long as cheaper substitutes are available to him. The limited foreign demand that still exists for copra and coconut oil is met by Ceylon, the Philippines, the Malay States and the Dutch East Indies. At present, we get for our copra and coconut oil better prices in India itself than the same articles, produced elsewhere, fetch in the foreign markets.

95. There are two varieties of Travancore copra known to trade - the white and the *Vettumeni*. Both varieties are now exported to Bombay and Karachi. The  
*Two varieties* white copra is bought for eating and the  
*of copra.* other for milling purposes. Out of the  
 total quantity of copra produced in the country, about one-third is white copra. The whole of this quantity is exported to Bombay and Karachi, from where it is sent to Delhi, Cawnpore, Agra, and other north Indian markets. White copra is also being sent to Bombay and Karachi from Calicut and Badagara. The export from these places is roughly about 50 per cent. of the export from Alleppey. Malabar copra

is bigger than the Travancore copra in size. The former is consumed in Bombay and other places where it is sold by weight, while Travancore copra goes to north Indian centres and is sold there by number.

96. By devoting greater attention to quality, if need be, by dint of propaganda, the output of white copra can be very considerably increased. White copra is exported from Alleppey to Bombay from Chingom to the middle of Edavom (August—June). The export from Calicut begins only in Thulam (November). The difference in price between the white and the *Vettumeni* varieties is about Rs. 7 to 10 per candy in the month of Thulam. Then it falls off gradually down to about Re. 1 about the month of Dhanu (January). The surplus stock out of the previous season's export that remains over at Bombay at the beginning of Chingom, is sold as *Vettumeni* copra for milling purpose, for, by that time fresh white copra begins to be exported. Bombay and Karachi also buy *Vettumeni* copra from Alleppey for milling.

97. The cultivators and the exporters say that the export duty and the present high tariff valuation are serious handicaps to them. But for these, they maintain, there would have been keen competition for Travancore copra from the Cochin, Bombay, and Karachi millers and the result would have been better trade and higher prices. The export duty and the freight combine to place the Alleppey copra in a position of disadvantage compared with Malabar copra. The oil-mill owners, on the other hand, are entirely opposed to this view. They say that the export duty is absolutely necessary, not only in the interests of their own industry, but also in those of the producers themselves. This is a hotly debated question, and we will deal with it in a subsequent chapter.

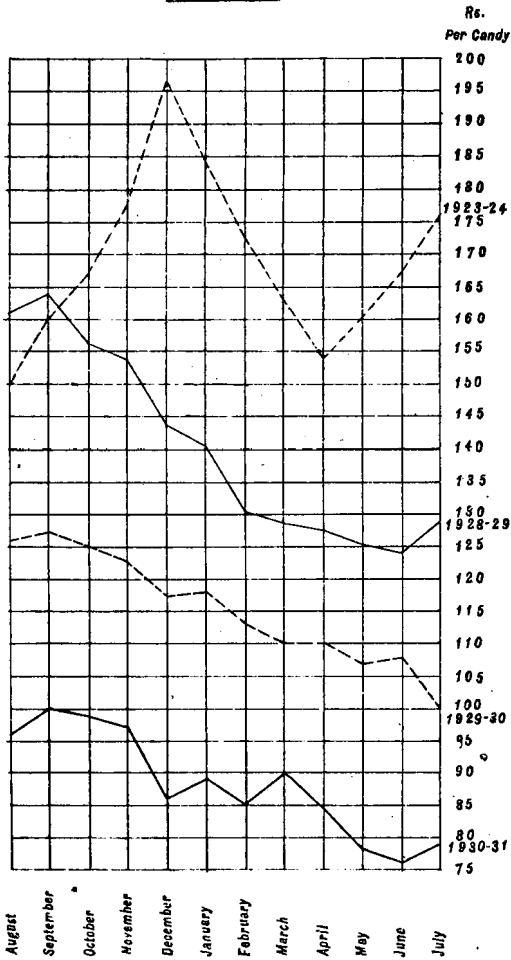
98. One question that engaged our attention was the extent to which the producer is or is not benefited by the current market rates. The evidence clearly shows that *The middlemen.* the cultivator is sufficiently well informed of the price of copra at Alleppey and Cochin

and he sells his cocoanuts accordingly. Middlemen play a very prominent part in collecting the raw produce and in preparing the copra and supplying it to the mill-owner and the exporter. It is not possible to eliminate the middlemen, such as the copra maker and the *kannittawalla*, unless there are well-organized co-operative sale societies among the producers. There is strong competition amongst the middlemen themselves. It would be difficult to estimate their profits, but these are probably not out of proportion to the risks they undertake and the work they do, as links between the producers and the exporters. The real complexity arises only when the producer, as he very often does, takes advances from the middlemen and the latter combine money lending with trade. But the taking of advances does not seem to carry the obligation to sell at pre-arranged rates, enforceable at law. The usual practice is to sell at the current market rates. As long as there is no buying combine which could dictate prices, the growers do not seem to have much to fear from middlemen.

99. The cocoanut oil industry is one of the earliest to be established in Travancore. Most of the mills are in Alleppey.

These power-driven mills produce the whole *Cocoanut oil.* of the large quantity of oil exported from the country. As we have already seen, our export in oil is confined to India. There is very little direct export from Alleppey. The chief distributing centre is Cochin to which much of our oil finds its way. From Cochin the oil is exported to other markets almost wholly in India. There is also a very considerable rail-borne trade in cocoanut oil with the Tamil districts of the Madras Presidency. No data are available for the consumption of cocoanut oil in the country itself, but according to the figures supplied by the Mill-Owners' Association, about 250,000 candies of copra are consumed in the oil mills of the State. The table given on pages 49 & 50 shows the total quantity and value of the export of cocoanut oil from 1101 to 1106 M. E. The table below shows the volume

**DIAGRAM SHOWING VARIATIONS IN**  
**PRICE OF COCOANUT OIL**  
**AT ALLEPPEY**



of export of oil from Travancore in 1104 and 1105 M. E., through the main customs houses :—

Customs House.	1104.		1105.	
	Quantity. Cwts.	Value. Rs.	Quantity Cwts.	Value. Rs.
Alleppey ...	117	1,748	3,815	5,82,232
Arukutty (to Cochin) ...	301,572	45,23,579	355,628	53,34,462
Aramboly (to Tinnevely) ...	7,167	1,07,508	11,586	1,73,783
Trivandrum— Tinnevely Ry. ...	123,898	18,58,477	135,796	20,36,938
Total ...	432,754	64,91,312	506,825	81,27,415

100. During the five years preceding the War, coconut oil secured an average price of Rs. 150/160 per candy. During the July preceding the War, the price was Rs. 154; in 1918/1919 it was in the neighbourhood of Rs. 160 and rose to Rs. 200 in 1919/1920. In 1921/1922 there was a decline to Rs. 140, but the price soon rose to Rs. 158 in November, 1922, and to Rs. 175 in April, 1923, reaching a pinnacle of Rs. 204 in December, 1923. During the two months that followed it dropped to Rs. 155 but steadily rose to Rs. 182 by the end of July, 1924. It maintained a high level of about Rs. 175 during 1924/25, securing up to Rs. 190 in October of 1924. During 1925/26 it had declined to about Rs. 145 in the middle of May, 1925, though in the latter part of that year it maintained a level of Rs. 165. During the first half of 1928 the price hovered about Rs. 160 but steadily declined to Rs. 122 in July, 1929 and to Rs. 97 in July, 1930. 1930/31 marked a further decline and by the end of July, 1931, the price had dropped to Rs. 80. The latest report shows that coconut oil stands at about Rs. 90\* in the Alleppey market.

\*September 30, 1931.

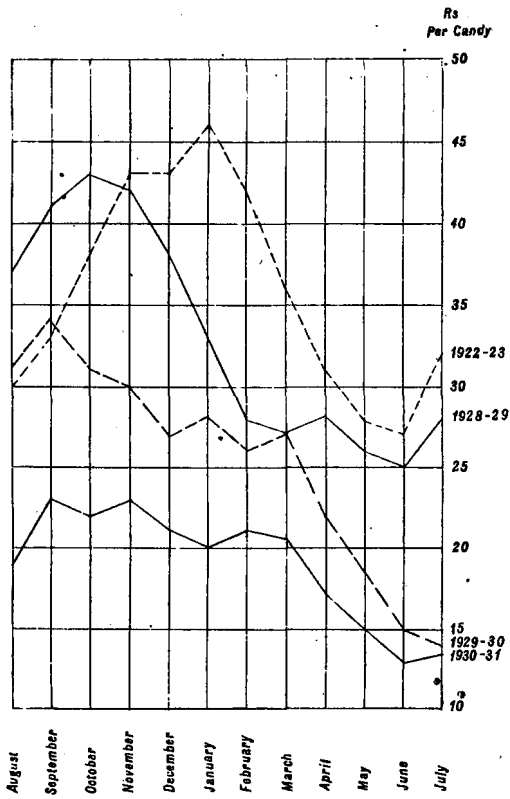
101. The average Cochin prices of coconut oil for the ten years, from 1097 M. E. to 1106 M. E., are given below:—

Year.	Price per Candy.		
	Rs.	A.	P.
1097	152	11	6
1098	156	3	0
1099	175	13	0
1100	171	7	8
1101	163	12	2
1102	141	13	0
1103	168	13	8
1104	145	6	1
1105	120	2	5
1106	92	5	4

102. One conclusion emerges from the facts and figures set forth above. The market for our coconut, copra, and coconut oil lies, for the time being, entirely in India. The value that we can get from the Indian consumer depends upon the price that he can afford to pay for our produce, so long as prices remain within the limits of competition set by those of other oil seeds used for edible purposes. In other words, the purchasing power of the Indian consumer is the determining factor in the situation. We must look at the matter from his point of view. The phenomenal fall in the prices of his produce like wheat, cotton, jute, groundnut, and rice, has tremendously curtailed his purchasing power. No effort on our part can improve the buying capacity of the Indian consumer. Doubtless, by dint of judicious advertisement and by scrupulous attention to the maintenance of standard qualities, we might be able to open up promising new markets. But that is altogether a different question, to which we shall return in another chapter.

103. The manufacture of coir yarn has been for many years the most thriving cottage industry in Travancore. It is mainly confined to places within easy reach of the backwaters. In the sea-board division, hardly any husk is wasted. As for the produce of the up-country parts, when prices are good enough

**DIAGRAM SHOWING VARIATIONS IN  
PRICE OF COCOANUT POONAC  
AT ALLEPPEY**



to bear the cost of transport, husk is collected by petty traders in the villages and then conveyed by means of carts and canoes to the retting centres. The cultivation of the cocoanut palm has, in recent times, been carried from the sea-board division into the interior, so far as the valleys and hill-slopes of the sub-montane region. Even in the best of times, the cost of transport is too heavy for the cultivator in this region to derive any material benefit from his husk. The whole output goes to waste.

104. The prices of all grades of yarn have gone down. Three years ago, the price of a thousand husks was Rs. 10 to 12; the present price is Rs. 5. Generally *Coir yarn prices*. speaking, yarn prices have fallen by 50 per cent. The price of coir yarn soared up as high as Rs. 122 per candy in March, 1925. In 1931, the average price is only Rs. 40 a candy. This rate is too low to make the industry paying. The exporters at Alleppey consider that Rs. 50 per candy would be a fair price.\*

It is not so easy to determine the price of coir yarn on account of the several varieties in the market. Though one of the most important industries in Travancore, it is at once the most ill-organized. No attempt has been made to standardize yarn production as in the case of Bengal jute. For these reasons, it may perhaps be advisable to take one particular variety of coir yarn, and follow the course of price movements during the several years. It can by no means be said that the price of other descriptions of coir yarn moved up and down in the same proportion, but it can reasonably be assumed that there is always a sympathetic rise and fall of prices. We will take the course of prices of 'Ordinary Anjengo.' During the years before the War, Rs. 60 per candy may be taken as the average price. During the first year after the War, it was moving between Rs. 60 and 45. By the end of December, 1919, it had risen to Rs. 102, and to Rs. 112 by December, of the succeeding year. During 1921, it maintained almost an even level of Rs. 100/105. There was a slight decline during the two years that followed, maintaining, however, a level ranging between Rs. 90 and Rs. 100; but the price steadily rose to Rs. 112 in December,

\* While we submit this Report to Government, coir yarn prices show a definite tendency to firm up.  
E. D. C.



1924, and to Rs. 122 in March, 1925. In 1926, it had dropped to Rs. 70/75 and was ranging between Rs. 70/80 during the year that followed. In 1928 the price fluctuated between Rs. 85/90 and it went up to Rs. 92 in 1929. In February, 1930, the price shot up to Rs. 104, but it fell heavily to Rs. 72 by the end of the year. The highest price recorded in 1931 was Rs. 60, but the low level of Rs. 36 was reached in June last. The latest report (30th September 1931) shows that the price stands at Rs. 39.

105. Although the price has declined very much, the quantity produced has not yet fallen in relation to prices. In fact, some of the exporting firms are of the opinion that the production of coir yarn has been increasing year after year, and that even during the depression it has not gone down. However, husks are being buried in much smaller quantities now; only those easily transported are used for retting, while the rest is used as fuel. If prices continue at the present rates, producers are likely to refuse to soak husks at all.

106. The large quantity of coir yarn produced in the country is partly manufactured into mats and matting in the Alleppey factories and partly exported to foreign countries. The figures for the export of coir yarn are given on pages 49 and 50. The chief Indian markets for coir yarn are Calcutta and Rangoon. There is also extensive export to the United Kingdom, Germany, Belgium, Holland, Sweden, Italy, Africa, America, and Australia. In foreign countries, excepting the United Kingdom, there are high tariffs against our mats and mattings, but the raw yarn is generally admitted free.

107. As to the immediate prospects of foreign demand, the evidence goes to show that at present the manufacturers of coir mats and matting in England have huge stocks and it is not likely that they will import more yarn from here before disposing of their present stocks. The current prices are much lower than what they paid for the present stocks. They are, therefore, afraid to buy more at present. The surplus stocks will not be cleared out before another year. This seems to be true of the United Kingdom as well as of the continent.

108. Travancore produces some of the finest types of yarn. It is unquestionable that with greater attention to the maintenance of standard qualities, we can easily hold the first place in the world markets. It has been said that we have a practical monopoly in certain grades of coir yarn. Our chief competitor is Ceylon which exports a considerable quantity of yarn from Galle; but Ceylon yarn is far inferior to ours. Ceylon yarn, we are told, is very largely used in foreign countries. It was strongly urged by the exporters in Alleppey that, if we put up the duty on yarn and force the prices, there is a possibility of competition and supply being stimulated elsewhere. The Madras Government seems to have tried scientific methods of retting the husks on the East Coast, but not with much success. The Philippine experiments are reported to have not been altogether successful. Calicut yarn also competes with ours. The manufacturers in Alleppey sometimes buy a particular grade of yarn from Calicut when its price in Travancore is too high; and there is no export duty on it at Calicut. So then, there are potential competitors who may be stimulated into activity, if any attempt is made to interfere with our yarn by imposing heavy duties. Secondly, there is the possibility of finding substitutes for coir yarn which in most cases can be used with satisfactory results. It is all a question of comparative costs. If prices are advanced through any cause, above a reasonable level, consuming markets will be induced to look around for suitable but cheaper substitutes. If the process is continued, there is the possibility of our coir industry receiving a set-back. We understand that rubber, jute, and even goat's hair are possible substitutes. A substitute once established is very difficult to replace, but without an inducement, it will be equally difficult for it to establish itself.

109. The maintenance of standard qualities is a matter of the utmost importance for the prosperity of the industry. The Banking Enquiry Committee has recorded the general complaint from the manufacturers that the quality of the yarn suffers with the increase in demand. The complaint has been repeated to us also. Mr. Jourdian, Chairman of the Cochin Chamber of Commerce, says: "It is my experience, reaching over a

period of many years now, that when prices are fairly high and demand brisk, the spinner pays little attention to quality and very inferior yarn is, as a result, turned out; whereas when demand is slow and prices low, a far better quality of yarn is produced. There is no doubt that a better market could be found for yarn, if producers would concentrate on more uniformity of quality." Some attempt at keeping up uniformity in quality would undoubtedly lead to improved demand.

110. Middlemen play a very conspicuous part in the marketing of the yarn. Mr. Haydon, Chairman of the Travancore Chamber of Commerce, says:

*Middlemen.* "There are far too many middlemen who make profits before the yarn reaches the merchant." The powerful position which these middlemen hold in the yarn trade is brought out by Mr. Jourdian in the following statement:—"My firm have for some years been endeavouring to eliminate middlemen by establishing depots in the yarn producing districts to which the spinner is encouraged to bring his yarn; but, on the whole, I am afraid, we have had to admit failure and I consider that the middleman is necessary."

111. The number of people directly or indirectly engaged in the coir industry is estimated to be not less than 200,000. The present low prices have come as a heavy blow upon the people all along the littoral. The soakers have been badly affected. Most of them bought stocks of husk at least six to ten months before the slump. The soaking period is about 8 to 10 months and the prices of the buried husks fell suddenly and heavily. A great many soakers thereby sustained heavy losses.

112. The figures for the export of mats and matting are given on pages 49 & 50. Of the total production of the coir yarn about 40 per cent. is estimated to be manu-

*Mats and matting.* factured into mats and matting in the factories at Alleppey. It is estimated that about 40 per cent. of the industry is in the hands of Travancoreans. The mats and matting industry felt the depression comparatively late. Prices have fallen by about 50 per cent.

According to the evidence furnished by the European manufacturers in Alleppey, well-managed firms were making profits, while the badly managed ones were not.

113. As already observed, we have an extensive market for coir yarn which, in most countries, is admitted duty free, as the raw material for their own manufactures. But there are heavy tariffs against our mats and mattings in nearly every country, except the United Kingdom. However low our cost of production be, we cannot have a growing market on the European continent. The figures clearly show that our exports to the Continent form only a very small proportion of our exports to other countries. The United Kingdom is our largest customer. Outside Europe, America, Africa, Australia, and New Zealand still continue to take large quantities of our mats and mattings. Alleppey alone is estimated to be able to supply over 75 per cent. of the requirements in Great Britain. Mats and mattings are also manufactured in England. The English factories work mainly with power looms which turn out only high qualities and the out-sizes for which there is, at all times, a certain limited demand in the United Kingdom. It would not be possible to make these finer varieties here. One or two European firms tried power looms here ; but they were not a success. In the opinion of the European witnesses, there is practically no competition in England in the kind of goods that are produced here, and the mats and matting industry in England is slowly declining. It has been pointed out to us that the scale of wages there is so high that the industry is being killed. The American industry is declining even more rapidly than the English. There is a considerable margin between the cost of production here and in the United Kingdom. At a conservative estimate, the British goods are produced at 15 to 20 per cent higher costs than those of Alleppey. This margin places the local manufacturers at a distinct advantage in the British market. The Indian manufacturers of Alleppey are, however, of opinion that the difference in manufacturing costs is not sufficient to enable them to compete successfully with the foreign, particularly Belgian, goods in the British market. They want to make their goods cheaper by at least 10 per cent. They think this end could be

secured by raising the export duty on coir yarn—a step which, European manufacturers and exporters in Alleppey say, would spell the ruin of the coir yarn spinning industry. This question is intertwined with the general question of tariffs which we reserve for treatment in a subsequent chapter.

114. We have been told by various witnesses engaged in the industry that the real competition here is amongst the local manufacturers themselves and that frequently it verges on under-selling. This industry, far more than any other, possesses unique natural advantages and it should be a matter for regret if the necessary measure of co-operation is not forth-coming, so as to enable everyone concerned to declare ample dividends even in these bad times. One of the leading manufacturers mentioned to us that it would be a very desirable thing if the Government or some other body could bring the manufacturers together and effect some kind of control of prices.

115. Usually, there is an enormous demand for mats and mattings from the United Kingdom and it is fed and fostered by cheap-made articles. Coir mats and mattings are the cheapest floor coverings and are largely used in England by the poorer classes, especially the labour population. At present, there is tremendous unemployment in England. Consequently the purchasing power of the labour classes has very much diminished. They are now trying to use the old mats as long as possible. They would naturally cease to purchase coir goods, if the price is raised to a level they cannot afford to reach. Lancashire is one of the chief markets for coir mats and mattings. The present condition of the Lancashire textile industry is producing its reaction on the demand for our goods.

116. Coir mats and mattings have to meet the competition of cheaper substitutes made of other materials like jute, rubber, hemp, wool, and other kinds of fibres. If the price of the raw material should happen to be unduly increased, consumers would prefer cheap rugs to coir mats. The fact remains that jute mats and mattings are already on the market. In central Europe, particularly in Czechoslovakia, goat's hair mats and mattings are made in large quantities.

---

## CHAPTER VIII.

### The Extent of the Economic Depression in Travancore.

#### *Pepper, Tapioca, etc.*

117. Travancore does not enjoy a monopoly in pepper production. Pepper is also exported from Calicut, Tellichery, Cochin, Java, Singapore, and Lampong in

*Pepper.* French Indo-China. Travancore produces about 12,000 tons of pepper. This would

be about one-third of the world production. Obviously, Travancore cannot control the world price of this commodity. However, regular quotations in the Home Commercial Markets columns of *The Times* show that Alleppey pepper always commands in the London market a higher price than the pepper from Singapore, Lampong, and Muntok.\* The produce of this country is exported to Europe and America, and to Bombay, Calcutta, and other Indian ports. It is remarkable that, of the total exports of pepper from Alleppey in 1929/30, the quantity destined for the Indian market amounted to 107,026 cwts., while that for the foreign markets amounted only to 43,810 cwts. The Indian Trade Commissioner in London, in his report for 1930-31, says that the export of pepper from India to foreign countries in 1929-30 was:—

Italy	...	29,000 cwts.
U. S. A.	...	25,000 „
U. K.	...	14,000 „

It follows that out of the total quantity of 68,000 cwts. of pepper exported from India, Travancore contributed 43,800 cwts. Some portion of the quantity going to the Indian ports might be re-exported to foreign countries; nevertheless, the fact remains that there is a very extensive home market in India for our pepper, as for our copra and coconut oil.

---

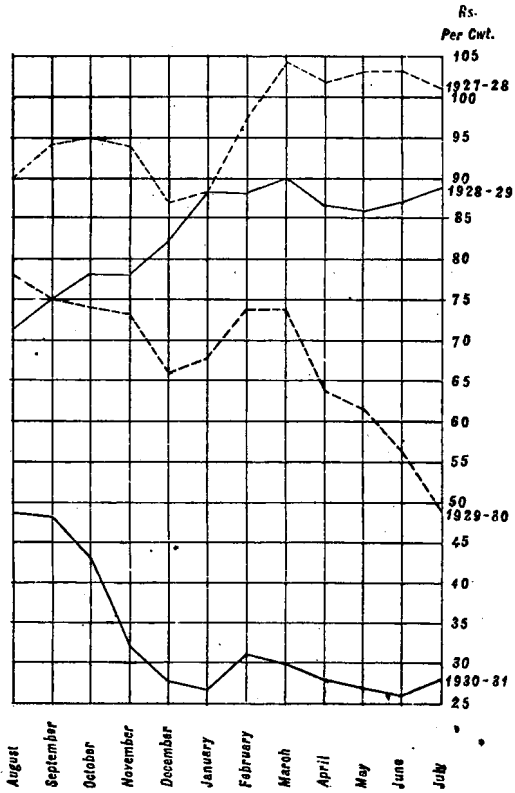
\* *Vide the Asiatic Review, October 1900.*—Page 729.

118. In the case of pepper, there has been no question of over-production. In fact, this is one of the few commodities, if not the only one, which have not so far been affected by the problem of over-production. The price has gone down on account of the lack of purchasing power on the part of our customers. But there does not seem to be any reason to look for a decrease in the volume of export. The quantity now produced is estimated to be just sufficient for the world's needs. The position of pepper is quite healthy and its prospects are brighter than those of any other produce. As in the case of some of the well-known spices, it is very difficult to find a substitute for pepper. The prices will revive in advance of the general revival of trade.

119. Peak prices were obtained in 1927-1928. This was because of a shortage of supply in the other producing countries. In that particular year, the world supply was shorter by 15,000 tons and demand from America and Europe combined with that from Bombay and Calcutta, and pushed up the price as high as Rs. 627 per candy. Consequently, a great incentive was given to pepper cultivation in Travancore. But, from 1929 prices began to decline. Large quantities of pepper are now withheld from the market by both producers and merchants. This is one of the few articles produced in this country, that can, if well dried and stored, be withheld from the market for several years. We may also observe here that, amongst merchants, there is no produce in which there has been greater speculation than pepper. Many merchants have suffered heavy losses and are still holding depreciated stocks.

120. The price has fallen appreciably from the level at which it stood for the past four or five years. But it was then at an exceptionally high level due to world shortage. Even now pepper might leave a small margin of profit to the producer in Travancore, though he has to pay an export duty of Rs. 10 on a candy. The disappointment of the growers and the losses of the merchants are both to be traced to the false hopes inspired by the dizzy heights to which pepper prices rose in 1927-1928.

DIAGRAM SHOWING VARIATIONS IN  
PRICE OF PEPPER AT ALLEPPEY





121. The average price of pepper during the five years preceding the great war may be put down at Rs. 150/155 per candy,

It was Rs. 137 in 1910, Rs. 145 in 1911,  
*Pepper prices.* and Rs. 184 in 1912, but went down to  
 to Rs. 167 in 1913, and Rs. 145 in 1914.

The lowest price secured in 1918/1919 was Rs. 202, but the peak price was Rs. 300, and the average for that year may be put down at Rs. 240/250. The year that followed was a bit dull, the average being about Rs. 220 per candy. In the four years that followed the price was steady at about Rs. 150, the level of the pre-war period. In November, 1924, the price rose again to Rs. 200 and by July, 1925, it reached Rs. 300. During the years that followed, the price of pepper was never steady. In 1925/26, it rose from Rs. 300 in August, 1925 to Rs. 512 in January, 1926, but declined to Rs. 390 at the end of July. There was a further decline down to Rs. 270 in January, 1927, but before the end of June of the same year, it shot up to Rs. 540. During 1927/28, the price went up still further and in March 1928, it touched Rs. 648, but declined again to Rs. 450 in August, though it rose again to Rs. 480 at the end of July, 1929. In June, 1931 it came down to Rs. 150/55 and has been moving along that line since then. While we are about to submit this report to Government, pepper shows a tendency to firm up and stands at Rs. 180/185.\*

122. The following figures show the rapid fall in pepper prices since 1927:—

<i>Year.</i>	<i>Average</i>	
	<i>price per candy.</i>	
		Rs.
1927-28	...	630
1928-29	...	500
1929-30	...	250
1930-31	...	140-200

\*September 30, 1931.

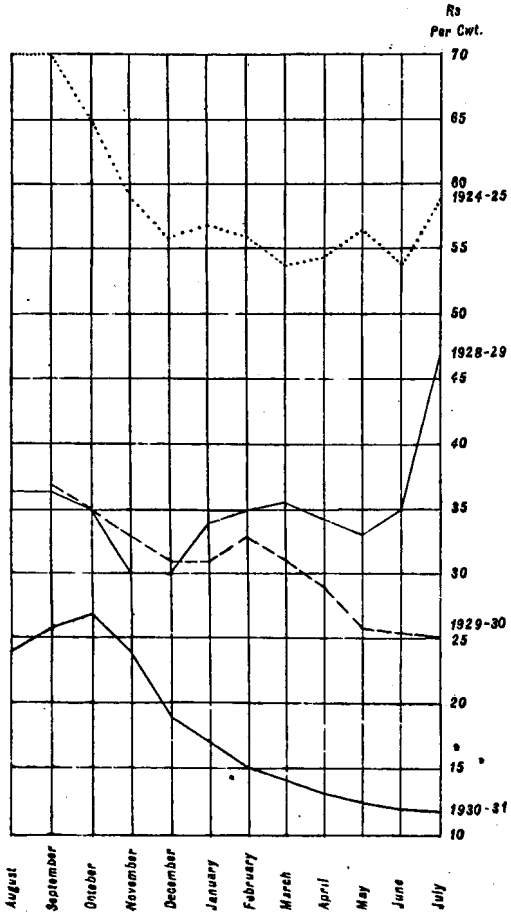
123. The figures for the export of pepper for the last six years are given below:—

Year.	Quantity. Cds.	Value. Rs.
1101	37,471	75,70,041
1102	53,184	1,31,70,743
1103	34,124	1,66,18,119
1104	38,432	1,87,59,186
1105	43,887	1,79,82,774
1106	48,516	94,63,617

124. Tapioca enters largely into the dietary of the people of this country. Not only the poor people, but also large numbers of the middle classes, eat tapioca in one form or another. In recent times, some very tasty varieties have been developed or acclimatized in the country. There was a steady increase in the area under tapioca until two years ago. (*Vide* paragraph 62). But, in 1106, the cultivation of this crop was very much curtailed. This was due to the very low price of tapioca as well as of rice. The price in 1104 was Rs. 20 per candy of 672 lbs. of dried tapioca chips. This fell to Rs. 8-14-0 in 1105, a level at which even the cost of cultivation could not be met. In 1106, there was a slight increase in price, on account of diminished supply. The net income per acre is estimated at Rs. 30 in normal times. At the present price, the net income has dwindled to anything below Rs. 10 per acre. The price of tapioca is governed by that of paddy. It cannot rise so long as Burma paddy is sold in Travancore so cheaply as at present.

125. There is some export of tapioca. 8,050 tons to the value of Rs. 3,17,564 was exported in 1104 and 8,586 tons to the

**DIAGRAM SHOWING VARIATIONS IN**  
**PRICE OF BLEACHED GINGER**  
**AT ALLEPPEY**



Litho, Survey Office, Trivandrum. 1931 A. D. / 1107 M. E.

value of Rs. 2,83,146, in 1105. In 1106, the export of tapioca went down to 2,921 tons to the value of Rs. 1,35,487. Almost the whole of the export is through Arukutty to Cochin, whence the article finds its way to British India. The quantity exported forms but a small proportion of the output. The export could have been increased and the cultivation of tapioca developed, if it had been possible to manufacture flour suited to western markets at a cost which would enable us to compete with the manufacturers in the Federated Malay States and the West Indies. This is said to be impossible because the out-turn per acre is much less and the cost of manufacture is likely to be much higher in Travancore than in the other countries. The average yield of tapioca may be put down at one ton of dried root per acre. The total production from about 4,80,600 acres is not less than 4,80,600 tons, and out of this quantity only a little over 8,500 tons was exported in 1105, and less than 3,000 tons in 1106, and the balance was all consumed in the country.

126. The export of ginger in 1105 amounted to 74,354 cwts. and in 1106 to 105,839 cwts. In 1104, the average price of ginger was Rs. 25 per cwt. It has

*Ginger.* now come down to Rs. 10-8-0. Travancore ginger is mostly exported to British India and the export to the United Kingdom shows an abrupt fall. The Indian Trade Commissioner in London points out that the export of ginger from India to the United Kingdom has almost ceased as the result of the order issued by the Ministry of Health, prohibiting the sale of ginger which has been treated with sulphur-di-oxide. This treatment increases the keeping quality and improves the colour of the article. But other countries are able to land ginger in the United Kingdom in good condition without the aid of such adventitious processes. The Travancore article will have to satisfy the customs authorities before the British market can be captured again.

127. Cashewnut was till recently having a growing demand from Europe and America. Its export fell sharply from 63,034 cwts. in 1104, to 25,153 cwts. in

*Cashewnut.* 1105 and 26,469 cwts. in 1106. But the value of the export rose in the same period from Rs. 4,25,316 in 1104 to Rs. 7,49,314 in 1105 and

Rs. 7,68,718 in 1106. The remarkable fall in the quantity exported in 1105 and in 1106 is obviously to be explained by the operation of adverse tariff in America. Some of the European witnesses who gave evidence before us said that this article has a good market. This is probably true, as far as the price is concerned; for, a remarkable increase in values has been obtained for diminished quantities of export.

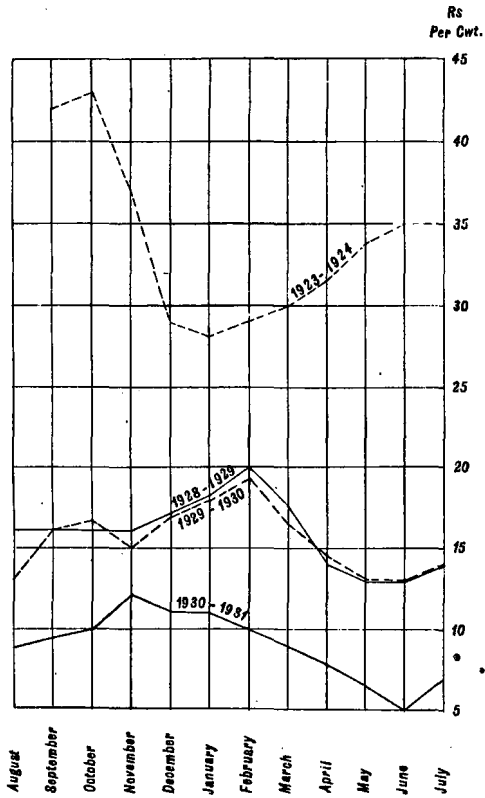
128. The cultivation of lemongrass is largely confined to Kunnathunad, Muvattupuzha, and Thodupuzha taluks where about 12,000 acres are under this crop.

*Lemongrass oil.* The oil is exported mainly to Europe, America, and Japan. In the last 30 years, its price has moved down from Rs. 7-8-0 to 12 annas per lb. The average price of lemongrass oil for the past 7 years is shown below:—

Year.	Price per lb.		
	Rs.	A.	P.
1925	2	4	0
1926	2	2	0
1927	2	0	0
1928	1	14	0
1929	1	11	0
1930	1	4	0
1931	0	14	0

129. There are various other commodities that are exported from this country. We do not think it necessary to go into details in respect of each of these commodities. With regard to turmeric, 15,598 cwts. of this article was exported in 1105 and 15,976 cwts. in 1106. The price has fallen from Rs. 15 per cwt. in 1104 to Rs. 5 at present. The prices of tamarind, arcanut, and jaggery have also fallen heavily.

**DIAGRAM SHOWING VARIATIONS IN**  
**PRICE OF TURMERIC**  
**AT ALLEPPEY**



## CHAPTER IX.

### The extent of the Economic Depression in Travancore.

#### *Plantation Crops.*

130. The area under rubber is estimated at 61,986 acres. No reliable information is available regarding the acreage and investment that can be attributed to Travancorean and foreign owners. On a rough estimate, about 17,000 acres might be said to belong to Travancoreans and the amount of capital invested by them might be put down at not less than Rs. 35 lakhs.

The statistics of the export of rubber from 1101 to 1106 are given below :—

Year.	Quantity.	Value.
	lbs.	Rs.
1101	6,27,932	1,11,29,992
1102	76,56,306	90,70,631
1103	77,79,844	83,13,903
1104	92,91,799	58,34,344
1105	1,01,85,818	51,21,879
1106	96,65,452	34,94,453

131. The average yield is estimated to be from 150 to 350 lbs. per acre. In Java and the Dutch East Indies, where bud-grafting and other scientific methods are extensively adopted, the yield is reported to be as high as 950 lbs. per acre. Weather and soil conditions have a great deal to do with the yield. An examination of the figures for the export of rubber from Travancore, given in paragraph 130, will reveal the

fact that, in spite of very low prices, the year 1105 saw a considerable increase in the quantity exported, though there was a slight fall in 1106, as compared with the previous year. Surprisingly enough, the quantities of export show remarkable increase in the years from 1104 to 1106. This needs explanation. In the course of a very valuable memorandum placed before us, Mr. P. Kurien John, Managing Director of the Malankara Rubber and Produce Co. Ltd., says:— 'In 1105, when prices were falling steeply, almost all the estates began to feel the pinch of financial stringency and consequently, have had to part with all their produce at whatever price they could obtain. Three main reasons may also be suggested by way of further explanation. (i) Some years back, the large planters began to adopt scientific methods, such as selective planting, thinning out of low-yielding trees, application of green and chemical manures on an extensive scale, and the spraying of trees with Bordeou mixture to prevent the disease commonly known as 'wet weather leaf-falling'. Those areas on which these methods were adopted rose in yield from the Travancore low average of 250 lbs. to over 500 lbs. per acre, within the last three years. Hence there was a great increase in the yield per acre on well-cultivated estates. (ii) In the years from 1925 to 1927, the price of rubber was near or above one rupee per lb. and it gave a very great incentive to plant large additional acres during that period. Even before this boom period, prices were very satisfactory, on account of the operation of the Stevenson Restriction Scheme. A very large area thus came into bearing in 1105. (iii) On account of the low price in 1105, strenuous efforts were made towards reducing the cost of production and increasing the output per acre and tapping was conducted in a very intensive manner so as to obtain very high crops. Naturally, the total output increased, in spite of the lowest prices on record, and sheer financial stringency compelled the planters to throw all possible produce on the market, at whatever price they were able to obtain."

132. Leading rubber growers in Travancore point out that other countries produce rubber considerably cheaper than Travancore. The Dutch growers, assisted by the latest methods of scientific cultivation and manufacture, get an average

*Yield.*



of 950 lbs. per acre and expect to get more from their budded rubber still to come into bearing. The Travancore average is only 250 lbs. in general. Java can produce rubber much more cheaply than Travancore. Malaya has an average yield of about 700 lbs. and Ceylon 500 lbs. per acre. It would appear that even Cochin and Malabar can show an average yield of about 300 lbs. per acre, with the additional advantage of cheaper labour.

133. The usual mode of marketing rubber is to send it through the coast firms or other agents and rubber brokers, for sale at public auctions in Colombo or London. It is well known that the rubber industry has been passing through critical times for several years now. The general causes of the world trade depression apply more truly to the rubber industry than to many other industries. There has been enormous over-production, particularly in the Straits, Malaya, and Dutch East Indies, and what is worse, artificial tampering with the operation of the laws of supply and demand.

*The rubber slump.*

134. The break of rubber prices has also to be viewed from the side of consumption. Powerful political and commercial interests are concerned not only with the output but also with the consumption of rubber. The price of the article is, to a very considerable extent, governed by the attitude of the big American buying combines. Travancore produces only a very small proportion of the world output. This Government can, therefore, do nothing to stimulate foreign demand for rubber.

135. The present price of rubber is, according to all estimates, far below the cost of production. Most of the estates in Travancore have disbanded their labour force, curtailed their establishment to the bare minimum, and ceased to work altogether. As a rule, the small planters are heavily indebted or otherwise embarrassed. Having no reserves and no credit, they find it

difficult to undertake even the minimum expenditure that is necessary to maintain their estates without allowing them to go into neglect. The present condition of rubber planters in general is, that, in most cases, ordinary up-keep of the estates without tapping is less expensive than the loss on the manufacture of rubber. It has been pointed out to us that the main factor operating against Travancore rubber planters is that it is impossible at present prices to produce rubber so as to leave even the bare minimum of profits.

¶ 136. Some of the Travancore planters assure us that, at  $3\frac{1}{2}$  annas per lb., they can manage to run their estates without loss. Mr. L. A. Lampard thinks that 4 annas a lb. would just keep the estates going. As a rule, the European planters do not find it possible to produce as cheaply as the Indians. The small planter can produce more cheaply than the large planter; but the latter has the advantage of better quality and better price.

137. The average net prices obtained for rubber sold in Colombo by one of the largest companies for the last ten years are as follows:—

<i>Prices.</i>		
	<i>Year.</i>	<i>Cents per lb.</i>
	1921	43.75
	1922	35.75
	1923	75
	1924	68.50
	1925	93
	1926	206
	1927	125
	1928	72.13]
	1929	47
	1930	34.07

During the year 1903, the price of rubber in London was 12 sh. per lb. and in 1931, it came down to such a low figure as  $2\frac{1}{4}$  d. per lb.

138. A great deal has been said of the difficulties of the small planter. In our opinion, there are no difficulties peculiar to the small planter as such, and those that

*The small planter.* do exist are largely of his own making. Both large and small planters have invested in rubber beyond their capacity. The large planters, no less than their small confrerers, have large debts to be paid to their accommodating coast firms. As far as sheer monetary embarrassments are concerned, the large planters seem to be in a more serious predicament than the small planters. Every one of them, small and large alike, feels the lack of sufficient funds to help them through the present period of slump.

139. The prospects of making, successfully, finished rubber goods in Travancore are extremely remote. Apart from the huge capital outlay and expert knowledge of manufacturing processes that are required, the industry will hardly be able to withstand the competition of powerful manufacturers abroad.

140. Vague surmises alone are possible about the prospects of rubber. Some of our witnesses think that the present depression in rubber is likely to last for a very long time. Others are of opinion that rubber is likely to revive. There is no immediate prospect of this industry regaining its former position. Sir Herbert Wright, the Chairman of the Rubber Growers' Association, addressing their general meeting in May last, said: "Until the present excess stocks of rubber are reduced, we as rubber growers are going to have a very lean time." However, there is hope in the reflection, that powerful nations like the British and the Dutch have sunk immense sums in rubber and it is to be expected that all their resources would be concentrated on the question of bringing about a revival of the industry. It is impossible that an industry of the size of the rubber industry will be suffered to remain in an unprofitable position for ever.

141. The area under tea in 1105 M. E. was 74,618 acres. The Banking Enquiry Committee found that the area under tea was 25 per cent. more than that under rubber. This proportion has now fallen to 20 per cent. Here again, we have no satisfactory figures for the share of tea enterprise that should be set down to Travancoreans. About 4000 acres are estimated to belong to the people of this country.

142. The statistics of the export of tea for the last six years are given below :—

Year.		Quantity	Value.
		lbs.	Rs.
1101	...	25,602,045	2,51,85,085
1102	...	25,215,064	2,49,14,614
1103	...	31,186,423	3,08,58,759
1104	...	30,452,556	3,04,35,768
1105	...	28,583,181	2,72,60,724
1106	...	27,621,187	2,21,46,342

143. The Travancore estates yield from 500 to 800 lbs. of tea per acre. The European estates were producing tea at 7 as. per lb.; but they have now brought it down to 6 as. per lb. Indian estates of any standing were making tea at 6 as. per lb., and now they are doing it at 4½ to 5 as. per lb. It would not be possible, even on Indian estates, to produce tea at less than 4 as. per lb.; even this would mean a great deal of neglect of estate routine work.

144. The general conditions governing the production and marketing of tea are more or less similar to those of rubber. The market for high grade teas is London where it is sold through tea brokers; but in the case of low grade teas and tea dust, the market is either Cochin or Bombay. About 50 per cent of Travancore tea is estimated to be high grown, for which

there is always a demand from the European markets. The major portion of the tea produced in Travancore outside the Devicolam taluk is medium grown.

145. In normal times tea pays well on well-managed estates. Tea is fast becoming the most popular and universal beverage in all countries. There is a vast home market for it in India. The per capita consumption in India is extremely low, in comparison with other countries. The Indian Tea Cess Committee is engaged at present in extending the home market for indigenous teas. By greater attention to quality and by active advertisement, it should be possible to extend immensely the market for Travancore teas.

146. A serious fall is recorded in the price of Travancore teas, just as in the case of all other teas. The following are the approximate average prices of South Indian teas (including Travancore teas) in the London market from 1926 to 1931: --

*Tea prices.*

<i>Year.</i>	<i>Price per lb.</i>
1926	1 sh. 7.35 d.
1927	1 sh. 7.22 d.
1928	1 sh. 3.57 d.
1929	1 sh. 3.34 d.
1930	1 sh. 2.75 d.
1931 Jan.	1 sh. 2.74 d.
1931 July	0 sh. 7.80 d.

147. The present average price for teas grown in Travancore is below 6d. in the London market. The above figures, show that there has been a regular decline in prices for some time; but in 1931, prices slumped steeply, out of all proportion to the previous levels. The figures given above include the prices of Nilgiri teas also which always fetch higher averages than any tea grown in Travancore. The following figures should be particularly instructive. They show the prices of four different grades of Travancore teas, on the 28th June 1930 and the 28th June 1931.

<i>June 28, 1930</i>	<i>June 28, 1931.</i>
12.00 d.	8.50 d.
12.00 d.	5.75 d.
18.75 d.	10.12 d.
14.00 d.	5.80 d.

148. Both high grown and low grown teas have fallen in prices. At the present level, the high grown teas may be making a small profit and the medium grown teas just making both ends meet, but the low grown teas are becoming practically unsaleable. Low grade teas are specially depressed, for, when high grade teas are so cheap, the demand for the former decreases out of proportion to the difference in the value of the two grades of teas. In fact, low grown teas are making losses and, at the present rate, some estates at least will have to close down.

149. The tea planters feel the existing export duty on tea as a heavy handicap in this depression time, particularly because there is no duty on South Indian teas grown in British India. We will deal with this question in another chapter.

150. The Cardamom Hills in the Devicolam division yield from 500 under actual states were produced. About 20,000 lb. Indian Cardamoms for cultivation have been not possible to estimate how much tea is possessed by Travancoreans. The present Cardamoms Association of the Madras State has stated that there are 10,000 acres of the cultivated area.

151. The following figures show the export of cardamoms from 1102 to 1106

<i>Year.</i>	<i>Quantity.</i>	
	<i>Cwts.</i>	
1102	15,034	52,113
1103	16,378	14,11,500
1104	38,529	22,35,366
1105	14,949	25,85,776
1106	14,801	24,33,195

152. The average yield is from 5 to 10 *tulams*\* per acre. Before the depression began, the average price was Rs. 50 per *tulam* and now it is Rs. 12. At the present price, it should be difficult even on well-managed estates, growing the superior Mysore variety, to make any profits. The tax is Rs. 2 per acre.

153. The following statement shows the variation in prices from 1921 to 1931:--

Year	Price per <i>tulam</i> . Rs.
1921-22	20
1922-23	30
1923-24	40
1924-25	50
1925-27	60 to 90
1927-29	40 to 50
1930-31	12 to 17

154. The chief markets in India are Bombay and Karachi. There is also some export to the United Kingdom, U. S. A., Germany, Persia, and Arabia. The Co operative Sale Society of the Cardamoms Association in Madura district has been, for some years, responsible for the marketing of their produce. Even Travancoreans used to sell their produce through this society. Now we understand that middlemen and merchants from Bombay and north India have again begun to dominate the market.

155. During the years 1920-1921, the cardamom plants were attacked by an insect pest, causing very considerable loss to the planters. Subsequently, most of them replanted their estates with the hardier and more productive Mysore cardamoms. It takes from five to six years for the cardamom plant to come to bearing. The ryots' representatives told us that they were not able to be benefited by the boom prices from 1925 to 1927, as at that time, on most of the estates the newly planted cardamoms had not come to the bearing stage. Now they have begun to yield and, then, the price has gone down to Rs. 12 per *tulam*.

---

\* 1 *tulam* is equal to 21 lbs.

## CHAPTER X.

---

### The Extent of the Economic Depression in Travancore.

#### *Trade and Industries.*

156. The agriculturist, the manufacturer, and the merchant are the chief producing classes in society. These are also the classes that are badly hit by a period of declining prices. As a rule, the effect of a downward movement of prices is that *Merchants and manufacturers* buy at high prices and are compelled to sell at low prices. If they stock goods in the hope of better prices, they have to do so indefinitely, thereby incurring greater losses. In respect of transactions of this kind, pepper has been the ruin of many merchants who bought it at speculative prices and lost at the rate of Rs. 200 to 300 per candy.

157. Though merchants and middlemen may with care trade at a profit even during a period of slump, it would be wrong to say that their profits are capable of being well maintained. An agent or a merchant must be hit by a slump for the reason that his commission or profit is calculated on the value of the produce he handles. In the event of a slump, the middleman or the merchant will be given delivery of every ounce of produce for which he has contracted and, very frequently, he has to take this produce even though the market may have gone very considerably against him, in the meantime ; whereas, if, having contracted, the market rises to any appreciable extent, there is a probability that the petty merchant and the small dealer will fail to deliver him the produce contracted for.

158. The immediate difficulty of the Travancore merchants is finance. This is especially true in the case of those who are engaged in the manufacturing and exporting business. The times are so bad that even those who are habituated to doing straight business, frequently find themselves involved in financial embarrassments, on account of uncertain market conditions and



restricted credit facilities. If conditions continue like this, probably those who are not strong enough to withstand the extraordinary stress and strain of the present time, may have to drop out. The manufacturer and the exporter feel the lack of business. Very few of the manufacturing firms have worked for the last twelve months more than 50 per cent of the full possible output, on which alone depends the level of profits. Overhead charges and wages remain practically unchanged, irrespective of quantities manufactured or sold.

159. The condition of internal trade is no better. The middlemen and petty traders whose function is to collect agricultural produce to be passed on to the ex-

*Internal trade.* porting centres and who had advanced moneys to the producers, found, when the prices abruptly fell, that the prospect of their being able to realise the amounts advanced was too remote. Those who had stocked goods lost heavily. Obviously, there have been many failures among traders of this class. The rural retail trader depends almost entirely on credit allowed him by the urban traders. The local money lenders and the chitties have ceased to be of assistance to him. The joint-stock banks which in recent times were bearing the task of financing internal trade, have largely suspended business of this kind for over twelve months now. Ordinarily, the rural shop-keeper or the petty dealer who runs a provision store supplies, on the basis of credit, the requirements of his customers in the neighbourhood. Retail prices are always high enough to cover interest and losses on bad custom. The customers make payment in instalments from the sale proceeds of cocoanut, pepper, and other agricultural produce. As long as prices were good, this arrangement worked smoothly. But, now, the prices of agricultural produce have gone down and the customer has not the wherewithal to clear accounts with the retail seller. He still stands in need of the usual supplies of salt, sugar, tobacco, piece-goods etc. He goes on swelling accounts as far as the shopkeeper is able or willing to accommodate him. The result is that the rural shopkeeper is not able to meet his obligations to the urban trader or other wholesale merchants and so the pinch is transmitted from one

end to the other. It is easy to see that this credit system that dominates rural trade is highly detrimental to the retail buyer and this is the main reason why the rural folk are not able to be benefited to the full extent by the fall in the level of wholesale prices.

160. We have already pointed out that the business of the local banks, in general, has been considerably handicapped, on account of the acute shortage of money that prevails in the country. (*Vide* paragraph 40). In the last decade, the local joint-stock banks have played a prominent part in financing internal trade and industries. Now they find considerable difficulty in realising advances made. Moneys lent out get locked up. At Tiruvalla which is admittedly a banking centre, the prominent bankers gave evidence to the effect that since Chingom, 1106, their dealings with traders have been very little.

A very influential and representative body of bankers, traders, and planters met us at Kottayam and discussed with us the present situation in great detail. In their opinion, the position of the banks in general, and of the leading banks in particular, is perfectly sound. They have very considerably augmented their reserves against the present period of strain. But the demand for banking assistance to trade and industry is too great for them to meet unaided by the resources of the Government. They are of opinion that the best method of assisting trade and industry is to advance substantial loans to the banks, commensurate with their assets and business standing.

161. Our evidence on the present condition of industries is scanty. The Government have appointed a Committee to enquire into the condition of factory industries in the State. We believe, that Committee will be in a better position to undertake a more detailed investigation of industries in general than we have been able to do in the limited time at our disposal. In respect of the present depression, what is true of trade is, in a large measure, also true of industries. They suffer from lack of finance and lack of demand for the goods produced. In the

following passage the Banking Enquiry Committee has accurately gauged the situation :—“ If the high prices by which both the banks and industries were setting much store had continued it would have been well for both the business. But, as it is, money has become very scarce through the present depression and the banks are now unable even to supply the finance for the current requirements of the industries. The industrialists and their bankers are, therefore, faced with a crisis which, if not tided over successfully, spells ruin to both the business, the effects of which will be a serious set-back to the industrial and commercial progress of the country.”\*

In chapter VII, we have considered the position of the coir yarn industry and the manufacture of coir mats and matting. Here we propose to make a few observations on the present condition of two industries that are well-established in the country, *viz.*, cotton weaving and the manufacture of tiles.

162. As a cottage industry, cotton weaving is practised extensively throughout the State, particularly in south Travancore.

In view of an abundant supply of inherited *Cotton weaving.* skill in certain special localities, an assured home market for the kind of cloth that they make, and comparatively low cost of production, the cotton weavers should, in normal times, be able to convey the impression of a prosperous community. Unfortunately, in recent times, they have been far from prosperous. They are handicapped by lack of organization and lack of finance. Their markets have been flooded with foreign piece-goods and khaddar cloth. We understand that imported khaddar, the fancy for which is rapidly spreading, is proving a serious competitor to the kinds of cloth turned out by our cotton weavers. It is true that the prices of the counts of yarn and the gold thread that they use are cheaper now and that they are able to offer their goods at lower prices. But the purchasing power of the masses has enormously decreased and the demand for home made cloth has also gone down in a corresponding manner.

---

\* Report of the Banking Enquiry Committee, paragraph 131.

163. Quilon is the centre of the tile and terra cotta industry. Tiles are also made to some extent at Nagercoil and Alwaye. There has been a rail-borne

*Manufacture of tiles.* Trade in tiles between Travancore and the Tamil districts of the Madras Presidency.

Tinnevelly, Ramnad, and Madura districts offer good markets for Travancore tiles. The Quilon manufacturers have to meet the competition of the Feroke and Calicut tiles in Coimbatore, Trichinopoly and Madras. Only 25 per cent. of the tiles manufactured in Quilon are sold in Travancore; the rest is entirely consumed in the Madras Presidency. We have been told that Messrs. Harrisons and Crosfield make from five to six lakhs of tiles per month and that in normal times there is a steady demand for the whole of their output. But, now, demand has gone down and large stocks are kept without the firm being able to find sales, though prices have been reduced considerably.

164. The following tables give the average nett prices of Quilon and Nagercoil tiles from 1928 to 1931 :—

*Prices of Quilon tiles.*

		Rs.	A.	P.	
1928	...	45	0	0	per 1,000 tiles.
1929	...	42	4	0	„
1930	...	41	10	0	„
1931	...	37	0	0	„

*Prices of Nagercoil tiles.*

		Rs.	A.	P.	
1928	...	22	0	3	per 1,000 tiles.
1929	....	40	0	0	„
1930	...	20	0	0	„
1931	...	18	0	0	„

## CHAPTER XI.

### The Extent of the Economic Depression in Travancore.

#### *Statistics of External Trade.*

165. In the previous chapters, we have made some general reference to the present condition of trade and industries. In this chapter, we propose merely to indicate certain features or tendencies of our external trade that deserve special comment. A detailed examination of the statistics of our trade is beyond the scope of the present enquiry. But, in the opinion of some of our witnesses, there are certain features in the equation of our exports and imports that, though not traceable as cause and effect to the present depression, nevertheless, operate in a manner that aggravates, to a remarkable extent, the incidence of the general slump in commodity prices. Briefly stated, the contention is that the official statistics fail to reveal the real position with regard to the ultimate results of our external trade and that the so-called balance of trade is, and has been for some years now, distinctly unfavourable to us. And now, the unprecedented fall in the prices of our staples of trade has made the tangible effects of the glaring disparity between exports and imports to be felt acutely throughout the community at large. This is undoubtedly a position that has to be pursued a little further, in the light of the available figures.

166. The statistics of the total volume of our external trade from 1100 to 1106 are given below:— \*

Year.	Exports Rs.	Imports, Rs.	Total. Rs. •
1100	9,70,98,131	5,70,98,244	15,41,94,375
1101	10,26,54,128	5,93,79,863	16,20,33,991
1102	11,40,65,138	6,16,43,268	17,57,08,406
1103	11,84,09,817	8,24,81,910	20,07,91,727
1104	11,80,42,935	9,32,90,681	21,13,33,616
1105	11,29,39,039	9,35,10,748	20,65,49,787
1106	9,65,15,615	7,65,58,897	17,30,74,512

\*For figures of export and import we have relied upon the Statistics of Travancore published by the Government.

The above figures show that our external trade has been steadily increasing up to the year 1104. But, in comparison with the figures for 1104, those for 1105 show a fall of 2·2 per cent. and those for 1106 show a steeper decline, by 18·1 per cent. Exports fell in 1105 by 4·3 per cent. and in 1106 by 18·2 per cent. below those of 1104. The imports in 1105 show a slight increase, by about 0·4 per cent.; but since the increase under imports in 1104 was 13 per cent. over those of 1103, it is evident that the normal increase in imports was, even in 1105, very considerably checked. The figures for 1106 show that imports actually fell by 18·2 per cent. below those of 1105.

167. Taking the year 1100 as the base, we get the following index numbers showing the variations in the total volume of our external trade:—

<i>Years.</i>	<i>Index No.</i>
1100	100
1101	105
1102	114
1103	130
1104	137
1105	134
1106	112

168. If exports and imports are considered separately, it will be seen that, in the case of exports, the proportion to the total volume of trade has been falling and, in the case of imports it has been rising from the year 1103.

<i>Year.</i>	<i>Exports. (percentage of total trade).</i>	<i>Imports (percentage of total trade).</i>
1100	63	37
1101	63	37
1102	65	35
1103	59	41
1104	56	44
1105	55	45
1106	55	45

169. If we compare the trade results of different years from 1100 onwards and reduce them to a common basis, we find the striking disparity in the rates of variation in exports and imports. In either case, the year 1100 is taken as the base year.

Year.	Exports.	Imports.
1100	100	100
1101	105	102
1102	117	107
1103	122	144
1104	121	163
1105	116	164
1106	99	134

170. The following figures show the *per capita* balance of trade from 1100 to 1106 :—

Year.	<i>Per Capita.</i> Rs.
1100	10
1101	10
1102	13
1103	9
1104	6·17
1105	4·82
1106	3·92

171. The several tables given above compel the following conclusions;—

(1) The present depression has resulted in a fall in the total volume of our trade ;

(2) the decrease is greater in exports than in imports ;

(3) for several years now, our imports have been increasing at a more rapid rate than our exports ; and

(4) the *per capita* balance of trade in our favour has been shrinking from the year 1103.

172. As pointed out above, some of our witnesses who have devoted attention to the study of the statistics of our external trade lay special stress on the unfavourable *Disproportionate* turn that our imports are taking, especially *increase in* on the rapid increase in the import of food-stuffs and luxuries, out of proportion to the *imports.* increase in the value of our exports. No doubt, the several tables given above bear out the truth of this contention. On visible results, however, we still have a favourable balance of trade which shows a tendency to dwindle from year to year. But our witnesses go further and repudiate the very data on which a favourable balance of trade is shown to exist. They contend that the balance of trade is, and has been for some years, distinctly unfavourable to us. To take one item alone, they argue that, from the accounts of our exports, the whole gross receipts on the goods produced and exported by the Europeans should be discounted and that, on this calculation, the balance of trade will at once assume an unfavourable turn. In our opinion, it is not quite correct to exclude the whole gross receipts on goods produced and exported by foreigners from the export figures, in order to arrive at the true balance of trade. The foreign planters and manufacturers are engaged chiefly in the cultivation of rubber and tea, the manufacture of coir mats and matting and in the exploitation of minerals like ilmenite, monazite, etc. Travancoreans are also engaged in these lines of business. The gross receipts on the proportions of these goods



produced by the foreigners must be calculated first and from these the cost of production which is all practically spent in the country must be excluded, so that we may arrive at some approximation to the real figures of our exports. Proceeding from this basis, the Census Commissioner has made the necessary calculations in this direction and arrived at the following results:—

Year.	Exports. Rs.	Imports. Rs.
1096	5,70,82,486	4,76,71,391
1097	6,51,42,731	4,93,75,571
1098	6,13,19,813	5,06,59,647
1099	6,23,74,466	5,37,00,434
1100	8,12,22,256	5,70,98,244
1101	8,66,12,459	5,93,79,863
1102	9,49,66,617	6,16,43,268
1103	9,62,74,508	8,23,81,910
1104	9,81,59,558	9,32,90,681
1105	9,47,82,328	9,36,10,748

173. The above figures show that we still have a balance of trade in our favour. They also show that while exports increased by 66·0 per cent. only, the imports increased by 96·4 per cent. in 10 years. If we consider the total figures for exports and imports, without making the deductions mentioned above, it will be seen that the exports increased by 70·7 per cent. while the imports increased by 96·4 per cent., in the same decennium. Taking the year 1096 as the base, we get the following index

numbers for what should be considered as the real position of our exports and imports:—

<i>Year.</i>	<i>Exports.</i>	<i>Imports.</i>
1096	100	100
1097	114	103
1098	107	106
1099	109	112
1100	142	119
1101	152	124
1102	166	129
1103	168	172
1104	170	195
1105	166	196

174. One point that has been urged before us is that our import of luxuries has increased to an extent out of all proportion to our income as a state. Broadly stated, this is a position that can hardly be gainsaid. But the real difficulty is to declare what constitutes luxuries and what necessaries of life. There are no agreed standards to go by and the term luxury conveys a relative idea. It changes its significance from class to class and from time to time. By sheer force of habit, luxuries become necessaries of life. Many people consider that such items of import as foreign piece-goods, kerosene oil, sugar, motor cars, etc., are luxuries that we should keep out or, at all events, try to do without. But others hold that the increasing consumption of these and numerous other articles usually classified as luxuries is essential to the maintenance of rising standards of life. In the face of such divergence of outlook, there is considerable difficulty to make a more detailed examination of the nature of our imports, in order to estimate the proportion of mere luxuries that are a drain on our resources, and of necessaries indispensable for the maintenance of reasonable standards of living and of productive enterprise. Rough calculations may, however, be made on the basis of a broad classification of imported goods under necessaries and luxuries. Except as an indication of a general tendency, no degree of accuracy can be claimed for the figures

obtained as the result of an effort of this kind. The Census Commissioner has arrived at the following figures:—

Year.	Necessaries.		Luxuries.	
	Value (Rs.)	Index No.	Value (Rs.)	Index No.
1096	3,50,62,991	100	1,26,08,400	100
1097	3,55,59,962	101	1,38,15,609	109
1098	3,57,91,659	102	1,48,67,388	118
1099	3,71,68,317	106	1,66,32,117	131
1100	3,99,95,100	114	1,75,03,138	136
1101	4,13,25,367	118	1,80,54,496	143
1102	3,92,56,570	112	2,23,86,698	178
1103	5,74,14,414	164	2,49,67,496	198
1104	6,42,49,821	183	2,90,40,860	230
1105	6,21,18,749	177	3,14,89,999	249

The above figures indicate that although we are still importing far more necessities than luxuries, the tendency of the latter is to increase out of reasonable proportion to the former.

175. Statistics do not show that, as yet, we are living beyond our means; but there can be little doubt that, as far as tendencies go, we are drifting towards a dis-

*Close study of trade statistics required.* parity between incomes and standards of expenditure that is clearly adverse to us.

The divergence between real incomes and standards of living acquired under the stimulus of rising prices is operating as a powerful aggravating

factor in the present situation. The relation of our imports to our exports should therefore be regarded as a matter that claims an increasing measure of close and anxious watching on the part of the State. Writing on the economic conditions in Travancore, Mr. M. E. Watts makes the following observation :— "It may be that this adverse position is only a passing phase; but it is no less likely that the position may get worse in view of the increasing demand for foreign goods to meet developing requirements in luxuries and the conveniences of life which the higher standards and the calls of a more complex civilisation make more and more insistent. Another factor is that rapidly growing production elsewhere might retard proportionate expansion in the demand for raw produce for which it has so far found a ready and steady market."\*

---

---

\* The Asiatic Review—October 1880.

## CHAPTER XII.

### Remedies.

#### *Land Revenue.*

176. In the preceding pages, we have attempted to indicate the causes, and to estimate the extent, of the present economic depression, so far as it affects Travancore.

*The need for balanced judgment.* We are only too conscious of the inadequacy of our analysis of a problem so vast in its extent and so far-reaching in its reactions.

Even in respect of our own share of the universal malaise, it may be that, in material particulars, our diagnosis falls short of the realities of the case. As we have pointed out elsewhere, the extent and effects of the operation, on any country, of world-wide economic forces, so abnormal in character, are not susceptible of accurate measurements. Nor is it possible, in respect of the present depression, to examine every detail of its incidence; for, though the fundamental trouble is the same for all, yet all are not affected in the same manner.

177. To every man, his own distress is the worst distress. In these difficult times, there are many who are none too prone to be critical of the ultimate consequences of the schemes they propound. Most people care to know, and to dwell on, only two certain facts—that they have no money and that their produce does not fetch good prices. The prospect of even a temporary respite would make them grasp eagerly the most fantastic proposals one ever listened to. Wild and utterly impracticable suggestions have been placed before us even by men whose sobriety and seriousness of outlook, it were a presumption to doubt. We have listened to schemes of currency experiments, artificial price determination, tariff manipulation, and wholesale revision of all material values. To countenance such despairing counsels would be to court disastrous consequences. We have to remember that the people of Travancore do not live in a water-tight

compartment, having no relations with the outside world; nor can the millennium be hastened by state fiat. Artificial control of production and sales attempted in other countries, far more highly organized than we are, has, in every instance, ended in disaster. Nor have they been able to arrest the downward march of prices.

178. In considering, therefore, the numerous suggestions placed before us, we have been guided by considerations of expediency and practicability. We have, however, spared no pains to appreciate the seriousness of the present situation in the country. The foregoing pages will, we believe, bear out the fact that we have not been inclined to under-rate the grimness of the struggle in which the vast majority of our people are involved. At the same time, we do not want, in proposing remedial measures, to minimise the difficulties that cannot be ignored. In a crisis like the present, there is, indeed, great need for balanced judgment.

179. The root causes of the present economic depression lie elsewhere. We in this small corner of the world can have no control over them. Nor does the remedy lie entirely in our hands. But we should be deeply concerned with our share of the evil effects arising from the general catastrophe. It should be within our competence to mitigate suffering, to help the hard-hit sections of the people to tide over the present crisis, and to enable them to wait for better times.

180. We have already mentioned that even before we were in a position to prepare a formal report, we felt that the situation necessitated our communicating to Government such recommendations as, in our opinion, demanded their immediate attention. Our recommendations took the form of a series of resolutions which have already been submitted to Government. In the present chapter and in those that follow, though we shall, for the most part, be confined to the elucidation of the recommendations already made, it will be seen that we are by no means hide-bound by them.

181. Among the numerous suggestions placed before us, the question of a partial remission of taxes in general takes pre-eminence. The question is by no means

*Remission of taxes.* easy to solve. It has to be considered with due regard to the welfare of the people on

the one hand and the finances of the State on the other. From the standpoint of Government, land tax is the only tax which in a period of depression they can depend on for their needs. As Stanley Jevons says, "The only important item of Government receipts which does not decline with prices is the land revenue. All other sources of revenue will fall in proportion to the fall in prices. Land tax alone forms the one steady source of revenue for the Government."

There is another matter that adds to the Government's difficulty. There is a charge on land revenue, in favour of the Devaswom Department, to the extent of Rs. 16 lakhs, and this amount has to be found.

182. However, a large number of those who gave evidence before us have stated, in an unqualified manner, that the present situation calls for a partial remission of a number of taxes. We also find that in a memorial presented to the Government by a considerable number of the members of the Sri Mulam Popular Assembly and certain others, the signatories have prayed for a 50 per cent., remission of land tax and resolutions to the same effect have also been passed at various public meetings, including one held at Kottayam, in February last, presided over by one of our colleagues, Mr. S. Krishna Iyer.

183. There is no doubt that considerable distress is felt by large sections of the people, in the matter of the payment of land tax. This is obviously the result of the serious trade depression that prevails in the country. The people can get money only by selling their cocoanuts, paddy, pepper, and other produce, but the prices are very low and even at such low prices there is no adequate demand for the goods they have to sell.

184. As a rule, a fall in prices depresses the taxable capacity of the community in general. All tax must be paid out of

surplus, and when the surplus is reduced, taxable capacity is also reduced. Generally, the fall in taxable capacity is not in direct proportion to the fall in prices, but falls more than prices; that is, if the prices fall by one-half, the taxable capacity falls by much more than one-half. It is regrettable that we do not have index numbers of prices. The Calcutta Index Numbers show that wholesale prices of all commodities in India have fallen by 35 per cent., since January, 1929. According to Professor P. J. Thomas, most of India's export staples have slumped by about 40 per cent., since October, 1929. There is no reason to think that this estimate does not hold good in the case of our export staples also. Probably, the slump in coconut, pepper, etc., is worse. At all events the West Coast is as hard hit as any other part of India.

185. However, in calculating the fall in prices, we have also to take into consideration the level of prices that existed at the time of the last Revenue Settlement. It has to be granted, as the Government have pointed out in a recent order (*Vide* Appendix III), that prices have not fallen below the level that obtained in the country at the time of the last settlement, completed in 1911. Nevertheless, cultivation costs have considerably increased and standards of living appreciably risen in the last two decades.

After the most careful consideration of both sides of the question, we have arrived at the conclusion that the stage has not been reached yet for a general remission of taxes.

186. At the preliminary sitting of the Committee held on the 29th May 1931, we resolved that it was necessary to make an advance recommendation for the immediate attention of the Government. Accordingly, the following resolution was passed:—"That all coercive measures against non-payment of land tax for the current year (1106) be held in abeyance." On this recommendation, Government issued orders in R. O. C. No. 2764/31/Rev., dated the 14th July, 1931 (*Vide* Appendix III.)



According to this order, the Government granted the following concessions:—(1) In the case of those who pay their dues before the end of the year (1106), demand notice fees will not be recovered; (2) the Dewan Peishkars will be instructed to give extension of time for payment of tax until the end of the year in deserving cases and to resort to coercive measures only after the expiry of the extended period.

The G. O. did not amount to a complete suspension of all coercive action for the collection of land tax, but, the Government have largely carried out the spirit of our recommendation.

187. The extended period for the payment of kist was to expire on the 31st Karkadakam, 1106, but we felt that there was need for a further extension of the period of the concession contemplated in the G. O. quoted above. At a meeting of the Committee held on the 20th July 1931, we decided to recommend a further suspension of coercive action in the case of those who were really unable to pay the tax on account of economic depression, and passed the following resolution:—“In respect of the outstanding balance of land tax for the current year (1106) coercive action should be suspended in the case of those pattadars who, on enquiry by the Tahsildars, are found to be really unable to pay the tax on account of economic depression, and they should be allowed to pay up the arrears before or along with the first instalment of kist in 1107 M. E.”

188. We find that, of late, the grievances of the Kandukrishi tenants have been repeatedly brought to the notice of the Government by means of a series of deputations and memorials. The special difficulty of the Kandukrishi tenant is that he has to pay rent at a fixed commutation rate which is higher than the current price of paddy. The commutation rate was fixed at a time when the price of paddy was high, and has no application to current prices. This disparity between current and commutation rates has aggravated the ryots' difficulties at a time when his taxable capacity is considerably reduced. There can be no question that an equitable readjustment of the commutation rate to the present market

rate is necessary. Unless the ryot is assured of a margin of profit, he cannot cultivate his land. Towards the close of the year 1106, the Government made certain concessions available to the Kandukrishi tenants. In the case of the Ambalapuzha Kandukrishi lands, the commutation rate of 24 chs. per standard para of paddy was reduced to 18 chs., and they were allowed to pay up arrears before the end of the year 1106; but thereafter, the old rate of 24 chs. was to hold good. In the case of the Trivandrum tenants the rate was brought down to 20 chs.

189. We make the following recommendations, in respect of Kandukrishi tenants in general:—

(1) The concessions already granted towards the close of the year 1106 should be extended up to the date of the first instalment of kist in 1107;

(2) the tax on Kandukrishi lands should be collected in kind to the extent of Government requirements, till the price of paddy reaches the commutation rate;

(3) the complaint that Kandukrishi tenants in certain pakuthies of the Tiruvalla taluk have not been granted the benefit of the concessions extended to the tenants in other taluks should be enquired into.

190. As regards agricultural loans, we are concerned only with the extent to which they can be made  
*Agricultural* to afford relief to the agriculturists in the  
*loans.* present period of depression. We have  
 tried to ascertain the main difficulties in the  
 way of these loans becoming more useful and more readily  
 available to the ryots.

In the first place, our witnesses, including the Land Revenue officers who gave evidence before us, are unanimous in the view that the allotment under this head is inadequate to meet the needs of the ryots. The need for increasing the allotment has been emphasised by most of the witnesses. As a measure of

self in the present period of depression, Government sanctioned a special allotment of Rs. 1½ lakhs, over and above the usual grant of Rs. 3 lakhs under agricultural loans for the year 1106. For the current year 1107, an amount of Rs. 4½ lakhs has been sanctioned. We have, however, formed the impression that the sanctioned amount is not sufficient to meet the exigencies of the present situation. We, therefore, recommend that the amount available under this heads should be increased.

191. In this connection, we wish to lay special stress on the needs of the Kuttanad agriculturists. They do not usually avail themselves of agricultural loans, for the simple reason that the funds allotted are too inadequate to meet the requirements of even a few of them. The expenses of cultivation in Kuttanad are so large that small amounts and the cumbrous process of their issue are ill-suited to their needs. In paragraph 64 we have discussed, at considerable length, the fall in the agricultural incomes of the Kuttanad ryots. We have no doubt that they stand in great need of financial assistance, in connection with the ensuing cultivation season. The ryots must be provided with sufficient funds to meet the large expenditure in money that paddy cultivation in the region usually involves.

We would, therefore, make the following recommendation:—"A liberal allotment should be provided for agricultural loans and at least one lakh of rupees from this allotment should be set apart for special loans to the Kuttanad ryots to meet pumping expenses during the ensuing cultivation season."

192. Secondly, there is the complaint that there is much delay in the disposal of loan applications. We understand that the applications are disposed of according to priority of receipt in the taluk office. When the funds for the current year are exhausted, the remaining applications are held over for the succeeding year and taken up in the order of priority for disposal during that year. As a rule, applicants are not informed that funds having been exhausted, their applications are held over for the succeeding year. Thus it may be many months before an applicant gets a communication on his application. We believe that much of the complaint of undue delay can be eliminated

E. D. B.

o

if Land Revenue officers will make it a point, as soon as funds are exhausted, to give due information to the applicants concerned to the effect that there are no more funds left for distribution during the year. We therefore, recommend that the Land Revenue officers should be instructed accordingly.

193. The Land Revenue officers, without any exception whatever, have told us that when funds are available, they require some time to make local enquiries regarding the applicant and the security that he has to offer. They have also to obtain the necessary encumbrance certificates from the sub-registrars. Unless the latter expedite the issue of the encumbrance certificates, the Land Revenue officers will not be in a position to dispose of the loan applications. We, therefore, recommend that sub-registrars should be instructed to issue the necessary encumbrance certificates within seven days after a requisition is made therefor.

194. In the third place, we are of opinion that the present rate of interest, viz., 6 per cent. is too high to make these loans of any real benefit to the ryot. The loans are intended mainly for the improvement of land and it is not reasonable to expect the ryot to make a profitable use of a loan at 6 per cent. interest, when he cannot realise more than 4 per cent. by way of profit. The interest on agricultural loans should, therefore, be suitably reduced in view of the present economic depression.

195. Our recommendation for the grant of extension of time for the payment of kist is based on the consideration of the shortage of money in the hands of the people.

*Loans, tharavila and half-contributions for irrigation works due to Government.* The same consideration ought to apply to the payment of moneys due to Government under agricultural and industrial loans and under half-contributions payable by the ryots for minor irrigation works. In respect of these payments, we make the following recommendations:—(1) Extension of time for the payment of moneys due to Government under agricultural and industrial loans should be granted to such applicants, as are found on proper enquiry, to be unable to pay the amounts on due dates on

account of economic depression. (2) Payment of instalments of *tharavila* and half-contributions for minor irrigation works falling due up to the end of 1107, should be postponed for one year from the due date, if the economic depression continues till then.

196. Before we leave the subject of loans we would refer to the co-operative organization and its potentialities to afford relief at a time of distress like the present.

*Co-operative societies.* Figures available in departmental reports need not be considered in detail. In 1105, co-operative societies distributed loans to an aggregate amount of Rs. 12,30,000 to meet the current requirements of ordinary agriculturists.

The object of increased allotments under agricultural loans at this time of distress is, no doubt, to assist the finance of agriculture and specially of the smaller ryots. Considering the large number of villages and rural population served by co-operative societies and in view of the facilities these societies possess for meeting the real needs of their members, we think that Government ought to supplement their resources. By their constitution and the close association of the members living in circumscribed areas, these societies are pre-eminently fitted to correctly gauge when loans can profitably be granted and to exercise a wholesome and effective check on their proper utilization. The movement has made vast strides in every direction and naturally knowledge of co-operative work is understood better now. There is also another aspect which cannot be lost sight of. In view of the initiative taken by the Government in bringing about these village organizations, it is not fair to deny them the benefits of cheap credit which Government loans provide.

197. We understand that there are about a dozen co-operative societies and one sale union composed of weavers. The report of the Department of Co-operative *Weavers' co-operative societies* for 1105 shows that owing to the depression, the total production and sales were falling even in that year. At the end of 1106 there would, naturally, be a further fall as an inevitable

result of more acute conditions. For the successful development of organization among this class of people, capital is essential. It is necessary that a society should buy outright the finished articles turned out by the members. The latter can ill afford to wait for payment until the sale is effected, and under such conditions, the members have no incentive to be loyal to the societies. To tide over the present slump as also to ensure the steady growth of the infant organization of the weavers' societies, we would recommend that the Government should sanction a special staff to guide and develop the activities of these societies and earmark a portion of the grant under industrial loans for distribution among them.

198. It is a well-recognised principle that, in times of widespread economic distress like the present, the utmost efforts of the state should be put forth to protect the ryot in the possession of the fields he tills. In the ultimate analysis, the danger that threatens a vast population of small cultivators is that the present economic blizzard might sweep them out of the lands on which they live and toil. At the root of all agricultural enterprise in this country is an intimate bond between the cultivator and his land—a feature rarely seen in other parts of India, where “there is no obvious link between the home of the individual cultivator and the fields he tills.”\* The happiness, contentment, and prosperity of a country like ours depend upon the happiness, contentment and prosperity of the agriculturists. Unless, therefore, imagination and sympathy, in a large measure, takes the place of the rigour of the ordinary coercive measures available to the state, we are afraid, it is easily possible to inflict permanent ruin upon large sections of the people. The recommendations that we have so far made still leave room for the possibility, in certain cases, of coercive steps being adopted against non-payment of tax. Whenever, therefore, occasions arise for the application of coercive measures for the realization of taxes, especially in cases of attachment and auction sale of immovable property, it is necessary

\* Report of the Royal Commission on Agriculture in India—page 5.

to make sure that the taxpayer gets a fair and reasonable price for the property he is deprived of. Obviously, when a property is put up to auction and the bid amount does not, in the opinion of the Land Revenue officers, come up to its fair and reasonable price, the sale should be postponed. In such cases, it would be safer in the interests both of the Government and the tax payer, for the former to take over the management of the property in question, as provided for in Section 25 of the Revenue Recovery Regulation. As soon as the arrears of tax are met from its proceeds, the property should be handed back to the owner intact. We realise that, in all cases, it may not be possible for Government to take over the said management ; but in all suitable cases the scheme may be adopted. We, therefore, recommend that strict instructions should be issued to Division Peishkars and the Devicolam Commissioner, that, in cases in which immovable properties are attached and proclaimed for sale for the realization of kist, the sale should be postponed, if in their opinion, the properties put up to auction have not fetched a fair and reasonable price or the management of such properties should be taken over by Government in suitable cases.

199. In paragraph 186 above, we have made mention of the concession Government have granted in G.O. No.R.O.C. 2764/31/Rev., dated the 14th July, 1931, in respect of demand notice fees up to the end of the year 1106. The fee on any amount, whether big or small, is only 4 chs. ; but very often it happens that more notices than one are served on the same person for the same kist. If there are several *pattas* in the same name, as many notices are issued as there are *pattas*, if they are in different *paḷuthies*. In these circumstances, it would be a substantial relief to the small pattadars in particular, if Government could bring the fee to the irreducible minimum. We realize that the issue of the notices involves considerable labour on the part of the *paḷuthy* staff. Nevertheless, we believe it should be possible to make a substantial reduction in the fee in respect of small *pattadars*. About 42 per cent. of the total number of *pattas* are assessed at Re. 1 or less. We have no doubt that a 50 per cent. reduction in the fee will afford material relief to so large a

section of the tax payers. Hence we recommend that during the period of depression and without prejudice to G.O. No. R.O.C. 2764/31/Rev., dated the 14th July, 1931, the fee on demand notices should be reduced to two chuckrams in the case of those tax payers who have to pay a tax of Re. 1 or less.

200. In Chapter IX we have described the present condition of rubber growers in this country. Most of the Travancoreans engaged in the industry are seriously embarrassed. According to G.O.4692/ R. 1874, dated 21-3-1906, lands registered for the purpose of planting rubber are liable, six years after registration, to be taxed at the rate of Rs. 2 per acre. This is invariably double the tax on tea lands and in many cases more than double that on ordinary lands. The excess tax was fixed at a time when rubber was enjoying its initial booms. Such times are not likely to return. Considering that there is not only no profit but severe loss in this industry at present, it is unfair to keep up the Rs. 2 tax per acre. A temporary abolition of the entire tax on rubber lands has been suggested by the planting interests. It has been pointed out to us that even a 50 per cent. remission of the tax of Rs. 2 per acre, now levied on rubber lands, will not benefit the large majority of Travancorean rubber planters, as they have planted rubber on lands which do not come under this category. Government should, therefore, seriously consider the question of affording temporary relief to the rubber growers, till rubber is produced at a profit. Our recommendation is that the tax on rubber lands should be reduced from Rs. 2 to Re. 1 per acre.

---



## CHAPTER XIII.

### Remedies.

#### *Agriculture.*

201. On the needs and requirements of agriculture in general, many of the suggestions we have received go to fundamentals with which we are not here concerned. This is not a comprehensive economic enquiry. Our duty is confined to considering the facts and needs of the situation with direct reference to the present depression. It is obvious that without exceeding the limits of our reference, we cannot deal with such questions as the basis of taxation, sub-division and fragmentation of holdings, large-scale agriculture, rural reconstruction, and so forth. The recommendations that we make are, in the main, calculated to relieve the present strain on our agriculturists.

202. We have already seen that the price of paddy in Travancore is determined by the price at which the Burmese rice grower can afford to sell it in this country. The paddy cultivators complain that the present price is ruinous to them and that the continuance of the present state of affairs will ultimately drive them to abandon their fields. They, therefore, suggest that Government should consider the possibility of regulating the price of imported rice and paddy. However, since we do not produce enough paddy for our own requirements, they do not suggest the complete prohibition of import. They would nevertheless have the import of paddy so regulated as to maintain its price at a level profitable to the local cultivators. The Nanjinad cultivators would have the price of paddy maintained at Rs. 7 per kottah and the Kuttanad cultivators, at 12 annas per standard para. We have very carefully considered the above suggestions. Corn duties for the protection of the home grower is not a new idea. Even in Travancore there was a time when the import of paddy was so controlled by the State as to leave a

206. The evidence that we have received points to another serious hindrance to timely agricultural operations. For the successful cultivation of a *padom*, it is absolutely necessary that each of the partners in that *padom* should construct his portion of the bunds and contribute his share towards the expense of pumping in time, so that the cultivation may be carried on at the proper season. But, on account of the recalcitrance of one or two of the partners in a *padom*, many of the fields are not cultivated in time, much to the detriment of all the others. We understand that Regulation III of 1072 (Irrigation Regulation) does not help the punja cultivation to the required extent. In this respect, we recommend that Government should consider the appointment of a special irrigation officer for Kuttanad and an advisory board to help him and also make suitable amendments to the Irrigation Regulation.

207. The Nanjinad cultivators who gave evidence before us were unanimous in representing a grievance of many years' standing. It is not directly concerned with the present depression. However, they point out that, as long as the income from their fields was ample, they could bear it; but now, the profits of cultivation are so low that the redress of this particular grievance would give them very considerable relief. Their position may be briefly stated. By a mistake in converting the kottah and marakkal, the measurements for paddy in Nanjinad, into paras, the measurement current in the rest of Travancore, the Nanjinad ryots are being mulcted of more than their dues in taxes. Before 1061 M. E., the wooden para of about 600 cubic inches was in use in Government granaries, and by this para, a kottah measured 9 paras and  $3 \frac{5}{8}$  idangalis. When the *venkala* para which had a capacity of 640 cubic inches was introduced, a kottah measured only 8 paras and 8 idangalis, instead of 9 paras and  $3 \frac{5}{8}$  idangalis. Later the standard para was declared, by a Government proclamation in 1061, to be 800 cubic inches, in which case a kottah measured only 7 paras. This relationship was admitted by the Government in converting land measure by seed capacity into land measure in acres and cents, where 14

cents were taken to be equivalent to land capable of holding one para or three marakals of seed. This gives 7 paras to the kottah, at the rate of 21 marakkals a kottah. Notwithstanding the successive increases in the capacity of the para, the old relationship between the para and the kottah, *i.e.*, 9 paras and  $3\frac{5}{8}$  idangalis per kottah, was maintained for tax purposes and the money value calculated on this basis. Hence more money was obtained from the ryots than was really due from them. This fact was recognised when the whole tax in kind was being commuted for money in 1081, as a result of the ryots' petition. But instead of proceeding rationally by establishing a relationship between the kottah and the para by actual measurement, records were consulted and the lowest equivalent of a kottah in paras to be discovered in them, *viz.*, 8 paras and  $6\frac{1}{2}$  idangalis per kottah, was fixed as the relationship. But according to the standard para of 800 cubic inches, one kottah is equivalent to seven paras only. In these circumstances, the ryots maintain that they are being compelled to give more than they are legally liable to pay. This, in brief, is the contention of the ryots. We are not, however, in possession of the necessary records to form a conclusion. We would only observe that the question deserves to be further investigated and settled once for all, and recommend that necessary steps should be taken for the purpose as early as possible.

208. The Nanjinad ryots have of late begun to use chemical manures, but these by themselves are not sufficient to maintain soil fertility under the conditions obtaining in this country. Experiments have shown that both to increase the yield and to improve the quantity of the grain, a basic application of organic manures like cattle dung and green leaf manure, supplemented by a top-dressing of chemical fertilisers, is the best method of manuring the paddy crop. Cattle dung is not available in sufficient quantity and the ryots must, therefore, be allowed to tap all available sources of green leaf manure without detriment to other interests. We have been told that all sorts of vexatious restrictions are placed on the removal of green leaf manure from the reserved forests. We would recommend that

206. The evidence that we have received points to another serious hindrance to timely agricultural operations. For the successful cultivation of a *padom*, it is absolutely necessary that each of the partners in that *padom* should construct his portion of the bunds and contribute his share towards the expense of pumping in time, so that the cultivation may be carried on at the proper season. But, on account of the recalcitrance of one or two of the partners in a *padom*, many of the fields are not cultivated in time, much to the detriment of all the others. We understand that Regulation III of 1072 (Irrigation Regulation) does not help the punja cultivation to the required extent. In this respect, we recommend that Government should consider the appointment of a special irrigation officer for Kuttanad and an advisory board to help him and also make suitable amendments to the Irrigation Regulation.

207. The Nanjinad cultivators who gave evidence before us were unanimous in representing a grievance of many years' standing. It is not directly concerned with the present depression. However, they point out that, as long as the income from their fields was ample, they could bear it; but now, the profits of cultivation are so low that the redress of this particular grievance would give them very considerable relief. Their position may be briefly stated. By a mistake in converting the kottah and marakkal, the measurements for paddy in Nanjinad, into paras, the measurement current in the rest of Travancore, the Nanjinad ryots are being mulcted of more than their dues in taxes. Before 1061 M. E., the wooden para of about 600 cubic inches was in use in Government granaries, and by this para, a kottah measured 9 paras and  $3\frac{5}{8}$  idangalis. When the *oenkala* para which had a capacity of 640 cubic inches was introduced, a kottah measured only 8 paras and 8 idangalis, instead of 9 paras and  $3\frac{5}{8}$  idangalis. Later the standard para was declared, by a Government proclamation in 1061, to be 800 cubic inches, in which case a kottah measured only 7 paras. This relationship was admitted by the Government in converting land measure by seed capacity into land measure in acres and cents, where 14

cents were taken to be equivalent to land capable of holding one para or three marakals of seed. This gives 7 paras to the kottah, at the rate of 21 marakkals a kottah. Notwithstanding the successive increases in the capacity of the para, the old relationship between the para and the kottah, *i.e.*, 9 paras and  $3\frac{5}{8}$  idangalis per kottah, was maintained for tax purposes and the money value calculated on this basis. Hence more money was obtained from the ryots than was really due from them. This fact was recognised when the whole tax in kind was being commuted for money in 1081, as a result of the ryots' petition. But instead of proceeding rationally by establishing a relationship between the kottah and the para by actual measurement, records were consulted and the lowest equivalent of a kottah in paras to be discovered in them, *viz.*, 8 paras and  $6\frac{1}{2}$  idangalis per kottah, was fixed as the relationship. But according to the standard para of 800 cubic inches, one kottah is equivalent to seven paras only. In these circumstances, the ryots maintain that they are being compelled to give more than they are legally liable to pay. This, in brief, is the contention of the ryots. We are not, however, in possession of the necessary records to form a conclusion. We would only observe that the question deserves to be further investigated and settled once for all, and recommend that necessary steps should be taken for the purpose as early as possible.

208. The Nanjinad ryots have of late begun to use chemical manures, but these by themselves are not sufficient to maintain soil fertility under the conditions obtaining in this country. Experiments have shown that both to increase the yield and to improve the quantity of the grain, a basic application of organic manures like cattle dung and green leaf manure, supplemented by a top-dressing of chemical fertilisers, is the best method of manuring the paddy crop. Cattle dung is not available in sufficient quantity and the ryots must, therefore, be allowed to tap all available sources of green leaf manure without detriment to other interests. We have been told that all sorts of vexatious restrictions are placed on the removal of green leaf manure from the reserved forests. We would recommend that

all those restrictions, which could be removed consistently with the interests of forest conservancy, should be removed. In this connection, we would also suggest for the consideration of Government the advisability of forming Forest Panchayats and handing over to these Panchayats the management of the forests contiguous to the arable lands, as has been done in the Madras Presidency.

209. We have received numerous representations setting forth the distressing condition of the Vala community engaged in the fishing trade. The price of prawns,

*Concessions to the Vala community.* the main product of their enterprise, has gone down to an alarming extent. Even when prices are good, the great majority of the members of this community live a hand-

to-mouth existence. Their power of resistance to adverse economic conditions is so little that we have no hesitation in recommending them for special consideration at the hands of the Government. In order, therefore, to afford them some measure of relief, we make the following recommendations:—

(1) The license fee for *pachil chengadoms* used in fishing should be reduced from Rs. 15 to Rs. 7-14-0.

(2) The license fee for fishing stakes for the current year (1106 M. E.) should be reduced by 50 per cent and a similar reduction should be made in the license fee for the next year also, if the price of prawns does not rise.

---

## CHAPTER XIV.

### Remedies.

#### *Trade, marketing, etc.*

210. The question of tariff is one of considerable complexity. Opinion is sharply divided on the justifiability or otherwise of imposing duties on articles of export either for revenue purposes or for the protection of indigenous industries.

*Tariff.* The Government of Travancore appear to have accepted, from very early times, the principle of levying duties on exports both for revenue and for the protection of industries. In the course of our enquiries, arguments for and against export duties have been put before us by several witnesses. The producers and exporters of raw products have pleaded vehemently for the removal of these duties, on the ground that Travancore which has no monopoly in any of these articles, is placed at a disadvantage as compared with other producing countries which do not levy export duties. Professors of Economics who have given evidence, arguing on general principles and economic theories, have also urged the removal of all export duties. On the other hand, industrialists like the oil mill owners and manufacturers of coir mats and mattings, have taken an entirely opposite view in regard to the imports on raw products which sustain their industries. They have pressed not only for the retention of the present duties on these commodities but also for their enhancement.

To the Government, the export duty is largely a source of revenue. In 1105 M. E., the duty realised amounted to Rs. 28,59,552. Unless the Government can find the money from other sources they cannot afford to forego so large an amount even in normal times, not to speak of a period of acute financial stringency like the present. The question of tariff is not, therefore, so simple a matter as it appears. It involves issues that are of vital and permanent consequence to the State revenues, the general producers, and the manufacturers. In a

memorandum placed before us, Professor P. J. Thomas says: "I am not in a position to answer this question for the present, as I am not in possession of all the facts needed to form a conclusion, facts about the incidence of the duty, about Travancore's place in the external markets, about the mode of marketing, and so forth. Indeed, the abolition of the duty may benefit the agriculturists, but whether the whole of the advantage will be reaped by them is another matter. The export duty now supplies a substantial amount to the State fisc and any modification of it must be the result of careful deliberation and deep study." Nor do we feel competent to make any recommendations of tariff policy. This is a question to be investigated by an expert body like the Indian Tariff Board. We would recommend that Government take the necessary steps to have the whole question of tariff examined by a body of experts.

211. In the meantime, we are definitely of opinion that there is need for a revision of tariff values. An examination of the customs tariff values of our exports

*Tariff values.* reveals that there is considerable difference between them and the market values of the commodities concerned. The disparity now visible is evidently due to the fact that the tariffs were fixed at a time when the prices were high. But the present position of prices in general would fully justify a suitable alteration of the tariff values. The present conditions are equally abnormal and the prices now prevailing would not, therefore, afford a satisfactory basis for fixing tariff values permanently. An immediate reduction of tariff values is, however, necessary to afford temporary relief to cultivators who have been hard hit by the depression. Our recommendation on this question is only of a general nature and it is as follows:—The tariff valuation of important articles of export should be reduced temporarily.

212. The export duty on tea that obtains in Travancore stands on a different footing. Mr. L. J. T. Polgreen, the

*Export duty on tea.* Honorary Secretary of the Travancore Combined Planters Association, and several others representing the tea interests, have

urged that originally, the duty was levied as a War measure and that there is no justification for its continuance.



During the War, the Government of India levied a duty of Re. 1-8-0 per 100 lbs. of tea exported from the country. This was admittedly a temporary measure and it was understood that the duty would be removed as soon after the termination of the war as possible. The Government of Travancore levied a similar duty, but when tea passed from Travancore to a port in British India for shipment, the duty was divided equally between Travancore and British India, and in the case of tea passing from Travancore to British India for consumption there, no export duty was levied. The annual revenue to Travancore from this duty under the above system was about Rs. 2,00,000. Some years after the war, the Government of India removed the export duty, but, in its place, the percentage of profits on tea (a quasi-agricultural product) liable to income tax was raised from 25 per cent. to 40 per cent. and levied a super-tax of one anna in the rupee on profits in excess of Rs. 50,000. The Government of Travancore, however, maintained the export duty on all tea exported from the State, including that for consumption in British India, and, as it was no longer necessary to divide any portion of this duty with British India, the revenue from this source increased to about Rs. 4,50,000 per annum. In view, therefore, of the fact that the tea duty was originally instituted as a temporary measure, that it is levied on bulk, irrespective of the value of the tea which varies considerably, and that it puts Travancore tea at a disadvantage compared with teas produced in British India, the tea planters suggest its abolition and in its place they offer to accept (i) income tax on 40 per cent. of profits and super-tax as in British India, or (ii) income tax on 60 per cent. of profits and no super-tax. We, however, recommend that the export duty on tea should be abolished and, to make up the loss in revenue, the income tax basis should be raised from the present rate of 25 per cent. to 60 per cent. and that if there be still any deficit, it should be made up by raising the income tax rate and by imposing a super-tax as in British India.

213. We are not here concerned with the prospects of the port of Alleppey in relation to the Cochin harbour. We may, however, mention that nearly all the leading *Shipping facilities.* merchants, both European and Indian, who gave evidence before us at Alleppey are of opinion that, in spite of all the developments

likely to be brought about at Cochin, Alleppey will always remain the main port of Travancore. If sufficient inducements are given and better facilities offered, trade will largely remain where it is at present. The number and tonnage of steamers that call at our ports show a steady increase.

*Number and tonnage of steamers that called at the Travancore ports during 1104, 1105 and 1106 M. E.*

Name of Port.	1104		1105		1106	
	No.	Tonnage.	No.	Tonnage	No.	Tonnage
Alleppey	420	929,592	450	1,028,007	438	1,022,287
Quilon	29	81,247	26	71,385	31	84,629
Trivandrum	38	104,400	20	55,121	43	119,122
Colachel	39	127,325	29	97,617	47	146,460
Total	526	1,242,764	525	1,252,130	559	1,372,498

214. We have carefully perused copies of the representations submitted to Government by various bodies and individuals on the subject of the improvement of the port of Alleppey. The main requirements demanding early attention are better godown accommodation, the construction of a new pier and the extension of the commercial canal, connecting it with a boat pool and lock at the end. The question of providing these facilities ought to engage the attention of the Government. The necessity for the construction of a pier at Quilon has been stressed by the previous enquiries. The tile manufacturers at Quilon are of opinion that a pier will enable them to develop their trade with Ceylon. We recommend that early steps should be taken towards the improvement of shipping facilities at our own ports.

215. Apart from whatever physical advantages that Cochin harbour might possess over the port of Alleppey, there are certain purely adventitious disadvantages which merchants have to encounter at Alleppey. Our witnesses point out that these can be set right by some effort on the part of the Government. The removal of the difficulties in question will give a fillip to shipping at Alleppey.

216. At present exporters and importers have decided advantages at Cochin in respect of freight and other incidental charges. It is cheaper to send cargo to Cochin and ship it there, particularly in the monsoon season, when sea-boat hire at Alleppey is very high. At Cochin these charges are lower and uniform throughout the year.

217. The monsoon season, as declared by a Government notification of 1922, extends over a period of four months from the 15th May to the 15th September. During the season boatmen get 50 per cent more than the ordinary rate. But the monsoon does not burst earlier than the 6th June. Therefore, about a month may be taken off the monsoon period. If a mere declaration which has no relation to actual weather conditions tends to divert some shipping from Alleppey to Cochin, the question ought to engage the attention of the Government. But this is a matter in which the boatmen are interested and we have not been able to ascertain their views.

218. There is considerable difference in the boat hire and other charges obtaining at Alleppey and at Cochin. The following statement will show the existing difference.

*Boat hire and other charges.*

<i>Alleppey:</i>	From ship to shore (per 100 bags)	Rs. 15 0 0
	From Customs godowns to consignees godowns (per 100 bags)	Rs. 2 8 0
		<u>Rs. 17 8 0</u>
	Ditto during monsoon period	<u>Rs. 25 0 0</u>

*Cochin:* From Ship to consignee's go-  
downs (per 100 bags) Rs. 9 0 0

Steamship freights from the ports, of the Bay of Bengal to the Travancore ports are higher than those to Cochin.

To Alleppey from Burma ports, per ton Rs. 13 0 0  
To Quilon, Trivandrum and Colachel, per ton Rs. 13 8 0  
To Cochin, per ton Rs. 12 0 0

219. This is an anomaly that has to be set right. The difference in freight charges affects the direct importer in Travancore, as he is not in a position to sell his rice at as cheap a rate as the merchant who imports it through Cochin. The Cochin importer can, therefore, undersell the Alleppey importer in the Travancore markets. At present 75 per cent of rice and paddy imported into Travancore comes through Cochin. Comdr. W. J. Swan, the Principal Port Officer, has informed us that, on this question, he has been in correspondence with the steam-ship companies whose vessels call at Travancore ports—the Scindia, the British India, and the Asiatic. Government pressure should be brought to bear on the steamship companies to make the rate of freight to Alleppey, and the other Travancore ports less than that to Cochin, instead of more. This is a reasonable contention, because the distance from Rangoon to the Travancore coast is less than that to Cochin and because at the port of Alleppey no pilotage is involved.

Steps should, therefore, be taken by Government to secure for Travancore importers at least the same rates of freight on rice and paddy from the Burma, Bengal, and other ports to Travancore ports as to Cochin and also to secure a reduction in the landing charges at Alleppey consistent with the actual cost incurred in landing.

220. Several of our witnesses in Alleppey and Quilon raised the question of freight rates. The tile manufacturers of Quilon have told us that one serious hindrance in the way of their developing new

*Freight concessions.* markets is the heavy freight charged by the railway. The oil mill owners of

Alleppey who have, of late, been developing a rail-borne trade in South India will be able to increase their trade very considerably if they get a freight concession. There are numerous instances of agricultural and industrial products in various parts of India being given freight concessions, as a measure of material assistance in the present period of depression. We are not aware of any steps so far taken by our Government in the matter of securing similar concessions for the people of this country. In fact, the importance of freight concessions as a substantial inducement to production does not seem to have been sufficiently realised in this country. On this question the following observation by the Royal Commission on Agriculture in India deserves our attention: "Freight rates are ordinarily the heaviest single addition to the prime cost of produce exported by rail from the area of production. In competitive markets they amount to a heavy charge on the gross price ultimately paid for the produce and, to the cultivator who is selling his commodity at a distance, they amount to a substantial proportion of the price he receives at the place of sale. A comparatively small difference in rates may mean the closing of important markets to a crop grower in any particular area and a consequent loss to the cultivators and the railways."\*

We, therefore, recommend that arrangements should be made with the railway and shipping companies for the grant of freight concessions on agricultural produce and manufactured goods.

221. The value of our external trade amounts to Rs. 21,00,00,000. In any modern country, a trade so vast in its

size and in its ramifications will be closely watched and the economic factors affecting it continuously studied by well-organised governmental agencies. Circumstances which

for years governed our trade are rapidly changing. What were once monopolies or quasi-monopolies are dethroned from their former position of pre-eminence. Scientific improvements, the discovery of inferior substitutes, and the growing tide of economic

\* Report of the Royal Commission on Agriculture in India—paragraph 913.

nationalism in other countries, are all threatening to deprive us of our former markets. The times demand the consolidation of the markets we still possess and the opening up and development of new ones for our products. The need for a change in our outlook on questions of trade and commerce can hardly be over-emphasised. The compelling force of adverse circumstances must endue us with the nerve once again to achieve what we neglected to safeguard in the days of our prosperity. Writes Mr. M. E. Watts: 'Once more it is imperative for Travancore to think and act and organise as Raja Kesava Das and Raja Sir T. Madhava Rao did—not to regard itself as polype in polypidom, as a district of a province, but as a state with all a state's commercial attributes and responsibilities, to be exercised to the full to safeguard an imperilled economic position. Trade must perforce use its tentacles; and tentacles must seek and secure contacts.'\*

The difficulties of the Travancorean exporters and the necessity of appointing a trade agent at London have been forcefully stated by the Special Officer for Travancore at the Wembley Exhibition (*Vide* paragraph 104, Report of the Banking Enquiry Committee).

222. In this connection, we wish to draw special attention to what is perhaps the most outstanding feature of our external trade, but which, ordinarily, is not as well *Indian home* emphasised as it deserves to be. The official *markets.* figures, year after year, show that no less than 90 per cent of our external trade is with British India and only 10 per cent with the rest of the world. No doubt, some portion of our goods going into British India will ultimately be re-exported to foreign countries. Still, the enormous preponderance of the share of our trade with India is a fact that can hardly be questioned. In recent years, our trade with the rest of India has been steadily increasing. The whole of our cocoanut produce, the greater portion of our pepper, vast quantities of coir, ginger, etc. are all absorbed by the British Indian markets. In our opinion, it is necessary to make proper

---

\* The Asiatic Review—October 1980.

arrangements for safeguarding and developing our home markets in India. "For the marketing of our goods" says Professor Gopala Menon, "I do not look beyond the seas at all; nor do I care to, because this sort of experience must teach us that those markets are not for us always. It is better to work under known conditions." It is often forgotten that in India, with its 352 million consumers, comprising one-fifth of the human race, we have one of the most enormous home markets in the world. The creation of a department of commerce for the consolidation and development of our trade in India is perhaps a more urgent need than the establishment of agencies in foreign countries.

223. In respect of the organisation of our external trade, our conclusions and recommendations are as follows :—

(1) In our opinion, the stage has come for seriously considering the question of the development of our trade through a Governmental organisation.

(2) Expert advice and financial assistance should be made available to traders and industrialists to enable them to tap home markets for their goods.

(3) A trade agency should be created in London to represent Travancore business interests.

224. The marketing conditions existing at present are far from satisfactory. The cultivator is largely at the mercy of the middlemen. There is no constructive attempt

*Co-operative production and sale societies.* on his part either to produce more in quantity or, better in quality. He seems, apparently, to be content with what little he is able to

realize. But the State can ill afford to watch the decreasing staying power of the individual cultivator and view it with no concern. He has no organisation to protect him against the adverse forces which are always alive against him. Whether the adulteration, the ruining and damping of agricultural produce are due to the middleman or the cultivator, it is unquestionable that they react most unfavourably on the price the cultivator receives for his produce. He can never secure the full price for quality unless such practices are put an end to.

225. The Board of Agriculture in India suggested in 1917 that the most hopeful method of attacking the problem was by action on the part of Government by exercising control at the port of export and the refusal to allow the export of produce below a certain standard of cleanliness and purity. In the U. S. A., grading under Government regulation and enforced by the Federal Department of Agriculture through inspecting officers, either at the shipment port or elsewhere, is a prominent feature of the marketing of various agricultural products. The grading of hemp in New Zealand and fibres in the Philippines is controlled by the Agricultural Departments of those countries. It may be that under present conditions the introduction of any such system would raise administrative difficulties of a grave nature. But organised associations can do a great deal for the better marketing of the principal crops.

226. Enormous interests are involved in the production of our export staples. In any other country, the production and marketing of the various cocoanut products, for instance, would have a net-work of producers' associations to protect their interests in general and to ensure better output, better quality and better prices, in particular. Our agriculturists, as a rule, do not evince organised interest in the commercial side of their business. On the question of the marketing of agricultural products, the Report of the Royal Commission on Agriculture in India contains the following observation: "Until, therefore, he (the cultivator) realizes that, as a seller of produce, he must study the art of sale, either as an individual or through combination with other producers, it is inevitable that he should come off second best in his contest with the highly specialised knowledge and the vastly superior resources of those who purchase his produce."<sup>\*</sup>

227. In this connection, reference may be made to a full and authoritative survey of the world agricultural crisis that has recently been issued by the Secretariat of the League of Nations. The document is the result of conferences of Agricultural experts who met in 1930 and 1931 and represents the views of the leading agricultural authorities from thirty-nine

<sup>\*</sup>Report of the Royal Commission on Agriculture in India—paragraph 320



countries. The Economic Committee of the League, which considered the evidence of the experts draws the following conclusion. "In general, the Economic Committee recommends that the formation of groups of agricultural producers, numerous and disciplined enough to organise the sale of their crops, be organised. Such a course would be useful to farmers by enabling them to improve their economic position."

228. The cultivator here is a very small unit. In order that he may secure full value for quality he must have organisation for the purpose of sale. There is no doubt that group marketing will be more efficient than marketing by separate individuals. The best and most satisfactory method adopted in other countries is the formation of co-operative sale societies. They make it possible to educate the cultivator and provide a sufficient volume of produce for efficient grading. They will also bring the producer into direct touch with the export market and with large consumers. The development and successful working of such societies in sufficiently large numbers is a work to be achieved in time. Meanwhile no time should be lost in making a beginning. We, therefore, recommend that a vigorous state-initiated propaganda should be conducted in order to form co-operative production and sale societies wherever facilities exist.

229. Quite allied to group marketing is the provision of godowns or warehouses. These may be owned by licensed holders, co-operative societies, or individuals.

*Licensed warehouses.* The establishment of licensed warehouses will open up the possibility of providing loans to cultivators as also to small industrialists on the security of receipts granted by the warehouse keeper. The latter takes no responsibilities except that he gives a correct description of the articles and that he holds the goods safely. The sale is effected directly by the owner. The purchaser satisfies himself by inspection that the goods are of the quality specified in the receipt. The introduction of the warehouse warrant or receipt will be the creation of an instrument to the advantage of the small producer or cultivator for raising credit; for, with such

facilities, banks may be able to give greater assistance in the orderly marketing of produce by providing credit on easier terms than now. We, therefore, recommend that early steps should be taken for the inauguration of a scheme to establish licensed warehouses.

230. The lack of a proper organisation of internal markets and distributing agencies has been deplored by several witnesses.

*Organised  
markets.*

There is no doubt that the cultivator labours under serious difficulties in selling his produce in unregulated markets now existing in the country. The Royal Commission on Agriculture in India have observed that the establishment of properly regulated markets 'would confer an immense boon on the cultivating classes'. They further point out: "If the cultivator obtains a much better price for his produce when he disposes of it in a market than when he sells it in his village, the importance to him of properly organised markets needs no emphasis. The importance of such markets lies not only in the functions they fulfil but in their reactions upon production. Well-regulated markets create in the mind of the cultivator a feeling of confidence and of receiving fair play and this is the mood in which he is most ready to accept new ideas and to strive to improve his agricultural practice. Unless the cultivator can be certain of securing adequate value for this quality and purity of his produce, the efforts required for an improvement in these will not be forthcoming. The value of the educational effect of well-regulated markets on the producer can hardly be exaggerated, but it has yet to be recognised in India."\* Says Professor P. J. Thomas: "The provision of regulated markets in Alleppey may substantially help in increasing the prices realized by the agriculturist. A regulated market with periodical auctions will increase competition among buyers, and, in spite of duties, the export firms may bid higher prices than they do now. This may also be a means of partially shifting the duty on to the export firms and the middlemen." The need for establishing organised and regulated markets is as great in Travancore as in British India and we recommend that necessary steps should be taken for this purpose as early as possible.

\*Report of the Royal Commission on Agriculture in India.— paragraph 327.

## CHAPTER XV

### Remedies.

#### *Credit Facilities.*

231. The present condition of local banks has already been described. (*Vide* paragraphs 40 & 160). Credit is the life blood of all business enterprise. This is the reason why, in all civilised countries, the State comes to the assistance of banks in times of special stringency. The principle that underlies State assistance to banks is so obvious that there is no need for any elaborate defence of the proposition.

In spite of defects, the joint-stock banks in the State are performing a very important function. Indeed, one respect in which Travancore leads the rest of India is in the number and growth of registered banks. A few of the Travancore banks have even extended their activities to the neighbouring States and to British India and have attained to prominence and popularity among the banks in South India.

232. Some degree of assurance at this juncture that, in the interests of the general economic welfare of the country, the Government is behind the well-conducted banks, will restore confidence in them, check the tendency for the withdrawal of deposits, and rejuvenate trade, industry, and agriculture. It is obvious that assistance of this kind can be given only to well-conducted banks. Their *real* assets must be ample and their integrity impeccable. This would necessitate the most careful scrutiny, supervision, and control of the affairs of the banks concerned. In this connection, we would mention here a suggestion placed before us by a representative body of leading bankers and businessmen at Kottayam and commend it for the consideration of the Government. The suggestion is "That banks should be given deposits from Government, partly on the basis of their paid-up share capital, but fully secured by a collateral security, either as open loans on the gold securities held by them

E. D. B.

or by discounting several bills, each executed by a substantial party and endorsed by the bank concerned. If a person who can be proved to be worth several lakhs, signs a bill for Rs. 20,000 in favour of a registered bank and if the latter endorses it and deposits it with the Government, the amount advanced by the Government will be absolutely secure."

Our recommendation on the question of Government assistance to banks is of a general nature and is as follows:—

Special loans on a liberal scale should be granted on proper security to the State-Aided Bank and other well-conducted joint-stock banks in the State in order to help agriculture, trade, and industry, during the period of economic depression.

233. The need for organising a land mortgage bank in Travancore to meet the demand for long-term credit has been brought out as a result of previous investigations. The Unemployment Enquiry Committee has appended to its Report a memorandum and a draft bill relating to the question prepared by one of our colleagues, Mr. I. C. Chacko. Subsequently, the Banking Enquiry Committee has examined the subject in detail and recommended that early steps should be taken to inaugurate a land mortgage bank in Travancore. The Royal Commission on Agriculture in India have exhaustively dealt with the general question of land mortgage credit. The principles laid down in their Report are already being acted upon in various parts of India. We find that the Madras Central Land Mortgage Bank has been taking the necessary steps to reinforce its credit by means of legislation on the lines laid down by the Royal Commission.

234. The question has been strongly urged before us by a large number of our witnesses. It may be asked whether it is going to have any direct bearing on the present depression. Doubtless, the need existed before the depression began; if so, that need is all the more acute in the circumstances created by the present depression. Even in normal times, the crushing burden of rural indebtedness throws all other problems into the

shade. At the present moment, the debtors are being pauperised. The rapid increase in the value of money, and in the real burden of debt are the two stern realities confronting agriculturists in debt. In a period of rising prices, the real rate of interest is low, even negative, and this encourages production and benefits debtors. On the other hand, in a period of falling prices, the real rate of interest rises fast and the debtors' burden become increasingly heavy. Professor P. J. Thomas has estimated that a loan of Rs. 100 contracted before the depression at 12 per cent interest has to be repaid now with an amount equivalent to Rs. 156-3-4, assuming that the prices of produce have fallen by 40 per cent in the meantime. The Banking Enquiry Committee has calculated that the amount of rural indebtedness in Travancore would be about Rs. 25 crores. Under the present conditions, the real weight of this amount would be about Rs. 40 crores.

235. Assuredly, anything that can be done to relieve this crushing burden of debt would be an immense relief. We are therefore strongly in favour of the inauguration of a land mortgage bank in Travancore. In fact, it has long been overdue and cannot justifiably be delayed any longer. Says Principal Chandrasekharan: "It seems to me that this is the most important single measure that can be taken up immediately." The whole problem is to improve the resources and the purchasing power of the ordinary cultivator and that can only be done by relieving his indebtedness, for which land mortgage banks are essential. Anything that can be done to raise his morale and to improve his resources would directly or indirectly relieve his distress.

We, therefore, recommend that Government should take immediate steps to inaugurate a land mortgage bank in Travancore, under a special legislation.

236. We do not consider it necessary for the purpose of this enquiry to enter into a discussion of the soundness or otherwise of the principles on which the *chitty* system is based. We have to take it as it exists—the traditional devise of mobilizing capital which, in recent times, has been regulated by legislation.

*Chitties.*

237. Probably, no question has been so insistently pressed upon our attention as the necessity for suspending all *chitties* for a time. The vehemence of the evidence before us only shows the enormous extent to which the octopus has spread its tentacles and grasped within its ramifications the whole routine of the economic life of the masses. Our obvious duty is to consider the suggestion that Government should interfere and suspend payments which fall due under chit funds and forbid the enforcement of penal conditions usually attached to such transactions.

238. Suspension can be seriously argued for. The *chitty* system involves cash payments at stated intervals. The present depression makes it difficult for the people to find the cash necessary for the payment of instalments. Default means the enforcement of penal conditions and the forfeiture of securities. To the prized share-holders, suspension will bring immense relief. The generality of foremen are prepared to welcome the step; for, they find it all but impossible to realize the instalments from the share-holders and, consequently, they are not able to pay the prized amounts. But we have also to consider the case of the non-prized share-holders. It may be taken for granted that many of them have invested their savings in *chitties* and have been looking to this resource to be able to meet urgent demands, like the marriage of a daughter, the liquidation of a debt, or the redemption of a property. It is, therefore, obvious that interference with the *chitties* will produce serious repercussions at various points. The following statement made by the Government of Cochin in reply to a similar suggestion made in the Cochin Legislative Council, brings out the difficulties involved: "It is neither possible nor desirable to accept these suggestions. Interference with the payment due under *kuries*, far from improving the present situation, would only make it worse. The organizers of *kuries* may themselves have entered into commitments on the strength of the *kuries* and if the power of enforcing the conditions of the *kuries* be now suspended, it is obvious that a similar concession should be given to the organizers also in respect of their commitments. In fact, this would necessitate the declaration of a moratorium. The effect of such a declaration would inevitably be to injure trade and industry, by

making merchants and others, particularly those outside the State, unwilling to enter into contracts which it might prove exceedingly difficult to enforce. To this would have to be added, the effect of the uncertainty created in the public mind by the interference of Government with private contracts."

239. We find that a memorial presented to Government by some members of the twenty-seventh session of the Sri Mulam Popular Assembly contains the following observations:—  
 "Without simultaneously interfering with the course of court auctions and decree executions, it would be dangerous to suspend *chitties*. Even if such simultaneous action were taken, there would still be danger to trade and industry. So, only in case other measures fail to mitigate the sufferings of the people, should the above methods be tried at all. Even now, there is provision to effect temporary suspension of *chitties*, with the consent of a certain proportion of the share-holders. Such a procedure would not do much harm. But, if Government were to suspend *chitties* by compulsion, many people will suffer undeserved losses and this will lead to further complications. The question of suspension may, therefore, be postponed." (Translated).

240. The question now is how far the share-holders including the foreman, by common agreement amongst themselves, can suspend a *chitty*, within the provisions of the Travancore Chitty Regulation. We find that there is a great deal of divergence of legal opinion on this question. At all events, it is a matter on which expert legal opinion has to be consulted. Government should, therefore, explore the feasibility of some kind of permissive or enabling legislation under which the share-holders may, on certain conditions, suspend a *chitty* for a definite period. Beyond this, we are not prepared to go. .

241. In chapter XII, (paragraph 198) we have dwelt at considerable length on the necessity, existing at the present moment, to preserve intact, as far as possible, the hold  
*Decree debts.* of the cultivator on his landed property.

On the same grounds, we recommend that courts should be instructed to exercise, more sympathetically, the discretion vested in them to postpone, in all deserving cases, the sale of immovable properties against decree debts.

---

## CHAPTER XVI.

### Remedies.

#### *Miscellaneous.*

242. There is a widespread demand for a general reduction in educational expenses, particularly in school fees ; but a large number of our witnesses are definitely against a corresponding reduction in college fees. The heads of educational institutions, including the Managers and Headmasters of private schools, admit that the regular payment of instalments of school fees is becoming increasingly difficult for the parents.

243. Evidence does not show that there is any appreciable fall in the attendance at educational institutions. Nor was there any fall in the number of new admissions at the beginning of the current school year. In his evidence before us, the Director of Public Instruction said that the general impression he had formed from the reports of his inspecting officers was that there was no appreciable fall in attendance and admissions. As regards the collegiate institutions, the pressure for admissions at the beginning of the current academic year was as strong as in the previous years. Principal Chandrasekharan says : "I hoped the depression would have some effect on college admissions ; but actually there has not been the slightest effect. This year, the number of applications was double that of the last year. I suppose a good many of them would feel the pinch ; but they come with their eyes open to the expenses involved."

244. In many schools, particularly in those under private management, there is considerable accumulation of arrears. We understand that in many private schools in the mofussil, collections are behindhand by one or two instalments.

245. We have not been able to collect statistics regarding attendance, admissions, and arrears of school fees. At our request, the Director of Public Instruction called for the



necessary figures; but it has not been possible to obtain them, at so short a notice, from nearly 4,000 institutions in the State.

246. Rates of educational fees were fixed at a time when prices were high. Now that circumstances have changed, there is a great deal to be said in favour of a reduction in the fees. But the financial implications of the question appear to us to be really formidable to a degree. We are already spending on education more than a fifth of our revenues. Any reduction in school fees is bound to impose a strain on the State finances out of all proportion to the actual reduction in fees. For, as far as we have been able to gather, the private school authorities look to the Government to make good the deficit in fee collections that they are likely to sustain, unless indeed there is a corresponding cut in the pay of the teachers. A reduction in school fees is, therefore, out of the question, unless Government are also prepared to effect a general cut in educational salaries or are able to find the necessary funds from other sources. The question is so formidable that it has to be fully examined by the Retrenchment Committee that we recommend below.

247. However, we consider that in one respect some measure of relief may be given to the parents. At present, the Government schools impose a fine of 4 chuckrams on an instalment of fee paid later than the 10th of the month in which that instalment is due. If the instalment is still unpaid on the 20th, the fine is raised to 12 chuckrams. Thereafter the pupil loses attendance too. Even if the fine is abolished, the pupils lose attendance, if they do not pay up the fees by the 20th of the month. In view of these facts, we recommend that the fine now levied for non-payment of school fees should be abolished during the period of economic depression.

248. There is a great deal of complaint concerning what is regarded as the extraordinary increase in the number of text-books the school children are required to provide themselves with. Complaint is also rife that the Vernacular text-books are priced at unconscionable rates. Some of our educationists who gave evidence before us are of the opinion that the subject needs examination in the light of the present conditions

Mr. A. M. Varkki, Principal of the Union Christian College, says: "Regarding the text-books produced in our own State, the question of prices requires very careful examination before they are prescribed. I find with the children small books which cost 14 chs. to 21 chs. I see no reason why they should be sold at those rates. In this connection, I might suggest that the Text-Book Committee should insist on the author stating the price at which Government could buy the copyright of the book. There should be a minimum price and that once for all. Government can then sell them very cheap."

249. The number of text-books depend upon the number of subjects taught and it is therefore a matter for experts to decide. We do not presume to make any observations on that question. But we feel that in certain directions the strain on the parents can and ought to be lightened. We do not, for instance, see why the text-books should be changed year after year. If the same books remain in use for a number of years, they could be used by the younger children in the same family or bought at cheap rates by others. We are sure that this would mean a great relief to thousands of parents.

250. It is clear that, in retaining the prescribed books for a number of years, very great care has to be exercised, so as to get at the really good books. Probably, this would necessitate a preliminary selection with special regard to quality and price. And, as far as possible, the Government should acquire the copyright of the selected books and sell them at the minimum rates. We, therefore, recommend that special care should be bestowed on the selection of text-books for schools, with reference to their quality and price, that the books so selected and prescribed should not be changed at intervals shorter than three years, and that arrangements may be made by Government for the purchase of their copyrights, if any.

251. There is also a very pronounced feeling among parents that the school children are burdened with far too many notes and exercise books. It is certainly good for the children to keep notes. It teaches them method. It is 'doing' as opposed to 'cramming.' Habits of systematic work can be inculcated upon

the children by insisting on notes of class work being properly kept. If the children are allowed to purchase the cheapest notebooks, it will lead to a certain slipshod way of doing things which has at all costs to be discouraged. But the question requires to be examined.

252. There are many printing establishments and publishers who have made a business of making school exercise books. These books are made to suit the various requirements of class work and it must be said to their credit that they are, generally speaking, well made and sold at reasonable rates. But a real danger lurks in the possibility of heads of educational institutions insisting on particular makes so as to create quasi-monopolies. Actually, we have not received any complaint of this kind. In our opinion, it should be possible, with due regard to the requirements of systematic work, to relax the rules or practice concerning the type, size, and number of note books used by school children.

Our recommendation in this respect is as follows:—

Heads of educational institutions should be instructed to relax the rules or practice in regard to the type, size, and number of exercise books the pupils are required to provide themselves with.

253. We have already pointed out that the disbandment of coolies from estates and the necessity forced upon the agriculturists by the present depression to postpone

*Public Works.* many items of work which they would have otherwise undertaken in normal times, have contributed to the increase of unemployment in the country. If conditions do not change—there is no sign yet of any appreciable change for the better—the problem of unemployment is bound to become more and more acute. The only remedy that has been suggested by several of our witnesses for the mitigation of this serious evil, at least temporarily during the depression, is that Government should carry out a large number of public works distributed throughout the State. The Rev. Rao Bahadur John Kuriyan pressed this point strongly in his memorandum and

in his oral evidence, and so did many other witnesses also. We know that the Government are fully aware of the seriousness of the situation and of the necessity of providing work for the unemployed as far as possible. The railway extension and the water works in the capital, two big schemes involving an expenditure of several lakhs of rupees, are being pushed through by Government with all possible expeditiousness, even in this time of great financial stringency. Besides, they have also provided funds in the budget for the current year for the construction of bridges at Neriymangalam and Thottapalli, and we have no doubt that these works will be taken in hand with the least possible delay. Such large works confined to two or three centres cannot possibly benefit the large body of unemployed found throughout the State. With a view to distribute the benefit over as large an area as possible we may be permitted to make a suggestion. We understand that the Irrigation Committee have already submitted their Report, and we daresay they must have recommended the earmarking of an annual allotment for the repair and improvement of irrigation tanks. There is already a provision of Rs. 2 lakhs for this purpose in the budget for 1107. Our suggestion is that Government should take immediate steps for spending this amount, and any further amount that they find convenient to provide for the current year, distributed according to necessity in different parts of the country. This will provide work for the unemployed in different places and at the same time enable the paddy cultivators to increase the outturn of their crop and their net income.

254. Further, we would make the following recommendations on the question of P. W. D. contracts :—

(1) The payment of matured part-bills should be speeded up by the P. W. D.

(2) P. W. D. and Maramath contracts should be entrusted to Travancoreans as far as possible and large contracts should be split up into small ones so as to make them available to as large a number of contractors as possible.

255. Considerable data in regard to economic life are now published in departmental reports. These are useful for the comparative study of past conditions only.

*Statistics and co-ordination of economic data.* They have not been compiled with a view to their being utilised for shaping the economic policy of the State. An organization is required to study economic questions, devoted to "the continuous interpretation of current developments and the consideration of plans designed to particular purposes." The Economic Development Board has neither the means, nor the leisure, to undertake the task. The Board lacks a touch with reality, not being in a position to provide itself with detailed information and statistics in regard to matters within its purview. It does not function as a co-ordinating authority for matters of common interest pertaining to different departments of administration. Each department considers its own preserves as sacred and even when the heads of such departments are members of the Board, they remain passive spectators or advisers. The Board has become purely advisory in this sense.

256. A statistical organization, equipped with the means of collecting data for particular purposes within the purview of the Economic Development Board, will bring useful information within its knowledge and make the decisions better informed. Such a body with official and non-official representation is fitted to offer advice on economic questions of all kinds—taxes and tariffs, agricultural and industrial loans, banking and commercial policy, poverty and relief of distress etc. But to make it an efficient agency in this regard, it should be in continuous touch with the pulsations of the actual economic life of the people, as indicated by the statistics of population, production, trade, prices, labour, and economic organisation. Careful and co-ordinated investigation conducted under proper guidance alone can achieve this purpose. Such a body would have been able to foresee the coming of the depression, forecast its extent, and minimise its evils by advocating measures to prepare the community against its worst evils.

257. Mere figures can have no value unless it is known how they have been collected, why they have been collected and when they have been collected. The lack of such information distinctly vitiates the value of our statistics. The organisation of a central agency for the purpose of collecting useful statistics will obviate this defect. Once the figures are collected and their meaning known, the organising agency will be able to interpret them from the point of view of the requirements of the times. Without such interpretation, the figures by themselves serve no useful purpose. Further, the dissemination of useful information will go a long way to remedy the evils of the depression. It will help to throw light on the effects of different policies and methods of life. By such means, interest may be created in the people to strive for their own economic advancement by adopting measures which have proved beneficial elsewhere. The active interest of the people in the activities of the department will in turn contribute to its increased efficiency and reliability.

258. In view of the increasing attention paid by Governments to their responsibility for the economic welfare of the people, most Governments have realized the need for some common agency for the formulation of policies in relation to such responsibility. An indispensable adjunct to such an organisation is the institution of a central bureau of statistics. We have in Travancore only a shadow of both kinds of institutions. They have to be made real and efficient. The Statistical Bureau, with a competent staff of economists should work under the President of the Economic Development Board. The president, acting on the advice of the Board, should lay down the directions in which its activities should be expanded. It should be the duty of the Bureau to check, correlate and interpret the information received from various official and non-official sources. The lessons drawn from them in matters relating to the direction and intensity of economic effort within the community should be published from time to time in the journal of the Board. Pointed attention should be drawn to such matters as the movement of prices and of goods and trade conditions abroad which have a reaction on the life of the people here. This is a measure calculated not only to forewarn but also to forearm the people against the possible

dangers affecting their being ignorant of the conditions around them. It will afford also the basis on which the Board can tender timely and well-informed advice to Government and interested bodies to take effective measures to safeguard the prosperity of the country. We, therefore, make a general recommendation as follows:—Proper arrangements should be made for the collection, collation, and publication of reliable statistics relating to agriculture, industries, and trade and commerce.

259. A large number of our witnesses deplore the drain from the country of about Rs. 45 lakhs which motor transport entails. Some go to the extent of maintaining that all our ills are to be traced to the indulgence in this exotic luxury. We have, however, to assume that it has come to stay and is not without its advantages in the matter of saving time to the public and of finding employment for a section thereof who would otherwise have, in all probability, swollen the ranks of the unemployed.

260. The depression has resulted in reduced traffic. In proportion to the fall in incomes, the public would try to avoid travelling as far as possible. Fares have come down appreciably. This is inevitable; for all rates must perforce conform ultimately to the capacity of the public to pay. When takings diminish, the tendency increases towards cut-throat competition and evasion of traffic rules.

261. We have carefully considered the valuable memorandum on the subject of motor traffic prepared for us by Mr. L. A. Bishop, Commissioner of Police. We find that the question of motor transport is fast becoming a matter of concern to the State and to the police—to the former, as regards the economic aspect of it and to the latter, as regards control.

262. Any one can now become an owner under hire purchase terms. Competition is so severe that the single owner who lacks capital cannot maintain his vehicle properly on his legal takings. The most incorrigible offender, as regards breaches of

the rules and proper care of his vehicle, is the single owner. He has to over-load and allow his bus to fall into disorder, if he is to make any immediate profit.

263. In our view, it is economically unsound to give unrestricted facility to impecunious individuals to obtain and run service buses on the hire-purchase system. This economic danger should be avoided by insisting upon the permit holder to be the owner of the bus as well. Further, every prospective applicant for a permit should also be required to keep a minimum fleet of vehicles. The result of this recommendation would be to encourage the formation of financially strong concerns for undertaking the motor transport business. By leaving the field open only to those able to run the services properly, both the State and the people will benefit.

264. After making sure that buses are run only by financially competent agencies, it would be found necessary to restrict the number of buses plying on particular routes. We recommend that the Commissioner of Police, as the chief executive officer for the control of traffic, should be empowered to restrict the number of buses that may ply on any route. As our proposals contemplate the Commissioner dealing with fleets of buses rather than individual buses, the said restriction of the number of buses on any route can be effected by allowing timings up to a certain percentage of the vehicles in every fleet, the remainder constituting spare vehicles to replace those unable to ply, or to provide excess conveyances when special permits are needed.

265. Various deputations of abkari contractors met us at Muvattupuzha, Kottayam, Tiruvalla and Mavelikara. Their common grievance may be briefly stated.

*Abkari contractors.* At the last auction, the bids went up to unprecedented heights. But on account of the present depression, consumption has gone down to an enormous extent and they are not able to pay the kist instalments without sustaining heavy losses. At a time when their income from other sources also has gone down they find it extremely difficult to carry out their contracts. They,



therefore, request that Government be pleased to grant them a 50 per cent remission for 1106 M. E. and 75 per cent remission for 1107 M. E. In case Government do not find their way to grant the 75 per cent remission for 1107 M. E., they request that they should be released from their contracts forthwith and the shops reauctioned. They further ask that they should be excused the interest on arrears of kist instalments.

In regard to the above question, we find that Government have already granted someabkari contractors 10 to 40 per cent. remission for 1106.

266. We are not unaware that the sum total of our recommendations may amount to a large diminution in the revenue of the Government and a very considerable increase in their expenditure. It is certainly a perplexing situation for any progressive Government and can only be met by the most rigorous economy in expenditure. Retrenchment is the one noticeable feature of the budgets of most Governments in India at the present moment. We feel that the natural sequel to our Report is a Retrenchment Committee to enquire into the whole question of Government expenditure and to formulate proposals for effecting the necessary economies. Every single item of expenditure has to be most rigorously scrutinized and every avenue to retrenchment most carefully examined. In a crisis like the present, the most rigid economy has to be practised, consistent with the requirements of efficiency. It is not necessary for us to anticipate the lines on which a Retrenchment Committee's enquiries shall proceed; but, we consider that they will be in a better position than we are to deal adequately with such questions as the readjustment of salaries, the extent to which Government funds invested outside could be utilised for the relief of distress within the country, and other allied questions. We, therefore, recommend that a Committee of officials and non-officials should be constituted as early as possible to explore the avenues of retrenchment in the expenditure of Government.

---

## CHAPTER XVII.

*Summary of principal Conclusions and Recommendations.*

We give below a summary of our principal conclusions and recommendations :

1. The stage has not yet been reached for a general remission of taxes. (Paragraph 185).

2. In respect of the outstanding balance of land tax for the year 1106 M. E., coercive action should be suspended in the case of those pattadars who, on enquiry by the Tahsildars, are found to be really unable to pay the tax on account of economic depression, and they should be allowed to pay up the arrears before or along with the first instalment of kist in 1107 M. E. (Paragraph 187).

3. The concessions already granted to the Kandukrishi tenants towards the close of the year 1106, should be extended up to the date of the first instalment of kist in 1107. (Paragraph 189).

4. The tax on Kandukrishi lands should be collected in kind to the extent of Government requirements, till the price of paddy reaches the commutation rate. (Paragraph 189).

5. The complaint that Kandukrishi tenants in certain pakuthies of the Tiruvalla taluk have not been granted the benefit of the concessions extended to the tenants in other taluks should be enquired into. (Paragraph 189).

6. A liberal allotment should be provided for agricultural loans and at least one lakh of rupees from this allotment should be set apart for special loans to the Kuttanad ryots to meet pumping expenses during the ensuing cultivation season. (Paragraph 191).

7. As soon as the funds under Agricultural Loans are exhausted, due information to that effect should be given to the applicants concerned. (Paragraph 192).

8. In connection with the distribution of Agricultural Loans, Sub-Registrars should be instructed to issue the necessary encumbrance certificates within seven days after a requisition is made therefor. (Paragraph 193).

9 The interest on Agricultural Loans should be suitably reduced, in view of the present economic depression. (Paragraph 194).

10. Extension of time for the payment of moneys due to Government under agricultural and industrial loans, should be granted to such applicants as are found, on proper enquiry, to be unable to pay the amounts on due dates on account of economic depression. (Paragraph 195).

11. Payment of instalments of *tharavila* and half-contributions for minor irrigation works falling due up to the end of 1107 should be postponed for one year from the due date, if the economic depression continues till then. (Paragraph 195).

12. Government ought to supplement the resources of the co-operative societies so as to enable them to issue more loans than at present to their members who are agriculturists. (Paragraph 196).

13. Government should sanction a special staff to guide and develop the activities of the weavers' co-operative societies and earmark a portion of the grant under industrial loans for distribution among them. (Paragraph 197).

14. Strict instructions should be issued to Division Peishkars and the Devicolam Commissioner, that in cases in which immovable properties are attached and proclaimed for sale for the realization of kist, the sale should be postponed, if, in their opinion, the properties put up to auction have not fetched a fair and reasonable price or the management of such properties should be taken over by Government, in suitable cases. (Paragraph 198).

15. During the period of depression and without prejudice to G. O., No. R. O. C. 2764/31/Rev., dated the 14th July 1931,  
E. D. 3.

the fee on demand notices should be reduced to two chuckrams in the case of those tax-payers who have to pay a tax of Re. 1 or less. (Paragraph 119).

16. The tax on rubber lands should be reduced from Rs. 2 to Re. 1 per acre. (Paragraph 200).

17. It is not expedient to restrain the import of rice and paddy. (Paragraph 202).

18. The State should pursue a policy of active assistance to paddy cultivators so as to enable them to bring down the cost of cultivation and to increase the output of their fields. (Paragraph 202).

19. Arrangements should be made with oil companies to supply kerosene and crude oils to punja cultivators in bulk and at reduced rates. (Paragraph 203).

20. The Forest Department should be instructed to reduce to a reasonable level the price of bamboo supplied to *bona fide* punja cultivators. (Paragraph 204).

21. With regard to wet lands in Kuttanad, payment of half the tax on the 15th Edavom and the balance on the 30th Mithunam should be allowed, at least during the period of economic depression. (Paragraph 205).

22. Government should consider the appointment of a special irrigation officer for Kuttanad and an advisory board to help him and also make suitable amendments to the Irrigation Regulation. (Paragraph 206).

23. Steps should be taken, as early as possible, to investigate further and settle once for all, the question of the relationship between the *para* and the *kottah*, as maintained for tax purposes in Nanjinad. (Paragraph 207).

24. The ryots in Nanjinad should be allowed to tap all available resources of green leaf manure without detriment to other interests. (Paragraph 208).

25. All restrictions on the removal of green leaf manure from the reserved forests should be removed, consistently with the interests of forest conservancy. (Paragraph 208).

26. Government should consider the advisability of forming Forest Panchayats and handing over to them, the management of the forests contiguous to the arable lands, as has been done in the Madras Presidency. (Paragraph 208).

27. The license fee for *pachil chengadoms* used in fishing should be reduced from Rs. 15 to Rs. 7-14-0. (Paragraph 209).

28. The license fee for fishing stakes for the current year (1106 M. E.) should be reduced by 50 per cent. and a similar reduction made in the license fee for the next year also, if the price of prawns does not rise. (Paragraph 209).

29. Steps should be taken to have the whole question of tariff examined by a body of experts. (Paragraph 210).

30. The tariff valuation of important articles of export should be reduced temporarily. (Paragraph 211).

31. The export duty on tea should be abolished and to make up the loss in revenue the income tax basis should be raised from the present rate of 25 per cent. to 60 per cent. and if there be still any deficit, it should be made up by raising the income tax rate and by imposing a super-tax as in British India. (Paragraph 212).

32. Early steps should be taken towards the improvement of shipping facilities at our own ports. (Paragraph 214).

33. Steps should be taken by Government to secure for Travancore importers at least the same rates of freight on rice and paddy from the Burma, Bengal, and other ports to Travancore ports as to Cochin, and also to secure a reduction in the landing charges at Alleppey, consistent with the actual cost incurred in landing. (Paragraph 219).

34. Arrangements should be made with the railway and shipping companies for the grant of freight concessions on agricultural produce and manufactured goods. (Paragraph 220).

35. The stage has come for seriously considering the question of the development of our trade through a governmental organization. (Paragraph 223).

36. Expert advice and financial assistance should be made available to traders and industrialists to enable them to tap home markets for their goods. (Paragraph 223).

37. A trade agency should be created in London to represent Travancore business interests. (Paragraph 223).

38. Special loans on a liberal scale should be granted, on proper security, to the State-Aided Bank and other well conducted joint-stock banks in the State, in order to help agriculture, trade, and industry, during the period of economic depression. (Paragraph 232).

39. Immediate steps should be taken to inaugurate a land mortgage bank in Travancore, under a special legislation. (Paragraph 235).

40. Government should explore the feasibility of some kind of permissive or enabling legislation under which the shareholders may, on certain conditions, suspend a *chitty* for a definite period. (Paragraph 240).

41. Courts should be instructed to exercise, more sympathetically, the discretion vested in them to postpone, in all deserving cases, the sale of immovable properties, against decree debts. (Paragraph 241).

42. A vigorous State-initiated propaganda should be conducted in order to form co-operative production and sale societies wherever facilities exist. (Paragraph 228).

43. Early steps should be taken for the inauguration of a scheme to establish licensed warehouses. (Paragraph 229).

44. Steps should be taken for establishing organized and regulated markets in the country. (Paragraph 230).

45. The fines now levied for non-payment of school fees should be abolished during the period of economic depression. (Paragraph 247).

46. Special care should be bestowed on the selection of text-books for schools, with reference to their quality and price, the books so selected and prescribed should not be changed at intervals shorter than three years, and arrangements may be made by Government for the purchase of their copyrights, if any. (Paragraph 250).

47. Heads of educational institutions should be instructed to relax the rules or practice in regard to the type, size, and number of exercise books, the pupils are required to provide themselves with. (Paragraph 252).

48. Immediate steps should be taken for spending the amount of Rs. 2 lakhs Government have provided in the budget for 1107 and any further amount they may find convenient to provide for the current year, for the purpose of repairing and improving irrigation tanks, distributing the works according to necessity in different parts of the country. (Paragraph 253).

49. Instructions should be issued to the P. W. and Maramath Departments to speed up the payment of matured part-bills to contractors. (Paragraph 254).

50. P. W. D. and Maramath contracts should be entrusted to Travancoreans, as far as possible, and large contracts should be split up into small ones so as to make them available to as large a number of contractors as possible. (Paragraph 254).

51. The permit holder of a motor bus plying for passenger transport should be required to be its complete owner as well. (Paragraph 263).

52. Every prospective applicant for a permit should also be required to keep a minimum fleet of vehicles. (Paragraph 263).

53. The Commissioner of Police should be empowered to restrict the number of buses that may ply on any route, allowing timings only to a certain percentage of vehicles in every fleet, the remainder constituting spare vehicles to replace those unable to ply, or to provide excess conveyances when special permits are needed. (Paragraph 264).

54. Proper arrangements should be made for the collection, collation, and publication of reliable statistics relating to agriculture, industries, and trade and commerce. (Paragraph 258).

55. A committee of officials and non-officials should be constituted as early as possible to explore the avenues of retrenchment in the expenditure of Government. (Paragraph 266).

#### *Conclusion.*

In bringing our task to a close, we are fully aware that we have not prescribed sovereign remedies. The measures that we have proposed are largely palliatives designed to afford temporary relief to the hard-hit sections of the people. The real cure lies in a proper appreciation of the new economic forces that are at work in the world to-day. Standards of production and consumption have to be adjusted to the new requirements. The world depression is a challenge to every country to set its own house in order. We have to accept the situation, not in a defeatist spirit, but with courage and determination to weather the storm successfully. This means eliminating waste in all directions, lessening the cost of production and increasing the outturn by the application of scientific methods, and enhancing the profits by means of efficient marketing. The strong individualism of our producing classes in general and of the cultivators in particular must give way to co-operative effort. That way lies their economic salvation.

While we complete this report, news comes of great changes taking place in the financial world. Great Britain has suspended the gold standard and some of the other European countries have followed suit. The rupee is now linked to the sterling and not to gold. On account of the depreciation of the sterling in terms of gold, the rupee exchange is now favourable to the Indian producers and exporters. But it is very likely that the immediate result will be a period of price fluctuations. Prices will take some time to settle down to a stable level. On the other hand, imports from foreign countries will now tend to be dearer not only on account of the recent variations in exchange, but also of the increase in export duties signified by the Indian Emergency Budget.



We are, as yet, too near these occurrences, to be able to say exactly what their reactions on India would be. At all events, it would not be unreasonable to expect a slight rise in prices in India. This tendency must naturally reflect itself on the prices of our export staples, like copra, cocoanut oil, pepper, ginger, coir yarn etc. As we are about to submit this Report to Government, prices of our principal export articles show an upward tendency; but the condition of our external markets is so uncertain that it is not possible to say whether the upward tendency noticed at the present moment is likely to be maintained.

N. Kunjan Pillai, *President*.  
 S. Parameswara Iyer.  
 P. Gomathinayagom Pillai.  
 R. Vaidyalingom Pillai.  
 I. C. Chacko.  
 R. Nilacanta Pillai.  
 \*S. Krishna Iyer.  
 \*M. L. Janardanan Pillai.  
 \*K. C. Eapen.  
 \*K. Madhavan Pillai.  
 \*Tariathu Kunjithomman.

*September 30, 1931.*



### Minute by Mr. K. Madhavan Pillai.

1. The Committee was constituted with a view to discover how far causes local in origin but joined to world causes, beyond control, accentuate and intensify the economic depression in this country and to suggest measures for the mitigation of the effects of their operation. The problem was un-paralleled in difficulty and complexity and the President brought a free mind to the task of collecting facts from different and conflicting sources, of analysing them, and of connecting causes and effects. The desire was manifest throughout that the conclusions arrived at, must possess, in addition to their soundness and practicability, the special merit of complete agreement. But, unfortunately, at the final stages of the discussions the official members seemed tempted to take advantage of the superiority in their numbers to turn down proposals earnestly and unanimously pressed on the attention of the Committee by the non-official members. Even the plea that these proposals should find mention in the Report at least as an appendix was rejected by the combined vote of the official members. The differences that arose related to fundamental issues and were of a nature calculated to withhold from the agriculturist, in his sad plight, relief of which he stood in sore need. Conscious though I am of divided opinion detracting from the value and weight of our recommendations, my duty to the stricken ryot compels the necessity of recording this minute of dissent.

2. Travancore is mainly an agricultural country and is bound to remain essentially so. Even in normal times, no effort would be too great to serve the cause of the agriculturist. What was the position of the agriculturist even before the present economic gloom descended on him?

The Banking Enquiry Committee found him distressingly and dangerously indebted and the taxation of land so high as to be dangerously uneconomical. This Committee estimated his indebtedness to be Rs. 68 per head and the rural indebtedness of Travancore to be Rs. 25 crores. The weight

of this indebtedness is estimated by competent authorities on the basis of the abnormal circumstances of the economics of to-day to be about 40 crores. In certain parts of South Travancore, said the same Committee, the land tax per acre came up to Rs. 28 and this is admittedly higher than the highest obtaining in the neighbouring British Indian districts. The Travancore agriculturist pays tax on land, on his fruit-bearing trees, and also on his produce. He is called on to pay duty not only on consumption but on production as well. The taxation is heavy enough. The weight of taxation, coupled with an unscientific and unsympathetic system of land revenue administration, has produced this crushing burden of indebtedness and this trinity of evil has broken the back of the agricultural industry to which the major portion of our population have given their lives and substance. No wonder, that land has gone on passing rapidly from the hands of the agriculturists to the non-agriculturists, and holdings have got minutely sub-divided and fragmented. The agriculturist was struggling for bare life, unable to continue his industry and unwilling to give it up. What is his position after the descent of the present economic gloom? "At no time in recent years", said the Dewan addressing the Sri Mulam Popular Assembly, "have the prices of the staple articles of local produce such as paddy, pepper, cocoanut, rubber, and tapioca fallen so low" and in reviewing the Administration Report of the Department of Agriculture (1105), Government admitted "at no time in recent years have the cultivators felt such a severe economic depression." The Land Revenue Commissioner has given prominence to the fact that there was an increase in the number of sales of immovable property for arrears of land tax and that the increase was due to the heavy fall in the prices of agricultural produce and the consequent dearth of money." The Committee as a whole was of opinion "that all classes of people felt the shortage of money to an extent unknown in the last two decades," (Para 40) and they fully realized "the grimness of the struggle in which the vast majority of our people were involved." (Para 178). The agriculturist is now called on to pay greatly more (in terms of the purchasing power of money) than what the fruits of his pathetic labours bring him and there is no doubt that having layed his part to the point of tragic exhaustion, he has fallen

under the added affliction of evil times. It is to save him from drifting towards further disaster that this Committee was assigned the task of devising measures.

3. Are the measures recommended by the Committee, to any extent adequate to afford the needed relief? Do they attempt to eliminate those factors from our economic life that keep their strangle-hold on the agriculturist?

Obviously not.

4 My first difference with my official colleagues arose when by the sheer weight of numbers, they threw out a resolution moved from the non-official side "that sales of immovable property for arrears of land tax be suspended during the current year" (1107). In view of the catastrophic fall in the

prices of land, this would have been a measure of immense relief to the agriculturist. Judging from the previous position of the Committee in relation to the coercive measures generally, in the matter of collection of land-tax, how is this attitude to be reconciled? The very first recommendation that the Committee made to Government, I daresay, in full realisation of the "grimness of the struggle", was that "all coercive measures, against non-payment of land-tax for the current year (1106) be held in abeyance." (Para 186). What forces in the economic world intervened in the meantime to put an end to 'the grimness of the struggle', it is not said. While even the mildest of coercive measures was intolerable to my official colleagues in the latter part of the year 1106, the most drastic and ruinous of them became easily their favourite with the opening of the year 1107. Even during the year 1107, my official colleagues, in agreement with non-officials, went the length of recommending that "courts should be instructed to exercise more sympathetically, the discretion vested in them to postpone, in all deserving cases, the sale of immovable property against decree debts." (Para 241). Even in the matter of the liquidation of a debt owed by one individual to another, the fall in price was sufficient justification to prevent the sale of land, but in the realisation of arrears of land tax due to Government whose resources are enormous, the sale of land

became an approved policy. The Committee considered this question fully in its different aspects; but arrived at a decision unwarranted by facts. The report says that "it is a well recognised principle that in times of wide-spread economic distress like the present, the utmost efforts of the State should be put forth to protect the ryot in the possession of the fields he tills. In the ultimate analysis, the danger that threatens a vast population of small cultivators is that the present economic blizzard might sweep them out of the lands on which they live and toil. At the root of all agricultural enterprise in this country is an intimate bond between the cultivator and his land. Unless, therefore, imagination and sympathy, in a large measure, take the place of the rigor of the ordinary coercive measures available to the State, we are afraid, it is easily possible to inflict permanent ruin upon large sections of the people." (Para 198.) In form and phrase, and in reason and justice, nothing could be finer. But, it is beyond comprehension how those who zealously and passionately pleaded for the protection of the ryot in the possession of his holding could, in the same breath, reject a concrete proposal to extend to the ryot the very protection that they pleaded with passionate sincerity should be extended to him. If my official colleagues are under the impression that the rules of land revenue collection are being applied with sympathy and imagination, they would be disillusioned by the following passage in the report of Land Revenue administration (1104) which brings to light its cardinal and guiding policy. "The prevalence of cholera in several taluks and the failure of crops owing to scarcity of water were some of the factors which contributed to the failure of the pattadars to pay their dues in time and the increase in the number of demand notices issued and in the number of distraint or attachment notices were due to the prompt steps taken for the realization of arrears."

Government is sparing no efforts to assign lands to the landless classes and side by side with this laudable process of putting men on lands of their own, it is most singular that they should also follow a policy of converting land-owning classes into landless classes, in the process of the collection of land-tax. 1928 persons were thus thrown out of their homes or holdings

in the year 1105 and it is not known, how many of these are amongst the landless classes to-day.

Government and the Legislature of forty years ago have made ample provision for the collection of the land-tax. There is provision for the levy of penalty for delay in payment of tax, for fees for demand notices and also for charging interest on arrears of tax, for the seizure and sale of the defaulter's moveables and for the attachment and management of his property and for the collection of its proceeds. The sale of land was the most drastic and the final step sanctioned by law. The order is completely reversed in recent years and the attachment and sale of immovable property has become the first and the last step in the process of collection of land tax. The sales of land for arrears of tax should under all circumstances be deprecated but in the exceptional circumstances of extreme economic depression and the precipitous fall in the price of land, they cannot be too strongly condemned. If a tax on a holding cannot be realized by means other than the sale of the holding itself, equity and prudence demand that it should be remitted in the interests of the safety of economic life. No system of taxation can deny to man the right to exist. Stanley Jevons is quoted as having said "that land-tax alone forms the only steady source of revenue to Government." That the goose that lays the golden egg should be kept alive is unadorned common sense.

5. The decision of the Committee that the time has not arrived for a partial remission of all taxes is one with which I cannot agree. In respect of land under rubber

*Remission of taxes.* cultivation a partial remission of tax is recommended, while to the paddy and the cocoanut cultivator is denied relief in any form. A large number of people who gave evidence before the Committee pleaded for remission of taxes and my official colleagues have also not failed to realize that "considerable distress is felt by a large section of the people in the matter of payment of land tax." They agree that "this is obviously the result of the serious economic depression. People can get money only by selling their cocoanut, paddy, pepper and other produce", and they are convinced that "the prices are very low and there is no adequate

demand." (Para 183.) Experts say that most of our export staples have slumped by 40 per cent. The Report lays emphasis on the fact that "as a rule fall in prices depresses the taxable capacity of the community in general. All taxes must be paid out of surplus and when the surplus is reduced the taxable capacity is also reduced." (Para 184.)

The Report says, moreover, that "generally a fall in taxable capacity is not in direct proportion to the fall in prices. If the prices fall by one half, the taxable capacity falls much more than onehalf." (Para 184.) These views are unchallengeable. The collapse of produce prices, the heavy cost of cultivation, the pressure of population on the soil, and the needs of civilized existence have tended to the annihilation of taxable capacity and there is, to my mind, absolutely no justification to demand from the agriculturist all his dues in full at the present time. He is really entitled to substantial relief no less as a matter of right than as an act of concession. To allow him to perish in the struggle against this "economic blizzard" is to undermine the foundations of economic life in this country.

The remission rules are also defective and arbitrary, and would seem intended to shut out claims for remission than to allow them. In spite of the recorded opinion of the Director of Agriculture that owing to the untimely rains, the out-turn of paddy was far below normal (in 1105) the seasonal remissions granted amounted only to Rs. 2865, out of a total demand of about Rs. 40 lakhs. About 40 per cent of the total demand was collected by means of coercive processes and 30 per cent of the pattadars in Trivandrum Division were defaulters in 1105.

6. Official members also combined to reject a recommendation that fee for demand notices be reduced to the cost of an Anchal card plus the cost of a certificate of posting

*Demand notice.* until the economic conditions improve. That demand notices were a source of addition to the land revenue was a recent discovery. During the administration of Dewan Sir P. Rajagopalachari the number of pakuthies in the State were raised to 400, with corresponding



addition to the revenue staff. Preparation of demand notices involves no additional cost and is treated as part of the normal functions of the pakuthy staff. The fee of four chuckrams for every notice *written*, is the last straw on the accumulated economic embarrassments of the agriculturist and cannot be justified even when normal conditions prevail. I strongly recommend that the fee on demand notices be reduced to the cost of an Anchal card plus the cost of a certificate of posting.

7. A resolution was moved from the non-official side that "all export duties levied purely for fiscal purposes should be abolished"; this was also rejected by the combined vote of the official members.

Primary producers were strong and insistent in the demand for the removal, at least temporarily, of this duty on the export of commodities. Their opposition to the levy of this duty is easily understood. Government levy export duties mostly on a scale of tariff valuation on 19 groups of goods. Probably there is no country with an equally long export tariff list. Economists of eminence in this country and outside declare that customs duties on exports are an anachronism. The Indian Fiscal Commission have condemned it. That Commission said that "an export duty falls on the commodity which is destined for the world's markets. It raises the cost of production and to that extent, it deprives the home producer of a certain portion of the value of his goods. The foreign consumer may bear it in the case of an absolute monopoly for which there is a stable demand. Export duties should not be imposed for the purpose of protecting industries." Mr. G.A. Smith says "In the case of an export duty on a commodity of which there are other sources of supply and for which substitutes can be obtained, the rise in price consequent of the export duty would induce foreign customers to seek for supplies from other competitors. This would reduce the export of the country imposing the duty and the trade would either suffer a loss in reduced business or be compelled to pay part or all the duty by lowering the price to the foreign client. In either case various classes directly or indirectly interested in the industry would be affected adversely." Merchants in Alleppey and Cochin were

emphatic in their opinion that there is no article of export from this country which can be regarded as a monopoly. There are competitors from far and near and substitutes for most of the articles of export are already in the market. Merchants of long experience agree in the view that the continuance of this duty would tend, in course of time, to the loss of our export trade. Why a duty which is not levied in the neighbouring British District of Malabar or in the Indian State of Cochin should be levied in this country was what the witnesses who appeared before the Committee wanted to know. The injury to the economic life of this country arising from the levy of duty on exports is greatly increased by the boom prices on which this duty is tarified. To say that we levy a duty of 5 per cent. on the value of our exports and at the same time to raise to abnormal heights the tariff value for purposes of duty is not right. "It might be worth-while," said Sir Alfred Layton "even from the purely revenue point of view to lower duties even at the risk of losing revenue at the moment, for the sake of encouraging the general economic development of the country." The levy of duty on our exports should, in view of the economic depression now prevailing in the country, be given up, at least, until, the situation improves.

K. MADHAVAN PILLAI.

---

### Minute by Mr. K. C. Eapen.

Before venturing to add some brief notes of my own, I wish to state that I am in complete agreement with the suggestions made by my colleague Dr. K. Madhavan Pillai, in his minute of dissent. Further :

1. Early steps should be taken towards the establishment of agricultural colonies. The scheme had, at one time, gripped the attention of Government ; but, of late, it has been completely shelved. It was about the central idea in the Report of the Unemployment Enquiry Committee. The scheme should immediately be taken in hand.

2. At the very outset, this Committee recommended suspension of coercive measures against non-payment of land tax for the year 1106. Our Report recommends the concession being extended up to the first kist date in 1107. I think that the present conditions would amply justify a 25 per cent. remission of all taxes for the year 1107. No greater boon, and none more timely, could be conferred upon the people of Travancore, in the auspicious year of the investiture of His Highness the Maharajah.

3. Applications for agricultural loans should be disposed of within two months, at the longest.

4. The funds of the co-operative societies should be more fairly distributed, so that the poorer and the less influential members also may have the benefit of the loans at cheap rates.

5. The fee on demand notices should be abolished altogether, at least during the period of economic depression.

6. Government should very carefully consider the question of affording real and substantial relief to the Travancorean rubber growers. The recommendations of this Committee, in this regard, contemplate relief in the case of Travancoreans and so, it should be regrettable, if in their practical working, the people of this country do not derive the benefit that the Committee has in view.

7. All abuses in connection with the selection of text-books without any consideration of quality and prices, should be stopped.

8. Stinting on public works is not good economy at the present time. That there is unemployment on an unprecedented scale cannot be doubted. The only method that this Government can adopt to provide work for large sections of the people is the starting of useful public works, judiciously distributed throughout the country. I think the Government have not been well advised in this respect.

9. It is a matter of general complaint that contractors in general have to suffer heavy losses and immense inconvenience on account of the delay in the passing of bills. Final bills after the completion of works, should be paid within six months after the works are handed over to the department.

10. To advise Government on economic matters, an efficient advisory board should be established. This end may be achieved by re-modelling the Economic Development Board, which does not seem to serve much useful purpose as constituted at present.

11. All moneys due from the Government to parties in any respect whatever, e. g., as Kudivila, excess tax collections, court deposits etc., should be paid with the least possible delay. It will also be desirable to invest such moneys with facilities for the accruing of interest wherever possible.

12. Rigorous retrenchment should immediately be effected in the Government's expenditure. All unnecessary posts and offices should be abolished forthwith. Government should eschew all ornament and display which merely consume money without conferring commensurate benefits upon the people. Very considerable reduction in expenditure can also be effected by preventing unnecessary transfers and unprofitable touring at times undertaken for personal ends or convenience.

K. C. EAPEN

---

**Minute by Mr. S. Krishna Iyer.**

1. In venturing to add a minute, it is not my intention to strike a discordant note. I appreciate very highly the spirit of sympathy pervading the majority recommendations.

*Introduction.* If they fall short of the requirements, the limitations of Service and not the heart within, are responsible. I wish mainly to emphasise certain points already made out, and to focus attention on others that the official element has had to leave untouched.

2. The causes leading to the present depression baffle analysis. The wastage of wealth and human life, the dissipation of world resources and industry towards destruction,

*The economic depression and its causes.* the consequent dislocation of business during the Great War, the aftermath of debts and reparations, and the difficulty of re-adjustment within a short period of time, seem to

be the proximate causes underlying the present state of things. The Harty crash, the Wall Street debacle, the epidemic of bank failures, the reduction of purchasing power, and the collapse of finance are only symptoms of the disease within. New tariff walls and sterilisation of gold were only part of the local treatment attempted, and produced dire consequences. Want of confidence in business generally, and despair for the future, have resulted in some of the stricken countries. Governments, unable to balance finances, have had to raise loans at high rates of interest. Money that naturally should have gone into industry and commerce, flowed into Government coffers and business stagnation has been the result. Banking has got so centralised that Governments have had to submit to dictation. Different parts of the world have got so inter-connected by commerce and finance that one weak link spells the weakness of the entire chain. In mediaeval times (when countries and Governments were isolated) each country lived an isolated life, each unit was self-sufficient, and depressions were confined in their scope. The one country if any, that has not reacted to the wave of depression is Russia which, ostracized by the rest of the world, has become independent.

## Remedies.

3. For ourselves, as for the rest of the world, restoration of normal conditions depends entirely on finance. Finance is the

life-blood of business. Business is the circulatory system; Governments are controlling nerve centres. Though no state can by itself effect a solution, the evils can be reduced and sufferings mitigated. Finance in Travancore has almost gone out of the hands of the indigenous bankers, money-lenders and hundi merchants. Joint-stock enterprises calling themselves banks, a majority of them with little capital and no idea of banking or finance, have sprung up everywhere, impressing deposits, locking up funds, dissipating resources, and causing all-round dearth of money for sound business. There are over 250 so-called banks in this State, out of which half-a-dozen have a paid-up capital of over a lakh of rupees. The first thing necessary is financial help to deserving banks, and the next, legislation for ending or, where possible, mending the smaller concerns. Banks are public institutions. The public are directly and indirectly interested in and dependent upon them. The collapse of a bank affects not merely the shareholders and depositors, but by creating a want of confidence destroys the foundations of business. It has been well recognized that it is the duty of Government to help banks in distress. The latest opinion is that banks should be nationalised, the personal equation being eliminated entirely. I would suggest immediate relief by way of loans to the deserving few. For the present 5 to 10 lakhs of rupees advanced on good security for a term of two or three years at low interest with necessary safeguards and conditions might help to restore the current of business to an appreciable extent.

4. The next point I would emphasise is the immediate organisation of the proposed land mortgage bank. Travancore is in

the main an agricultural State. The agricultural producer has been the hardest hit. The matter has been discussed in detail in the majority Report as well as in the Banking Enquiry Report. A capital of about 50 lakhs of rupees might

be necessary for the purpose. We realize that the state itself is working under a heavy strain. But the strain might only worsen if the feeding springs of the State are allowed to dry up. For funds to start with, the Devaswom departmental balances, the Mathilakom funds, and the 1945 sinking funds, if realizable without heavy loss, might be utilized. Insurance companies doing business in the State should be brought within control and licensed on condition of their investing a percentage of their funds in Travancore. One foreign Insurance Company collects about 8 lakhs of rupees annually from Travancore. A State Insurance and Provident Fund scheme as discussed later would release further funds. A good deal of Travancore money is flowing outside into British Government bonds, Mysore Government bonds, and such other securities. A debenture with Government guarantee might conserve a goodly portion of this money within the State. A State lottery might fetch the balance needed. The land mortgage bank might be started forthwith without going through the dilatory course of legislation.

5. Another crying need is the immediate revision of tariffs and export duties. Export duty is now levied on about 19

*Export duty and tariffs.* groups of articles, including all our main items of produce. An export duty is a levy on production. Except in the case of monopolies it adds to the burden of the producer.

In most countries it has become obsolete. In British India a low duty of 3% used to be levied on almost all articles of export, but as the principle of export duties gradually came to be recognized as unsound, by the year 1867 the list of dutiable articles was reduced from 97 to 9 and again to 3 in 1875. By 1880 the only export duty retained was a small protective duty on rice and rice flour; though since, as a war measure, a duty was levied on jute, of which India has a monopoly, on tea which has since been withdrawn, and on hides and skins for protective purposes. The witnesses examined including Messrs Chandrasekharan and Gopala Menon, Professors of Economics, are agreed in condemning export duties on local produce. One of them emphatically states that no civilized Government would be

justified in levying export duties for purely fiscal purposes. The Indian Fiscal Commission, too, is opposed to export duties as a rule, except when necessitated by the exigencies of revenue. Our duties and taxes have never been governed by principle. They have grown and multiplied hap-hazard. We have no monopoly of any produce, barring fine grade coir yarn as shown in the majority Report. Neither is the State's financial position so embarrassed as to justify resort to a levy opposed to recognized principles of economics. Here the soil is taxed, the tree standing thereon is taxed, and the produce is further taxed by export duty. As there are no such duties in the neighbouring states of Cochin and British India, the Travancore producer is unable to compete in the open market with his neighbours. The first orders for coir, pepper etc., would naturally go to Cochin and Malabar, the overflow orders alone reaching Travancore.

The duty on copra and coconuts is levied mainly for protection of the oil-mill industry. The mill industry does not give employment to more than a thousand hands. The number of mills is under 20 and the capital invested, less than 15 lakhs of rupees. In spite of protection for over 30 years, the industry is not able to stand on its own legs. One of the main arguments advanced by the mill owners is that our copra fetches better prices on account of competition between them. Should they however combine, the producer will be at their mercy. The rate of export duty is Rs. 10-1-0 per thousand nuts. Roughly taking an acre of land as producing 1500 nuts the coconut grower is now paying an additional tax of Rs. 15-1-6 per acre. The majority of land-holders in Travancore are in part growers of coconuts. It would thus be clear that about 20 mill-owners dictate a levy of over Rs. 15 per acre, from the general public.

6. The export duty on tea is recent in origin, having been imposed in conjunction with British India as a temporary war measure. Even in war times there was no duty for export into British India, though now an indiscriminate levy is made in Travancore. British India has since withdrawn the duty. Tea is now taxed three-fold or almost four-fold. It has to pay land

*Tea.*



tax, export duty, and income tax, not to speak of heavy tolls against the transport of stores and produce. The tax is a rupee per acre. Taking the average yield of tea per acre at 600 lbs., the duty works at Rs. 9 an acre. The capital investment needed is about Rs. 800 an acre. In north Travancore, Indian owned tea estates have an area of over 6200 acres, representing a capital of over 50 lakhs. The cost of production would be between 5 and 7 as. a lb., without calculating interest on investment. The cost of transport and marketing would work at  $1\frac{3}{4}$  as. a lb., while present prices stand at about 7d. Travancore cannot consume one per cent. of the tea it produces. Perforce, it has to be exported. How can Travancore compete with duty-free British India, and that in these days of over-production?

7. Coming to the case of pepper, it might take two acres of land to produce a candy of pepper. As the duty is Rs. 10 per candy, the pepper grower is really paying an additional tax of Rs. 5 per acre.

*Pepper.*

8. The duty on coir yarn may stand as we have a virtual *Coir yarn.* monopoly of the finer grades.

I have taken the case of cocoanuts, tea, and pepper as only illustrative of the burden of export duty. I do keep in mind the fact that Government has to function and that for Government to function, taxes are necessary. I am also conscious of the fact that in respect of import duty, our hands are tied by the Inter-portal Convention. We are, however, likely to get over 10 lakhs of rupees as our share of the collections of the Cochin harbour. Our capital cost thus far is negligible. No doubt the fourth period of the scheme might call for further investment. But this is capital expenditure and has to be met from sources other than current revenue. To the extent, then, of at least our annual revenue from the Cochin harbour scheme, which is only part of Travancore import duty which we share with Cochin and British India, the producer may be relieved from export duty, the hardest hit being chosen for relief in order.

9. The majority Report accepts the position that the present tariff values bear no comparison to actual prices and therefore stand in need of revision. Without

*Tariff value.* tackling the problem straight, the responsibility has been shunted on to a future Tariff Board or Committee of Experts. This sounds something like sending out a man to learn medicine for the treatment of a present disease.

10. I am not for any wholesale remissions of land tax though I would recommend extensions of time in

*Land tax.* deserving cases.

11. The case of the kandukrishi holder stands on a different footing. Though he is only a tenant-at-will, in practice, the holdings are heritable, and in devious ways,

*Kandukrishi.* transferable. Government sanction is a prerequisite for civil courts to grant relief in respect of this tenure. Pandarapattom holders, too, were mere tenants-at-will before the Royal Proclamation of 1040. Viruthi holdings shared similar disabilities, being further subject to personal services. All these tenures have been enfranchised, made heritable and transferable, and fixity of title conferred. One cannot see why Kandukrishi tenants should be kept in perpetual serfdom. With reference to recent reliefs granted to such holdings in the Ampalapuzha taluq, Mr. G. Raman Menon calculates the cost to Government at Rs. 65,455. He further states that at a cost of Rs. 43,637, the price of the rent in kind might be reduced to 14 chuckrams per para, and that this would entirely satisfy the Kandukrishi tenants. I would recommend immediate relief by reduction as stated above and total enfranchisement of these holdings in the near future.

12. The position of rubber is exceptional. About 50 lakhs of rupees of Travancore capital has found investment in rubber. The outlook is gloomy. These

*Rubber lands.* lands cannot be utilized for growing other

crops. Rubbertrees are unfit for timber. As fuel, they cannot pay the cost of transport to the plains. I would recommend a remission by temporary reduction of the tax on rubber lands to the minimum rate of land tax now obtaining in Travancore.

13. Another very important subject is the conservation of Travancore resources as far as possible within Travancore. In particular, I refer to the large increase in imports as found in the majority Report.

*Conservation of resources.*

14. One of the largest items is tobacco. Travancore imports annually about sixty-five lakhs of rupees worth of tobacco. The import duty alone comes to over 20 lakhs of rupees. This outflow can be checked by cultivation of tobacco within the State. It may be that on account of climatic conditions we may not get the same quality, but by acclimatisation new varieties might be bred and the public in time would take to the new brands. In the State farm at Trichur, where conditions are similar, tobacco has been successfully cultivated. British India levies a prohibitory import duty of Rs. 900 a candy against foreign (Ceylon) tobacco, while we here sit chewing in placid, pathetic content.

*Tobacco.*

15. At present Travancore produces about two-thirds of the salt required for consumption. Production can be increased very easily and the outflow of money stemmed.

*Salt.*

16. Another channel of outflow is unnecessary clothing. Our climate does not need collars, ties, overcoats and all such paraphernalia of fashion. Public officers drawing heavy salaries, lawyers and the rich idle set the fashion. The students and general public follow. The current is not easy to stem. It is a matter of time and propaganda; sustained effort has to be made, and results must follow.

*Clothing.*

17. Every non-official witness examined has been urging a cut in salaries and proportionate relief to the primary producer.

That the public service is over-salaried and

*Retrenchment.* over-manned, cannot be denied. Leakages and wastages, too, work out a fair total.

Roughly speaking, a crore of rupees a year goes against salaries and allowances. It has been stated that in Travancore the State exists for the service and not the service for the State. It has also been observed that in Travancore, places are found for persons and not persons for places. The high style of living adopted by the services has demoralising effects on the people generally. I would recommend a steady weeding out of unnecessary places, closing of departments like the Department of Industries, which have not justified their existence, a thorough overhauling of the P. W. D., rationing stationery, abolishing or reducing allowances, and stopping increments till conditions improve. A cut in salaries or even a suggestion of cut causes great heart-burn. I would, therefore, suggest an alternative scheme. The department of State Life Insurance may be revived and Insurance made compulsory as in pre-Rajagopalachari days. Officers drawing high salaries must take out policies in proportion. Where the officer is nearing his fifty-five, he may be called upon to contribute towards a State Provident Fund. Where officers are already insured, with private companies, the paid up instalments may be converted into smaller fully paid-up policies. The money thus set free could be utilized towards the proposed land mortgage bank or in developing banking. Details of the scheme may be easily worked out.

18. It has been suggested that this is the time for carrying out works of public utility. Our inland waters have been and still are, our main channels of traffic. One *Works of public utility.* of our age-old schemes has been the linking of the port of Colachel with Trivandrum and the far north by constructing a channel from either side to the Vellayani lake. The ports of Colachel and Leepuram might be improved and a navigation channel marked

out to Colombo. These ports are within 60 miles of the main highway of commerce. The coast of Ceylon is not more than a hundred miles off. Besides the monazite and palm fibre now exported, a good market might be found for the surplus rice, jaggery, fish (edible, oil, and manure) and other produce of South Travancore. A small bounty for a 500-ton steamer service will open a large volume of traffic with Ceylon.

19. It has been said that with such a long coast line and inland waters, Travancore need never fear starvation. Greater and more concentrated attention must be devoted to the development of our fisheries and pisciculture.

*Fisheries and fish culture.*

20. I have to enter an emphatic protest against the policy recommended of making bus traffic the practical monopoly of large capitalists who alone can afford to keep a fleet of vehicles. Services run by owner-drivers have always been very satisfactory. An owner-driver can ply only one vehicle at a time. There are small villages that stand in need of speedy out-let to the main highways but can afford only a single feeder service. When competition is put down, the large concerns themselves might get less efficient to the detriment of the general public.

*Motor buses.*

21. The Report recommends a Governmental organization for developing external trade and a trade agency in London. Business and red tape cannot work hand in hand. Government servants are not expected to have inside knowledge of practical business. The function of the proposed Governmental organization should be defined to be the collection, classification, and dissemination of commercial intelligence. Where action is to follow, practical men of business may be consulted.

*Trade agency.*

The trade agency in London, too, should not be an officialised body. It should be a trader or trading firm to represent Travancore trade interests and on the basis of a grant or commission. A salary without full time work would be a

demoralising factor. The purchase of stores for Travancore may be entrusted to such an agency. As Travancore trade is slowly changing its venue from Britain to America, it might be worth while to consider whether the agency should not be located in America.

22. Para 208 of the Report recommends vigorous State-initiated propaganda to encourage co-operative production and co-operative sales. As co-operative production is out of the question, a start may be made towards forming producers' organizations and later to run them on co-operative basis.

23. The problem of exchange not being within our control, we can only bewail the fact that the rupee has been linked to sterling and exchange fixed at 1 sh. 6 d. In the concluding paragraph of the majority Report, I find an observation that this might cause a rise in local and export prices. Exporters to Britain need entertain no hopes so long as the British Government fixes the exchange ratio, without leaving it to the natural forces of demand and supply. Exporters to America on a dollar basis may be benefited by the cross-rate of dollar to sterling. Free countries, that is, countries without Government manipulated exchange, too, will be benefited by the depreciation of sterling, but not a country in financial bondage.

In conclusion let me once again stress the need for conservation of our slender resources and the more urgent need for public and individual economy to tide over the dark days of depression.

S. KRISHNA ALYAR,

### Minute by Mr. Thariathu Kunjithomman.

Having, as a member of this Committee, travelled about the country, studied the evidence collected, and made various other enquiries, the views that I have formed with

*Introduction.* regard to the recommendations to be made to the Government towards remedying the economic distress of the people differ, in certain particulars, from those of my colleagues. I, therefore, wish to record them in this minute.

1. Till Meenom next, there should be no auction sale of properties, movable as well as immovable, for the realization of arrears of kist for 1106 and the Kanni kist for 1107.

*Auction sale of properties.* Even in 1106, the ryots, suffering great hardships on account of the low prices of agricultural produce, have had to pawn their jewels

in order to raise the money for the payment of kist. To most of them, this resource is closed in 1107, as it has become impossible to obtain credit even on the security of gold. If movable and immovable properties are auctioned for the realization of kist, they will change hands for nominal amounts, causing great hardships to the people. Coercive processes should, therefore, be held in abeyance till Meenom next and be resumed only after seeing whether the prices of agricultural produce would improve and the ryots be able to pay up the kist without difficulty.

2. The tax on rubber lands should be reduced to 8 as. per acre till the price of rubber rises to 8 as. per lb. With regard to the estates owned by the people of this

*Rubber lands.* country, 95 per cent. of them, unlike those owned by the European planters, were registered without the benefit of the special tax concessions that were available to the latter for six years after registry. Apart from this, the European planters, having been in the field earlier, have also made big profits from the initial boom prices of rubber. The Travancoreans took to rubber cultivation considerably later; and, soon after their estates came to bearing, the price of rubber

went down very low. From the time of registry, they have been paying the same uniform rate of tax. They are not likely to be particularly benefitted by reducing the tax to Re. 1 per acre; for, in the case of 95 per cent. of their estates, the assessment has not been higher than that rate and they have been paying it from the date of registry. But the estates owned by the European planters were assessed only from the date of tapping. At present, rubber yields no profits at all. Weeding and protection from wild fire involve considerable expense. In order, therefore, to enable the Travancorean owners to obtain the benefit of the relief contemplated by the tax concessions, the assessment on all rubber lands should be reduced to 8 as. per acre, till the price of rubber rises to 8 as. per lb.

3. Export duties on all agricultural produce and on goods manufactured from them should be abolished. Duties on exports are an additional impost on lands which are already taxed. It is an antiquated system that does not obtain in British India or the neighbouring States like Cochin. The principal cause of the present economic distress of the people is the low prices of agricultural produce and, therefore, it adds to the difficulties of the agriculturists and traders to have to pay the duty on the top of such low prices.

4. Abkari contractors should be granted a 50 per cent. remission of the kist for 1106 and 1107; and in cases in which, on account of the failure of the original contractors to pay up the instalments, the shops have had to be re-auctioned, the deficits, if any, should be written off. The present unprecedented economic depression has affected all classes of people including the labourers who find it difficult to indulge a luxury like liquor. Consumption has, therefore, gone down and if the Government compel the contractors to make good the loss, it would be very hard on them and lead to the ruin of many families. The present loss cannot be regarded like those arising in ordinary times from the negligence or incompetence of the contractors.



5. A sum of Rs. 2 crores should be raised by recalling Government funds loaned outside the country, and on the security of those that cannot be recalled and also by the issue of debentures. This money should be loaned out to the people on the security of landed property, for long periods, and at low rates of interest, in order to assist agriculture, trade, and industry. For the distribution of these loans, special committees should be constituted, composed of the leading officials and non-officials in every taluk. These committees should be competent to dispose of the applications for loans and the Tahsildar should be empowered to issue the loans on the security of landed properties. With regard to the question of issuing these loans through the co-operative societies, it has to be remembered that not more than 5 per cent. of the population are members of co-operative societies and, therefore, not more than 5 per cent. of the amount allotted for any year need be set apart for distribution among the members of the co-operative societies who should therefore be ineligible for the loans available through the taluk committees as mentioned above.

6. The complete rights over teak trees standing on private lands should vest in the owners of the lands concerned.

At a time like the present when the people suffer great hardships on account of the low prices of agricultural produce, it is not fair that the Government should insist on a right that does not obtain in any other State in India. If the profits of the contractors are discounted, the Government gets, at present, only a very small proportion of the real value of the teak wood. Felling the trees often causes damage to the coconut, areca-nut, and other fruit-bearing trees and also to the pepper vines trailing on them. Very often, too, the *kayyala* walls of the private compounds are demolished. Some years ago, the Cochin Government abandoned their rights over teak trees. The maintenance, in this country, of an antiquated right does not accord with the requirements of the present time of distress. While it is desirable to grant various concessions to the ryots, it is probably a greater boon to allow them the unfettered enjoyment of the produce of their lands.

7. Lands comprised within the reserved forest area, suitable for paddy cultivation, should be marked off and parcelled out into small plots and made available for

*Forest lands.*

private registry at a moderate rate of *tharavila* and on the condition that the lands should be brought under cultivation within a definite period of time. As against this suggestion, it might be objected that over-production is the cause of low prices; that, at present, the Government will have to part with land at very cheap rates; and that the scheme will deplete the reserved forests. These objections do not deserve serious consideration. The greater portion of our imports consists of rice and paddy. As the prices of our exports have gone down very much, the purchasing power of the people in respect of imported rice and paddy has also decreased. The situation can only be met by reducing the quantity of our imports. Rice and tapioca constitute the food of the great majority of the people of this country. In the case of the labourers, tapioca is the chief food stuff. At least a fifth of the food materials consumed in the country consists of tapioca. A considerable portion of the reserved forest area should, therefore, be necessarily set apart for the cultivation of paddy and tapioca. It may be granted that the people are not now able to pay high rates of *tharavila*. The money that the Government collects from the people as *tharavila* and other dues are expended in various ways for the benefit of the people. In this respect, the Government ought to consider it a great achievement to promote the welfare of the people by providing numerous families with the means of livelihood. A third of the area of the country is occupied by the reserved forests. Government should not therefore consider it a serious contraction of the forest area to throw open for cultivation about four or five hundred thousand acres of forest land, in view of the great benefits thereby accruing to the people. At present, there is not even 50 cents of agricultural land per head of population. The people of this country feel the scarcity of land actually and that is the reason why waste land is much more costly here than elsewhere and Travancoreans buy lands in and emigrate to British Malabar. The price of articles is

determined by demand and supply. The higher value of land in this country shows that, in relation to other countries, there is greater difficulty here to obtain land for occupation and agriculture.

8. More money should be allotted for the construction of roads and bridges in the rural parts of every taluk and such works should be taken in hand immediately.

*Rural communi-* With the closing of work on the rubber estates  
*cations.* and the reduction of labour force and wage

rates on the tea estates, the great majority of the labourers in central and north Travancore have been turned out of employment. The decline of the lemon-grass cultivation and the fall in the price of ginger have deprived many people of work and the means of livelihood. Relief from the distress caused by the low prices of agricultural produce has to be obtained by reducing the cost of cultivation as much as possible. Numerous roads and bridges are necessary in the interior parts of the country for the conveyance of green leaf and other kinds of manure as well as for the transport of produce. The need for such works has been repeatedly represented in the Sri Mulam Popular Assembly by the members of the taluks concerned. In Trivandrum where the number of Government officers is greater than in other parts of the country, the present depression is not so keenly felt. The carrying out of costly schemes like the Trivandrum Water Works and Railway Extension does not prove to be of use towards relieving the distress of the labourers and the agriculturists in the rural parts of the country. The reduction of allotments for public works in the rural areas has resulted in acute distress in the present period of economic depression.

9. The Government ought themselves to prescribe suitable text books for schools and buy up their copy rights. They should be printed in the Government Press and sold

*School books.* to the public through the taluk treasuries and pakuthy cutcheries. The text-books so prescribed should not be changed at periods shorter than  
E. D. B.

five years. At present, the text-books are priced much higher than they should in fairness be. Though only certain portions of books have to be studied, whole books have to be bought. The annual changes of text-books make them useless for the younger children of the same family, even when the books are used with care. The Government do not stand to gain anything from such unnecessary burdens borne by the parents. This state of affairs adds to the distress of the people at the present time.

10. The Government have to effect economy in expenditure in order to be able to grant relief to the people in the matter of taxes, duties, etc. and also for properly

*Retrenchment.* carrying out the work of administration.

Expenditure on the services is one of the chief items calling for economy. The number and salary of Government servants should, therefore, be reduced as indicated below.

(a) The departments of Agriculture, Industries, and Archaeology may be abolished, as they are not at present, of great benefit to the people.

(b) The Sanitary Department may also be abolished. The Sanitary Inspectors in the major towns and the Vaccinators working in various parts of the country may be transferred to the control of the Medical Officers in the respective localities. In times of epidemics, the people obtain skilled assistance more frequently from the officers of the Medical Department than from those of the Sanitary Department; besides, the former can more conveniently check the work done by the Vaccinators. The abolition of the Medical Board and the appointment of a single officer to control to the Medical and the Sanitary Departments will very considerably reduce the expenditure of the Government without detriment to efficiency.

(c) The post of the Land Revenue and Income-tax Commissioner may be abolished, and appeals from the orders and decisions of the Dewan Peishkars should thereafter be heard by the Dewan.

(d) As the Pallivasal-Neriyamangalam road has established direct communication between Kottayam and Devicolam, the latter Division may be abolished and the two taluks comprised therein amalgamated with the adjoining Kottayam Division. For the convenience of the people of the northern parts of the combined Division the public offices thereof may be shifted to a place north of Kottayam.

(e) The posts of the Revenue Supervisors may be abolished. They are a recent creation and not of much service to the people.

(f) The number of Executive Engineers in the Public Works Department should be reduced by three, so that there should only be one Executive Engineer for every Revenue Division and one for the Work shops Division. The Trivandrum Water Works Scheme now in progress should be placed under the control of the Trivandrum Executive Engineer and the post of the Water Works Engineer abolished.

(g) The Maramath Department could be abolished in its entirety and the work done by that department transferred to the Public Works Department which has in its employ as many as eleven Assistant Engineers, five Sub-Engineers, and fifty-one Supervisors.

(h) In the Excise Department six out of the eleven Assistant Commissioners, 75 per cent of the number of Range Inspectors and the entire strength of Sub-Inspectors created in 1098, may be dispensed with.

(i) The post of the Personal Assistant to the Forest Conservator may be abolished. All but two of the six posts composed of Deputy Conservators and Assistant Conservators, and all the 17 posts of Deputy Rangers may also be done away with. With numerous Rangers, Foresters, and Guards, there is no need for retaining the posts of the Deputy Rangers. Several of the small ranges may be amalgamated with neighbouring ones. In this manner, some of the ranges may also be dispensed with.

(j) If the lower grade elementary schools and the English middle schools are amalgamated, both could be controlled by the same set of Inspectors. This system obtains in the Cochin

State and may be copied here. The arrangement will be convenient to the school children and considerable saving could be effected on the salary of the Inspecting Officers.

(k) The posts of the Assistant Superintendents of Police may be abolished. They were created in recent times and are not very necessary at the present time. On account of the great convenience of communications in these days, the Commissioner and the District Superintendents of Police can carry out local inspections more quickly now than formerly.

(l) All salaries above the first Rs. 25, up to Rs. 100, should be reduced by 25 per cent. With regard to those who draw Rs. 100 and above, the first Rs. 100 should be dealt with as already suggested and a further 50 per cent cut should be made in the amounts above Rs. 100.

Reduction in the number and salaries of the Government servants as suggested above is absolutely necessary. Interference with the salaries of low-paid employees might seriously embarrass them and create trouble to the public at large. Hence they should not be touched. Unless salaries are reduced as mentioned above, the Government will not be able to find the money to afford relief to the people in the distress that is increasing from day to day. The prices of all necessaries of life having come down, it should be possible for Government servants, in spite of a reduction in salaries, to live as comfortably as they did when the prices of articles were high. A fall in the prices of articles indicates a corresponding rise in the value of money. A sum of Rs. 50 at the present time has in effect the utility of Rs. 100 formerly.

It is absolutely necessary to grant the people the concessions mentioned above. Towards the achievement of this end, Government should strengthen their financial position by recalling the funds loaned outside the country, by the issue of a debenture loan, and by reducing the number and salary of Government servants,

THARIATHU KUNJITHOMMAN.

(True translation.)

**Minute by Mr. M. L. Janardanan Pillai.**

In justice to the Government who appointed me as a member of this committee and in the interests of the public, I feel it necessary to add this dissenting minute to the Report.

I shall first deal with the recommendations themselves.

*Recommendation No. 4.* The non-official side pressed for an amendment to this resolution which if adopted, would read as follows :—

The tax on kandukrishi lands should be collected in kind to the extent of Government requirements till the price of paddy reaches the commutation rate, *and the balance may be realized at the niraku rate on the date of the instalment.* (The italicised portion is the amendment.)

The officials *en bloc* voted against this amendment and it was, therefore, lost. In the interests of the poor kandukrishi ryots, this amendment is necessary and I would strongly recommend this for the acceptance of Government.

*Recommendation No. 14.* The non-official side pressed for an amendment, which if adopted would read as follows :—

Strict instructions should be issued to the Division Peishkars and the Devicolam Commissioner that in cases in which immovable properties are attached and proclaimed for sale for the realisation of kist, the sale should be postponed, if, in their opinion, the properties put up to auction have not fetched a fair and reasonable price or ~~the~~ management of such properties should be taken over by Government in suitable cases *and if it is found by such management that the assessment cannot be realized, the balance may be written off.* (The italicised portion is the amendment.) Unfortunately again, the official majority rejected this amendment and I request Government will be pleased to accept this amendment, as this is very essential, for the safety of the poor ryot at the present moment.

*Recommendation No. 38 reads as follows : -*

“ Special loans be granted on proper security to the State-Aided Bank and other well-conducted joint-stock banks in order to help agriculture, trade, and industry during the period of economic depression.”

During the course of our discussions, I mentioned that the Committee should make a specific recommendation about the amount to be given by Government as loans under this recommendation, but it was held by the majority that it was better to leave it at that. I feel that it is necessary to mention figures. We are passing through difficult times and the Joint-stock Banks of the State require large financial help, to enable them to help merchants and agriculturists and if the loans granted are small amounts they will not be able to render any substantial help to the agriculturist and the trader and the industrialist and I would, therefore, record, as my opinion that a sum of 20 lakhs of rupees should be granted by Government immediately as special loans to banks, especially because, as I understand, the Imperial Bank is practically closing all advances made to several Indian firms in Travancore.

*Recommendation No. 30 reads as follows :—*

“ The Tariff valuation of important articles of export should be reduced temporarily.”

The non-official block moved an amendment which, if adopted, would read as follows :—

“ The tariff valuation of important articles of export should be reduced *in accordance with current prices* ”

The word “ temporarily ” was deliberately omitted.

• The official majority voted against this amendment. I am discussing the general question of export duty elsewhere ; meanwhile, I think it is absolutely essential to mention that the tariff values of all articles of export should be reduced in accordance with current prices and I strongly recommend that Government should accept the resolution in this form and take action as contemplated therein. This step will be a *great measure of relief to the agricultural producer.*



*Recommendation No. 35* has met with general approval but I think it is necessary that the subject matter dealt with therein must be made more clear and explicit. It runs as follows :—

“ The stage has come for seriously considering the question of the development of our trade through a Governmental organization.”

What sort of Governmental organization should be brought into existence, and how it should be worked have not been clearly stated. In my opinion a Department of Commerce should be created and a very competent officer, preferably one who has had adequate experience and training in the general principles of banking and commerce should be placed in charge of the department. For a long time to come, his work should be in Travancore. He should work with an advisory committee whose members should be merchants, and industrialists of this country who have acquired the necessary business experience. The officer concerned must acquaint himself with actual conditions of trades and industries and the methods by which they are carried on in this country and in the neighbouring territories and in foreign lands. The Committee as a whole, will then be able to devise a comprehensive scheme for the development of our trade and industries.

*Recommendation No. 37* reads :—

“ A trade agency should be created in London to represent Travancore business interests.”

This is very vague and does not convey a clear idea as to how the trade agency has to be worked in London. In my opinion, it will not be a practical scheme to appoint *any individual*—either Government servant or business man—as a trade agent in London. A single man selected for the place cannot be expected to have the requisite knowledge regarding the various articles of produce or manufacture. It is not possible for a Governmental trade agent who would have to be everybody's

representative, to secure orders on the basis of samples and prices, for the benefit of each firm or individual doing business in Travancore. All that a trade agent in London could do is to have an office and a show room attached to it, where samples could be exhibited. He could also furnish references where necessary and send confidential reports about parties and attend to consignments that may be in difficulties. But the cost incurred to maintain a proper office, show room, advertisements, etc. in London and other places, will be out of all proportion to the benefits obtained and the whole expenditure will have to be met by Government alone, if a full time trade agent is appointed by Government and after all, it is doubtful whether the scheme will be quite successful. In my opinion, the best thing would be to bring into existence a non-official body like the Indian Tea Cess Committee, in which all the commercial and industrial interests of Travancore would be represented. This body must have its own agency or agencies in London, New York, Hamburg, Bombay, and Calcutta, and must represent the various interests, through special canvassing agents on behalf of each special interest. Government should contribute very liberally towards the cost of its working. If individual firms undertake to open out new markets by sending their representatives, and if the methods adopted and results achieved are satisfactory to Government, such cases may also be financially helped by Government.

In the business meeting held on 20-7-1931, a majority of the non-officials moved the resolution "that in view of the present depression in trade, remission of income tax be granted to merchants, bankers, and industrialists during the year 1107." One non-official friend voted against this proposal, while another remained neutral and as usual, the official members voted against this proposal. The merchants, bankers, and industrialists of the State have suffered most by this depression and Government have, so far, not rendered them any material help. I know the usual explanation will be forthcoming that only those who have had incomes need pay the income tax. But the general public know how the Income Tax Regulation is worked. There are many instances in which, year after year, banks and firms who had made no profits at all have had to pay income tax on

profits, which have been made up by an ingenious method of calculation arrived at by the income-tax officers. I recommend, therefore, that Government be pleased to grant a general exemption of income-tax during the year 1107.

I now come to the most important question of export duties. The non-officials at the meeting held on 20-7-1931 unanimously moved the following resolution:—

“All export duties levied purely for fiscal purposes be abolished.”

The official majority unanimously opposed this resolution and hence the resolution was lost. In its earlier stages the Committee was keen on tackling this problem. The questionnaire issued, contained special reference to this subject. Searching examinations of witnesses were conducted on this particular question and yet in the final stage, the official block pressed that this question need not be considered and they were in a majority and a resolution was passed that this question should be enquired into by a body of experts like the Indian Tariff Board. On the other hand, the non-officials expressed the opinion that this Committee has every right to discuss the question and come to some conclusion and that the question of export duties has a general bearing on our economic well-being. The members of this Committee have been impressed throughout the enquiry by the complete unanimity with which the primary producers of our export staples oppose the impost of a duty on the exported articles. It is not difficult to understand this antagonism. Probably there are few countries in the world which have such a long list of groups of export articles which are dutiable. It has been admitted on all hands that the customs duties levied on exports are an anachronism. The Indian Fiscal Commission have condemned the principle of export duties in general. Ordinarily, export duties are imposed for purely revenue purposes and in exceptional cases they are imposed for the protection of local industries. In Travancore there are only two industries for the protection of which export duties are levied: (1) the cocoanut oil mills and (2) the coir mats and matting industry. I shall deal with them later on. Barring these two items, all other export duties are levied purely for

revenue purposes. Public opinion in Travancore holds that lands are taxed, fruit bearing trees are taxed, and the duty becomes an indirect impost on production. Export duties for revenue purposes should be employed sparingly and with great caution. They should be imposed only on articles in which there is a monopoly or semi-monopoly. The duties now imposed do not conform strictly to these principles. There is only one thing to be said in favour of these export duties. They are sufficiently old. They were levied at a time when the finances of Travancore were much lower than what they are today; and an old tax is better than a new one.

All the same, every one has heard the cry coming from the ryots that these export duties must go, that they give enough trouble to the ryots as well as to the merchants, and that a general removal of these duties will be a great blessing to the people.

At the same time, I admit that we have to look at the question from the standpoint of Government finances also. In 1105 the total export duty realized amounted to Rs 28, 59, 552. It is no good suggesting to Government to give up this big revenue altogether, without suggesting some other means of raising this revenue. The need to balance State budgets has been clearly recognised and accepted and it will be a national disaster, if a State is unable to balance its budget.

Normally, import duties are the legitimate source of our revenue. Unfortunately for Travancore, this has been more or less denied to us under the Inter-portal Convention. My own belief is that, had we been free to impose our own import duties, these export duties would have disappeared long ago. The State wanted finances. This is not an industrial country either. Consequently, the State has been obliged from time immemorial, to tax its export articles. There is also a general belief that duties on raw materials will ultimately affect the consumer and this belief is also partly responsible for these unfortunate state of affairs. Personally I do not share this view, because we have no monopoly in many of the articles of export.

Therefore, I beg to recommend for the kind consideration of Government that they *must now accept the policy* that all export duties intended purely for fiscal purposes should be completely abolished within the next ten years, by a progressive scheme of reduction of tariff values, as I believe that, by that time our participation in the import duties elsewhere, will enable the Government to find a portion of the funds which has to be recouped by the loss of revenue. I am also hopeful that as a result of the Round Table Conference, the States will be given a share of the import duties actually leviable on the imports consumed in each State.

As I have already mentioned above, the only two protected industries in the State are the oil mill industry and the coir mats and matting industry. I shall first deal with the position of the oil mill industry.

In the opinion of a number of experienced businessmen, the Travancore mill-owner is at a serious disadvantage compared with the Cochin mill-owner. This position is almost unanimously accepted by responsible bodies also. The Government of Travancore also have conducted repeated enquiries in this direction and have been evidently convinced of this fact and to my mind, the anomaly is that any duty at all should be levied on a manufactured product like cocoanut oil. It has been admitted by those who are competent to express an opinion that the existing mills in Travancore are able to consume almost the whole of the copra produced in the State and convert the same into oil. Why is copra exported to Cochin, Bombay, and Karachi? Mostly for being converted into oil. If it is so, is it not the duty of the State to see that oil mills are helped substantially, so that more mills are enabled to come into existence in our State and to utilise all our raw materials rather than to allow the raw material to go out of the State? Further, let us assume for a moment that all the oil mills in Travancore have been closed. The copra owner is naturally bound to take his copra for sale to the representative in Alleppey of the Cochin mills and also to the Alleppey shippers who export to Bombay and Karachi. Ordinary business experience and common sense would tell us that as long as the local competitors (Travancore oil mills) are absent, the

Cochin miller and the shipper of copra would dictate their own prices to the copra dealer and the latter has no other alternative but to accept the inevitable. This fact will be clear when we realise that, day after day, the price of copra in Travancore is based on the oil price at Cochin minus duty and expenses. Even the shippers to Karachi and Bombay act on this basis, although it is not necessary for them to do so. This proves that the shipper of copra is evidently keen on obtaining the advantage resulting from basing prices on the oil value at Cochin and is not keen at all on paying a higher value to the Travancore copra producer.

I have already recommended in the preceding paragraphs that tariff values must be reduced in accordance with actual prices. This benefit of reduction will apply to copra also; at the same time, I strongly maintain that it is the duty of Government to help the oil mill industry by maintaining the present tariff values and reducing the duty on oil to 2%. The copra merchant or the ryot can have no honest grievances when, in this case, Government merely forego a portion of their export duty on oil, while the ryot does not lose anything at all.

I now come to the coir mats and matting industry. In the early stage of this industry, Mr. Darragh alone had a factory in Travancore. It was at his instance that the Government of Travancore allowed the export of coir mats and mattings duty free. Subsequently several coir mats and matting factories have come into existence in England, the Continent, and U. S. A. and almost all the managers of European commercial houses who came to India after Mr. Darragh have stated that this industry does not require protection. At the same time, they also admit that coir yarn is imported almost duty free into many of the European and American cities, while our mats and mattings exported to those very countries have to pay a very heavy import duty, which in some places is nearly 200% *ad valorem*. These facts must speak for themselves.

A careful study of the above facts is, I am sure, enough to make all people interested in the development of Travancore industries think furiously over the question involved in a general policy that has to be pursued in regard to developing our industries.

In my opinion, Travancore has a clear monopoly in some varieties of coir yarn. The whole world must look to us alone for their supplies of the superior varieties. This view has been supported by some of the witnesses who were examined. The bogey that other substitutes will raise their heads against the Travancore coir yarn has been very long with us, and all the same, our coir yarn has been going on as merrily as ever.

Another very important point worthy of mention, is the fact that new coir mats and matting factories are coming into existence in Cochin also.

*The coir mats and matting industry is now protected. It does not ask for any new concessions.* Some time back coir manufacturers requested Government that the duty on coir yarn should be raised, because actual prices of coir yarn were very much higher than the tariff value fixed by Government and because coir yarn shipments in hydraulic pressed bales have to pay less freight than coir mats and mattings packages which are classed as bulky goods. The latter cause still exists and is partly responsible for competition in Europe. But the remedy for this is not in the hands of the Travancore Government. It lies elsewhere and it is not the purpose of the present enquiry to enter into it.

Regarding the tariff valuation, I have clearly stated *supra* that tariff values must be reduced when actual values have gone down and increased when actual values go higher. In my opinion, this is very essential in the case of coir yarn. I have also recommended that all export duties purely intended for fiscal purposes should be completely abolished, within ten years. If after the ten-year period, it is found by Government, on careful enquiry, that the duty on coir yarn is not to be considered as a duty for the sake of protecting the coir matting industry, and that this industry does not need any protection, there can be no objection in removing the duty on coir yarn completely. I have to point out in this connection that the reduction of tariff value came into force in July 1931, and the prices of coir yarn were still further going down during July, August, and September, 1931. By the second week of October, 1931, the prices of coir

yarn went up by about Rs. 10 to Rs. 15 per candy, although there were no large orders for yarn from Europe or America or Calcutta or Rangoon. The rise in prices in October was entirely due to fresh orders for both mats and mattings. The Anjengo, Ashtamudy and Aratoray yarns went up only by about Rs. 10 per candy, because these are used only for mattings; while Beach yarn and Vycome yarn went up by Rs. 15 to Rs. 20, because wefts and mats can be produced only out of this quality. These facts will prove that the presence of the coir mats and matting industry in Travancore is also necessary for the maintenance of prices all the year round.

In this connection, I shall merely quote from an article published in the *Daily Sketch* of London, dated the 28th January, 1931 — page 4.

“We are on the point of giving self government to India. Let us put ourselves in the same position that Disraeli imagined us to be in when we gave the same gift to the Dominions. My policy, in a sentence, would be to drop the political conditions and concentrate on the commercial conditions. Would a commercial condition work, such for example, as that India should give us preference and that she will not protect her own manufactures against our export of goods to her? Probably that policy would not have worked with the Dominions and Disraeli was wrong in suggesting it. I think it would work in India. The dominions were undeveloped, but India is a thickly populated country. The settlers in the Dominions came from this country and the idea of industry and manufacture as the means of wealth was in their bones. But India is essentially an agricultural country; the Indian masses think only of land and agriculture. *If ever an agreement were possible between two countries under which one should supply the raw materials and the other do all the manufacturing, England and India are those two countries.*” Comment is needless,



This Committee has been told by several witnesses that the agriculturists and the rubber planters have been very severely hit by this depression. The only recommen-

*Rubber planta-* dation made to help the rubber planter is  
*tions.* Number 16, which in my opinion is very meagre. The rubber planter has done some-

thing for Travancore and, that he has been the means of increasing the economic value of the country, cannot be denied. Now he is in an unenviable position and the future prospects are not very happy either. All the same, personally, I do think that better days are in store for him and it is essential that Government should save him from complete annihilation till then. He should at least be helped financially, to the extent of keeping his head above water, on the security of his non-rubber lands or other assets.

Similarly also, the owners of cocoanut gardens, too, have to be helped with finance at this stage. The latest information goes to show that there is a chance of revival in the European market for our copra and oil obtaining necessarily better prices. Therefore, loans given by Government on cocoanut gardens would be perfectly safe.

To my mind, one of the root causes of our growing poverty in this country is the progressively increasing cost of High School and College education. People of Travancore have it in their blood to secure good

*Education.* education and in many cases, the parents starve for the purpose of educating their children. I am of opinion that High School and College education are made deliberately costly and this one item of expenditure saps the vitality of the earning power of many of the families. I, therefore, strongly recommend that the educational system should be completely remodelled so as to make it cheaper for the people. Several witnesses came forward during the course of this enquiry and stated that the professors, directing and inspecting officers and headmasters are all paid very high salaries, inconsistent with their work or the financial possibilities of this small State.

Several witnesses like the Rev. Rao Bahadur John Kurien have stated that the public service of this State is top-heavy, that the salaries and allowances paid to the *Public service.* higher grade officers are far beyond the resources of a small State like Travancore and that this has stifled the growth of the nation-building activities of the State.

This view was shared by several of the non-official members of this Committee also ; but, as usual, the official majority and one of the non-official members held that this question should more appropriately be dealt with by the Retrenchment Committee which we have proposed. I feel great regret that a Committee appointed to enquire into the causes of the present economic depression and suggest remedies has not been enabled to go into this question of salaries and emoluments of the public service.

M. L. JANARDANAN PILLAI.

---

## Appendix I.

### QUESTIONNAIRE

issued by

The Economic Depression Enquiry Committee, Travancore.

---

#### I. General.

1. a. What in your opinion, are the main features of economic depression in Travancore?
  - b. How long is it since the present depression began?
  - c. Do you see any signs of improvement in the situation or is it becoming worse?
  - d. Can you anticipate how long the present state of affairs is likely to last?
2. What do you think, are the causes of the present economic depression?
3. Would you lay special emphasis on any circumstance that aggravates the economic situation in Travancore?
4. "The present depression is to be traced to world causes over which individual nations have no control."—Do you accept the above position? State your reasons.
5. What are the sections of society that are very badly hit by the present depression?
6. Are there sections that are benefited by the present depression?
7. Do you think that these are good times for the poor people? (Poor people, in common parlance).
8. State what you consider to be the great need of the people in the present situation.
9. Do you think that a general rise in the prices of our agricultural produce would bring about the return of general prosperity?

#### II. Paddy.

1. What are the conditions that govern successful cultivation of paddy in Travancore?
2. What is the cost of production of paddy in the chief paddy producing areas in Travancore?
3. Can you estimate the minimum margin of profits that would make paddy cultivation worth while?

4. a. What are the conditions that govern the price of paddy in Travancore?
  - b. Are there seasonal fluctuations of a violent nature? State the causes,
  - c. Can you indicate the variations in the price of paddy in the last five years?
    - i. Have you reason to think that there are unconscionable regional differences in the price of paddy, e. g., between producing and consuming areas, between town and country?
    - ii. What are your suggestions towards equalising prices as between region and region?
5. Is it true that imported rice and paddy set the price of the article in this country?
6. Do you consider it possible to reduce the cost of production of paddy in this country so that it may compete successfully with the foreign grain? If so, what are your suggestions?
7. Do transport and distributing conditions affect the home market for Kuttanad and Nanjinad paddy? Have you any proposals to improve them?
8. Do you think that a well considered scheme of railway extension traversing the country from north to south and freight concessions would be a great inducement to paddy cultivation and its increasing consumption within the State?
9. Do you think that the better quality of Travancore rice and the in-born liking our people have for our own rice, invest the home-grown corn with an advantage over the imported article?
10. Have you any suggestions to make with regard to the pressing needs of paddy cultivators in general?
11. What are the special difficulties of the Nanjinad and the Kuttanad cultivators directly traceable to the present slump and what are your suggestions to overcome them?
12. a. Is any keen distress felt in respect of paying the land tax?
  - b. Do you think the question of remissions does really arise at the present moment?
    - c. What are your suggestions in this respect?
    - d. Would liberal extensions of time with regard to land revenue demand be sufficient relief?
    - e. What is your opinion on the suggestion that a temporary reversion to collecting land revenue in kind would ease the situation?
13. Do not the Nanjinad and the Kuttanad cultivators avail themselves of the Agricultural Loans granted through the Land Revenue Department? If they do not, what are their difficulties and what remedies would you propose?

14. What is your estimate of the loan amount required for affording temporary assistance to Nanjinad and Kuttanad cultivators?
15. Are you in favour of earmarking funds for specified areas?
16. What cumulative effect has the fall in the price of cocoanuts produced on the Kuttanad ryots?
17. In due regard to the fall in the price of paddy, would it be profitable to raise other crops on paddy lands? If so, mention them.

### *III. Produce of the Coconut Palm and Pepper.*

1. What are the chief markets for our produce? (Copra, coir, coir-mats and matting, oil, cocoanut, pepper, etc.) Is it a fact that the foreign (as distinguished from Indian) markets we had, have been lost in recent years? If it is a fact, can you mention the causes that have deprived us of the foreign markets and can you suggest means of regaining the same?
  2. a. What are the main factors that govern foreign demand for our produce?
    - b. Have we a practical monopoly in respect of any produce?
  3. a. What measures would you suggest to maintain a steady demand for our produce in outside markets?
    - b. Do you think there are promising new markets in British India which could be developed?
      - c. What are your suggestions to tap them?
  4. a. What is the present method of marketing our cocoanut produce in the Travancore centres as well as in outside centres?
    - b. What is the part played by middlemen?
    - c. Can you estimate the proportion of profits which middlemen take?
      - d. How far would it be possible or necessary to eliminate middlemen? What are your suggestions towards securing an equitable share of profits to the growers?
  5. Is it true that irrespective of market conditions, merchants and middlemen make more or less steady profits while the producers bear the full effects of the slump?
  6. Do you think there has been any fall in the volume of our trade in the produce of the cocoanut palm and in pepper? If so, does it bear any relation to the fall in prices?
    7. a. Do the growers themselves withhold the goods from the markets to any appreciable extent?
      - b. How long can cocoanut, copra, coir, and pepper be withheld from the market?
        - c. Cocoanut and copra being the chief source of income to many, are not the people compelled to sell their goods at any price, simply because they must?
        - d. What are your proposals towards giving the primary growers some sort of control of market conditions?

e. The Banking Enquiry Committee has recommended that there is scope for the introduction of the system of licensed warehouses. Do you consider that coconut growers would be benefited if this were done?

8. What is your opinion as to the need of reducing the incidence of transport charges to the benefit of the producer? How far will co-operative pools be advantageous and profitable?

9. In the interests of coconut oil industry, a revision of the tariff value or the export duty on coconut oil is recommended by the Banking Enquiry Committee. What is your opinion on this proposal and what will be its effects on the coconut growers?

10. Is it possible that a considerable amount of our produce could be absorbed by the Tata Oil Mills Company? If so, what are your proposals in this regard?

#### IV. Rubber and Tea.

1. What are the markets for our produce?
2. What are the factors that govern the price of rubber?
3. a. What, in your opinion, are the causes of the collapse of the rubber industry?  
b. Can this Government do anything to stimulate foreign demand or to effect the resuscitation of the industry?
4. As between the large planter and the small planter, what are the disadvantages of the latter with regard to:
  - a. Financing,
  - b. Marketing?
5. What are the main facts about the present condition of the rubber planters, both large and small?
6. What is the ordinary mode of marketing rubber?
7. How far is the small planter dependent on or at the mercy of coasting or exporting firms?
8. Is the small planter in the habit of putting by a reserve against lean years?
9. How does the small planter expend his surplus profits in boom times? Have you any special observations to make on this point?
10. Has there been a tendency in recent times, in Central Travancore\* particularly, to plant rubber trees in ordinary compounds? Do you approve of it?
11. There has been a demand that the excess tax collected from lands under rubber, over and above the patta tax, should be remitted. What do you say about this?
12. Do you think it necessary to consider the question of the temporary abolition of the tax on lands under rubber?
13. What are the prospects of converting raw rubber into finished articles in Travancore?

14. In view of the abnormal fall in price, will the introduction of licensed warehouses be a means of relief?
15. What is the extent of Travancore capital invested in the rubber industry?
16. What is the approximate acreage under tea :
  - a. Under Indian ownership?
  - b. Under foreign ownership?
17. Is there an appreciable fall in the price of Travancore-grown tea?
18. What is the mode of marketing tea?
19. What are your suggestions towards improving the price of Travancore tea?
20. What are the markets for our tea?
21. Have you any suggestions regarding adjustment of the duty on tea?
22. a. What is the extent of capital invested in the industry in Travancore?
  - b. What proportion is Travancorean and what proportion non-Travancorean?
23. Is the tea industry able to make any appreciable profit?
24. Has the tea industry been hit by the imposition of export duty?
25. Is the tea industry over-taxed by kist, duty, and income tax? Is the industry able to stand the imposition?
26. Can Travancore tea find a better market in India than outside? If so, how would you develop such a market?

#### V. *Tapioca, Ginger, Turmeric, Prawns, and Cardamoms.*

1. What are the conditions that govern the price and production of tapioca in Travancore?
2. a. Was there a vast increase in recent times, in the acreage under this crop, till about two years ago?
  - b. Have you reason to suspect a contraction of acreage since the slump in prices began?
3. Is there a considerable export of this article?
4. What are your suggestions towards making this produce profitable for the growers?
5. Have you any proposal to sustain a steady demand from the board division for this article?
 

How far does the price of rice and paddy determine the price of tapioca?

What are the markets for ginger and turmeric? What are the factors governing their prices? What are your suggestions for raising the prices?

8. What is the approximate area under cardamoms? Are growers of cardamoms in Travancore mostly non-Travancoreans?
9. What are the markets for cardamoms?
10. Has there been an unprecedented fall in the price of cardamoms?
11. What are your suggestions for improving the price of cardamoms?
12. What is the market for prawns?
13. What are the factors governing the price of this article?
14. Cannot a big demand be created for prawns in Travancore? What are your suggestions in this respect?
15. A suggestion has been made that the license fee on prawn fishing-boats should be reduced from Rs. 15 to Rs. 7-8-0, as it obtains in the Cochin State. Do you recommend it? State your reasons.
16. Would organisation and pooling be of any benefit in the case of the above produce? Do you think grading or standardization with Government help is needed for better marketing?

#### *VI. Acreage under Crops.*

1. Is there, on account of low prices, a contraction of agriculture in this country?
2. Are you aware of lands in your locality lying idle, as agriculture is becoming unprofitable?
3. Would you suggest any special crop that could be profitably cultivated in Travancore in the present circumstances?
4. Is there a line of demarcation in this country between the 'subsistence crop' and the 'commercial crop'? Is the former affected by present conditions?
5. Have you to make any other suggestions of a general nature towards enabling the agriculturists to fetch a better price for their produce?

#### *VII. Wages.*

1. Can you indicate the course of wages during the last 5 years in respect of:
  - (a) Agricultural labourers,
  - (b) Industrial labourers?
2. It has been complained that wages, agricultural and industrial, have not come down with the general fall of prices. How do you explain this?
3. Is there a fall in the demand for Agricultural labour in the country?



4. Are you aware of coolies disbanded from the estates or repatriated from Malaya going about in search of employment in Travancore?

5. Have you any suggestion to make towards facilitating the movement of labour in response to the demand therefor?

### VIII. Retail Prices.

1. It has been suggested that the distress of the people is largely due to the fact that the prices of imported goods have not fallen in proportion to the fall in the prices of our exports. Do you accept this position? How do you explain the phenomenon?

2. (a) Complaints have been made that retail prices have not fallen to the same extent as wholesale prices. How do you explain this situation?

(b) What is the effect of this on the wage earners, and the low-paid employees?

3. There is a complaint that the prices of prepared foods in hotels and 'tea shops' have not come down in conformity with the general fall in prices. How do you explain this?

4. Are you aware of articles the prices of which have refused to fall or have actually risen? If so, what is your explanation therefor.

### IX. Merchants.

1. What, in your opinion, are the immediate difficulties of the merchant on account of the present economic depression and what are your suggestions for getting over those difficulties?

2. Do merchants stand in need of financial assistance? How can the Government render substantial help to merchants at this juncture? What are your suggestions?

3. (a) What is the present position of the shipper-exporter on account of the depression in trade?

(b) Have his profits been affected?

(c) Has the quantity of articles handled by him undergone any reduction?

(d) If it has undergone reduction, state the causes and suggest remedies.

4. (a) Has the shipper-exporter any shipping difficulties? If so, what are they?

(b) Does he obtain any advantage at Cochin over Alleppey? What remedies would you suggest? Would the introduction of such remedies tend to increase exports shipped from Travancore?

5. (a) What is the rate of freight on rice and paddy from Burma ports to Travancore ports?

(b) What is the rate of freight on rice and paddy from Burma ports to Cochin?

(c) If there is any difference, does the difference affect the Travancore importer adversely and to what extent?

(d) What remedies would you propose?

6. Does the Income Tax Regulation work against the interests of the merchants?

### X. Remission of Taxes.

1. Do you think the present depression calls for a general remission of taxes?

2. How far would it be possible for Government, without endangering their financial position, to grant land revenue remissions?

3. (a) Do you think liberal extensions of time in respect of land revenue demands would afford material relief to the ryots?

(b) How long should this be done?

(c) Do you think that even those who can afford to pay taxes would allow them to accumulate, if the collection of taxes is postponed?

(d) Would it not thus become vastly more difficult for them to pay up arrears later on?

4. (a) Would you suggest that all coercive measures against non-payment of land-tax should be held in abeyance?

(b) How long should this be done?

5. Do you think that landlords can be compelled to grant their tenants any concession in rent?

6. What are the special difficulties of the 'Kandukrishi' ryots?

7. How far is it true to say that on account of the low price, paddy cultivation has become unprofitable for them?

8. What is your view regarding the disparity between the commutation rates of paddy fixed for the tax on 'Kandukrishi' lands and the present market price of paddy?

9. Do you think that a reversion to the old system of collecting tax in kind will be a remedial measure?

### XI. Agricultural, Industrial, and Trade Loans.

Do you consider the ordinary budget allotments under Agricultural Loans adequate for the needs of the ryots in normal times?

2. Do you consider the current year's allotment of Rs. 3½ lakhs adequate to meet the special needs of the year?

3. (a) Have you any suggestions to make, besides those made by the Banking Enquiry Committee in their report, with regard to making the loans under the regulation concerned, really useful and more readily available to the ryots in the present situation?

(b) Do you suggest the appointment of local non-official committees or the appointment of an entirely new agency for the whole State for the disbursement of the loans?

(c) Would you recommend, in view of the present slump, a considerable enhancement of the amount already budgeted? What is your estimate of the probable amount that might be necessary?

4. Do you think that substantial help should be rendered to industrialists by granting them loans from Government funds?

5. (a) Do you think that traders should be granted loans from Government funds?

(b) If the answer is in the affirmative, what should be the basis on which the amounts of loans should be fixed?

(c) What should be the nature of the security demanded?

(d) Should they be long-term loans or short-term loans?

(e) What is the agency through which these loans should be granted?

### *XII. Co-operative Societies.*

1. Suggestions have been made that Government should make liberal advances to the Co-operative Department for the purpose of granting loans to the ryots. What are your views on this point?

2. With regard to the loans already granted by the Co-operative Central Bank and by the various societies, liberal extensions of time for repayment have been suggested. How far is the proposal practicable? What are the measures to be taken to make this possible?

3. Do you think that all coercive measures against non-payment of instalments due should be held in abeyance and for how long?

4. There is a demand that the Government should provide a grant so that, co-operative societies may distribute relief loans to their members. What is your opinion on this?

### *XIII. Agricultural Credit.*

1. The question has been exhaustively dealt with by the Banking Enquiry Committee. Have you any suggestions to make other than those specified in the report of the above Committee to afford temporary financial assistance to the ryots to tide over the present period of depression?

2. Is it true that the ordinary credit facilities have failed to work?

3. Have the joint-stock banks and the money lenders raised the rates of interest?

4. A suggestion has been made that Government should render financial assistance to the banks. Do you think the Government could possibly do so, without endangering their financial position?

### *XIV. State Balances.*

1. It has been suggested that a considerable portion of the State balances should be withdrawn from investments outside the State

and made available for loan purposes within the country at this time. Do you approve of this suggestion?

2. Do you think the State can withdraw funds in this manner without prejudicing its credit?

### *XV. Funds of Religious Institutions.*

1. Do you think that religious institutions can be made to advance money for productive purposes in the country?

2. What are your suggestions in this respect?

### *XVI. Chitties.*

1. It has been suggested that Government should interfere and suspend payments which fall due under chit funds or forbid the enforcement of penal conditions usually attached to such transactions. Do you approve of the suggestions? State your reasons.

2. Without simultaneously interfering with the course of decree executions and court auctions, could the above suggestions be carried out? Do you think that the execution of decrees and the auction sale of properties by courts should be suspended or in any way altered?

3. Is there not sufficient provision in the Chitty Regulation to suspend chitties temporarily by agreement among prize-holders?

4. Do you suggest that restrictions should be placed on the starting of new chitties?

5. Do you observe any undue activity on the part of crack promoters in recent times in organizing new forms of chitties attractive, but of questionable soundness? Do you think that the Government should restrict them in the interests of the public?

6. Have you any other suggestions to make in respect of the conduct of chitties?

### *XVII. Tariff Rates.*

1. The tariff rates fixed by Government for our export articles being admittedly higher than the present market prices, do you think reduction of the former to suit the latter is necessary?

2. Would such a change bring about an appreciable rise in the prices of our staple articles of export?

3. Is it likely that such a step would adversely affect any of our industries?

4. Do you consider that the question of reducing the tariff value of cocoanut, copra, and cocoanut oil, deserve special treatment? Have you any special suggestions in this regard?

### *XVIII. Co-operative Sale.*

1. What are the facilities in Travancore for pools and sale societies?
2. Have you any suggestions to make with regard to popularising the idea among the producers of export goods?
3. What is the place of state help in this matter?
4. The Banking Enquiry Committee has arrived at the conclusion that there is scope for the introduction of licensed warehouses.
  - (a) What suggestions would you make to stimulate private enterprise in this respect?
  - (b) What are the lines on which legislative provision will have to be made?

### *XIX. Public Utility Works.*

1. Do you think that if Government undertook a regular scheme of public works, some relief would be afforded to the people in general?
2. It has been suggested that such works should be confined to rural areas, so as to benefit agricultural classes. Do you accept this suggestion?
3. Mention some schemes that, in your opinion, would be conducive towards the promotion of general prosperity in the country.

### *XX. Land Mortgage Bank.*

The Banking Enquiry Committee having fully investigated the question and reported, do you think this Committee should concern itself with this question at all?

### *XXI. School Fees.*

1. Do you apprehend an abnormal fall in the strength of schools on account of inability to pay school fees?
2. Do you consider that the present slump calls for a general reduction in school fees?

### *XXII. Abkari Contracts.*

Should this Committee concern itself with the difficulties of abkari contractors, and if so, what suggestions would you make to afford them relief?

*XXIII. Motor Traffic.*

Have you any suggestions to make regarding the regulation of motor traffic apart from those made by the Banking Enquiry Committee?

*XXIV. Home Markets.*

1. What are your proposals for developing home markets for our agricultural produce in Travancore and in British India?
2. Will the appointment of travelling agents help us in exploiting markets in British India? On what terms should such agents be appointed and for how long?
3. Will the reduction of railway freight on our produce develop our trade with British India? What percentage of reduction would you suggest?

*XXV. Foreign Markets.*

Have you any special suggestions for the development of foreign markets for our produce? Do you advocate the appointment of trade agents in foreign countries and if so, in which countries? Should the trade agents be paid Government servants or private men or firms engaged on commission basis?

*XXVI. Commercial Department.*

Do you approve of the following recommendation made by the Banking Enquiry Committee? "A commercial Department under an officer with sufficient knowledge and experience should be started for organizing the trade of the country."

*XXVII. Bureau of Statistics.*

Do you believe that a permanent Economic Committee with a bureau of statistics would be a great help to producers in this country?

---

- (2) P. Gomathinayagam Pillai, Excise Commissioner.
- (3) R. Vaidyalingom Pillai, Registrar of Co-operative Societies.
- (4) I. C. Chacko, Director of Industries.
- (5) R. Neelacanta Pillai, Chief Account Officer.

**Non-Official Members.**

- Messrs. (1) S. Krishna Aiyar, Planter, Kottayam.
- (2) M. L. Janardanan Pillai, Merchant, Alleppey.
- (3) K. C. Eapen, Banker, Trivandrum.
- (4) K. Madhavan Pillai, M. L. C., Trivandrum (Agriculture).
- (5) Thariathu Kunjithomman, M. L. C., Muvatupuzha (Agriculture).

2. The committee will commence work immediately and submit its report to Government on or before the 30th June 1931. The committee's headquarters will be at Trivandrum. The President will determine the times and places of the meetings of the committee, the witnesses to be examined, and such other matters.

3. The non-official members of the committee will be paid T. A. at the rates allowed to members of the Legislative Council.

4. The President of the committee is requested to submit as early as possible detailed proposals regarding the provision of the funds required and the necessary staff.

5. Government desire that all communications or requests for information which may be issued by the committee be treated as urgent and that, in the event of the committee visiting any locality, every facility be afforded for its enquiries.

(By order)

(Sd.) K. GEORGE,

*Chief Secretary to Government*

## Appendix II.

Proceedings of the Government of Her Highness the Maha Rani  
Regent of Travancore.

Read again:—

Paragraph 7 of the Dewan's opening address to the members of  
the S. M. P. Assembly at its 27th Session regarding the economic  
depression in the State.

Read also:—

Representations made on the subject by the members of the  
Assembly at the same session.

Order R. Dis. No. 627 of 31]Devpt., dated Trivandrum, the  
18th April, 1931.

For some time past, Government have been carefully watching  
the economic depression prevailing in Travancore in common with  
the rest of the world. At no time in recent years have the prices of  
staple articles of local produce such as paddy, pepper, cocoanut,  
ginger, rubber, and tapioca, fallen so low. Government realise that  
the economic revival of this State depends to a large extent upon the  
increased buying capacity of foreign customers and that no action  
taken by this Government alone can accelerate the economic revival  
of foreign countries having commercial dealings with this State.  
However, the position is serious and the actual conditions deserve to  
be studied. In his address to the 27th session of the S. M. P.  
Assembly, the Dewan promised the appointment of a committee to  
investigate the question. Government accordingly resolve to ap-  
point a committee consisting of the following officials and non-  
officials to investigate and report upon the extent and causes of the  
present economic depression, so far as it affects Travancore, and to  
propose measures that might be adopted to meet the situation:—

**President.**

Dr. N. Kunjan Pillai, Census Commissioner.

**Official Members.**

Messrs. (1) R. Krishna Pillai, Ag. Land Revenue and  
Income Tax Commissioner.



R. O. C. No. 4613/31/Devpt.

Huzur Cutcherry,

Trivandrum, 24th September, 1931.

From

K. George Esq., B. A.,  
Chief Secretary to Government.

To

The President,  
Economic Depression Enquiry Committee.

Sir,

\* \* \* \* \*

2. Government sanction the appointment of M. R. Ry. Rao Sahib S. Parameswara Iyer Avl., M. A., B. L., Dewan Peishkar in independent charge of the duties of the Land Revenue and Income Tax Commissioner as Member of the Committee *vice* M. R. Ry. R. Krishna Pillai Avl., Ag. Land Revenue and Income Tax Commissioner, who has retired from service.

I have the honour to be,  
Sir,

Your most obedient servant,

(Sd.) K. GEORGE,

*Chief Secretary to Government.*

### Appendix III.

#### Proceedings of the Government of Her Highness the Maha Rani Regent of Travancore.

Read :

(1) Letter No. 74/1, dated the 29th May, 1931 from the President of the Economic Depression Enquiry Committee.

(2) Letter No. 2764/31/Rev. dated the 9th June, 1931, to the Land Revenue and Income tax Commissioner.

(3) Letter C No. 1897 of 1931/L. R. dated the 4th July, 1931, from the Land Revenue and Income Tax Commissioner.

With his letter read above, the President, Economic Depression Enquiry Committee, has forwarded a copy of a resolution passed at the preliminary meeting of the Committee held on the 29th May 1931 recommending to Government that coercive action against non-payment of land tax for the current year be held in abeyance.

This resolution was forwarded to the Land Revenue and Income Tax Commissioner for enquiry and report. His report is contained in his letter dated the 4th July, 1931 read above. The Land Revenue and Income Tax Commissioner has forwarded for the information of Government the observations of the Division Peishkars and the Tahsildars in the State on the subject.

ORDER THEREON, R. O. C. No. 2764/31/REVENUE,  
DATED TRIVANDRUM, THE 14TH JULY, 1931.

Government have carefully perused the reports of the several Land Revenue Officers on the subject of the resolution passed by the Committee. Government fully appreciate the anxiety of the Committee to relieve the economic distress of the agriculturists consequent on the serious fall in the prices of agricultural commodities in the State. It is, however, the opinion of the Land Revenue Commissioner himself, as well as of the Dewan Peishkars, the Devicolam Commissioner and a large majority of the Tahsildars that it is not necessary at present absolutely to hold in abeyance coercive steps under the Revenue Recovery Regulation for the realisation of land tax from pattadars who do not pay them. The Land Revenue Commissioner points out that the prices have not fallen below the prices that obtained in the country at the time of the last Revenue Settlement on the basis of which taxes on land were imposed. The price of paddy has not gone below 3 fanams per para or that of cocoanut below 10 fanams per hundred. The Settlement tax on Pandaravagal wet lands is only 7½ chs. per para of land in the Qullon, Kottayam, and Devicolam Divisions and only 8½ chs. per para in the Trivandrum Division and while the average annual yield from a cocoanut tree may be fixed at forty nuts, the average tax on a cocoanut tree is only two

and half chuckrams. No doubt, owing to the rise in the standard of living and the fact that wages of labour have not fallen proportionately to the fall in prices, the margin of profit in the hands of the people is less than what it used to be. But the land tax is the first charge on lands and the Commissioner points out that the Pattadars generally are well able even at the reduced prices of agricultural products to meet this first charge. Accordingly, the Land Revenue Commissioner is of opinion that the plea that owing to the fall in prices the pattadars find it impossible to pay these taxes is rather exaggerated. There are also one or two other aspects which call for consideration in connection with this question. In the first place, if coercive steps to realise the tax from defaulters are held in abeyance, not a single pattadar is likely to pay his tax before the end of the year and even those who can well afford to pay will become defaulters. Secondly, postponement of payment of tax will not be an unmixcd blessing to the ryots, as they will then have to pay two years' tax next year which will entail considerable difficulties, even if the economic conditions improve. Taking all the above aspects of the matter into consideration, Government agree with the view of the officers of the Land Revenue Department that there is no need at present to order a complete suspension of all coercive action for the collection of tax. They are however, alive to the fact that there may be cases in which not unwillingness but sheer inability to pay may be the cause of default and that such persons may pay up, if given time to find the money. Hence with a view to avoid undue hardship to the ryots, Government have decided to grant the following concessions:—

1. In the case of those who pay their dues before the end of the year, demand notice fees will not be recovered.
2. The Dewan Peishkars will be instructed to give extension of time for payment of tax until the end of the year in deserving cases and to resort to coercive measures only after the expiry of the extended period.

The Land Revenue Commissioner will issue the necessary instructions in the matter immediately. It will be seen that Government have by these measures largely carried out the spirit of the Resolution of the Economic Depression Enquiry Committee.

By order,  
(Sd.) K. GEORGE,  
*Chief Secretary to Government.*

---

REPORT  
OF  
THE TRAVANCORE PUBLIC SERVICE  
RECRUITMENT COMMITTEE  
1933

---



TRIVANDRUM:  
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS  
1934.

	Page.
(c) Statement showing the population and male general literacy of the Hindus arranged in groups and the average percentage of each group based on both population and male general literacy ...	130
(d) Statement showing the population and male general literacy of the Christians arranged in groups and the average percentage of each group based on both population and male general literacy ...	131
IX. Rotation for Superior Service ...	132
X. Communal Statement of Accountants, Proverthi-cars Revenue Supervisors, Deputy Tahsildars and Tahsildars in the Land Revenue Department ...	133
XI. Communal Statement of Teachers and Assistant Inspectors of Vernacular Schools for Boys ...	134
XII. Communal Statement of Teachers and Assistant Inspectors of English Schools for Boys ...	135
XIII. Communal Statement of Sub Inspectors, Petty Officers and peons in the Superior Service in the Excise Department ...	136
XIV. Communal Statement of Deputy, Assistant and Sub Assistant Surgeons and Apothecary in the Medical Department ...	137
XV. Communal Statement of Inspectors, Head Con-stables and Constables in the Superior Service in the Police Department ...	138
XVI. Communal Statement of Teachers and Assistant Inspectresses of English and Vernacular Schools for Girls ...	139

---

**NOTES BY MEMBERS.**

1. Minute of Dissent by Mr. C. O. Madhavan ...	140
2. Note by Mr. J. S. Westerdale ...	148
3. Dissenting Note by Mr. A. Thanu Pillai ...	149
4. Note by Messrs. M. Govindan, T. A. Thomas & T. Kunjithomman ...	159
5. Minute of Dissent by Mr. K. Narayanaperumal Nadar ...	181
6. Dissenting Report by Mr. P. S. Mahomed ...	194

---

REPORT  
OF  
THE TRAVANCORE PUBLIC SERVICE  
RECRUITMENT COMMITTEE.

CHAPTER I.

Preliminary.

1. The Committee was appointed in G. O. R. O. C. No. 7159 of 31/Gl., dated the 22nd December, 1931. The G. O. is printed as *Appointment of the Committee and terms of reference.* Appendix I for reference.

The Committee was requested to consider and report on the following points :—

- (i) The principles to be observed in the matter of recruitment to the public services keeping in view, on the one hand, the complaints of certain communities that they are not fairly represented in the public service and, on the other hand, the need for maintaining efficiency and for avoiding injustice and unfairness to the other communities.
- (ii) The method of recruitment to be followed, whether it should be by competitive examination solely or partly by nomination also.
- (iii) To what appointments the new proposals should apply.
- (iv) The need for any special concessions like exemption from age-bar, in the case of backward and depressed communities.
- (v) The constitution and functions of a body analogous to the Public Service Commission, for selecting persons for appointment.

The second item in the terms of reference appeared to require some elucidation and it was discussed at the first meeting of the Committee on whose recommendation, the Government approved of the same being recast as follows :—

“The method of recruitment, whether by competitive examination, or nomination or in any other manner.”

2. The *personnel* of the Committee, as originally constituted, underwent some changes subsequently.

*Personnel of the Committee.* They are indicated below. The present composition is as follows :—

*Chairman* :—M. R. Ry. V. Subba Aiyar Avl., B.A., B.L.,  
Retired Additional Head Sirkar Vakil.

- Members* :—
1. Mr. J. S. Westerdale B. sc., Chief Engineer.
  2. Mr. E. G. McAlpine M. A., Director of Public Instruction.
  3. Mr. N. Kunjan Pillai M.A., B. Sc., Ph. D., Land Revenue and Income-Tax Commissioner.
  4. Mr. C. O. Madhavan B.A., B.L., Excise Commissioner.
  5. Srimathy E. K. Janaki Ammal M. A., D. Sc., Acting Professor of Botany.
  6. Mr. A. Thanu Pillai B. A., B. L.
  7. Mr. M. Govindan B. A., B. L.
  8. Sahib Bahadur P. S. Mahomed.
  9. Mr. K. Narayanaperumal Nadar B. A.
  10. Mr. Thariathu Kunjithomman.
  11. Mr. T. A. Thomas B. A.

Rao Bahadur K. A. Krishna Aiyangar was originally appointed as Chairman of the Committee. Owing to his lamented death on the 15th January 1932, Rao Bahadur A. Venkatarama Aiyar was appointed in his place. Owing, however, to his resignation, Mr. V. Subba Aiyar was appointed as Chairman in G. O. R. O. C. No. 7159/31|Gl., dated the 22nd July, 1932.

Mr. S. C. H. Robinson, Land Revenue and Income-Tax Commissioner (now retired) who was a member of the Committee, resigned with effect from the 28th May, 1932 and in his place,

Government appointed, in G. O. R. O. C. No. 1979/32|Gl., dated the 28th May, 1932, Mr. C. O. Madhavan, Excise Commissioner as a member.

Miss D. H. Watts B. A., was appointed a member of the Committee in G. O. R. O. C. No. 7159/32|Gl., dated the 30th July, 1932. She, however, having left for England early in April, Srimathy E. K. Janaki Ammal was nominated in her place in G. O. R. O. C. No. 1206/33|Gl., dated the 13th April, 1933.

Mr. K. George B. A., Chief Secretary to Government, who was appointed member and convener of the Committee resigned with effect from the 3rd September, 1932.

Mr. T. A. Thomas B. A., Retired Tahsildar, was appointed a member of the Committee in G. O. R. O. C. No. 7159/31|Gl., dated the 3rd September, 1932.

Mr. M. O. Varghese M. A., who was Secretary to the Economic Depression Enquiry Committee, was appointed Secretary to this Committee with effect from the 17th May, 1932.

3. The G. O. constituting the Committee had allowed only a period of three months for the submission of the Report. But delays intervened owing to changes in the *personnel* and the other circumstances explained below.

*Period of appointment.*

Our first meeting was held on the 14th Chingom, 1108. It soon became clear that, in view of the extent and importance of the enquiry, we could not complete our task within the three-month period originally contemplated in the G. O. About six weeks had to be allowed for the issue of a questionnaire and for receiving answers from the public. A period of about three months had also to be allowed for the collection of statistics from the various departments and offices under Government. Besides, the dates of the various sessions had to be so arranged and adjusted as not to clash with the tour programmes and other pressing business of the official members of the Committee. In these circumstances, the period of the Committee had to be extended by successive G. O.'s up to the end of Chingom 1109.



4. We held our first meeting on the 14th Chingom 1108, as already mentioned, and the final meeting on the 27th Chingom, 1109. There were altogether twelve sessions of the Committee comprising 37 meetings.

The first meeting was devoted to the discussion and elucidation of the terms of reference. At the second and the third meetings, the draft questionnaire was discussed and passed for issue. (*Vide* Appendix II for Questionnaire). At the same meetings, we also decided the form of the statistical information to be collected from the various departments and offices under Government. The Committee devoted the fourth meeting to making themselves familiar with the literature on the subject of communal representation in the Public Services of the Governments of India, Madras, Mysore and Travancore. From the fifth to the twenty-first meeting, the Committee discussed and passed a series of resolutions embodying the principles of recruitment that were to form the basis of our recommendations. From the twenty-second to the thirty-seventh meeting, the draft report was discussed and passed.

5. The questionnaire was printed in English, Malayalam and Tamil. Altogether about 1700 copies were issued to the public. The questionnaire was also published in the Government Gazette, both in English and the Vernaculars. Written answers were received from 355 persons. A statement showing the number of persons from the various communities (as far as communities could be made out from names) who were kind enough to furnish answers to the questionnaire, is printed as Appendix III.

6. In view of the literature that had accumulated on the subject of our consideration, particularly in the proceedings of the Legislative Council and of the Sri Mulam Popular Assembly, the Committee decided, at their second meeting, that oral evidence need not be recorded.

7. We desire to express our grateful acknowledgments to all the ladies and gentlemen who assisted us *Acknowledgments.* by sending answers to our questionnaire.

8. We may also be permitted to thank the Government for the very satisfactory arrangements they were kind enough to make for the conduct of our work and for all the information that they so readily made available to us from the various departments and offices.

9. It is but fair and fitting that we conclude this opening Chapter of the Report with the expression of our high appreciation of the valuable services of our Secretary Mr. M. O. Varghese who joined our Committee after he had served as Secretary to a similar Committee and won their praise. In reducing to form the varied information collected, in the compilation of the several tables, statistical and otherwise, for our study and discussion and in assisting us in the preparation of our Report, he has earned our unstinted approbation. We gladly recommend his services for the special consideration of Government.

10. The work done by the other members of our office staff also deserves high commendation. The enthusiasm, the cheerfulness and the promptitude with which one and all have performed their duties have been exemplary and well merit due notice. The entire office worked in admirable unison and it is a real pleasure to us to record our appreciation of their services here.

---

## CHAPTER II.

### The Principles and Methods of Recruitment.

11. We shall now deal with the terms of reference and record the resolutions at which we have arrived after full discussion. Under each resolution we shall also note the dissenting opinions that have been given expression to. The first two items in the terms of reference are as follows :--

“The principles to be observed in the matter of recruitment to the public services keeping in view, on the one hand, the complaints of certain communities that they are not fairly represented in the public service and, on the other hand, the need for maintaining efficiency and for avoiding injustice and unfairness to the other communities.”

“The method of recruitment to be followed, whether it should be by competitive examination solely or partly by nomination also”, subsequently modified as “The method of recruitment, whether by competitive examination, or nomination or in any other manner.”

We are called upon to consider the principles and methods on which recruitment to the Public Service should be made. But for the complaint of certain communities that they are not fairly represented in the service, the principles resolve themselves into one and it is easy of enunciation. Character and merit should be the only deciding factors in the matter of recruitment to the Public Service, irrespective of communal considerations. It has to be conceded that it is the privilege of every person to serve the State to which he or she belongs and it is, therefore, a well-recognised principle in all civilised States that no person should be disqualified from serving the State by reason of caste, creed or colour. Section 96 of the Government of India Act, 1919, is worth reproduction here and it is as follows :—

“No native of British India, nor any subject of His Majesty resident therein, shall by reason only of his

religion, place of birth, descent, colour, or any of them, be disabled from holding any office under the Crown of India."

It is obvious that the duty of the State is to afford equal opportunities to all its subjects to serve it. All persons should be afforded equal facilities to equip themselves with the attainments needed for the Public Service of the State. Having done this, the aim of recruitment should be to achieve and maintain a high level of efficiency in the administration of the State.

12. A reference to the latest Census Report, Vol. I, page 294, shows that "the progress in the general spread of education can best be gauged by looking to the number of persons of each sex who are literate in the age-group 15-20. The proportion of literate persons in this group may be taken as furnishing a good guide to the number of children who have been under effective instruction during the preceding quinquennium, *i. e.*, it will show the proportion of children of school-going age who have attended school long enough to attain [the census standard of] "literacy." Among males of this age-group, the literates are 530 per mille and among females of the same group, they are 274 per mille. The literacy among the male population of the State above 5 years of age is 408 per mille and among females 168 per mille. Next to Burma and Cochin, Travancore ranks as the third in total as well as in male literacy; and in female literacy, Travancore takes the second rank in all India and Burma, Cochin being the first. In Travancore there are graduates even in some of the Backward and Depressed classes. In these circumstances, the ideal should be to recruit to the Public Service persons of high qualifications among the candidates available. It has to be recognised that the Public Service exists for the people of the State as a whole. It is maintained at the cost of the tax-payer. He has, therefore, an undoubted right to demand that he should get the best service for the money he pays. It is but common knowledge that every employer chooses the best person for the various jobs that he wishes to get done. The State is the biggest employer of labour and is, therefore, expected to do what every individual employer does.

Even among those who have used in their answers favouring communal representation, many admit that recruitment to the service of the best available persons is the ideal to be aimed at.

13. In this connection, the words of Mr. W. R. Barker, President of the Public Service Commission, when he presided at the Convocation of the Patna University in the year 1928, may be quoted with advantage. He said :—

“ For nearly every function in life even the most indistinguished, I prefer an educated to an uneducated man. The vast sums which have been lavished out of the scanty resources of the Government and the smaller sums which have been lavished out of the vast resources of individuals would indeed have been ill-spent if the Universities of India were unsuccessful in producing the best candidates for Public Service. To those who maintain that in the choice of public servants no importance should be attached to academic brilliance but to some lower standard of academic attainment, requiring great perseverance, hard work, and self-denial, I will only say that no crueller wrong could be done to the youth of India than to encourage them to come in their thousands to Indian Universities and then dispute their entry to the Public Services.”

14. Here it may be pertinent to note the objections to communal representation which are found recorded in the answers to the questionnaire received by us. Several of the communities are represented in the record of these objections. Some of the objections as stated by them are as follow :—

(1) In these days when unifying tendencies are not wanting and when attempts are being made through pressure of public opinion and legislation to bridge the gulf between community and community, it would be impolitic to maintain, stereotype and perpetuate communal divisions.

(2) It is inconsistent with the democratic spirit now so much in evidence. Self-Government with privileges to communities as such is a contradiction. Such privileges will be baneful to the growth of nationalism and should not be encouraged.

(3) Efficiency will suffer. The aim of recruitment should be to achieve and maintain a high level of administration judged by recognised standards of efficiency and integrity.

(4) Any rule of favoured recruitment is evidently one that forecloses, on the accidental ground of birth in a particular community, the chances of capable men to render valuable service to the State of which they are citizens.

(5) Communal claims on whatever basis laid are socially disruptive and breed infinite injury to the common weal. Their capacity for mischief in putting the State machinery out of gear is obvious.

(6) Special treatment would be to discourage the spirit of healthy emulation and self-reliance and lead the community to expect and depend on a continuance of privileged treatment. This can only result in destroying in such communities, the incentive to self-improvement and that must react disastrously on the welfare of the State.

(7) It is the inherent right and duty of every individual to serve the State in so far as he is qualified to do so by capacity and character and communal representation necessarily infringes such right and duty as it sacrifices the sacredness of the individual in favour of an abstract entity called community which is often variable in its content and difficult to define.

15. So much as to objections. However, we find that communal representation as such is recognised in Mysore and Madras. Some method of securing the interests of minorities in the matter of recruitment to the services has also been accepted by the Government of India. When, on the 2nd March, 1925, a resolution was moved in the British Indian Council of State by the Hon'ble Sayid Raza Ali that 'a just and adequate share in the Public Service should be fixed for the Muslim Community', the Hon'ble Sir Alexander Muddiman said that "as a result of the debate in the Assembly a resolution was come to that in making new recruitments to the services, steps should be taken to secure that services are not unduly over-weighted with the representatives of any one community and, as far as possible, the claims of all communities are considered". "The above resolution which was accepted by Government," he said, "is of a

“negative character. It does not provide positive representation  
 “It provides for the prevention of over-representation, and over-  
 “weighting by any community”. He added that “the Govern-  
 “ment have, therefore, reserved some power in their hands of  
 “reducing or correcting the results of competitive examination  
 “and that power was exercised by nomination”.

16. The Committee, after full discussion of the question, is of opinion that the ideal to be kept in view is to man the service by the best available candidates. However, the complaints of certain communities that they are not fairly represented in the Public Service have, under existing circumstances, to be duly considered and remedied, as far as possible, by giving representation to unrepresented or inadequately represented communities.

17. In the discussion in the Council of State already referred to, the necessity for deviating from the strict principle of competitive examination was expressed by Sir Maneckji Dadhabhoy. He said:—“I find myself in a difficult position. “All my life I have been opposed to communal representation “both in the Council as well as in the Municipalities. I depended “fully upon talent, ability and merit to find its way into the service “of the Crown. But, Sir, circumstances have since altered, “things have rapidly changed. The unfortunate events which “have taken place during the last two or three years accentuating “racial distinctions, the studied opposition of the Legislative “Assembly to communal claims and rights, such as the privileges “of the Anglo-Indian community, the small claims of the de- “pressed classes, the non-Christian communities and the other un- “represented and inarticulate communities, the feeling of tension “which has been existing and which I find is daily increasing in “the life of our nation, set one thinking whether the existing “system of recruitment is likely to tend to the future prosperity of “the country and will ensure to the various communities and “races in this country their fair share in the appointments of the “Crown. This is a very important question. I feel to-day on “this very question considerably puzzled and agitated. I see “the force of the opposition. I see the mischief of importing into “our services racial discriminations. I see that it would be in “the interests of the whole of India as a nation to continue the

" existing arrangement. But the force of circumstances is such  
 " that it is not humanly possible for us much longer, if the present  
 " state of affairs continues, to adhere to the present method  
 " Sir, there is no doubt, that the minorities which were formerly  
 " uneducated and which were at one time unprepared and not so  
 " prominent are now vehemently asserting their claims and  
 " demanding their privileges. The minorities which at one time  
 " were content to remain in the background are forcing their way  
 " to the front. But they find it extremely difficult on account of  
 " the inherent talents of the greater ability and of the higher  
 " intellectual gifts and marvellous assiduity of certain races to  
 " find adequate scope to run the race on equal terms. It then  
 " becomes the concern of Government to step in and to protect  
 " and shelter the minorities to a certain extent which will not be  
 " invidious". And in welcoming the statement of the Home  
 Member (Sir Alexander Muddiman) he said "It is a statement  
 " which will inspire hope and confidence in the backward classes  
 " and races. It will not take away from the more cultured and  
 " intellectual classes to which my Hon'ble friend Sir Deva  
 " Prasad Sarvadhikari belongs, their opportunities in any way,  
 " because from the point of ability and talents they are bound to  
 " force their way to the front".

The following observations of Mr. M. Ruthnaswami M. A.,  
 Barrister-at-Law, as President of the All-Kerala Catholic  
 Congress held at Minachil, may be pertinent in this connection:—

" It is usual for this claim (communal representation)  
 " to be treated as job-hunting, especially by those communities  
 " who already enjoy more than their due share of offices. But  
 " those administrative offices are stations of power and, in a  
 " country like India, where administration plays such a large part  
 " in the public life of the people and where political unity is not  
 " complete, power may easily turn into tyranny, if the various  
 " communities of a State are not duly represented. Of course,  
 " efficiency cannot be sacrificed to communal representation.  
 " But it is in the very interest of administrative efficiency that I  
 " would plead for the even distribution of these places of power  
 " to the various communities of a State. For nothing promotes



“the efficiency of an administrative department so much as fits  
 “being staffed with members of different communities competing  
 “with each other and acting in check upon each other for the  
 “better administration of the Department. And nothing attaches  
 “a community to a State as its being given a share in the  
 “administration.....”.

18. From the answers received, it will be found that there are many who advocate communal representation. They base their contentions on the following grounds:—

(1) His Highness the late Sri Visakhram Thirunal Maharaja, about half a century ago, assured His Highness's subjects that the Public Service in most of its branches was open to all without distinction of caste or creed, and merit and qualification would be recognised independently of religious belief. His Highness the late Sri Mulam Thirunal Maharaja separated the Devaswom from the Revenue Department with a view to throw open the Revenue Service to non-caste and non-Hindu subjects and Government orders were issued that unrepresented communities should be given preference. Despite Royal assurances and Government orders, the officers who had power to make appointments could not or would not see merit and qualification outside their own communities.

(2) Every subject has got a right to serve the State.

(3) The Public Service is maintained by the revenues collected from all the communities in the State and, therefore, every community is entitled to a fair share of that service.

(4) The argument that if communal representation is resorted to in Public Service, its efficiency will be lost is a pure myth, as Christians and Ezhavas have held responsible posts with great ability.

(5) Mr. Justice Devados of the Madras High Court in his Presidential address at the South Travancore Indian Christian Conference in 1930 said:—

“In all countries the classes which for years enjoyed the loaves and fishes of office wish to make out that they alone and none else are fit to hold office. Whenever one not belonging to their class is likely to be appointed

to a good place they set up a cry that there will be loss of efficiency and this bogey often frightens the Government. In British India we are forcing our way to the front and challenge the right of any class or community to the monopoly of any service, profession or calling. We are as good as they, if not superior to them in character."

(6) If Government care for impartiality and want to do justice and equity to the various classes of the people of the State, communal representation should be recognised in the matter of recruitment.

(7) Government have already stated in replies to interpellations in the Legislative Council that they accept the principle of communal representation in the matter of recruitment to the Public Service.

19. To appreciate the strength of the complaints about the inadequate representation of some communities in the Public Service, a reference to the successive representations on the subject is desirable. The views of Government on such representations are also noted below.

Mr. S. Gopalachari, Dewan, in reply to the representations in the Sri Mulam Popular Assembly in 1907 about inadequate representation of some communities in the Public Service, observed as follows:—

"If statistics are to be correctly gauged, we must also take note of the proportion of educated men in the particular community. You may take it that Government appoint persons in the service not in reference to their caste, creed, or colour, but solely on the ground of merit. We cannot altogether exclude a particular class merely because it happens to be the foremost in education or generally exempt another because it happens to be the backward in that respect—Other things being equal, preference will be given to such as deserve special encouragement."

20. In reply to a series of representations made by the Christian and Ezhava members, at the 4th Session of the Sri

Mulam Popular Assembly about their exclusion from the Land Revenue Department, Dewan Bahadur (afterwards Sir) P. Rajagopalachari said as follows :—

“ Till it is possible to throw open the Revenue Department to Christians, it will continue to be the policy of Government to employ them in the other departments to an extent which will, to some extent, compensate them for their exclusion from the Land Revenue Department—Theoretically the position of the Ezhavas is exactly the same as that of the Christians. In practice, their admission to the Public Service has been slow, partly owing to lack of education and partly owing to the sentimental objection of the other communities which it has not always been possible for Heads of Departments wholly to ignore. They may rest assured that the claims of this important section of His Highness's subjects will have the sympathetic consideration of Government”.

21. At the 15th Session of the Assembly in 1919, replying to a number of representations on the subject of recruitment to the Land Revenue and other Departments, Dewan Mr. (now Sir) M. Krishnan Nair said :—

“The representations will receive the very careful and anxious consideration of the Government.”

22. In 1921, in reply to a series of representations in the Assembly on the subject, Dewan Bahadur T. Raghaviah, Dewan, said as follows :—

“ Government agree to the principles that should guide Government in the matter of securing representation of the various communities in the Public Service. There should be equality of opportunities for all. Merit and efficiency, the educational progress of the community and its relative importance in the polity of the State will be considered. Inequality may be due to historical causes which cannot be removed in an instant. It is the aim of the Government to give equal opportunities in proportion to the importance and educational fitness and attainments of the various communities.”

23. Similar pronouncements were made in subsequent years as well. In 1926, Mr. M. E. Watts, Dewan, in reply to a representation, stated as follows :—

“One thing I do know is that the Catholic community of Travancore as a whole lagged behind in education for a whole generation. Now they expect me to take the community by the hand and leap the wide gulf of a generation at one bound, in a single moment. The official regeneration of the Catholic community is a matter which must of necessity be a slow process and a process which could be helped forward by the community making its men more fit and more efficient than they have been up to the present”.

In 1927, Mr. Watts said :—

“Ezhavas will be given their fair share with other communities and with due regard to the dominant considerations of qualifications, efficiency and fitness. A rigid mathematical formula, yielding precision and exactitude in proportion to community and appointment, is one of the best instruments for the destruction of peace and happiness in the country.”

Again Mr. Watts in 1928, said :—

“The general policy of Government is this:—to hold equality of opportunity to all communities without sacrifice of efficiency or lowering the standard of qualifications. This is the only course that can be followed with equity and justice.”

24. Let us now turn to the discussions in the Legislative Council. On the 11th February, 1925, Mr. Thariathu Kunjithomman, a staunch advocate of communal representation in general and of the interests of his own community in particular, moved as follows :—

“When candidates of equal qualification, belonging to different communities apply for appointments in any department other than the Devaswom and Military, preference should be given to applicants belonging to

the community which is not represented in the Department in proportion to its strength."

Mr. Kunjithomman urged in support :—

(1) Several communities in the State did not get appointments in the Public Service in proportion to their population and educational progress.

(2) The appointing authorities were inclined to appoint only the members of their own respective communities.

(3) Even after the Revenue-Devaswom separation, only very few persons were appointed in the Land Revenue Department from among the communities till then excluded from appointments in that Department.

(4) In the Registration, Co-operative and Police Departments, the representation of the Christians and various other communities was very unsatisfactory.

(5) The plea that applicants from such communities are very few cannot be sustained.

25. The Chief Secretary on behalf of Government said in reply :—

"The following general principles have been laid down by Government :—

- (1) No one will be eligible for admission to the Public Service on the ground that he belongs to a particular community.
- (2) Equal opportunities will be given to all communities for admission to the service.
- (3) Other things being equal, preference will be given to unrepresented and poorly represented communities.
- (4) It is out of the question to make provision for the representation of every individual community but only of certain well defined unitary groups.
- (5) Even in the case of these groups representation in the service will be based more on the number of qualified hands available and willing to take up appointments in each group than on its numerical strength.

(6) Communal considerations can prevail only in the case of initial appointments, whether permanent or temporary, and not of promotions."

26. On the 25th November, 1926, Mr. Kunjithomman moved the following resolution :—

"This Council recommends to Government that definite arrangements be made at once to the effect that when there are applicants belonging to more than one community, with the required qualifications, for vacancies in all departments except the Devaswom and Military departments, preference should be given to the members of the less represented communities and that, in cases where appointments are not so made, the aggrieved persons may appeal to the Government."

27. The Chief Secretary replied :—

"Mr. Kunjithomman wants practically that those communities that are adequately represented should not be recruited at all until the balance is restored. I think Government cannot accept that..... It is not at all expedient. For, it will create discontent and heart-burning and, I may say, heighten communal jealousies."

"Government have not conceded that appointments will be distributed according to population."

"By representation in Public Service is not meant representing a community. What is meant is only that there should be from a certain community a certain number of people in the Public Service."

The Chief Secretary in winding up the discussion on the subject, observed:

"If Mr. Kunjithomman means by this resolution that until equality of representation is reached by the members of the communities which are inadequately represented in the Public Service, the members of the adequately represented communities should not be employed, then, I am afraid, the Government cannot accept that position."

" Government's attitude in the matter is one of sympathy. They will try to see, as far as possible, that better representation is given to the communities which are said to be unrepresented or inadequately represented. They cannot accept the position that all communities should be equally represented in the Public Service or proportionately represented.

" The Government are regularly watching the making of appointments by Heads of Departments and returns are being received from the various Heads of Departments regarding the appointments made by them. They are being scrutinised and Heads of Departments are asked to explain any cases of undue preference shown by them."

28. On the 18th December, 1930, Mr. A. C. Kuriakose, moved the following resolution :—

" This Council recommends to the Government that, in regard to the appointments to be made during the next five years in the various departments and grades of the Travancore Public Service, notifications be published inviting applications for vacancies occurring in any department ; that preference be given to the community that is least represented in the particular department on the basis of population, provided, his examination qualifications are not inferior to those prescribed for the same appointment in the T. S. R., and that the same policy be adopted in the case of appointments made from the service to the various grades."

29. The Chief Secretary replying said :

" I do not find myself at variance with the principle of the resolution, the principle being that communities which have not adequate representation in the Public Service should have that representation."

" The resolution requires :

- (1) There should be advertisement of vacancies.
- (2) During the period of 5 years preference should be given to unrepresented communities.

- (3) In the selection of candidates, the only consideration should be minimum qualification.
- (4) This policy should apply not only to initial appointments, but also to promotions."

"Minimum qualifications are but minimum qualifications. No service could regard itself as well equipped if only persons with minimum qualifications are uniformly appointed. I would strongly object to a candidate being appointed on minimum qualification for certain posts. I would strongly deprecate the idea of appointing the members of any particular community to the Education Department, on the ground that they possess minimum qualifications."

"There are certain posts for which we can put up with minimum qualifications, though we can get better men. I am not saying, therefore, that for all posts the only principle to be followed is the principle of competitive examination. I am only pointing out that the implication of the resolution is that we should be satisfied with minimum qualifications. That, I say, is not an acceptable principle."

30. On the 7th August, 1929, Mr. R. Raman Pillai moved a token cut motion in order to draw the attention of the Government to the fact that various communities in the State did not obtain their legitimate share of appointments in proportion to their population not only in the Land Revenue Department but also in the other Departments.

31. In winding up the discussion on the cut motion, the President, Dewan Bahadur V. S. Subramonia Aiyar said:—

"Government recognise the desire of all members of this Council to have a solution of this communal question that is agitating the minds of us all. Government also have been trying to find a solution for this question, and as Mr. Robinson said, Government have been trying to remove the inequalities that exist at present, by, as far as possible, preferring for initial appointments members of the unrepresented or less represented



communities who are qualified for appointment and whose appointment to places will not in any way detrimentally affect the efficiency of the administration. It may be that in carrying out this policy there have been defects here and there. To cure those defects, Government, I may say, are prepared to consider the various suggestions that have been made in this Council to-day in the discussion of this motion and are prepared to take action which on a consideration of all these various aspects of the question Government may think necessary. At present, Government cannot accept any particular remedy suggested as the appropriate remedy. All that I can say is Government will consider all the suggestions of the members and they may probably require the help of the Council itself to find out a proper way to deal with this question, to the satisfaction of all.'

32. From the above, it will be clear that the complaints about the inadequate representation of certain communities have been insistent and the Government have not been unmindful of them. Appendix IV shows the existing representation of the various communities in the Superior Service in the major departments of the State. The total number of appointments in the Superior Service as defined in the T. S. R. is about 16,000. Of this number, the Brahmins hold about 2,500 or 15 per cent. of the appointments, though they form only 1.1 per cent. of the population. The Nairs have about 8,000 or 50 per cent., though they are only 17 per cent. of the population. Though the Ezhavas form 17.1 per cent. of the population, they get only about 600 or 4 per cent. of the appointments. The Muslims form 6.9 per cent. of the population and have secured about 300 or only 2 per cent. of the appointments. Among Christians, the Jacobites get about 1000 or 6.25 per cent. of the appointments for 6.6 per cent. of the population. The Mar Thoma Christians hold about 800 or 5 per cent. of the appointments, though they form only 2.7 per cent. of the population. The Roman Catholics (Syriac Rite) get about 300 or 2 per cent. for their 8.8 per cent. of the population. The Roman Catholics (Latin

Rite) get about 325 appointments or 2 per cent. for 6 per cent. of the population. The Anglicans get about 500 or 3 per cent. of the appointments for 6 per cent. of the population. The Christians as a whole get about 3000 or 19 per cent. of the appointments, though they form 31·5 per cent. of the population.

33. As discussed later on, population should not be a guide or at any rate the sole guide in this matter. All the same, the above figures show that some communities are very largely represented in the services. The complaints of certain communities that they are not adequately represented are not, therefore, without foundation. We have, therefore, to devise means to afford adequate representation to those communities that are poorly represented in the services.

34. The protection of the minorities to some extent by nomination has been recognised by the Government of India as explained already. In Mysore, the conditions are different. Over-representation of the Brahmin community alone existed in that State. All communities other than the Brahmin were designated as "Backward". The representation of the Brahmins and Non-Brahmins when the Miller Committee was constituted in 1918 was as follows:—

Salary.	Brahmins.	Non-Brahmins.
Rs. 50-100	... 74	26
Rs. 100-250	... 82	18
Rs. 250-500	... 76	24
Rs. 450-800	" 67	33
Rs. 800 and upwards	... 71	29

Thus, on an average, about 75 per cent. of all the appointments in Mysore were held by one community alone. The Mysore Government recognising this said, in their G. O.,—"As there is at present a large preponderance of the Brahmin community, it is the desire of the Government of His Highness the Maharaja of Mysore that all other important communities in the State should be adequately represented." The literacy of the "Backward" communities excepting a very few was only 5 per cent. The adjustment required was, therefore, between the Brahmin and the Non-Brahmin communities. It was very

simple. The Miller Committee, therefore, recommended without any difficulty that "within a period of not more than seven years, "not less than one-half of the higher and two-thirds of the lower "appointments in each grade of the service and, so far as possible, "in each office are to be held by members of communities other "than the Brahmin community, preference being given to duly "qualified candidates of the depressed classes, when such are "available." The Miller Committee had not to tackle the adjustments of the separate claims of each community. With reference to this question, it is stated in the Committee's Report:—"It is not necessary, at the present stage, to complicate the "problems by taking each separate community into "consideration, and trying to adjust its claims, nor could we do so satisfactorily with the information at our disposal."

35. In Madras too when the Non-Brahmin movement was started, the question was only between Brahmins and Non-Brahmins. In the Service rules that were subsequently framed, there are only five sub-divisions, *viz.*,

1. Brahmins.
2. Non-Brahmins.
3. Mahomedans.
4. Anglo-Indians, Indian Christians or non-Asiatics.
5. Depressed Classes.

But, in Travancore, there are many communities possessing educational qualifications complaining of inadequate representation.

36. The Government have, ever since the question of communal representation was raised, tried to satisfy the claims of the unrepresented communities. The following is a summary of what has been done by the Government:—

*Measures adopted by Government.*

In 1915, a confidential circular was issued to all Heads of Departments directing them to show special consideration to the members of communities such as Ezhavas, Mahomedans, etc., which are backward in education, consistently with efficiency, qualifications, etc.

In 1917, the attention of the Departmental Heads was drawn to the circular of 1915 and they were required to see that the instructions in the circular were carried out.

In 1920, another confidential circular was issued by the Government, with special reference to the representation made by a member at the 16th Session of the Assembly, that sufficient encouragement was not given to the members of the Ezhava community in the matter of admission to the Public Service. The attention of the Heads of Departments was again drawn to the circulars of 1915 and 1917 referred to.

In 1921, when the demand for equality of opportunities in the Public Service became increasingly insistent, Government issued stringent departmental instructions that equal opportunities should be afforded to all communities.

The whole question came up for discussion in the Legislative Council in February, 1925, when the Chief Secretary to Government enunciated on behalf of the Government the broad principles for recruitment. (*Vide* para 25 *supra*).

The enunciation of this policy was followed up in 1925 (1100) by instituting a scrutiny into the appointments made by Heads of Departments in 1098 and 1099 and a G. O. reviewing the results was issued (G. O. R. Dis. No. 458 of 1925/Gl., dated the 27th April, 1925). In the statement called for by the Government, the following classification of communities was adopted:—

1. Brahmins.
2. Nairs.
3. Other caste-Hindus.
4. Christians.
5. Ezhavas.
6. Mahomedans.
7. Other classes.

But in the same year in which the above G. O. was issued, arrangements were made for exercising greater control and keeping closer watch over the appointments made by Heads of Departments by calling regular quarterly returns of appointments

made by them. For the purpose of these returns, the following classification was adopted :—

I. Hindu.

- (1) Brahmin (Malayala)
- (2) Brahmin (Others)
- (3) Nadar.
- (4) Ezhava.
- (5) Kammala.
- (6) Kshatriya (Malayala)
- (7) Nayar
- (8) Pulaya.
- (9) Other Depressed Classes.
- (10) Vellala.
- (11) Other Hindus.

II. Mussulman.

III. Christian.

- (1) Protestant.
- (2) Roman Catholic.
- (3) Syrian.
  - (a) Jacobite.
  - (b) Reformed.
  - (c) Romo-Syrian.

IV. Others.

With additional divisions for Latin Rite and Syriac Rite under Roman Catholic and the substitution of 'Marthoma' for 'Reformed' and the omission of 'Romo Syrians' under III (3) and the recent addition of the 'Church of England', this classification continues to be in force and returns of appointments are being received periodically and scrutinised. The result of the measures adopted by the Government with a view to satisfy the claims of the various communities will be evident from the communal statements of appointments appended to this Report.

37. We realise that, though communal representation as such is not desirable, yet the Government have to recognise it in view of the poor representation of some communities. The Government have to see that no community is dissatisfied on the ground

that its complaints have not been heard by them. We, therefore, at the outset of our deliberations unanimously resolved, as a working basis for further discussion, as follows :—

“Without impairing efficiency, rules of recruitment to the Public Service should be so framed as to give due consideration to the claims of all communities”.

The resolution recognises that :—

- (1) efficiency should not be impaired,
- (2) the complaints of certain communities that they are not fairly represented should be considered, and
- (3) injustice and unfairness to other communities should be avoided.

Mr. P. S. Mahomed here wishes to add that the term ‘efficiency’ should have the meaning that is given to it in the Miller Committee Report, which is as follows :—

“Efficiency, however, is not to be measured solely or even mainly by academic qualifications and it will not be denied that there are many important branches of the administration in which other qualities such as sympathy, honesty of purpose, energy and common sense go as far to make an efficient officer as literary superiority.”

38. As a preliminary step, to give effect to the above resolution, the following motion of Mr. Westerdale, was passed :—

“In view of the great advance of education in this State, this Committee recommends that minimum educational qualifications should be fixed by Government for entry into service in pensionable posts”.

Messrs Madhavan, Narayanaperumal Nadar, Govindan, Kunjithomman, Mahomed and Thomas were against the resolution, for the reason that the Government have fixed minimum qualifications for many departments and they may do so wherever necessary.

39. Before we proceed to consider to what extent communal representation should be recognised, we may state that the rules that we propose to formulate should apply only to direct recruitment and not to *promotions*. As observed by Sir Alexander Muddiman in the debate already cited in para 15, *Supra*, "what is offered to the new recruit is a career open to talent and once admitted to the Public Service, his fortunes lie in his own hands. He must not rely for advancement on favour or 'favouritism but on his own industry, energy and capacity. "Promotion must go by merit."

40. Bishop Waller, when he presided over the Madras Non-Gazetted Officers' Conference in 1928, is reported to have stated as follows:—

"They (the Association) were perfectly right and it was sound to say that communal representation should not operate inside the services as the credit of the service demanded that the man with the best merit should be given the best job. There was no sense in saying that one should be passed over because it was the turn of some other community. It represented a disability under which the whole service would be suffering that promotion should go not by merit but by community. It would depress the members of the whole service. The following might be a proper slogan to be adopted:

'Communal considerations in recruitment ;  
after recruitment promotion by merit.'

41. In answering the Questionnaire many persons who have referred to the point state that the principle of communal representation should not extend to promotions.

With regard to promotions, Mr. K. T. Paul, Indian Christian Delegate from Madras, in the memorandum submitted to the First Round Table Conference on behalf of the Indian Christians, says:—

"As for promotions, we would deprecate any interference with them on the basis of communal interests. Once

an appointment has been made, all further promotions should be entirely on the basis of merit and service. Any unfair action in the matter of promotion should be dealt with through the Public Service Commission or other administrative machinery."

42. We have for the above reasons unanimously resolved "that the principles herein formulated should apply only to direct recruitment and *not to promotions.*"
43. For the purpose of recruitment, we have classified the Services into two groups :—
1. Inferior Service as defined in the T. S. R.
  2. Superior Service as defined in the T. S. R.
44. Appendix V shows the existing representation of the various communities in the Inferior Service in the major Departments. It is seen that all the communities, *Inferior Service*, as per the classification adopted by Government, are represented in this branch of the Service. The total number of appointments in the Inferior Service of the major Departments is about 7500. The Christians have secured 923 of which Roman Catholics (Syriac Rite) have got only 136 and Roman Catholics (Latin Rite) 137, Protestants 143 and Anglicans 18. There is no doubt that the Nairs are over-represented in this Service as they have secured 4900 appointments. But this may be due to historical causes. The Ezhavas have got 260. The Pulayas and other Depressed Classes have got about 200 and the Muslims have secured about 230 appointments. Efficiency is not likely to suffer if persons possessing the requisite physical and minimum educational qualifications are appointed to this branch of the Service. Among the communities which are very backward in education, particularly the Depressed Classes, there are likely to be many satisfying only minimum requirements as to educational qualifications. There may not be many among the Depressed Classes to compete for the Superior Service for some time to come. It is but desirable that they should be recruited in the Inferior Service in larger numbers than they are now. The majority of us including the Chairman are of opinion that the proportion in which the various



communities should be recruited to the Inferior Service should depend only on the numerical strength of each community. Messrs Westerdale, McAlpine, Thanu Pillai and Miss Watts were against this resolution. If so recruited the number of appointments which each of the communities referred to in para 68 *infra* will get is as follows :—

1. Brahmin (Non-Malayala)	...	1
2. Nayar	...	10
3. Vellala group	...	1
4. Ezhava	...	10
5. Kammala and Nacar	...	5
6. Depressed Hindu	...	7
7. Other Hindus	...	2
8. Jacobite	...	4
9. Marthoma and Other Syrians	...	1
10. Roman Catholic Syriac Rite	...	5
11. Roman Catholic Latin Rite	...	4
12. Anglican	...	1
13. Other Protestants	...	3
14. Mussulman	...	4

An order of rotation for appointments in the Inferior Service is given as Appendix VI.

45. The Superior Service may be considered under two heads, *viz.*,

*Superior Service.*

- (i) Ministerial posts, and
- (ii) Non-Ministerial or Executive posts.

Ministerial posts include mainly the clerical posts in the service. The definition, as given in the T. S. R., is as follows :—

“Ministerial Officer means an officer, whether his appointment to the service is gazetted or not, whose duties are not of an administrative or executive character, but who is employed as a member of an office establishment.

Examples:—An Accountant or a Clerk is a ministerial officer. A Tahsildar, a Police Inspector or Constable or a Teacher in the school is not a ministerial officer.”

(T. S. R. Art. 28.)

In respect of ministerial posts, Miss Watts moved the following resolution:—

That there should be a competitive examination among the candidates possessing minimum educational qualifications prescribed by Government for selecting candidates for ministerial posts up to a maximum pay of Rs. 125.

46. The number of ministerial posts in the major departments of the State is about 4500 and taking the number of vacancies occurring under this head every year to be 5 per cent., the number of vacancies may be about 225. In view of the educational advance in the State, there are likely to be a large number of E. S. L. C. holders, other under-graduates and graduates applying for appointment in the vacancies. The question, therefore, arises on what principle should the selection be made.

47. The observations of Mr. K. T. Paul, Indian Christian delegate at the Round Table Conference, may also be read with advantage. In the memorandum submitted on behalf of the Indian Christians, Mr. Paul says:—

“We wish to state very emphatically that any arrangement as in Madras, which allocates all posts and promotions to a turn-list among the communities acts prejudicially to the smaller minorities and often deprives the country of the services of those best qualified for it. At least 50 per cent of all posts should be filled on the sole basis of qualification and merit; the other 50 per cent. might be subjected to a turn-list arrangement. In this way, there will be an inducement for all communities (majority and minority) to train their young men and young women to the highest possible qualification and, at the same time, we would have secured for the backward communities (majority and minority) a fair share in the service.”

48. Mr. Barker's observations in the Convocation address already referred to on the point are emphatic. He says :—

"I stand, therefore, before you as an unabashed advocate of "the system of *competitive* examination for the purpose of manning "the public service of this country. I am under no illusion "about competitive examinations and can be under no illusion "possessing, as I do, an inside knowledge of them. In this world "we can only aim at the best ; we cannot hope to attain "perfection, and in spite of all its defects, for India as it is, the "system of competitive examination is the best and any other "system is as a general rule not only not the best or even the "second best, but definitely bad."

49. The opinion expressed by the Travancore Unemployment Enquiry Committee on this question may here be quoted :—

"In our opinion, the time has come when the question of "recruitment to all grades of Government service by means of "competitive examination should be seriously considered. A "system of competitive examination has other undoubted "advantages from the standpoint of education."

"Further it is necessary in the interests of the country that "its young men of talent and ability should not be drained away "from year to year as they are being drained away now." (*Vide* pp. 53 to 55 of the Report of the Unemployment Enquiry Committee.)

50. While at this question, the speech of the Hon'ble Sayid Raza Ali in the discussion cited in para 15 *supra*, may be referred to. He quoted the following passages from Sir Charles Aitchison's Report (1886-87):—"Summarising the arguments of "some of those who were opposed to competitive examination "this is what the Commission says : "An open competition in "India for the Covenanted Civil Services would operate with in- "equality, excluding altogether some important classes of the "community while giving undue advantage to others."

He also quoted the following extract from the Report of the Islington Royal Commission of 1912 :— "English education

“has also been diffused unequally among the different communities. It has spread rapidly in those which have had from early days a hereditary association with learning. Other classes, of which the Mahomedans are the largest, are still backward in this respect. As long as these conditions prevail, the result of recruiting by means of competitive examinations alone must be to exclude from the Public Services important sections of the Indian population.”

The above passages do not favour competitive examination as the sole method of selection but will favour nomination also from among the Backward Communities.

51. It is argued by some in the answers to the questionnaire that so long as a candidate from a Backward Community possesses the minimum qualification, he should be selected. But it is conceded that, if there are more candidates from any single community than are required from that community, competitive examination should be resorted to. Of those who have answered question No. 6, 160 persons are for such an examination and 126 against. (*Vide* Appendix VII).

52. The objections to a common competitive examination for all communities may be considered. The ground on which such objection is based is that it may be disadvantageous to the Backward Communities. This is easily met by the argument, firstly that so long as the number of vacancies allotted to each community is not affected there could be no objection to a common examination. Secondly, separate examinations for each community will be more expensive than a common examination. Lastly, it is a decided advantage to the Backward Communities.

53. In the debate already quoted above, the Hon'ble Sir Sayid Raza Ali said :—

“Now the Hon'ble members of this House would like to know as to why I have recommended the preparation of two lists. Let me at once point out that there is no charm in having two lists and nothing less than two lists. What I mean is that,

“provided Muslim candidates satisfy a certain minimum standard that is to be fixed for these examinations, the best men from amongst them should be taken rather than the community should go wholly unrepresented for a number of years. This principle already obtains in the United Provinces. The system has been in vogue in the United Provinces for the last nearly five years and has worked satisfactorily.”

54. In reply, Sir Alexander Muddiman observed as follows :—

“Now my Hon'ble friend (referring to the mover of the resolution) has his own panacea. He proposes two lists of the successful candidates ; one of Non-Muslim candidates and the other of Muslim candidates. Now I did not gather from his own speech that he is very much attached to that ; and I think myself it is a thoroughly bad system and I will say why. As long as you have a single list, you have rival communities competing among one another, and it must be a matter of great pride to the community concerned, if one of its members takes a high place in the general list. And it will be a matter of great satisfaction, I am sure, to all members of this House, when the communities are so equipped and brought to such a pitch of education that the loaves of office will be a matter of division on the results of the examination alone, when each community will hope — and reasonably hope — to find that in the list a reasonable proportion of its own men have been successful.”

55. The next objection against competitive examination is how can there be a common examination among E. S. L. C. holders, Intermediates and Graduates. The answer to this is that there is not going to be an examination on any subject in which the Graduates will decidedly fare better than the others.

In Madras, competitive examination is held for ministerial posts in :—

- i. General Knowledge.
- ii. Precis Writing.
- iii. Translation.
- iv. Composition.

The following table for Madras will show how far undergraduates can compete with Graduates. In the

competitive examination held by the Madras Services Commission in 1931 and 1932, the figures are as follow:—

	1931		1932	
	No. sat.	No. passed.	No. sat.	No. passed.
Graduates ...	897	578	543	243
Intermediates ...	716	372	612	163
S. S. L. C. holders ...	2439	595	1634	140

From the above it is clear that S. S. L. C. holders and Intermediates can successfully compete with Graduates. Of the successful candidates in 1931, 37 per cent were Graduates, 24 per cent Intermediates and 39 per cent S. S. L. C. holders. Of the successful candidates in 1932, 44 per cent were Graduates, 30 per cent Intermediates and 26 per cent S. S. L. C. holders.

56. The next objection relates to holding any examination at all, *viz.*, when a minimum qualification is prescribed by Government and if a candidate possesses it, why should there be an examination at all? No examination was held till now and why should there be an examination hereafter? Mr. Kunjithomman holds this view. The answer is simple. It is under the present method of recruitment that complaints of nepotism and favouritism are made against the appointing authorities. To remove them, a competitive examination is necessary. Recruitment is now made by each appointing authority for particular posts the number of which will be very few. If recruitment is to be made on an all-Travancore basis, the number will be large. It is not possible to select the required number of candidates, except by means of an examination.

As for minimum qualification, it cannot be held to be sufficient in every case. Sir Alexander Muddiman, in the debate already referred to, said:—“Whatever changes

*Minimum qualifications.* “may be made in our system, whatever may be the requirement of the particular situation of India, on the question of maintaining an adequate— not a minimum— an adequate standard of qualification, I think no member in this House can have any possible doubt

“whatever.” Later on he is reported to have observed: “We premise, as I have said, a consideration that I must continually emphasise, that there must be *an adequate qualification*. No minority can hope for or ought to hope for appointment to Public Service unless adequately qualified to render that Public Service.”

57. Speaking on the same question of minimum qualification, in a resolution moved by Mr. Kuriakose in the Travancore Legislative Council in December 1930, the Chief Secretary, on behalf of Government, stated as follows:—

“Then I would refer to the question of minimum qualification. No doubt certain minimum qualifications are laid down for the guidance of officers in the Travancore Service Regulations. But we must remember that they are but minimum qualifications. And no service could regard itself as well-equipped, if only persons with minimum qualification are uniformly appointed. I would strongly object to a candidate being appointed on minimum qualification alone for certain departments in particular. Take, for instance, the Education Department. Here you do not want the member of any particular community with minimum qualification alone to teach your boys and girls. You want the best talent for educating your children. I would strongly deprecate the idea of appointing members of any particular community to the Education Department, on the ground they possess minimum qualification. Surely that is not a criterion for appointment in that department at least.”

58. Lastly in the present state of educational advance, when there is a large number of persons with adequate qualifications, there is no reason to stick to minimum qualification only, except perhaps in the case of communities who are not able to put forward a sufficient number of candidates. Of those who have answered question No. 5 (a), 145 persons are for a competitive examination and 171 against. (*Vide Appendix VII*).

59. Doubt is expressed by some members, of whom Mr. Kunjithomman is one, that if a competitive examination is held, some examiners may favour communities of their own and

the position of the unrepresented and poorly represented communities would not improve. This is very poor compliment to persons of high qualifications, character and responsibility who, it may be expected, would be selected as examiners. The defect, if any, could be easily remedied.

60. The majority of us, including the Chairman, after full discussion, accepted Miss Watts's motion referred to in para 45 *supra*, which runs as follows :—

“That there should be a competitive examination among the candidates possessing minimum educational qualifications prescribed by Government for selecting candidates for ministerial posts up to a maximum pay of Rs. 125.”

Messrs Madhavan, Kunjithomman, Thomas, Narayanaperumal Nadar, Govindan and Mohamed voted against the resolution.

In the case of some communities, there may not be many to compete. The above resolution, as it stands, may work hardship to them. With a view to safeguard their interests, Miss Watts moved :—

That the competitive examination should be purely an eliminative one to select the best candidate from each community.

Messrs Madhavan, Mohamed, Kunjithomman, Narayanaperumal Nadar, Thomas and Miss Watts the mover voted for this motion. Messrs Westerdale, McAlpine, Thanu Pillai and Kunjan Pillai voted against. The resolution was carried.

This resolution has to be read with the previous one. The effect of the above two resolutions taken together is that there should be a competitive examination and, if in that examination the requisite number of successful candidates is not available in any community, when its turn comes, the candidates possessing the minimum qualification should be selected from that community.



61. In the opinion of the Chairman, the better and more satisfactory way of achieving the object is to select those who are successful in the competitive examination in the order of merit and recruit them in the order of communal rotation hereinafter mentioned. An exception may, however be made in the case of those communities whose male literacy in English is 10 per mille or less, by providing that, if the number of successful candidates from such communities is less than the number of vacancies they are entitled to get, the deficiency should be made up by selection from the unsuccessful candidates.

62. We pass on next to consider :

(1) whether any portion of the vacancies should be set apart to be filled up by successful candidates in the competitive examination in the order of merit, and if so, what the percentage should be ; and

(2) what should be the basis on which the proportion of the various communities in the matter of recruitment should be fixed.

63. With regard to the first question, it may be observed that in British India the practice is that when a competitive examination is held, successful candidates will be arranged in the order of merit and recruited accordingly. For adjustment of inequalities among the minorities, a certain percentage is reserved for nomination. With a view to reward merit and in the interests of efficiency, Messrs McAlpine, Westerdale, Kunjan Pillai and Miss Watts suggested that at least 25 per cent. of the appointments should go to the best in the competitive examination in the order of merit irrespective of caste or creed. As this was not acceptable to the other members, the Chairman suggested that at least 20 per cent may go to the best. Mr. Kunjithomman was for 5 per cent. Finally after some discussion it was resolved :—

“That as a tentative measure, 10 per cent. of the appointments to be filled up every year be set apart for the best in the competitive examination in the order of merit irrespective of caste or creed.”

64. The second point raises the question—on what basis should the remaining vacancies be distributed among the other communities? It was suggested by some of the members that the distribution should be on population basis, while the others argued that it ought to be in proportion to the number of qualified hands in each community. Nowhere, so far as we are aware, has recruitment been made to the Superior Service on mere population basis, for the obvious reason that the whole population of the State cannot be entertained in such service. It is only those that are qualified that can claim the privilege of serving the State. In British India, where some concession is shown to minorities, population as a sole basis is not recognised. In Travancore also the policy has not been different. Reference may here be made to the following portions of the extracts quoted in para 19 *supra*.

Dewan Mr. S. Gopalachari in 1907, said in the Assembly that “if statistics are to be correctly gauged, we must take “note of the educated men in the particular community.”

In 1921, Dewan Mr. T. Raghaviah said in the Assembly that “merit and efficiency, the educational progress of the community and its relative importance in the polity of the State “will be considered.”

Dewan Mr. M. E. Watts said, in 1927, “a rigid mathematical “formula yielding precision and exactitude in proportion to community and appointment is one of the best instruments for the “destruction of peace and happiness in the country.”

In the Legislative Council in replying to Mr. Kunjithomman's resolution, in 1925 (*Vide* para 25 *supra*) on the subject of communal representation, the Chief Secretary, on behalf of Government, in laying down the six general principles of recruitment has stated as the fifth that “even in the case of those groups “representation in the service will be based more upon the “number of qualified hands available and willing to take up “appointment in each group than on its numerical strength.”

In November 1926, in replying to Mr. Kunjithomman's resolution on the subject (*Vide* para 27 *supra*), the Chief Secretary said:—

"Government have not conceded that appointments will be distributed according to population."

Later on he observed : "When Government said that other things being equal, preference will be given to unrepresented and poorly represented communities, they did not mean any mathematical precision. The inequalities in the various departments as far as possible will be levelled up. But I do not at all accept the position that any mathematical precision should be observed in making the appointments." "As regards the population basis" he added "the proportion of Namboodiris to that of Roman Catholics, for instance, is as 1:100. It would mean that one Namboodiri has to be chosen after a hundred Catholics. The whole thing will reduce itself to an absurdity, if we go to that length."

Thus, then, so far as Travancore is concerned, the Government have not committed themselves to recruitment on population basis alone.

65. In Madras according to the Census of 1921, the total male population was 21,100,158 out of which the Brahmin male population was 731,079 or 3.46 per cent. Out of every 1000 of the total population,

Hindus	number	...	887
Mussalmans	"	...	67
Christians	"	...	32
Others	"	...	14

Yet we find in the distribution of appointments in Madras among the five sub-divisions already referred to that only 8 vacancies are allotted to Hindus and 2 each to Christians and Mussalmans. The Hindus should get more than 10 out of 12 appointments on the basis of population. Further, even among Hindus, the Brahmins are given 2 out of 8; the Non-Brahmin Hindus 5; and Depressed and other communities 1. The Brahmin who is less than 4 per cent. of the Hindus, gets 25 per cent. of appointments allotted to the Hindus. He is only 3.46 per cent. of the total population and yet gets 2 out of 12 appointments or 16.67 per cent. of the total number of appointments. It will thus be clear that, in the distribution of appointments, Madras does not follow the population basis as such.

66. Passing on to Mysore, the Miller Committee Report which recommended preference to Backward Communities, owing to the preponderance of the Brahmins, as pointed out in para 34, observed that "population is not the only factor to be taken into consideration and that one important factor is the maintenance of efficiency of the service." The Brahmins in Mysore form only 3.5 per cent. of the population. Yet we find that in departments where the percentage of appointments for the backward community has reached 50 per cent., 33 1/3 per cent. are open to competition among all communities, including the Brahmin. The result was that in 1928-29 out of 392 general vacancies open for competition 387 were filled by Brahmins and even in special vacancies reserved for Backward Communities, owing to the absence of eligible candidates for particular vacancies requiring technical qualifications, Brahmins were appointed to 30 of such vacancies. In 1929-30, of the general vacancies numbering 488 the Brahmin got 80, or out of a total of 1862 vacancies, in two years, he got 512 or 27 per cent., though according to population he could claim only 65 or 3.5 per cent. of the vacancies.

67. From the above figures, it is seen that in Madras and Mysore the distribution of appointments is not made according to population alone. The competition has to be only among the qualified hands available. The reasonable rule will, therefore, be to fix a proportion from among those possessing minimum qualification. The statistics for the purpose are not available. The next best thing is to take literacy as the basis. Among those who are eligible for ministerial posts, English literacy must ordinarily be the basis. If, however, this is done, the Mussalmans may prejudicially be affected as the number of English literates among them is only 2 per cent. of the total English literates in Travancore. The Mussalman population is 3.5 lakhs, *i. e.*, about 7 per cent. of the total population. In view of the importance and the awakening of the community; we unanimously resolved:—

That appointments among the three religious communities should be in proportion to their respective numerical strength.

The following proportion was, therefore, fixed:—

Hindus	...	18
Christians	...	9
Mussalmans	...	2

Mr. P. S. Mahomed, however, is of opinion that this preliminary division into 3 religious groups is not beneficial to his community.

68. In answering the question about the present Government classification of communities, various suggestions have been made. The Committee considered it necessary to revise the Government classification. The Census classification is out of the question, as being too many. No doubt, many communities have sent representations that they should be regarded as separate entities and distribution of appointments made accordingly. It is not feasible to do so, as in the Committee's view, the number of sub-divisions should be as few as possible. We have, in our classification, taken note of population, literacy, the general advance of the community and their relative importance in the polity of the State. The Hindus have, therefore, been sub-divided into seven groups and Christians into six groups. (*Vide* Appendix VIII—A, B, C and D).

69. The distribution among the sub-divisions of each religious community, *inter se*, was a matter for prolonged discussion, one set of members urging population basis and the other English male literacy basis. As a matter of compromise, it was agreed to by all:—

“That a percentage based on population and male literacy in English, *i. e.*: one-half on population and the other half on the number of male literates in English be fixed in the distribution of appointments among the sub-divisions of Hindus and Christians.”

In the above resolution, the Mussalmans are excluded, as no sub-division among them is recognised by the Committee.

Mr. T. A. Thomas was not present when the above resolution was passed. But his views on the question will be evident from what he is reported to have said at the 28th Session of the Sri Mulam Popular Assembly:—

“The greatest curse, Sir, in this country, it is painful to observe, is communalism. Government in this country, is the

"largest employer of labour and every community naturally expects its due share in the official loaves and fishes of the State. If I had the power, I would have scraped communal representation and thrown open the public service to men of the greatest merit, be they of the highest or the lowest classes; but living as we do in times of imperfections, such a thing is not to be dreamt of at present. Then the next best is to devise some effective means of laying down a definite and unerring rule, by which each community may have its due share in accordance with its weight, its numbers and its enlightenment. This hydra-headed monster of communalism that is eating into the very vitals of the State, ought to be scotched without any further loss of time. It will be far better, if we all pooled our resources and worked together as brothers, for the re-habilitation of our dear country, rather than that we should waste our life in fighting against each other and even fighting against what I consider as wind mills."

The reason why male literacy and consequently male population are taken as the basis is, as will be explained later on, that communal representation has not been accepted for women, they being given three seats out of every 32, that is 29 for males, as resolved upon, and 3 for women.

70. Though the above was the formula first agreed upon in the case of ministerial posts, when the question of recruitment to the executive posts in some departments was taken up, population basis was accepted. To get over this inconsistency and with a view to have a common formula for ministerial and executive posts it was unanimously resolved as follows, taking male population and English and Vernacular male literacy into consideration.

With a view to have a more convenient distribution of appointments, the proportion of 18 : 9 : 2 (*Vide* para 67) was doubled and it was agreed to by all the members that out of every 36 appointments allotted for the Hindus :

1. Brahmin (non-Malayala)	gets 4
2. Nair	" 12
3. Vellala group	" 2
4. Ezhava	" 9
5. Kammala & Nadar	" 3
6. Depressed Hindu	" 4
7. Other Hindu	" 2

The 18 appointments allotted to Christians were distributed as follows :—

1. Jacobite	„ 4
2. Marthoma & Other Syrians	„ 2
3. Roman Catholic—Syriac Rite,	5
4. Roman Catholic—Latin Rite	„ 4
5. Anglican	„ 1
6. Other Protestants	„ 2
The Mussalmans will get	4.

71. It is impossible to distribute the appointments with mathematical precision, whatever the basis on which it is made. Taking all the circumstances detailed above into consideration, we are of opinion that the above formula is an equitable one for all communities.

72. The above formula will apply to all ministerial posts, and in the case of executive posts, to those *Executive posts*. grades of appointments where communal representation is recognised by the Committee.

As to the method of selection to executive posts, it is not possible to lay down that competitive examination should be the only method. The method will depend upon the number of appointments to be filled up in any particular grade, the number of applicants, and the nature of the appointment, technical or otherwise. We have, therefore, resolved :

“ That selection to executive posts shall be by competitive examination or interview or both as the selecting authority may deem fit with a view to select the best candidate in each community in accordance with the principle of communal rotation accepted by the Committee.”

Of course, it will be open to Government to lay down definitely in what cases a competitive examination should be held and when an interview will be enough. Even in cases where competitive examination is held, an interview may also be deemed necessary. The remarks about competitive examination in the

rials posts (paras 48 to 59), will apply to competi-  
 "largest: em on, if held with regard to executive posts. It has to  
 "expects its hat the reservation of 10 per cent. of the vacancies  
 "State. If according to the order of merit in the case of com-  
 "represent: mination for ministerial posts, will apply to executive  
 "the gre: ell if a competitive examination is held for the same.  
 .., but i: however, recruitment to executive posts is made on any other  
 method than competitive examination, the rules as to reservation of  
 10 per cent. will not apply.

73. An order of rotation giving effect to the resolutions  
 regarding recruitment of men and women to the Superior Service  
 has been accepted by the Committee and it is printed as  
 Appendix IX. It is necessary to state that when it is the turn of  
 any of the sub-divisions of Hindus or Christians and a candidate  
 in that sub-division is not available, candidates in the next sub-  
 division of Hindus or Christians as the case may be should be  
 selected.



## CHAPTER III.

---

### Departments Individually Considered.

74. Having dealt with the general principles and methods of recruitment, we pass on to consider the third point in the terms of reference, *viz.*, to what appointments the new proposals should apply. The formulae laid down in paras 44 and 71 *supra* will apply to all inferior and ministerial posts respectively. In the case of non-ministerial posts, we have resolved that the principle enunciated in para 72 will apply to those grades of appointments where communal representation is recognised by the Committee. We have, therefore, to consider in what grades of such appointments communal representation is necessary and for that purpose determine in what grades direct recruitment is desirable, where it does not exist now.

75. First, with reference to the Land Revenue Department. Till the Revenue Devaswom Separation was effected on the 1st Chingom, 1098, non-caste Hindus and non-Hindus had no access to the Land Revenue Department. It is now nearly eleven years since the Devaswom Proclamation came into force. The Land Revenue Commissioner supplied us with a statement, according to communities, of Accountants, Proverthi-cars, Revenue Supervisors, Deputy Tahsildars and Tahsildars in his Department, (*Vide Appendix X*).

Out of 575 Accountants, 27 non-caste Hindus, 3 Mussal-mans, and 51 Christians or 81 persons in all have been recruited from among non-Hindus and non-caste Hindus. So far as Accountants are concerned, they are treated as holding ministerial and not executive posts. Their future recruitment will, therefore, be governed by the general formula already laid down for ministerial posts.

Out of 404 Proverthicans, there are only 4 non-caste Hindus, 1 Mussalman, and 9 Christians recruited by promotion from the Accountant's grade. It will thus be found that, in this grade, many communities are poorly represented and some not represented at all. It will take a long time for such communities to get due representation, if there is no direct recruitment to that grade. Direct recruitment of Proverthicans was, therefore, moved by Mr. Kunjithomman. Dr. Kunjan Pillai pointed out that the work of the Proverthicans being many-sided, they should be men of experience and so direct recruitment in their case was not advisable. The majority of us, including the Chairman, however, are of opinion that there should be direct recruitment to the grade of Proverthicans. Messrs. Kunjan Pillai, McAlpine, Westerdale and Thanu Pillai were against.

76. Mr. Kunjithomman then proposed :

“ That 50 per cent. of the vacancies in the grade of Proverthicans should be filled by promotion and the remaining 50 per cent. by direct recruitment.”

Dr. Kunjan Pillai suggested that, if there should be direct recruitment, it may be for 20 per cent. of the vacancies. The majority of the members *viz.*, Messrs. Madhavan, Narayanaperumal Nadar, Govindan, Mahomed, Thomas and Kunjithomman voted for 50 per cent. Messrs. Kunjan Pillai, Westerdale, McAlpine and Thanu Pillai voted against. The resolution was, therefore, carried. The general formula already laid down for executive posts will apply to the direct recruitment of Proverthicans.

The Chairman's view is that out of 50 per cent. of the vacancies, one-half or 25 per cent. may be thrown open for competitive examination according to merit and the remaining 25 per cent. may be reserved for unrepresented or poorly represented communities, as it will be impossible to distribute the few vacancies in accordance with the order of rotation resolved upon.

Dr. Kunjan Pillai then suggested that the minimum qualification for direct recruitment of Proverthicans should be superior to that of Accountants. This was unanimously accepted.

77. Dr. Kunjan Pillai then proposed that the new recruits should undergo training for one year before being put in charge of a Pakuthy. This also was unanimously accepted.

78. The recruitment to the remaining grades in the communal statement supplied to us by the Land Revenue Commissioner was then discussed. It will be found from Appendix X that out of 28 Revenue Supervisors, 3 are Ezhavas, 1 is a Muslim and 5 are Christians, of whom one is a Protestant, 2 are Jacobites and 2 Marthoma Syrian Christians. Within a period of about 11 years, about a third of the appointments has been secured by persons other than caste Hindus.

With regard to Deputy Tahsildars, the total number of appointments is 30. Of these, 2 are Ezhavas and 3 are Christians, of whom one is a Protestant, one a Roman Catholic (Syriac Rite) and the other a Marthoma Syrian. Appointment to this grade is only by promotion and no interference with the existing practice is considered necessary. As for Tahsildars, out of 31 appointments, 2 are held by Ezhavas, 1 by a Muslim and 9 by Christians, of whom 2 are Protestants, 2 are Roman Catholics (Latin Rite), one is a Roman Catholic (Syriac Rite), one a Jacobite and the other 3 are Marthoma Syrians, or 12 appointments in all have been already secured by non-caste Hindus and non-Hindus.

The result of the discussion in respect of this Department is that it is not considered necessary to have direct recruitment except in the case of Proverthicans, where it does not obtain now.

79. Next, we deal with the Education Department. As there was a sharp difference of opinion as to whether the principle of communal representation should apply to the Education Department, the proceedings of the Committee are detailed at length.

80. The question of recruitment of teachers to Vernacular Schools for Boys was first discussed. Some members were very strongly for communal representation and the others equally strong against it. Miss Janaki Ammal was not present at the discussion.

81. A communal statement of teachers in Vernacular Schools for Boys is printed as Appendix XI. From this statement it will be seen that out of 5,740 appointments in Government Schools, the Nayar has got about 3,000, the Brahmin (non-Malayala) about 700, the Ezhava 231, the Pulaya and other Depressed Classes 38, the Muslim (including Arabic Munshis) about 200, the Roman Catholic (Latin Rite) about 80, and Roman Catholic (Syriac Rite) 120 and the other Christians about 700, Anglicans and Protestants getting 91, Jacobites 365 and Marthoma Syrians 321. It has to be observed in passing that all the communities have secured appointments in this branch of the service, though in the case of some, representation may not be deemed adequate. Out of 21 Assistant Inspectors, 5 are Brahmins, 7 Nairs, 1 Vellala, 2 Jacobites and 6 Marthoma Syrian Christians. The Roman Catholics, Anglicans, Ezhavas, Muslims and the other communities are not represented at all in this grade.

82. Recruitment of teachers to Vernacular Schools for Boys on population basis was moved by Mr. Mahomed. Though the motion related to the teachers of Vernacular Schools for Boys alone, the method of recruitment as a whole was discussed. Mr. McAlpine strongly opposed communal representation in any grade of appointments in the Education Department. He said :—

"I am against communal representation in any grade. For service in every section of the department, there is an educational qualification fixed by Government. But that is not the only qualification which a man can hold. In a Primary School, the basic minimum qualification for a teacher is the V. S. L. C. But Intermediates, E. S. L. C's and V. H. men are also recruited in Primary Schools. In the English undergraduate section, the E. S. L. C. is the basic minimum qualification, but Intermediates are also eligible. For the graduate section in the High School, the basic minimum qualification is a pass in the B. A. Degree. But you have second class Honours, first class Honours, men with Doctorate degrees in Science both of English and Indian Universities. All these are eligible for second grade teachers' place and they have actually applied for such places."

"When you go to the College grade, the University has more or less prohibited appointment of third class Honours

"graduates. But from 2nd class Honours graduates up to the "best European or best American qualified persons anyone is "eligible. You have, therefore, persons with three or four "different grades of qualification to choose from. Now, un- "represented and Backward Communities, in my experience, almost "invariably possess nothing but the lowest educational quali- "fication. I don't say there are not exceptions, but generally "it is so."

"Taking generally the practical position, will you take a "member of an unrepresented community with V. S. L. C. in a "Primary School when you can get possibly a member from a "represented community with a first class E. S. L. C.? In the "High School, will you take a third class pass B. A., when you "can get a first class B. A. with gold medal? Will you in "general choose men of unrepresented communities with inferior "qualification or men of the represented communities with the "best available qualification? The State is going to suffer, if "men with minimum qualifications are appointed when those of "superior qualifications can be appointed. If you belong to an "unrepresented community, will you be content with choosing a "man with inferior qualifications in preference to a Brahmin or a "Nair with superior qualification? It is your children, the "children who are to be the future citizens that you are allowing "to be taught by these men. Your children's future depends "upon the education you impart to them. If you appoint inferior "men, your children will get a poorer start in life. The principle "goes right through from the Primary School to the University. "There is no grade in which there are not varying qualifications."

"My position with regard to communalism is, I am prepared "to give men of unrepresented communities preference, if their "qualifications are as good as those of men available from a "represented community. If you can give me a first class man "from an unrepresented community, I shall at the moment take "him in preference to anybody else."

"I would like members to give serious consideration to this "question. If you favour communalism in the Education "Department, it is going to affect the efficiency of the whole "State."

83. In reply to the above observations of Mr. McAlpine, it was pressed by Mr. Govindan that the large number of qualified hands available for recruitment as Vernacular School teachers in all communities and the glaring disparity in the distribution of appointments among the various communities made it necessary that communal representation should be recognised. A more equitable distribution of appointments among all communities, particularly the Backward, would have a more liberalising influence among the various communities and would foster a spirit of mutual goodwill and harmony.

84. After considerable discussion over the matter, the motion, viz.,

“That there should be communal representation in the matter of appointment of teachers in Vernacular Schools for Boys”

was first voted upon and passed. Messrs. Mohamed, Madhavan, Kunjithomman, Thomas, Narayanaperumal Nadar and Govindan were for the resolution. Messrs. Kunjan Pillai, McAlpine, Westerdale and Thanu Pillai were against. Miss Janaki Ammal was not present at the discussion.

85. The resolution regarding recruitment of teachers to English Schools for Boys was next discussed. Appendix XII shows that out of about 606 appointments, the Brahmin (Non-Malayala) has secured 321, the Ezhava 8, the Nair 88, the Mussulman 16 (including Arabic Munshis), Roman Catholic (Latin Rite) 3, and Roman Catholic (Syriac Rite) 5 and other Christians 115 of whom there are 22 Protestants, 37 Jacobites, 39 Marthoma Syrians and 17 Anglicans. In this branch of the service, there is no doubt that the Brahmin (Non-Malayala) is over-represented. In the Chairman's view the over-representation of the Brahmin is probably due to the fact that this branch of the service did not find favour with some communities till about 15 or 20 years ago. A proposition on the lines adopted for teachers in Vernacular Schools for Boys was then moved viz.,

“That there should be communal representation in the matter of appointment of teachers in English Schools (Middle Schools and High schools).”

Though the distribution of posts on population basis was first resolved upon, it was subsequently agreed that it should be governed by the general formula referred to in para 70 for ministerial and executive posts.

86. The question of College Professors was next taken up and it was unanimously resolved—

“That with reference to the College staff, men with the best qualifications should be appointed, provided, however, that if qualifications are equal, preference should be given to unrepresented communities.”

87. It may here be stated that in the Miller Committee Report of Mysore, there is the following observation:—

“The Educational Department and, in a lesser degree, the Judicial Department, require a high standard of general and literary education in the officers entrusted with the execution of the duties of the department.”

88. Replying to the motion regarding communal representation in the Legislative Council in November, 1926, already referred to, the Chief Secretary said: “For a teacher’s post B. A. is the minimum qualification. But the educational authorities may select a first class Brahmin B. A., in preference to a third class Ezhava B. A. But it would be wrong if a first class Ezhava B. A. is turned out.”

89. The Chairman’s view is there ought to be no communal representation in the teaching staff of the Education Department, where efficiency should be the sole test. The lower the class, the greater is the necessity for efficient teachers.

90. Mr. Thanu Pillai next moved—

“That communal representation should be taken into consideration in the recruitment of teachers in grant-in-aid schools, as in the departmental schools”.

This was over-ruled by the Chairman.

91. It was next moved by Mr. Thanu Pillai —

“That the representation of various communities on the staff of the aided schools be taken into account in fixing the proportion allotted to each community on the staff of the departmental schools.”

The Chairman considered that this is a different question but doubted whether this could be allowed. At the instance of the mover, the sense of the Committee was taken. Messrs. Thanu Pillai, Westerdale, McAlpine, Govindan, and Narayanaperumal Nadar were for discussing the motion. Mr. Mohamed remained neutral. Messrs. Kunjithomman, Thomas and Madhavan said that the question is not covered by the terms of reference. The Chairman then passed the following ruling:—

“Though strictly speaking we have nothing to do with the appointments in aided schools, yet inasmuch as the present motion is said to affect the principle to be observed in the matter of recruitment to the Public Service and as the majority are for discussing the motion, it is allowed.”

92. Mr. McAlpine expressed his views as follows:—

“The Education Department is the only one in which there are, as it were, two sections. If a man is engaged in doing excise work, for example, he can only do so as a member of the Excise Department. Where educational work is concerned, however, a man does it either as Government servant or as the employee of aided managements. Government are spending about 11 lakhs of rupees every year towards the maintenance of these aided schools and it has to be recognised that, where these managements are concerned, their recruitment, nowadays, is definitely made on a communal basis. The present rules in the matter of managers' powers of dismissal of teachers are not, in my opinion, at all satisfactory, and this problem has been dealt with by the Education Reforms Committee. Owing to the continued economic distress and the spread of



unemployment amongst the educated classes, great temptation has been put in the way of managers under the present rules to get rid of teachers belonging to communities other than their own, in favour of their own men. In many cases teachers with long service have been discharged for no fault of their own. One may, therefore, accept the fact that in the aided section of the Education Department, recruitment is frankly communal. I cannot myself see how this question is not relevant to our main purpose. Where Primary Schools, are at any rate concerned, it is for practical purposes true to say that the maximum pay any teacher in an aided school gets is the amount of the Government grant. In reality, therefore, Government maintain two classes of Primary Schools, one in which the teachers are pensionable and one in which they are not. In the latter case, Government permit managers to recruit their own teachers and allow them to do it on a purely communal basis. If, in the Education Department proper, this communal rotation is to be the method of selection, I do not see why it should not also be obligatory for aided managers to recruit on the same basis."

93. Mr. Govindan replied as follows :—

"Government have undertaken the responsibility of imparting instruction to the people, and private institutions which come forward to help the Government are given grants. That does not mean that the Government can have anything to do with the actual appointment of hands in those private institutions. And as the President himself pointed out now, we have nothing to do with appointments in aided schools. The question is whether we should make any recommendations to Government for appointments depending on the number of appointments made in the institutions which do not, strictly speaking, form Government institutions. We are laying down certain rules for the guidance of Government in the matter of appointments to be made

by them. It would not be correct for us to say that because there are private institutions or aided institutions which are all the result of private enterprise where there are opportunities for appointments for certain classes there should be proportionately less representation for them in Government service. It is the right of a subject to claim representation in Government service; but in the case of aided institutions, there is no such right. It is the person who starts the institution that has to make the choice and he is free to make the best choice for the success of his institution and perhaps from his own community. He may rightly have more confidence in the loyalty and devotion to duty of candidates of his own community. It is well known that the Christians have a large number of private institutions. There is nothing preventing the various Hindu communities in the State, the Ezhavas and the Nairs, to have as many aided institutions as the Christians. Let them supply appointments to their unemployed. But, we are at Government service, the other is private enterprise. Nothing that we do to regulate Government Service should be dependent on what is done in institutions run by private enterprise."

94. In reply to Mr. Govindan, Mr. Thanu Pillai said :—

"Mr. Govindan says that some communities alone have started educational institutions and are managing them. It is within my knowledge that communities other than Christians have constructed many school-houses and handed them over to Government. I myself was a party to more than one school building being built and handed over to Government at the time when Mr. Ramaswamy Iyer was the Deputy Director. Further, it cannot be said that one community alone has been responsible for private institutions. Whatever that be, now we are spending about fifteen lakhs of rupees in paying departmental school masters and ten to twelve lakhs of rupees in paying aided school teachers. After all, we know that aided school

managers spend hardly anything out of their own pockets. On the contrary, they even make a profit."

Of course, aided institutions are private enterprise. But, then, Government money alone is spent in such enterprise. I wish to suggest to Government the methods by which that money has to be spent. If you want communal representation in departmental schools, I say communal representation should be recognised in aided schools as well. So long as these schools depend mostly, and many of them almost wholly, on Government money, I maintain the representation of various communities in the teaching staff of these schools should be taken into account to an appropriate extent in fixing their proportion on the staff of the departmental schools."

95. In reply to Messrs. McAlpine and Thanu Pillai Mr. Kunjithomman said :-

"In point of literacy, Travancore occupies a position second only to Cochin. Both these States owe their remarkable educational progress to the laudable work of private agencies. The greater portion of the Christian population of All-India lives in Travancore and Cochin. Private educational enterprise is, for the most part, undertaken by the Christians. It is a well-known fact, that, compared with the departmental schools, the private educational institutions, as a rule, produce better results and inculcate better discipline and training. All communities show a marked preference for private schools, in the interests of the better education of their children. These schools are open to all communities alike and the staff is drawn from all communities. The schools are supported by funds supplied by religious communities and institutions or foreign missionary bodies. In order to provide proper buildings and equipment as well as duly qualified teachers, the private agencies have to bear a great deal of expenditure and difficulty. Very often they have to

confront the unsympathetic attitude of the departmental authorities and others. Private school managers who, under numerous difficulties, toil for the spread of education and enlightenment deserve approbation and encouragement from all those who care for the highest interests of the country. It would not be fair or wise to disparage their selfless educational efforts. If the management of private schools is a money-making business, it is open to all communities to pursue this particular line of trade. The very fact that all communities do not undertake this work proves that far from being a profitable concern, private school management involves the expenditure of much money and labour from which no material return can be expected. Certain honoured members of this Committee who hold that communal representation in the public service is contrary to sound principles of recruitment insist, at the same time, that communal representation should be observed in what is clearly outside the sphere of reference to this Committee, viz., the selection of teachers for private schools. This is certainly very significant. It has to be remembered that, in undertaking the expenditure and labour of conducting private schools, the managers keep in view the inculcation of a particular type of discipline and training. It is clear that this aim will be defeated, if the managers are not given complete liberty in the matter of selecting teachers or in replacing them with others possessing the required qualifications. If their liberty is restrained, the incentive to private effort will be removed and this will react detrimentally on the cause of education. We have also to remember that, but for the efforts of the private agencies, the Government would not be able to confine their educational expenditure anywhere within the limits of the usual budget allotments. I repeat that this matter does not fall within the scope of this Committee and should not, therefore, be taken for our consideration.\*

---

\* True translation.

96. Mr. C. O. Madhavan said :—

“In my opinion this is a question out of the province of this Committee. There are certain points which have not yet been mentioned during the discussion. If appointments in aided schools are also to be on the basis of communal representation, then the only proper way to achieve that object will be to compel the managers to give appointments to members of all communities in their schools. To treat appointments in aided schools on a par with appointments in Government schools would involve very great injustice. The two classes of appointments differ very much. The prospects in aided schools are limited. Teachers in aided schools have no claim to pension. The two sets of appointments having these differences should not be treated alike for purposes of communal representation.”

97. The resolution was put to vote and the result was as follows :—

Messrs. Thanu Pillai, McAlpine, Westerdale, Kunjan Pillai and Narayanaperumal Nadar were for the motion. Messrs. Govindan, Kunjithomman, Thomas and Mahomed were against. Mr. Madhavan remained neutral. Miss Janaki Ammal was not present. The motion was carried.

98. The Chairman's view is that if, as expressed by him in para 89, communal representation is not to be recognised in the recruitment of teachers, there would not be any necessity for Mr. Thanu Pillai's resolution regarding aided schools. It is doubtful whether the recruitment in aided schools should be taken into consideration at all. Representation in aided schools does not seem to have been taken into account in Madras or Mysore. But one thing must be emphasised. If, as Mr. McAlpine says, in any aided school run by any community any person belonging to any other community is appointed and the latter turned out the moment a teacher of the former community comes up with the necessary qualification, then the question requires consideration. The reasons are—

- (1) There must be security of service even in aided schools.

- (2) These aided schools are not intended for persons of certain denominations only. Pupils from all communities are admitted and there is, therefore, no necessity to turn out a teacher once appointed on the ground that he belongs to a different community.

It is therefore a matter for consideration by Government whether it is not desirable to insist on a stricter enforcement of Rule 60 of the Education Code relating to the dismissal of teachers from the private recognised schools.

99. A communal statement of Sub-Inspectors, Petty Officers and Peons (Superior Service) in this department is printed as Appendix XIII. Out of 357 peons in the Superior Service, there are 250 Nairs, 20 Brahmins (non-Malayala), 8 Muslims, 4 Ezhavas and 39 Christians of whom 14 are Roman Catholics (Latin Rite). No Roman Catholic (Syriac Rite) is represented in this branch of the service. Of the remaining 25 Christians, one is a Protestant, 13 are Jacobites and 11 are Marthoma Syrians. Out of 288 Petty Officers, there are 30 Brahmins (non-Malayala), 168 Nairs, 9 Ezhavas, 1 Pulaya, 8 Muslims and 37 Christians of whom 14 are Roman Catholics, Latin Rite 8 and Syriac Rite 6. Of the remaining 23 Christians, 10 are Protestants, 5 Jacobites, 6 Marthoma Syrians and 2 Anglicans. Among the 67 Sub-Inspectors, there are 4 Brahmins (non-Malayala), 4 Ezhavas, 26 Nairs, 7 Muslims and 21 Christians of whom 9 are Roman Catholics, 4 Latin Rite and 5 Syriac Rite. Of the remaining 12 Christians, 4 are Protestants, 4 are Jacobites, 3 are Marthomas and the remaining one is an Anglican. Peons in the Superior Service are ordinarily promoted from the Inferior Service. With a view to improve the service it was considered necessary that there should be direct recruitment to the grade of Sub-Inspectors from among graduates. Hence it was unanimously resolved —

“That, subject to the minimum qualification that may be prescribed by Government, 50 per cent of the Sub-Inspectors shall be appointed by promotion and the remaining 50 per cent. by direct recruitment. Such direct recruitment shall be of graduates.”

Though it was first resolved by a majority that such recruitment should be on population basis, it was finally agreed that the formula for executive posts should apply here also.

100. With reference to Petty Officers, with a view to give better representation to poorly represented communities, it was unanimously resolved—

“That one-third of the vacancies among Petty Officers should be filled by direct recruitment and the rest by promotion.”

The resolution was carried. The formula for executive posts will apply to Petty Officers as well.

*Public Works Department.* 101. With regard to the recruitment of Supervisors, Mr. Westerdale proposed—

“That men with the best qualifications should be appointed, provided, however, that if qualifications are equal preference should be given to inadequately represented communities.”

He explained that there was considerable difficulty in getting admission to Travancore students to the Engineering College, Madras, and the Madras Government have now agreed to reserve four seats every year for Travancore students on payment of contribution. Mr. Westerdale assured us that qualified students from Travancore are being and would be selected with due regard to the claims of all communities—we trust that this would always be kept in view—and when they returned, the successful candidates would be provided for. In the Financial Secretary's speech introducing the Budget for 1109, the following sentence occurs: “The Madras Government have now agreed to reserve for Travancore students 4 seats in the Engineer Class and an equal number of seats in the Subordinate Class on payment of a contribution of Rs. 800 per annum for the training of each student in the Engineer Class and Rs. 600 per annum for the Subordinate Class.” The question of communal representation, according to Mr. Westerdale, does not, therefore, arise. However, it is understood that the successful candidates sent by Travancore Government would be duly provided for when they return. Messrs. Madhavan and Govindan were for applying

the principle of communal representation to this grade. The resolution was agreed to by a majority, Messrs. McAlpine, Thanu Pillai, Kunjan Pillai, Westerdale and Chairman voting for and Messrs. Madhavan, Mahomed, Thomas and Govindan voting against. Messrs. Kunjithomman, Narayanaperumal Nadar and Miss Janaki Ammal were not present.

After Messrs. McAlpine and Westerdale had left Travancore and when the Report was considered, it was moved by Mr. Thomas and agreed to by the other members.—

“That the same principle as in the case of Supervisors shall apply in the case of direct recruitment to the P. W. D. in all other grades requiring technical qualifications.”

102. In the case of the Medical Department, the following resolution was unanimously passed, *viz.*,

*Medical Department.* “Direct recruitment to the grades of Sub-Assistant Surgeons, Assistant Surgeons and Deputy Surgeons shall be made of the best available candidates provided, however, other things being equal preference shall be given to unrepresented or inadequately represented communities.”

103. From the statement supplied to us by the Darbar Physician (*Vide Appendix XIV*) it is found that out of 83 Sub-Assistant Surgeons, there are 10 Brahmins (non-Malayala), 6 Ezhavas, 23 Nairs, and one belonging to Depressed Class. Among Christians, there are 5 Protestants, 5 Roman Catholics (Latin Rite), 1 Roman Catholic (Syriac Rite), 13 Jacobites, 7 Marthomas and 2 Anglicans. In the Assistant Surgeon's grade out of a total of 37, there are 3 Brahmins (non-Malayala), 2 Ezhavas, and 8 Nairs. Among Christians in this grade, there are 1 Protestant, 3 Roman Catholics (Latin Rite), 1 Roman Catholic (Syriac Rite), 3 Jacobites, 5 Marthomas and 8 Anglicans. In the grade of Deputy Surgeons, there are 3 Brahmins (non-Malayala), 1 Ezhava, 3 Nairs, 2 Protestants, 1 Roman Catholic (Latin Rite), 1 Roman Catholic (Syriac Rite), 2 Jacobites and 3 Marthomas.



From the above, it is seen that out of 83 Sub-Assistant Surgeons, 33 are Christians, out of 37 Assistant Surgeons 21 are Christians, and out of 18 Deputy Surgeons 9 are Christians. The Christians are thus largely represented in this Department. Among them the Roman Catholics (Syriac Rite) however are very poorly represented getting only one in each grade. There is no Mussalman nor are Nadar and Kammala communities represented.

104. In the case of the Police Department, the following resolution was unanimously passed—

<i>Police Department.</i>	“Recruitment to the Inspectors' grade shall be made direct as well as by promotion, 25 per cent. of the vacancies being filled by promotion of deserving Head Constables and the remaining 75 per cent. reserved for graduates whether by direct recruitment or by promotion from among the graduates in the Department.”
-------------------------------	---

The Commissioner of Police has furnished a statement of employees in the Police Service (*Vide* Appendix XV). From this it is seen that out of 1295 Constables in the Superior Service there are 20 Brahmins (non-Malayala), 43 Ezhavas, 11 Kammalas, 2 Nadars, 936 Nairs, 36 Vellalas, 20 other Depressed classes, 60 other Hindus, 33 Mussalmans, 24 Protestants, 28 Roman Catholics (Latin Rite), 10 Roman Catholics (Syriac Rite), 50 Jacobites and 20 Marthomas. Kshatriyas, Pulayas and Anglicans are not represented at all, while the Roman Catholics, particularly of the Syriac Rite, are very poorly represented.

Among the Head Constables, of a total number of 199, there are 10 Brahmins (non-Malayala), 3 Ezhavas, 2 Kammalas, 145 Nairs, 6 Vellalas, 5 Mussalmans, 4 Protestants, 5 Roman Catholics (Latin Rite), 2 Roman Catholics (Syriac Rite), 6 Jacobites and 2 Marthomas. As in the previous case, Anglicans, Kshatriyas and Pulayas are not represented at all, while the Christians of other denominations are very poorly represented, particularly Roman Catholics of the Syriac Rite.

There are 90 Inspectors in the service. Of these, 18 are Brahmins (non-Malayala), 10 are Ezhavas, 1 is a Nadar, 26 are Nairs, 4 Vellalas and 3 other Hindus. There are 5 Mussalmans. Of the Christians in this grade, there are 7 Roman Catholics (Latin Rite), 3 Roman Catholics (Syriac Rite), 5 Jacobites 4 Marthomas and 3 Anglicans. Other Protestants are not represented here.

105. We next take up the Judicial Department. The Law's Delays Commissioner has made some suggestions, though incidentally, in respect of recruitment of Judicial Officers. As the

*Judicial  
Department.*

terms of reference include recruitment to the Judiciary also we propose considering the same. It is needless to observe that the recruitment to the Judiciary must be of persons of capacity and character. "If the strength of the executive is the ultimate guarantee of peace and tranquillity the efficiency and integrity of the Judiciary is an essential condition of public contentment and confidence in the administration. Of no country is this more true than of India, for, nowhere do the courts come into closer or more frequent contact with the people. The readiness of many Indian races to have recourse to the courts of justice for the settlement of disputes has always struck Western observers and is deplored by many Indians today." (Simon Commission Report Vol. I) The above remarks apply with unabated force to Travancore as well. It is, therefore, desirable that a proper selection to the judiciary should be made. No care in the matter of their selection would be too much. We are fortified in our view by the observations of the Law's Delays Commissioner, Travancore, who says in his Report that there is practical unanimity of opinion among the witnesses examined that in the recruitment of Judicial Officers, efficiency should not be subordinated to the principle of communal representation and that capacity and character should be the predominating factors in the matter of recruitment.

106. In the recruitment to the Judiciary, the Committee is unanimous on the following points:—

- (1) That the vacancies in the grade of Munsiffs should be filled from the Bar and from the Judicial Department in the proportion of 3:1.

- (2) The selection of Munsiffs by the High Court will be better than by any other body.
- (3) Recruitment of Second Judges should be from the Bar and from among the Munsiffs in the proportion of 1:2.
- (4) Recruitment of District Judges should be by promotion.
- (5) In the case of direct recruitment from the Bar to Second Judgeships merit shall be the criterion. But if there are more persons than one of equal merit the representation of unrepresented communities should be taken into consideration.
- (6) Recruitment of High Court Judges shall be partly from the Bar direct and partly from the service by promotion. Such direct recruitment shall be confined to persons of high character, conspicuous ability and outstanding merit. In the case of promotions there shall be an efficiency bar, the standard of efficiency being determined by Government.

107. With regard to the direct recruitment of Munsiffs, the discussion began on the motion of Mr. Govindan which was as follows :—

“From a panel of eligible candidates prepared by the High Court from the members of the Bar practising in the District Courts and High Court, appointment to the cadre of Munsiffs from the Bar shall be made on the principle of communal rotation accepted by this Committee.”

The motion was split into two parts at the suggestion of the Chairman. The First, *viz.*, ‘that selection of Munsiffs should be made from a panel prepared by the High Court from the members of the Bar practising in the District Courts and High Court’ was taken up and discussed. There is a complaint that Vakils practising in the District Courts are not ordinarily recruited as Munsiffs. Those who practise in the Original Courts will no

doubt have some experience of the practice and procedure to be followed in such Courts. They must therefore be given a chance in the matter of recruitment. The Committee is therefore unanimously of opinion that the panel should be prepared by the High Court from among the members of the Bar practising in the District Courts and High Court. The first part of Mr. Govindan's motion was therefore unanimously passed.

108. The second part of the motion runs thus :—

“That from the panel so prepared recruitment shall be made in accordance with the principle of communal rotation accepted by this Committee.”

This was passed by a majority in the first instance. But it was, however, modified subsequently. The communal rotation fixed by the Committee consists of 64 turns. The number of vacancies in the grade of Munsiffs will not ordinarily be more than 3 per year. It will therefore take more than 20 years to complete one rotation. The second part of Mr. Govindan's motion was therefore reconsidered. Whatever may be the grade of the Judiciary, capacity and character should be the main considerations for recruitment. Mr. Govindan therefore moved 'that in the preparation of the panel competency should be the dominant consideration.' This was unanimously passed. Having decided that competency should be the dominant consideration in the matter of recruitment of Munsiffs, it was deemed desirable that the panel should be prepared once in three years. The question then arises what should be the number in the panel? There seems to be a difference of opinion on this point. It was suggested that the number in the panel should be double the number of probable vacancies. It was therefore resolved that the panel be prepared once in three years and the number in the panel should be double the probable number of vacancies that may arise during that period

Messrs. McAlpine and Westerdale were not present at the time of the discussion as they had already left Travancore. At the instance of Mr. Govindan, it was further resolved —

“That, in making appointments from among the persons in the panel, preference shall be given to unrepresented or inadequately represented communities.”

The Chairman is of opinion that the number in the panel should not exceed the number of probable vacancies, that the age limit at the time of appointment should not exceed 35, that in making appointments from among the persons from the panel preference may be given to a person of the unrepresented community and that in other respects the eligible candidates in the panel should be arranged in the order of merit. The Chairman is also of opinion that, in view of the fact that a panel has to be prepared by the High Court from among the members of the Bar practising in the District Courts also, it is necessary that some method of testing the capacity of the candidate should be devised. There is no doubt that the High Court will be in a position to prescribe the method of testing the capacity.

The Law's Delays Commissioner of Travancore, agreeing with the minority view of the Mysore Law's Delays Committee, has not recommended any method. In the majority report of the said Committee at page 161, it is observed—“Absence of “competitive test will perpetuate the existing difficulties of “selection, while the restriction of the field of choice to successful candidates in the order of merit in the examination will not “improbably lead to insufficient representation of all the less “advanced communities. Mere nomination without any test will “not always ensure the best selection of recruits from the communities requiring special protection. In these circumstances “and having regard to the necessity of maintaining a high standard “of efficiency in Judicial service, consistent with the special “protection required for particular communities we would suggest “the following system of recruitment :—

“For every three vacancies (or such other proportion as “Government may from time to time prescribe) filled by selection “in the order of merit in which the candidates who have passed “the competitive examination are placed, one vacancy shall be “filled by nomination from the passed list irrespective of the “order of his merit, on special grounds such as communal representation. Such a mode of recruitment will not only ensure the “selection from the best sifted materials but will safeguard the “protection of communal interest also.”

109. The Chairman's view therefore is that a competitive examination may be held once in three years and candidates selected in the order of merit. The candidates may be given the necessary records from any case which has been disposed of and asked to draft the pleadings, frame issues, and to write a judgment. 25 per cent may, however, be reserved for adjustment of inequalities by nomination as recommended by the Mysore Committee.

The Chairman is further of opinion and Messrs. Govindan Mahomed, Thomas and Thanu Pillai agree in this view that some concession in the matter of service may be given to those who are recruited from the Bar. Under the British Indian Civil Service Regulations, Article 404 (a) runs as follows :—

“In the case of ..... the Provincial Judicial service when recruited from the Bar in which recruitment is likely to take place normally after 25 years of age, Officers recruited over that age may add to their service qualifying for superannuation pension (but not for any other class of pension) the actual period not exceeding five years by which their age at recruitment exceeded 25 years. No officer can claim the benefit of this article when his actual qualifying service at the time he quits Government service is not less than 10 years.”

The above article applies to Sub-Judges and District Munsiffs in Madras. It is a wholesome provision. In Travancore, Munsiffs may be recruited up to the age of 35 and it is desirable that the above concession should be granted to them so that they may draw their full pension. In the case of Second Judges, the new age limit should be raised to 45 years. They may then put in 10 years service when they retire and this will enable them to add another five years to their service and get one-fourth of their salary as pension.

110. Mr. P. S. Mahomed moved—

“That one-half of the number of vacancies of Stationary Magistrates should be filled by direct recruitment from the Bar and the other half by promotion from the service.”

Dr. Kunjan Pillai was of opinion that, if direct recruitment were made from the Bar, such Magistrates lacking revenue

experience could not be promoted as Tahsildars. After some discussion, Mr. Thanu Pillai moved an amendment —

“That one-fourth of the number of appointments may be made by direct recruitment from the Bar and three-fourths be reserved for promotion.”

This was unanimously accepted by the Committee.

111. When the Report was being discussed, it was moved by Mr. T. A. Thomas —

“That in the case of Departments requiring technical qualifications, such as Forest, Agriculture, Industries etc., recruitment shall be made of the best available candidates, provided, however, if qualifications are equal preference shall be given to unrepresented or inadequately represented communities.”

It was unanimously passed by the Committee.

112. It was further resolved unanimously —

“That in case of departments other than those already dealt with, recruitment shall be made on the principle of communal rotation accepted by the Committee.”

Here again, Mr. Kunjithomman moved at the time of discussing the Report that the Huzur Office should be particularly mentioned among the other Departments. This was accordingly accepted.

113 The discussion about the Military Department was mooted on Mr. Kunjithomman's motion —

*Military  
Department.*

“That recruitment in the Brigade should be thrown open for all communities and be made on the principle of communal rotation accepted by the Committee and until the said principle is put into practice, communities that have no access to the said Department, should, to the extent of their share, be proportionately compensated by recruitment to the Excise, Police and Forest Departments.”

Mr. McAlpine then explained certain aspects of the matter and requested the Committee to consider the same before they voted upon the motion. Mr. McAlpine said :—

“As one who for eight years commanded an Auxilliary Force Battalion, I should like to draw the attention of the members of this Committee to certain aspects of the matter which are probably not realised by any one who has not had practical experience of Army organisation and training. I would in the first place, urge that suitability for service can be the only standard in the matter of recruitment to any military force. There are many communities throughout India the members of which are refused recruitment to the regular Indian Army. I am myself in favour of recruitment to the Nair Brigade not being restricted solely to Nairs, but from what I know of Military matters I feel certain that the surest way to prevent any widening of the present basis of recruitment would be for this Committee to recommend to Government in terms of Mr. Kunjithomman's proposition. Army units have to live together, mess together, and train together and so far as I am aware the Company is the smallest communal unit recognised in the Army. Recruitment on the basis now suggested could only be made on the assumption that not merely Companies but also platoons and sections would be of mixed communities. If this resolution, in its present form, is accepted by this Committee it will naturally be referred by Government to the Commandant of the Nair Brigade for remarks as to its practicability, and I think I could forecast the lines along which the latter will reply. He would, in the first place, point out that he had no knowledge of most of these communities as potential soldiers, and that, if he had to recruit them, he might be exempted from all responsibility. He would then show that as training was done by Companies, recruitment will have also to be by Companies, and that any system of communal rotation whereby, for example, a Nair vacancy had to be filled up by an Ezhava recruit would be out of the question. I am not quite sure of the exact relationship between the State Forces of Travancore and Army Head



Quarters, but I am under the impression that the Commandant would also draw the attention of Government to the fact that changes in the personnel of the Nair Brigade would have to be approved by the Imperial Government. I can assure this Committee that no scheme of recruitment on a communal basis of this kind would ever be approved by Army Head Quarters. I would suggest, therefore, that the scheme of rotation drawn for recruitment in the Civil Departments of this State is inapplicable to its military forces. I would recommend that a different resolution be adopted for the Nair Brigade on something like the following:—

“Recruitment to the Nair Brigade should, as far as practicable, be thrown open to selected communities other than Nairs.”

“Details as to which communities should be selected for the experiment and the numbers in which they should be selected, are matters which should, in my opinion, be left to Government.”

114. After the above explanation, Mr. Kunjithomman withdrew his motion. He then moved—

“That recruitment to the Military Forces of the State be thrown open to all communities.”

The object of the motion is that all communities should have the privilege of serving in the Army. The resolution was carried by a majority, Mr. McAlpine being against and Mr. Madhavan remaining neutral.

115. Mr. Govindan moved—

“That inasmuch as Non-Nairs are not recruited to the Army, special consideration should be shown to them in the recruitment to the Forest, Police and Excise Departments.”

This was carried by a majority. Mr. Madhavan alone remaining neutral. Mr. Westerdale and Miss Janaki Ammal were not present at the discussion.

116. The minority is of opinion that in view of Mr. McAlpine's explanation it is not possible to say what communities will be and what will not be recruited to the Army even if the Government grant the request contained in the previous resolution and that the resolution is vague as it is not possible to determine the extent of consideration that has to be shown by Government so as to satisfy the other communities.

117. Mr. Kunjithomman next moved—

“That no person directly recruited to the Devaswom Department should be transferred to any other Department.”  
*Devaswom Department.*

The Chairman pointed out that the Committee is concerned with the direct recruitment and not with transfers. The mover's point, however, was that any person may enter the Devaswom Department to make it a stepping stone for entry into other departments. Messrs. McAlpine and Westerdale were of opinion that the question does not relate to direct recruitment. Messrs. Madhavan, Thomas, Mahomed, Kunjithomman, Narayanaperumal Nadar, Govindan and Miss Janaki Ammal voted for the resolution and Messrs. Thanu Pillai and Kunjan Pillai voted against. Messrs. McAlpine and Westerdale did not vote. The motion was carried.

118. As a corollary to the above resolution, it was resolved by a majority—

“That if transfer of employees from the Devaswom Department to the other departments is to be prohibited, transfer of employees from other departments to the Devaswom Department should also be prohibited.”

Mr. Govindan alone was against the resolution.

119. The Chairman's view is as follows :—

The effect of the two resolutions is that the Devaswom Department should be a water-tight department not having anything to do with other departments. Hitherto Assistant Devaswom Commissioners were being recruited from Tahsildars and to that extent vacancies in the Land Revenue Department were thrown open to all communities and that door will be closed now.

## CHAPTER IV.

### Recruitment of Women.

120. Hitherto we dealt with the recruitment of men to the Public Service. We now pass on to the *Recruitment of Women*. Miss Watts desired that the question relating to women might be discussed before she left for England. She, therefore, moved—

“That no communal principle be recognised in the matter of appointment of women in Government Service.”

121. Before considering the resolution of Miss Watts, we may refer to a communal statement of teachers in Vernacular and English Schools for Girls in the State (*Vide* Appendix XVI). This statement shows that out of 1863 appointments, Brahmins (Non-Malayala) hold 48, Nairs 886, Ezhavas 112, Pulayas 3, Mussalmans 6, Protestants 197, Roman Catholics (Latin Rite) 59, Roman Catholics (Syriac Rite) 53, Jacobites (Syrian) 209, Marthomas (Syrian) 164, and Anglicans 19. All communities other than the Depressed Classes under the existing Government classification, are represented in this branch of the service. The Christians hold 701 out of a total of 1863 appointments, and are well-represented in this branch of the service. The Muslim is backward in female literacy.

Out of 6 Assistant Inspectresses, there are 3 Nairs, and 3 Christians (Protestant, Marthoma and Anglican getting one each).

122. Coming to Miss Watts's resolution, she observed that in the Women's meetings held in Travancore and elsewhere they had expressed themselves strongly against communal representation. Qualified women should be recruited irrespective of caste or creed. The women were for equality of rights with men and there was no communal spirit among them. Mr. Kunjithomman wanted that communal representation should be recognised among women also as they must necessarily come

into various communal groups. Messrs. Madhavan, Narayana-perumal Nadar, Mahomed and Govindan agreed with Mr. Kunjithomman. All the others, *viz.*, Messrs. McAlpine, Westerdale Kunjan Pillai, Thanu Pillai and Thomas were for the motion of Miss Watts and the motion was therefore carried. Miss Janaki Ammal, nominated in the place of Miss Watts, is equally of opinion that there should be no communal representation among women and that the canker of communalism should not be allowed to show itself among women. Mr. Kunjithomman pointed out that communal representation among women was recognised in Madras, but Miss Janaki Ammal said that even there women were against it and that there was no necessity to introduce it here.

123. Miss Watts was also for fixing the proportion of women to be recruited in the service. She suggested that for every 29 seats set apart for men (Hindus 18, Christians 9, and Mussalmans 2 *Women's proportion in the rotation.* (*Vide para 67 above*), the women might be allowed 2 so that out of every 31 appointments women might get 2. This was agreed to by the Committee. Miss Janaki Ammal was of opinion that 2 out of 31 would not suffice and suggested a larger proportion. Mr. McAlpine was against reconsideration of the resolution already passed, but the others were for it. It was finally resolved by a majority.—

“That 3 out of 32 appointments should go to women in the order of merit”

This is of course after deducting 10 per cent. for the best in the order of merit, (*Vide para 63 supra*). 3 out of 32 will be in addition to what women will get if they compete with men in any competitive examination. This will apply to all ministerial posts and to executive posts in departments where women are allowed to enter. The result is that so far as women are concerned only the best will be chosen whether by competitive examination or interview or both as the case may be. The Chairman desires to express his gratification that women have given a correct lead in the matter of recruitment to the Public Service and that the difficulties that confront Government in this matter will ere long be removed.

124. At the instance of Miss Watts it was at first resolved that married women should not be entertained in the service and that this rule should apply only to future recruits and that unmarried women in the service getting married hereafter should vacate office. Miss Janaki Ammal desired that this resolution regarding women should be reconsidered. Mr. McAlpine was against reconsideration. The resolution regarding the proportion of women having been allowed to be reconsidered, there was no reason why this motion of Miss Janaki Ammal should not be allowed. Reconsideration was therefore allowed by the Committee.

125. Miss Janaki Ammal said that the above resolution prohibiting married women entering or continuing in service will work hardship among women. It will appear from the Travancore Census Report that between the ages of 25 and 30 when women may be regarded as having settled in life, there are 7700 unmarried women to 1,70,000 married women. This is in the proportion of 1:22. For every woman who will be benefited by the resolution there will be 22 women who will be deprived of their opportunity to serve their country. She therefore moved

“That married women should not be disqualified from entering or continuing in service.”

and this was agreed to by all the members except Messrs. McAlpine, Westerdale and Kunjan Pillai. Mr. McAlpine's view is that efficiency will suffer, if married women are appointed as they cannot discharge their duties consistently with their domestic obligations. Messrs. Westerdale and Kunjan Pillai supported Mr. McAlpine.

The Chairman's view is that there is much force in Mr. McAlpine's remarks. But it is desirable to restrict the prohibition to those who are employed in the Colleges. In the case of Vernacular schools for girls it is certainly not desirable to introduce the rule as the pay is not very high and as two earning members in a house will be better than one. The same may be said of High School teachers as well. The view suggested by Mr. McAlpine may be tried in the College in the case of future recruits as they would be taking up service on that understanding.

126. Miss Janaki Ammal's next resolution was—

“That sex should not be a disqualification for entering service in any department.”

An amendment was moved by Mr. Thomas—

“That in executive posts in the Police, Excise, Forest, Military and P. W. D., women should not be recruited,”

the reason being that women are not fitted to do the work expected from officers of the above departments. The mover objected to the amendment as it should be left to the women to decide what departments they should enter. The majority voted for the resolution as amended and it was carried.

127. Mr. McAlpine then moved.—

“That men should not ordinarily be appointed in women’s educational institutions and women in men’s educational institutions.”

His argument was that when there was a large number of appointments in the women’s section of the Education Department, it was not desirable that they should be recruited in the men’s section of the department which would seriously prejudice the rights of many qualified men.

Messrs. McAlpine, Westerdale, Mohamed, Kunjithomman and Thanu Pillai were for the motion. Messrs Thomas Narayanaperumal Nadar, Kunjan Pillai, Madhavan and Miss Janaki Ammal voted against. The Chairman’s casting vote was, against and the resolution was lost. The Chairman thinks that as there is co-education in High Schools and even in Colleges, it is not desirable to have any such rule as proposed by Mr. McAlpine. He is also of opinion that employment of men in women’s educational institutions and *vice versa* will be only exceptional.

128. Mr. Kunjithomman wanted a reconsideration of the resolution regarding communal representation among women but this was not allowed by the Chairman.

## CHAPTER V.

### Acting Men in Service.

129. Mr. Govindan moved—

“That confirmation of acting candidates with acting claims shall be in accordance with the principle of communal rotation agreed to by the Committee. This rule shall not apply to those whose total acting service amounts to 3 years at least.”

He said that there are at present long lists of acting men belonging to communities already over represented in service and that the rule of rotation will not come into operation in the near future if preference is given to all candidates who have put in any acting service. He was not against giving preference to those who had *bona fide* claims based on acting service for a considerable period which he would fix at 3 years.

Messrs Kunjan Pillai and Thanu Pillai strongly opposed the motion on the ground that it would be very unfair to those who had already acted and who would be expecting to get confirmed in due course. Dr. Kunjan Pillai cited also the instance of Vernacular School teachers numbering over 700 whom the Government had directed to be confirmed when vacancies arise.

130. The Chairman, before putting the question to vote, observed as follows :—

In order to get the benefit of the above provision, persons should have begun to act 8 or 10 years ago before they get three years of total acting service to their credit. The motion, as it was, would therefore be unfair to those who had begun to act many years ago. Even if any restriction was necessary, the Chairman suggested the substitution of one year for three years in the motion. This was not accepted by the mover. The motion being put to vote Messrs. Madhavan, Govindan, Narayanasperumal Nadar, Mohamed, Kunjithomman, Thomas

and Miss Janaki Ammal voted for it, and it was carried. Messrs Kunjan Pillai and Thanu Pillai were against the resolution. Messrs McAlpine and Westerdale were not present.

Mr. Kunjithomman desires to add here that, in his opinion, candidates whose total acting service does not amount to three years should, without being subjected to competitive examination, be given priority in appointments whenever the turns of their respective communities come, the claims of other candidates belonging to the same communities being considered only after the list of the former is exhausted.

The Chairman's view is as follows :—

“ In Mysore, before the Miller Committee Report was given effect to by Government, discretion was given to Unit Officers to confirm existing officials of all communities who would not be qualified under the new rules to enter service as the minimum qualification was raised. The principle of the rule is that those who have begun to act under existing rules should not suffer on account of a change in the rule. This is in the interests of the security of the services as persons who began to act under a certain belief should not suffer by a change. Further, no rule should be retrospective. If, however, any interference with existing rights is thought necessary, the rule must be made to apply to persons who have begun to act within two years previous to the date from which the new rule comes into force. The Committee was constituted about 20 months ago and it might take about four months more before final orders on our recommendations are passed and those who began to act within the said period might have expected a change in the existing rules as a result of the deliberations of this Committee.”



## CHAPTER VI.

### Existing Representation.

131. The subject that we propose to deal with in this Chapter relates to the question as to the extent to which the existing representation of the various communities in the Public Service should control the resolutions that have been already passed by the Committee. There is a feeling among some that certain communities are over-represented in the Public Service and therefore the unrepresented or inadequately represented communities should be given some weightage in the matter of future recruitment until they get their due share. Mr. Thomas therefore moved the following—

“To give due representation to all communities in all the departments of the State Service a certain percentage of the vacancies, to be determined for each department in accordance with the existing representation of the various communities, should be reserved exclusively for the unrepresented or inadequately represented communities, the remaining vacancies being distributed among all the communities according to the system of rotation accepted by the Committee.”

132. It was suggested by the Chairman that the motion might be split up into two parts and discussed for the sake of convenience. The first part, *viz.*,

“That the existing representation of the various communities in each department should be taken into consideration in future recruitment to such departments”

was then discussed.

133. It was argued by those who were for the motion, that the educational institutions in the State were not open to certain communities till about 25 years ago, and even such of them belonging to the said communities who had the necessary educational qualifications were not admitted into Government Service. There was no question of punishing the present or future generation for the sins of their forefathers as the motion does not require a total exclusion of the well represented communities but only

calls for an additional percentage of appointments to the unrepresented or inadequately represented communities. It is only fair that such communities should be given an additional representation in view of the handicaps they were labouring under. The Public Service is already overweighted with the representation of some communities and the reservation of a certain percentage in favour of the inadequately represented is only fair. Until equality is reached there can be no injustice to the others. If no weightage is given it will take at least 25 years for the present inequalities to be rectified.

134. Those who opposed the motion urged that even some of the communities to whom educational facilities were afforded from the beginning did not take advantage of them as they probably preferred other walks of life to the Public Service and that the exclusion of some communities from the Public Service was probably due to historical causes. Further, service in some departments and in some grades of some departments did not find favour with some communities. It could not be said that in the past, recruitments were made on communal grounds. The motion, if given effect to, will virtually penalise the advanced communities for no fault of theirs. The ideal of choosing the best has been accepted by the Committee and it has been deviated from considerably with a view to give some advantage to less represented communities and to secure mutual goodwill. Even under the resolutions accepted by the Committee, the advanced communities will be at a disadvantage as there will be more educated unemployed amongst them than in other communities. The motion, if given effect to, will cause unfairness and injustice to certain communities which should be avoided under the terms of reference. Lastly, it was urged that if the present motion is carried, the previous resolutions will have to be reconsidered.

135. After considerable discussion over the matter the motion was put to vote. Messrs Thomas, Govindan, Mahomed, Narayanaperumal Nadar, Madhavan and Kunjithomman voted for the motion and Messrs Thanu Pillai, Kunjan Pillai, McAlpine, Westerdale, Miss Janaki Ammal and the Chairman voted against. The motion was negatived by the casting vote of the Chairman.

---

## CHAPTER VII.

### Standardisation of Pay.

136. The Chairman suggested that there should be uniformity in the scales of pay of clerks in the several departments so that everybody may have equal chances. At present there exists great dissimilarity in the scales of pay in the various departments. In the Secretariat a graduate starts on Rs. 40, whereas in the Registration, the Judicial and other departments he starts on Rs. 20 or Rs. 25. Since the Heads of Departments are now the selecting authorities, the candidate who goes in for appointment accepts the appointment of his own choice. But, hereafter there is going to be only one selecting authority (*Vide* para 151 *Infra*) and as such, the initial pay of all those appointed by that authority should be the same. The Retrenchment Committee has proposed certain grades of pay for all departments and we may accept that. With the above explanation, the Chairman moved—

“That it is considered necessary that there must be standardisation of the salaries of the officers and clerks in the various Departments of the State with a view to give equal chances to all.”

137. Mr. Kunjithomman objected to the resolution saying that the question of standardisation of pay is beyond the terms of reference to the Committee. Standardisation of pay may not be covered by the terms of reference. But it is necessary to give effect to the proposals herein contained. All the other members therefore agreed to the proposition which was carried.

---

## CHAPTER VIII.

### Concession to the Depressed and Backward Communities.

138. Having dealt with the principles of recruitment, the method of recruitment and also the appointments to which the new proposals should apply, we pass on to the fourth item in the terms of reference, *viz.*, the need for any special concessions like exemption from age bar in the case of the Backward and Depressed Communities.

139. It was moved by Mr. Thomas—

“That Depressed and Backward communities under the Education Code should be recognised as Depressed and Backward Communities for purposes of recruitment.”

The question naturally arises as to who are Depressed and Backward Communities.

Mr. Kunjithomman would interpret the expression “Depressed and Backward Communities” as meaning those who are not fairly represented in the Public Service. Messrs. Madhavan and Govindan agreed with Mr. Kunjithomman. The Chairman had therefore to give the following ruling on the point—

“The first item in the terms of reference relates to the complaints of certain communities that they are not fairly represented in Public service,”

and the question had been considered. Further, a resolution for giving effect to existing representation was voted against and the present interpretation was only a further attempt to have the question reconsidered. Again, the term of reference that is being now considered related to concessions to Depressed and Backward communities by way of age bar, etc. This meant that those who were backward in education might take time to get themselves duly qualified for the Public Service. The interpretation of Mr. Kunjithomman was therefore ruled out.

140. The motion of Mr. Thomas alone had, therefore, to be considered. A classification of Depressed and Backward

communities, adopted by the Government for the grant of fee concession in schools, is printed at page 441 of Volume I of the Census Report. Dr. Kunjan Pillai pointed out that it was not exhaustive and therefore suggested that a percentage of literacy might be fixed below which a community might be classed as backward for this purpose. Mr. Govindan was for fixing male English literacy percentage, as that was taken as the basis for determining the communal rotation.

Dr. Kunjan Pillai suggested that 31 per mille was the State average for male English literacy. Mr. Govindan then proposed to define Depressed and Backward communities as those whose English literacy among males was 15 per mille or less. Messrs. Madhavan, Kunjithomman, Mohamed and Narayanaperumal Nadar supported Mr. Govindan. Mr. Thanu Pillai was for fixing it at 10 per mille or less. Dr. Kunjan Pillai agreed with him. Mr. Govindan's proposal was carried by a majority and the resolution was—

“That Depressed and Backward communities would mean those communities whose male English literacy is 15 per mille or less.”

Miss Janaki Ammal was neutral.

The question whether any concession as to age bar should be given to the Depressed and Backward communities was considered. After some discussion it was resolved by a majority that it should be raised to 28.

---

## CHAPTER IX.

### Public Service Commission.

141. The last item in the terms of reference is "the constitution and functions of a body analogous to the Public Service Commission for selecting persons for appointment." We now proceed to deal with it.

142. Representations in the Legislative Council and the Sri Mulam Popular Assembly have been continuous and strong against the unsatisfactory way in which recruitments are made by the appointing authorities. Under the devolution rules even the subordinate officers are invested with powers of appointment up to a certain limit. Consequently, charges of communalism, nepotism and unfairness have been freely laid at the door of those authorities. It may be that to a great extent the charges are unfounded and undeserved. But, all the same, it is the duty of Government to devise methods to remove these complaints as far as possible.

143. The Feetham Committee Report in dealing with the Public Service Commission says in para 33:—

"In most of the Dominions where Responsible Government has been established the need has been felt for protecting the Public Services from political influences by the establishment of some permanent office particularly charged with the regulation of service matters."

144. Section 96 (c) of the Government of India Act, 1919, enacts:—

"There shall be established in India a Public Service Commission consisting of not more than five members of whom one shall be the Chairman appointed by the Secretary of State in Council. Each member shall hold office for five years and may be reappointed. No member shall be removed before the expiry of his term of office except by the order of the Secretary of

State in Council. The qualifications for appointment and the pay and pension (if any) attaching to the office of Chairman and members shall be prescribed by rules made by the Secretary of State in Council."

145. The Lee Commission Report (1924) in dealing with the Indianisation of the services states in para 24 as follows:—

"Wherever democratic institutions exist, experience has shown that to secure an efficient service it is essential to protect it so far as possible from political or personal influences and to give it that position of stability and security which is vital to its successful working as the impartial and efficient instrument by which Government of whatever political complexions may give effect to their policies. In countries where this principle has been neglected and where the 'spoils system' has taken its place an inefficient and disorganised civil service has been inevitable result and corruption has been rampant. In America a Civil Service Commission to control recruitment to the public services has been established. But, for the purposes of India, it is from the Dominions of British Empire that more relevant and useful lessons can perhaps be drawn. Canada, Australia, and South Africa now possess Public Services Acts regulating the position and control of the Public Services and a common feature of them all is the constitution of a Public Service Commission to which the duty of administering the Act is entrusted. It was this need which the framers of the Government of India Act had in mind when they made provision in Section 96—(c) for the establishment of a Public Service Commission to discharge in regard to recruitment and control of Public Services in India, such function as may be assigned thereto by rules made by the Secretary of State in Council,"

On the recommendation of the above Committee, a Public Service Commission in India was constituted.

146. The Nehru Committee Report (1928) emphasised the necessity for a Public Service Commission.

147. In Madras, a Public Service Commission was constituted in 1929 by Act XI of 1929.

148. From the above it is clear that an independent body of persons should be entrusted with the work of recruitment in order that "the efficiency of the service may be maintained and what is more important that officers who are now entrusted with the power of appointment including even the head of the administration should not be exposed to the charge however illfounded of using their position to promote family or communal interests at the expense of efficiency or just administration of the services. This will certainly relieve them of a good deal of worry and annoyance and waste of time in filling up vacancies and will set them free to attend to more important and useful duties expected of them".\* We have, therefore, to consider the nature of the agency that has to be constituted. Under the Government of India Act there is a Commission consisting of five members including the Chairman. In Mysore, after framing rules on the recommendations of the Miller Committee, no separate appointing authority seems to have been constituted. The C. O. says—"A central agency is also required for registering all applications for appointment and putting applicants in touch with the offices where vacancies exist or occur from time to time." They, therefore, constituted a Central Recruitment Board. The constitution, function and powers of the Central Recruitment Board will appear from the following extract from the Manual of Recruitment Rules.

"With a view to collect information regarding the various vacancies occurring in the several departments and Units and to ensure that the rules of recruitment are rigidly carried out, a Central Recruitment Board has been constituted, with a Member of Government as Chairman (five officers and Heads of Departments) and seven non-official gentlemen as members and one of the Assistant Secretaries to Government as Secretary." (Section 3.)

---

\*Simon Commission Report, Vol. II, page 296.



“ The Central Recruitment Board shall have power to call for returns, statistics and other information relating to recruitment and vacancies in the several Departments of the State and all Heads of Departments and officers will comply with their requisitions promptly.”

“ The Chairman of the Central Recruitment Board may invite the Heads of all major Departments to the meetings of the Board when the returns are reviewed, so that those officers and the members of the Board may have a common discussion of the progress of recruitment work, results achieved, difficulties experienced and modifications, if any, in rules, procedure and instructions necessary to secure better results.” (Section 5)

149. Certain appointments were excluded from the operation of the Recruitment Rules. The Board has no power of direct appointment but has to act only as a ‘Vigilance Committee’. It was charged only with the responsibility of obtaining statistics of recruitment during each official year. The President of the Board was requested to invite all heads of major Departments to the meetings of the Board when the quarterly returns were reviewed.

150. The arrangement in Mysore will not be enough for Travancore. As has been already said there are only two broad divisions for purposes of recruitment, *viz.*, the Brahmin and the Backward in Mysore and it was only necessary to see that less of the one and more of the other was appointed. We have in Travancore fourteen sub-divisions among communities to reckon with, 7 among Hindus, 6 among Christians and the Mussalman, each sub-division being entitled to a varying number of appointments and the communal rotation consists of 64 appointments in all. An adjustment of the claims of all communities is necessary and it will not satisfy the public if an agency similar to the one in Mysore is constituted. It is therefore necessary to constitute an agency for the selection of candidates to the various departments.

151. Mr. Kunjithomman therefore moved—

“ That there should be a Commission consisting of an Official President and five non-official members comprised of one caste Hindu, one non-caste Hindu, one Catholic, one non-Catholic and one Muslim.”

There was considerable difference of opinion on this point among the members. Some were for a President and five members but against any communal classification of the members, while some others were only for three members including the President. Messrs. McAlpine and Westerdale were not present. After considerable discussion Mr. Kunjithomman agreed to have his motion modified as follows:—

“That a Commission consisting of an Official President and 5 non-official members be constituted.”

Messrs. Madhavan, Kunjithomman, Mohamed, Narayana-perumal Nadar, Thomas and Govindan were for the motion as modified. This was carried.

Messrs. Kunjan Pillai, Thanu Pillai and Miss Janaki Ammal were for a President and two members as in Madras. Miss Janaki Ammal proposed that one of the members of the Commission might be a woman. The other members of the Committee, had no objection to the proposal.

152. The Chairman is of opinion that, so far as Travancore is concerned, the number of appointments is not as large as in Madras and therefore one officer with the requisite establishment would be enough. But in cases where interviews are necessary, it is desirable to have more than one person. He is therefore of opinion that a Board consisting of three members may be constituted. In view of the existing circumstances the President should be a foreigner, a man of high character, without any communal bias, preferably a British Indian Officer engaged for a term of three years and reverting on the expiry thereof. The question of emoluments should by no means stand in the way of securing the best available person for this very responsible position. As for the other two members, they may be selected from officials or non-officials.

153. The Committee is unanimously of opinion that men of high character and respectability should be selected with a view to command the confidence of the public. It must also be distinctly understood that any person who tries to influence the Commission by letters of introduction or otherwise should be disqualified as being ineligible for appointment.

154. The next point to be considered relates to the *functions of the Commission*.

The duty of the Commission shall be the selection of candidates for appointments in the various Departments of the Public Service according to the rules hereinbefore laid down, by competitive examination or otherwise. In this matter, it shall

(1) advise the Government in regard to the rules prescribing

(a) the qualifications of candidates,

(b) the conditions of admission to the examination and

(c) the syllabus of the examination ;

(2) announce the number of vacancies to be filled from among the candidates for the examination ;

(3) make all arrangements for the actual conduct of the examination ;

(4) arrange candidates in accordance with the rules hereinbefore mentioned ;

(5) forward a list of the candidates so arranged under clause (4) to the Government ; and

(6) make appointments to the extent authorised by Government.

In the exercise of its functions under the previous rules, the Commission shall observe the rules laid down by the Government in pursuance of the Recommendations of the Committee.

---

## CHAPTER X.

### SUMMARY OF RECOMMENDATIONS

155. Our Recommendations, after full discussion of the various proposals at the meetings of the Committee, have been embodied in a series of resolutions and presented under appropriate heads in the body of the Report. They are here summarised and arranged so as to facilitate easy reference to the terms of Reference and to the Paragraphs in the Report in which they are recorded.

#### Terms of Reference.

1. The principles to be observed in the matter of recruitment to the public services, keeping in view, on the one hand, the complaint of certain communities that they are not fairly represented in the public service and, on the other hand, the need for maintaining efficiency and for avoiding injustice and unfairness to the other communities.

#### Recommendations.

1. Recruitment to the Public Service of the best available persons is the ideal to be aimed at. (paragraphs 12 and 16)
2. The complaints of certain communities that they are not fairly represented, have, under existing circumstances, to be duly considered and remedied as far as possible. Though, therefore, communal representation as such is not desirable on principle, it has to be recognised by Government subject to reservations hereinafter detailed. (paragraph 16)
3. Without impairing efficiency, rules of recruitment should be so framed as to give due consideration to the claims of all communities. (paragraph 37)
4. In view of the great advance of education in this State, minimum educational qualifications should be fixed by Government for entry into service in pensionable posts. (paragraph 38)

Terms of Reference.—(contd.)

Recommendations.

5. The rules herein formulated should apply only to direct recruitment and not to promotions. (paragraph 42)
6. For the purpose of recruitment, Public Service may be divided into two groups.—
  - I. Inferior Service as defined in the T. S. R.
  - II. Superior Service as defined in the T. S. R.—
    - (i) Ministerial,
    - (ii) Non-ministerial or executive. (paragraphs 43 & 45)
7. With regard to Inferior Service (Group I) the following rule shall apply.—

Subject to the minimum qualification that may be prescribed by Government, recruitment to the Inferior Service shall be made according to the numerical strength of the communities concerned. If so distributed the number of appointments which each of the communities mentioned in recommendations 8 to 10 will be entitled to is as follows :—

1. Brahmin (Non-Malayala)	...	1
2. Nayar	..	10
3. Vellala group	...	1
4. Ezhava	...	10
5. Kammala & Nadar	...	5
6. Depressed Hindu	...	7
7. Other Hindu	...	2

<b>Terms of Reference.—(contd.)</b>	<b>Recommendations.</b>	
8. Jacobite	...	4
9. Marthoma and Other Syrian	...	1
10. Roman Catholic Syriac Rite	...	5
11. Roman Catholic Latin Rite	...	4
12. Anglican	...	1
13. Other Protestant	...	3
14. Mussulman	...	4

An order of rotation for appointments in the Inferior Service is given below .  
(paragraph 44)

**Rotation List for Inferior Service.**

1. Nayar
2. Other Protestant
3. Ezhava
4. Anglican
5. Depressed Hindu
6. Brahmin (Non-Malayala)
7. Jacobite
8. Kammala and Nadar
9. Nayar
10. Roman Catholic, Syriac Rite
11. Ezhava
12. Roman Catholic, Latin Rite
13. Mussulman
14. Depressed Hindu
15. Nayar
16. Ezhava
17. Vellala group
18. Jacobite
19. Other Hindu
20. Nayar
21. Kammala and Nadar
22. Ezhava
23. Roman Catholic, Syriac Rite
24. Depressed Hindu

25. Roman Catholic, Latin Rite
  26. Nayar
  27. Ezhava
  28. Other Protestant
  29. Mussulman
  30. Depressed Hindu
  31. Roman Catholic, Latin Rite
  32. Nayar
  33. Kammala and Nadar
  34. Ezhava
  35. Jacobite
  36. Roman Catholic, Latin Rite
  37. Other Hindu
  38. Nayar
  39. Ezhava
  40. Depressed Hindu
  41. Roman Catholic, Syriac Rite
  42. Mussulman
  43. Kammala and Nadar
  44. Nayar
  45. Ezhava
  46. Other Protestant
  47. Marthoma and Other Syrian
  48. Depressed Hindu
  49. Nayar
  50. Ezhava
  51. Jacobite
  52. Roman Catholic, Latin Rite
  53. Kammala and Nadar
  54. Roman Catholic, Syriac Rite
  55. Nayar
  56. Ezhava
  57. Depressed Hindu
  58. Mussulman
8. For the purpose of distribution of appointments in Group II, the communities shall be divided under

**Terms of Reference,—(contd.)****Recommendations.**

three main heads, *viz.*, Hindus, Christians and Mussulmans. The distribution may be made according to the numerical strength of each community. If thus distributed,

Hindus get	18,
Christians	9 and
Mussulmans	2.

(paragraph 67)

9. The Hindus shall be divided into seven groups :
  - (1) Brahmin (Non-Malayala)
  - (2) Nayar
  - (3) Vellala group
  - (4) Ezhava
  - (5) Kammala and Nadar
  - (6) Depressed Hindu
  - (7) Other Hindu

(paragraph 68)
10. The Christians shall be divided into six groups :
  - (1) Jacobite
  - (2) Marthoma and Other Syrian
  - (3) Roman Catholic, Syriac Rite
  - (4) Roman Catholic, Latin Rite
  - (5) Anglican
  - (6) Other Protestants

(paragraph 68)
11. With regard to Ministerial posts, there shall be a competitive examination and 10 per cent. of the



Terms of Reference.—(contd.)

Recommendations.

- vacancies will be filled by successful candidates irrespective of caste or creed in the said examination in the order of merit. The remaining 90 per cent will be filled according to Recommendations 13 to 20. (paragraph 60 and 63)
12. In the case of executive posts, 10 per cent will be set apart for successful candidates in the order of merit irrespective of caste or creed whenever competitive examination is held for recruitment. The remaining 90 per cent will be filled according to Recommendations 13 to 20. (paragraph 72)
  13. Save as provided for in Recommendations 11 and 12 there should be a common formula applicable to ministerial and such of the executive posts to which communal representation has been recognised by the Committee, taking population, English and Vernacular male literacy into consideration. (paragraph 70)
  14. With regard to women, no communal representation is recognised. (paragraph 122).
  15. Three out of 32 or 6 out of 64 appointments should go to women in the order of merit. This will be in addition to what they may get under Recommendations 11 and 12. (paragraph 123)

Terms of Reference.—(contd.)

Recommendations

16. The formula referred to in Recommendation 13 is as follows:—

With a view to have an equitable distribution of appointments among males of all communities and women, out of 64 appointments (a multiple of 32 having been taken)—

- (a) The Hindus will get 36 distributed as follows:—

Brahmin (Non-Malayala)	4
Nair	12
Vellala group	2
Ezhava	9
Kammala and Nadar	3
Depressed Hindu	4
Other Hindu	2

- (b) The Christians will get 18 distributed as follows:—

Jacobite	4
Marthoma and Other Syrian	2
Roman Catholic, Latin Rite	4
Roman Catholic, Syriac Rite	5
Anglican	1
Other Protestant	2

- (c) Mussalmans will get 4

- (d) Women 6  
(paragraph 70 and 123)

Terms of Reference-(*contd.*)

## Recommendations.

17. An order of rotation giving effect to the above principle for men and women is as follows :—
1. Depressed Hindu
  2. Jacobite
  3. Ezhava
  4. Kammala and Nadar
  5. Nayar
  6. Other Protestant
  7. Woman
  8. Other Hindu
  9. Mussulman
  10. Ezhava
  11. Roman Catholic, Syriac Rite
  12. Nayar
  13. Marthoma & other Syrian
  14. Brahmin (Non-Malayala)
  15. Roman Catholic, Latin Rite
  16. Nayar
  17. Ezhava
  18. Woman
  19. Kammala and Nadar
  20. Jacobite
  21. Vellala group
  22. Nayar
  23. Depressed Hindu
  24. Ezhava
  25. Roman Catholic, Syriac Rite
  26. Mussulman
  27. Nayar
  28. Woman
  29. Brahmin (Non-Malayala)
  30. Roman Catholic, Latin Rite.
  31. Ezhava

## Terms of Reference—(contd.)

## Recommendations.

32. Nayar
33. Other Hindu
34. Jacobite
35. Other Protestant
36. Nayar
37. Roman Catholic, Syriac Rite
38. Ezhava
39. Marthoma and Other Syrian
40. Woman
41. Kammala and Nadar
42. Nayar
43. Mussalman
44. Brahmin (Non-Malayala)
45. Roman Catholic, Latin Rite
46. Ezhava
47. Nayar<sup>1</sup>
48. Depressed Hindu
49. Jacobite
50. Roman Catholic, Syriac Rite
51. Woman
52. Vellala group
53. Nayar
54. Ezhava
55. Anglican
56. Depressed Hindu
57. Mussalman
58. Nayar
59. Ezhava
60. Roman Catholic, Syriac Rite
61. Brahmin (Non-Malayala)
62. Woman
63. Roman Catholic, Latin Rite
64. Nayar  
(paragraph 73)

**Terms of Reference—(contd.)****Recommendations.**

- II. "The method of recruitment to be followed, whether it should be by competitive examination solely or partly by nomination also."
- "Subsequently modified as "The method of recruitment, whether by competitive examination or nomination or in any other manner."
18. Recruitment to ministerial posts will be by competitive examination. (Paragraph 60)
19. Recruitment to executive posts will be by competitive examination or interview or both as the selecting authority may decide. (Paragraph 72)
20. The competitive examination in either case will, except to the extent of the 10 per cent (*Vide* Recommendations 10 and 11) be an eliminative one with a view to select the best candidates in each community in accordance with the rule of communal rotation referred to above. (Paragraphs 60 and 72)

*Departments ind vidually considered.***Land Revenue Department.**

21. There should be direct recruitment to vacancies in the grade of Proverthicans, to the extent noted in Recommendation 22. (Paragraph 75)
22. Subject to the rule of communal rotation agreed to by the Committee direct recruitment of Proverthicans should be for 50 per cent of the vacancies. (Paragraph 76)
23. Minimum qualification for direct recruitment of Proverthicans should be superior to that of Accountants. (Paragraph 76)
24. The new recruits should undergo training for one year before being put in charge of a Pakuthy. (Paragraph 77)

**Terms of Reference—(contd.)****Recommendations.****Education Department.**

25. The recruitment of teachers to Vernacular and English Schools should be in accordance with the rule of communal rotation agreed to by the Committee. (Paragraphs 84 and 85.)
26. With reference to College Staff men with the best qualifications should be appointed, provided, however, if qualifications are equal, preference should be given to unrepresented communities. (Paragraph 86)
27. The representation of the various communities on the staff of the aided schools should be taken into account in fixing the proportion allotted to each community on the staff of the departmental schools. (Paragraph 91)

**Excise Department.**

28. Subject to the minimum qualification that may be prescribed by Government, 50 per cent. of the vacancies of Sub-Inspectors shall be filled by promotion and the remaining 50 per cent. by direct recruitment. Such direct recruitment shall be of graduates. The formula laid down in Recommendation 16 shall apply here also. (Paragraph 99)
29. One-third of the number of vacancies among Petty Officers should be filled by direct recruitment and the rest by promotion. The formula in Recommendation 16 will likewise apply in this case too. (Paragraph 100)

**Terms of Reference—(contd.)****Recommendations.****Public Works Department.**

30. With regard to the recruitment of Supervisors, men with the best qualifications should be appointed provided, however, that if qualifications are equal, preference should be given to unrepresented or inadequately represented communities. (Paragraph 101)
31. The same principle shall apply in the case of direct recruitment to the P. W. D. in all other grades requiring technical qualifications. (Paragraph 101)

**Medical Department.**

32. In the case of the Medical Department, direct recruitment to the grades of Sub-Assistant Surgeons, Assistant Surgeons and Deputy Surgeons shall be made of the best available candidates, provided, however, other things being equal, preference shall be given to unrepresented or inadequately represented communities. (Paragraph 102)

**Police Department.**

33. In the case of the Police Department, recruitment to the Inspectors' grade shall be made direct as well as by promotion, 25 per cent. of the vacancies being filled by promotion of deserving Head Constables and the remaining 75 per cent being reserved for graduates whether by direct recruitment or by promotion from among the graduates in the Department. ( Paragraph 104)

**Terms of Reference—(contd.)****Recommendations,****Judicial Department.**

34. The selection of Munsiffs should be from a panel of eligible candidates prepared by the High Court from the members of the Bar practising in the District Courts and the High Court, competency being the dominant consideration in the preparation of the panel. (Paragraphs 106 and 107)
35. The panel will be prepared once in three years and the number will be double the probable number of vacancies that may arise during that period. (Paragraph 108)
36. In making appointments from among the panel so prepared, preference shall be given to unrepresented or inadequately represented communities. (Paragraph 108)
37. Recruitment of Munsiffs from the Bar and from the service should be in the proportion of 3:1. (Paragraph 106)
38. Recruitment of Second Judges should be in the proportion of two from the service and one from the Bar, and District Judges should be appointed by promotion. (Paragraph 106)
39. In the case of direct recruitment from the Bar to Second Judgeships, merit shall be the criterion. But if there are more persons than



**Terms of Reference—(contd.)****Recommendations.**

one of equal merit, the representation of unrepresented communities should be taken into consideration. (Paragraph 106)

40. Recruitment of High Court Judges shall be partly from the Bar direct and partly from the service by promotion. Such direct recruitment shall be confined to persons of high character, conspicuous ability and outstanding merit. In the case of promotions there shall be an efficiency bar, the standard of efficiency to be determined by Government. (Paragraph 106)
41. One-fourth of the number of vacancies of Stationary Magistrates should be filled by direct recruitment from the Bar and three-fourths should be reserved for promotion. (Paragraph 110)

**Military Department.**

42. Recruitment to the Military Forces of the State should be thrown open to all communities. (Paragraphs 113 and 114)
43. Inasmuch as non - Nayars are not recruited to the Army, special consideration should be shown to them in the recruitment to the Forest, Police and Excise Departments. (Paragraph 115)

**Devaswom Department.**

44. No person directly recruited to the Devaswom Department should be transferred to any other Department and *vice versa*. (Paragraphs 117 and 118)

## Terms of Reference—(contd.)

## Recommendations.

## General.

45. In the case of Departments requiring technical qualifications such as Forest, Agricultural, Industries, etc., recruitment shall be made of the best available candidates, provided, however, if qualifications are equal, preference shall be given to unrepresented or inadequately represented communities. (Paragraph 111)
46. In cases of direct recruitment to the Superior Services in the Huzar and the Departments other than those already dealt with, the recruitment shall be made on the rule of communal rotation laid down in Recommendation 16 (Paragraph 112)
- III. "To what appointments the new proposals should apply." (In view of what has been stated already, the third term of reference need not be separately dealt with.)
- IV. "The need for any special concessions like exemption from age-bar in the case of Backward and Depressed communities."
47. Communities whose male literacy in English is 15 per mille or less should be regarded as "Backward and Depressed." (Paragraph 140)
48. In the case of communities defined as "Backward and Depressed" as above, age-bar for entering service should be raised to 28 (Paragraph 140)
- V. "The constitution and functions of a body analogous to the Public Service Commission for selecting persons for appointments"
49. There should be a Public Service Commission. (Paragraph 151)
50. The Public Service Commission should consist of an Official President and five members, one of whom may be a woman. (Paragraph 151)

*Functions of the Commission.*

51. The duty of the Commission shall be the selection of candidates for appointments in the various Departments of the Public Service according to the rules hereinbefore laid down, by competitive examination or otherwise. In this matter, it shall—
- (1) advise the Government in regard to the rules prescribing —
    - (a) the qualifications of candidates,
    - (b) the conditions of admission to the examination, and
    - (c) the syllabus of the examination;
  - (2) announce the number of vacancies to be filled from among the candidates for the examination;
  - (3) make all arrangements for the actual conduct of the examination;
  - (4) arrange candidates in accordance with the rules hereinbefore mentioned; and
  - (5) forward a list of the candidates, so arranged under clause (4) to the Government and to the Heads of Departments.

In the exercise of its functions under the previous rules, the Commission shall observe the rules laid down by the Government in pursuance of the Recommendations of the Committee. (Paragraph 154)

## Terms of Reference—(contd.)

## Recommendations.

*Recruitment of Women.*

52. Married women should not be debarred from entering or continuing in service. (Paragraphs 124 and 125)
53. Women shall not be disqualified on account of their sex from entering service in any department except in the executive posts of Police, Excise, Forest, P. W. D. and Military. (Paragraph 126)

*Acting Service.*

54. Confirmation of acting candidates or re-entertainment of men with acting claims shall be in accordance with the rules of communal rotation agreed to by the Committee. This rule shall not apply to those whose total acting service amounts to three years at least. (Paragraph 129)

*Standardisation of pay.*

55. It is considered necessary that there should be standardisation of the salaries of the officers in the State with a view to give equal chances to all. (Paragraphs 136 and 137)
  56. Any scheme which the Government may finally sanction on the Recommendations of the Committee will be tentative and it may be in operation for a period of seven years at the end of which it will be open to reconsideration in the light of conditions then existing. (Conclusion).
-

## CONCLUSION.

In bringing our task to a close, we desire to state that the policy of the Government has in recent times been to recognise no inequality as between the different communities in the matter of entertainment in the Public Service. In the earlier part of our Report we have indicated that for at least two decades now the Government have been evincing a great deal of earnestness and anxiety in redressing, as far as possible, legitimate grievances of the various communities in the matter of obtaining opportunities of rendering service to the State. The rapid growth of education, both vertical and lateral, and the consequent general awakening, especially among the Backward classes and the fact that the system of education pursued mostly leads those schooled under it to Government offices for work and remuneration, have naturally strengthened the above said claims in their urge for increasing recognition.

The institution of our Committee may be said to mark an advance in the policy hitherto pursued by the Government. The Government in their Proceedings have given expression to their intentions by instructing the Committee to keep in view on the one hand, the complaints of certain communities that they are not fairly represented in the Public Service and, on the other hand, the need for efficiency and the avoidance of injustice and unfairness to the other communities. We believe that throughout our deliberations we have kept the above goal steadily in view. We are conscious of the fact that the Government have referred to us for our consideration what is one of the most important and complicated questions that have been engaging the attention of Government. The problems raised for our consideration and report have been found on actual investigation to be very difficult. We have had to deal with as many claims for individual treatment as there are communities and our path was therefore beset with the clash of communal interests. The Committee may claim to have done its best at furnishing the Government with a working basis to go upon and formulate a scheme on consideration of all the materials placed before them. We have, as far as

possible, tried our best to reconcile the rights of the several communities to take part in actual administration with the paramount requirements of efficiency in the Public Service. In the very nature of the case and in the light of the arguments advanced in our discussions, we have not been able to present a completely unanimous report on all the points raised. We claim, however that, in our endeavours to formulate solutions, we have been able to reconcile different view points as far as possible. In this the hearty co-operation of all the members of the Committee and the generous give and take which characterised our attempts to arrive at workable solutions have been most helpful.

The weighty pronouncements of the officers of the Government of India and Madras, in the Legislatures and elsewhere, as well as the opinions of non-officials and the policy laid down by these Governments and that of Mysore have been invaluable guides to us in our deliberations and in the enunciation of our ideals and principles.

We have quoted in *extenso* some of the opinions of the Members of the Committee on certain points in order that their views and the reasons therefor may be clearly understood.

A word may be said about the form in which the report has been drawn up. We have had long discussions on every one of the points raised in all their aspects. As it was desirable to compress the discussions and concentrate attention on essentials, we embodied our proposals in the form of resolutions, the views of the members being briefly recorded thereunder.

We are of opinion that any scheme which the Government may finally sanction on our recommendations can only be tentative and we would recommend that it may be in operation for a period of seven years at the end of which it may be open to re-consideration in the light of the conditions then existing. We

also wish that the scheme may be brought into operation at an early date.

V. Subba Iyer, Chairman.  
 N. Kunjan Pillai.  
 C. O. Madhavan.  
 J. S. Westerdale. (Subject to a note)  
 E. G. McAlpine.  
 E. K. Janaki Ammal.  
 M. Govindan.  
 T. A. Thomas.  
 A. Thanu Pillai. (Subject to a dissenting  
 note)

Thariathu Kunjithommen.  
 P. S. Mohamed.  
 K. Narayanaperumal Nadar (Subject to a  
 minute).

We have affixed our signatures subject to our dissent in respect of resolutions carried in spite of our opposition and subject to our objection regarding the arguments appearing in the Report against the spirit of some of the resolutions.

M. Govindan.  
 P. S. Mohamed.  
 Thariathu Kunjithommen.  
 T. A. Thomas.  
 E. G. McAlpine.

Subject to my disagreement with the arguments in the report against the spirit of some of the resolutions passed by the Committee and also subject to the dissenting note which I may append.

Trivandrum,  
 16th September 1933.

C. O. Madhavan.

## APPENDIX I.

**Proceedings of the Government of His Highness the  
Maharaja of Travancore.**

Order R.O. C. No. 7159 of 31/General, dated Trivandrum,  
22nd December, 1931.

The question of recruitment to the Public Service has long been the subject of persistent agitation in Travancore. It comes up again and again in the Legislative Council and the Sri Mulam Popular Assembly. There is a complaint made on behalf of certain communities that the claims of members of such communities are not adequately recognised by the appointing authorities. The question of placing the system of recruitment on a definite basis is one requiring early solution. This will, it is believed, to great extent reduce communal discord in the State. At a recent session of the Legislative Council, the Dewan promised to take up the question early. The Government accordingly resolve to appoint a Committee consisting of officials and non-officials to consider this question. The Committee will consider and report on the following matters :

(1) The principles to be observed in the matter of recruitment to the public services keeping in view, on the one hand the complaint of certain communities that they are not fairly represented in the public service and, on the other hand, the need for maintaining efficiency and for avoiding injustice and unfairness to the other communities.

(2) The method of recruitment to be followed, whether it should be by competitive examination solely or partly by nomination also.

(3) To what appointments the new proposals should apply.



(4) The need for any special concessions, like exemption from age-bar, in the case of backward and depressed communities.

(5) The constitution and functions of a body analogous to the Public Service Commission, for selecting persons for appointment.

(By order)

K. GEORGE,

*Chief Secretary to Government.*

## APPENDIX II.

## QUESTIONNAIRE

*Issued by*THE TRAVANCORE PUBLIC SERVICE RECRUITMENT  
COMMITTEE.

*N. B.*—The answers should reach the Secretary to the Committee at the Secretariat Buildings, Trivandrum, not later than the 15th November 1932/30th Thulam 1108.

1. (a) Do you think that the principle of communal representation should be recognised in the matter of recruitment to the Public Service?

(b) Government have classified communities for the purpose of recruitment as follows:—

## I. Hindu.

1. Brahmin (Malayala)
2. Do. (Others)
3. Ezhava
4. Kammala
5. Kshatriya (Malayala)
6. Nadar
7. Nayar
8. Pulaya
9. Vellala
10. Other Depressed Classes
11. Other Hindus.

## II. Mussalman.

## III. Christian.

1. Protestant
2. Roman Catholics:
  - (a) Latin rite
  - (b) Syriac rite
3. Syrians:
  - (a) Jacobite
  - (b) Mar Thoma
4. Church of England.

## IV. Others.

Do you accept the above classification? If not, what classification will you propose? What is the basis for such classification? What should be the minimum strength of a community to entitle it for separate recognition for the purpose of representation? What provision will you make for communities numbering below the minimum strength?

2. (a) Will you limit the application of the principle of communal representation either to the Inferior Service or to the Superior Service, or apply it to both wholly or partly?

*Note.* T. S. R. Article 252 :—Inferior Service includes all service in the following appointments unless declared by the Government to be Superior :—

(a) Service as peons, head peons, attenders, mochies, daffadars, and all other menial service.

(b) Service in posts the pay or maximum pay of which does not exceed Rs. 15.

All other service is Superior.

*Note.* Service in the following appointments has been declared to be Superior.

(i) School masters and all officers doing clerical work, whatever their pay.

(ii) Police constables, Jail warders, Excise peons and Forest guards on pay not less than Rs. 12 per mensem.

(iii) Attenders in Bhakthivilas.

(b) If the principle of communal representation be accepted, will you make any exception in the case of some departments as a whole, or some appointments in some departments? If so, what are they?

3. If the principle of communal representation be accepted, on what basis should the recruitment be made? Is it on the basis of population, or on the number of literates of the community, or on the number possessing the requisite qualification, or on any other basis?

4. If the principle of communal representation be accepted should the existing representation be taken into consideration in determining the proportion for future recruitment? If so, how?

5. (a) How do you propose to test the efficiency of a candidate? Will you, for this purpose, favour competitive examination as a test in addition to general qualifications?

(b) Is it necessary to reserve any proportion of vacancies for nomination?

6. If the principle of communal representation be accepted, are you for a competitive examination among the eligible candidates of a particular community?

7. Do you advocate direct recruitment to any special grade in any of the departments of service, and if so, how?

8. Are you for the creation of a Public Service Commission in Travancore? If so, on what principle should it be constituted? What should be the functions of such a body?

9. Is any special concession necessary in the matter of age-bar, with reference to depressed and Backward Communities? Is any other concession necessary in the case of such communities, and if so, what?

10. In the case of women, in what departments should they be represented and in what proportion?

11. Will you make any distinction between married and unmarried women, in the matter of recruitment to the public service?

12. Is there any other suggestion that you would offer on the subject of Recruitment to the Public Service?

## APPENDIX III.

<i>Communities.</i>	<i>No. of answers received.</i>
1. Brahmin (Malayala)	... 4
2. Brahmin (Non-Malayala)	... 55
3. Ezhava	... 39
4. Kammala	... 7
5. Kshatriya	... 3
6. Nadar	... 6
7. Nayar	... 75
8. Depressed class	... 11
9. Vellala	... 17
10. Veerasaiva	... 7
11. Hindu (Others)	... 13
12. Mussalman	... 12
13. Roman Catholic (Latin Rite)	... 13
14. Roman Catholic (Syriac Rite)	... 29
15. Protestant	... 11
16. Syrian Jacobite	... 23
17. Mar Thoma	... 14
18. Church of England	... 10
19. European	... 6
Total	... 355

---

APPENDIX IV.

*Communal Statement of employees on the Superior Service in the  
Major Departments of the State as on 1st Chingom 1108.*

---

## APPENDIX

## Communal Statement of employees on the Superior Service in the

Communities.	Haver Catcherry.					Account Office.				
	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.
<b>I. HINDU</b>										
1. Brahmin (Malayala)	..	..	..	..	..	..	1	..	..	..
2. Brahmin (Others)	18	31	8	2	..	23	13	8	3	..
3. Eshava	3	5	..	..	..	2	..	..	..	..
4. Kamala	..	..	..	..	..	2	..	..	..	..
5. Kshetriya (Malayala)	..	3	..	..	..	1	..	..	..	..
6. Nadar	1	..	..	..	..	1	..	..	..	..
7. Nayar	17	23	2	3	..	21	15	1	2	1
8. Pulaya	..	..	..	..	..	..	..	..	..	..
9. Vellala	6	7	3	..	..	6	6	..	..	..
10. Other depressed classes	..	..	..	..	..	2	..	..	..	..
11. Other Hindus	..	4	..	..	..	1	4	1	..	..
<b>II. MUSLIMAN</b>										
	3	2	..	..	..	1	1	..	..	..
<b>III. CHRISTIAN</b>										
1. Protestant	..	4	..	..	..	3	1	3	..	..
2. Roman catholic	..	..	..	..	..	..	3	1	..	..
(a) Latin Rite	..	2	..	1	..	..	1	..	..	..
(b) Syrian rite	..	..	..	..	..	..	..	..	..	..
3. Syrians	..	5	..	1	..	2	3	..	..	..
(a) Jacobite	..	..	..	..	..	..	..	..	..	..
(b) Mar Thoma	..	2	..	..	..	2	3	1	1	..
4. Church of England	..	..	1	1	1	..	..	..	..	..
<b>IV OTHERS</b>										
	..	..	..	..	..	..	..	..	..	..
Total	48	91	14	8	1	68	51	15	6	1

IV.

Major Departments of the State as on 1st Chingom 1108.

Anchal.					Agriculture and Fisheries.					Co-operative.				
Up to Rs. 50	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.
4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
64	5	2	..	..	11	9	4	..	..	4	4	..	..	..
14	..	..	..	..	4	1	..	1	..	1	1	..	..	..
1	..	..	..	..	3	..	..	..	..	..	..	..	..	..
1	..	..	..	..	..	..	..	..	..	..	1	..	..	..
98	1	..	..	..	46	10	9	1	1	5	10	2	1	..
38	3	..	..	..	4	2	1	..	..	2	5	..	..	..
1	..	..	..	..	11	..	..	..	..	..	..	..	..	..
10	2	..	..	..	1	1	1	..	..	3	..	..	..	..
4	1	..	..	..	1	..	..	..	..	..	2	..	..	..
8	1	..	..	..	1	1	..	..	..	..	3	..	..	..
5	..	..	..	..	1	1	..	..	..	..	1	..	..	..
2	..	..	..	..	..	..	..	..	..	..	1	..	..	..
25	..	..	1	..	5	..	3	..	..	..	..	..	..	..
26	2	..	..	..	4	..	1	..	..	..	2	..	..	..
..	..	..	..	..	1	..	..	..	..	..	..	..	..	..
2	..	..	..	..	..	..	..	..	..	..	..	..	..	..
303	15	2	1	..	93	20	19	2	1	15	30	2	1	..



## APPENDIX

Communal Statement of employees on the Superior Service in the

Communities-	Education.					Excise.				
	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.
<b>I. HINDU</b>										
1. Brahmin Malayala	48	3	3	..	..	..	..	..	..	..
2. Brahmin (Others)	969	36	144	22	10	72	8	5	3	..
3. Ezhava	315	1	3	..	..	22	3	2	..	1
4. Kammala	52	1	2	..	..	3	..	..	..	..
5. Kshatriya (Malayala)	24	..	2	1	..	..	..	..	..	..
6. Nadar	29	..	..	..	..	4	..	..	..	..
7. Nayar	3694	17	42	9	1	450	25	4	5	..
8. Pulaya	15	..	..	..	..	1	..	..	..	..
9. Vellala	195	3	5	..	..	58	4	2	..	..
10. Other depressed classes	9	..	..	..	..	1	..	..	..	..
11. Other Hindus	323	..	11	2	..	33	1	..	1	..
<b>II. MUSSALMAN</b>										
	157	..	2	..	..	30	1	..	1	..
<b>III. CHRISTIAN</b>										
1. Protestant	239	11	25	3	2	15	4	1	..	..
2. Roman Catholic	100	3	9	3	1	29	2	..	..	..
(a) Latin rite	188	..	7	1	..	19	1	..	..	..
(b) Syriac rite	..	..	..	..	..	..	..	..	..	..
3. Syrians	535	1	24	1	..	21	1	..	..	..
(a) Jacobite	447	7	29	..	..	28	..	1	..	..
(b) Mar Thoma	30	2	6	2	..	15	..	1	..	..
4. Church of England	..	..	..	..	..	..	..	..	..	..
<b>IV. OTHERS</b>										
	42	..	..	..	..	..	..	..	..	..
Total	7411	85	314	44	14	796	80	16	10	1

## IV—(contd.)

Major Departments of the State as on 1st Chingom 1108.

Forest.					Industries.					Land Revenue.				
Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.
..	..	..	..	..	..	..	..	..	..	5	1	..	..	..
48	10	8	1	..	5	6	2	1	..	171	25	18	3	1
5	1	..	..	..	18	..	..	..	..	30	2	3	..	..
1	..	..	..	..	..	..	..	..	..	6	..	..	..	..
4	3	..	..	..	..	..	..	..	..	3	..	..	..	..
1	..	..	..	..	..	..	..	..	..	11	..	..	..	..
189	8	2	3	..	10	1	4	2	..	969	31	11	4	1
28	..	1	..	1	5	1	..	..	..	99	7	1	..	1
1	..	..	..	..	..	..	..	..	..	..	..	..	..	..
5	..	..	..	..	8	1	..	..	..	47	4	..	..	..
8	..	..	..	..	..	1	..	..	..	12	..	1	..	..
14	3	1	1	..	2	2	1	1	..	11	2	3	2	..
7	3	1	..	..	7	..	..	..	..	4	1	..	..	..
2	..	..	..	..	1	..	..	..	..	8	2	..	..	..
33	3	..	..	..	..	1	3	1	..	65	4	..	..	..
22	1	..	1	..	4	..	2	..	..	20	4	3	1	..
..	..	..	..	..	..	..	..	..	..	2	1	..	..	2
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
368	32	8	6	1	60	13	11	5	..	1463	84	39	10	5

## APPENDIX

Communal Statement of employees on the Superior Service in the

Communities.	Medical.					Public works.				
	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.
<b>I HINDU</b>										
1. Brahmin (Malayala)	1	..	..	..	..	3	..	..	..	..
2. Brahmin (Others)	24	12	3	4	..	102	28	22	6	3
3. Ezhava	18	7	1	1	..	10	1	1	..	..
4. Kammala	1	..	..	..	..	3	1	..	..	..
5. Kahariya (Malayala)	..	..	..	1	..	3	2	..	1	..
6. Nadar	..	..	..	..	..	1	..	..	..	..
7. Nayar	63	27	10	2	2	101	18	17	4	2
8. Palaya	..	..	..	..	..	..	..	..	..	..
9. Vellala	16	7	..	1	..	20	3	3	..	..
10. Other depressed classes	3	2	..	..	..	2	..	..	..	..
11. Other Hindus	19	3	2	..	..	10	1	3	..	..
<b>II MUSSALMAN</b>										
	1	..	..	..	..	9	..	1	..	..
<b>III CHRISTIAN</b>										
1. Protestant	43	7	5	4	..	6	2	3	1	2
2. Roman Catholic	48	6	3	1	..	19	3	1	..	..
(a) Latin Rite	3	2	1	1	..	5	..	..	1	..
(b) Syriac Rite	..	..	..	..	..	..	..	..	..	..
3. Syrians	16	13	4	1	1	22	6	2	1	..
(a) Jacobite	27	7	4	1	..	18	..	7	3	..
(b) Mar Thoma	..	3	4	4	..	6	..	..	..	1
4. Church of England	..	..	..	..	..	..	..	..	..	..
<b>IV OTHERS</b>										
	..	..	..	..	..	..	..	..	..	..
<b>Total</b>	<b>283</b>	<b>96</b>	<b>37</b>	<b>21</b>	<b>3</b>	<b>336</b>	<b>65</b>	<b>50</b>	<b>17</b>	<b>8</b>

IV—(contd.)

Major Departments of the State as on 1st Chingom 1108.

Sanitary.					Survey.					Registration.				
Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.
..	..	..	..	..	..	..	..	..	..	7	1	..	..	..
25	5	..	..	..	18	5	..	..	..	56	14	..	..	..
3	..	..	..	..	..	..	..	..	..	30	4	..	..	..
2	..	..	..	..	2	..	..	..	..	4	..	..	..	..
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1	..	..	..	..	..	..	..	..	..	8	9	..	..	..
74	1	..	1	..	27	..	..	..	..	224	20	2	1	..
1	..	..	..	..	8	1	..	..	..	16	..	1	..	..
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
20	..	..	..	..	..	..	..	..	..	6	..	..	..	..
..	..	..	..	..	..	..	..	..	..	18	3	..	..	..
3	..	..	..	..	2	..	..	..	..	19	1	..	..	..
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
2	2	..	..	..	..	1	..	..	..	9	2	..	..	..
2	..	..	..	..	1	..	..	..	..	12	..	..	..	..
1	..	..	..	..	..	..	..	..	..	4	3	..	..	..
8	1	..	..	..	1	1	..	..	..	28	11	..	..	..
23	1	..	..	..	1	..	..	..	..	28	5	..	..	..
7	..	..	1	..	..	..	..	..	..	..	4	..	..	..
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
172	10	..	2	..	56	8	..	2	..	468	77	8	1	..

## APPENDIX IV.—(contd.)

Communal Statement of employees on the Superior Service in the Major Departments of the State as on 1st Chh. gom 1108.

Communities.	Police.					Judicial.					Total.
	Up to Rs. 50	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	Up to Rs. 50.	Up to Rs. 100.	Up to Rs. 200.	Up to Rs. 500.	Above Rs. 500.	
<b>I. HINDU</b>											
1. Brahmin (Malayala)	1	1	..	..	..	2	..	..	..	..	81
2. Brahmin (Others)	34	15	9	1	..	284	10	5	11	2	2464
3. Ezhava	40	6	2	..	..	32	..	1	..	1	597
4. Kammala	14	..	..	..	..	9	..	..	..	..	107
5. Kshatriya (Malayala)	2	..	..	1	..	8	..	..	1	..	80
6. Nadar	5	1	..	..	..	4	..	..	..	..	55
7. Nayar	1089	17	7	4	..	492	5	6	13	4	7986
8. Pulaya	..	..	..	..	..	..	..	..	..	..	16
9. Vellala	38	5	1	1	..	66	..	..	1	..	670
10. Other depressed classes	22	..	..	1	..	16	..	..	..	..	77
11. Other Hindus	51	3	..	..	..	53	1	..	4	..	657
<b>II. MUSALMAN</b>	39	2	1	..	..	23	..	..	1	..	327
<b>III. CHRISTIAN</b>											
1. Protestant	11	..	1	1	..	24	..	1	2	..	496
2. Roman Catholic	16	4	1	..	..	15	1	1	..	..	320
(a) Latin Rite	11	2	..	..	..	20	1	..	..	2	291
(b) Syriac Rite	47	2	1	..	..	79	..	..	2	..	984
3. Syrians	18	1	1	..	..	53	..	..	3	1	811
(a) Jacobite	..	8	..	..	..	12	..	..	2	1	114
(b) Mar Thoma	..	..	..	..	..	..	..	..	..	..	..
4. Church of England.	..	..	..	..	..	..	..	..	..	..	..
<b>IV. OTHERS</b>	..	..	..	..	..	..	..	..	..	..	45
<b>Total</b>	283	96	37	50	1	18	14	40	11	16179	

---

---

APPENDIX V.

*Annual Statement of Employees in the Interior Service in  
the Major Departments of the State as on the 1st of January, 1908.*

---

---

## APPENDIX

*Communal Statement of Employees in the Interior Service in*

Communities.	Huzar Cutchery.	Account Office.	Agriculture and Fisheries.	Amchal.	Co-operative.	Education.	Excise.
<b>I. HINDU.</b>							
1. Brahmin (Malayala)	..	..	..	..	..	..	1
2. Brahmin (Others)	16	4	2	27	1	17	25
3. Ezhava	3	1	2	19	..	19	48
4. Kammala	2	..	..	..	..	2	2
5. Kshatriya (Malayala)	1	1	..	..	..	..	..
6. Nadar	1	..	2	4	..	3	5
7. Nayar	141	28	88	585	31	298	658
8. Pulaya	..	..	1	6	..	1	2
9. Vellala	1	1	4	57	..	13	82
10. Other depressed classes	..	4	1	17	..	..	19
11. Other Hindus	1	..	3	51	2	24	60
<b>II. MUSSALMAN</b>	6	2	2	8	1	35	31
<b>III. CHRISTIAN</b>							
1. Protestant	10	1	..	10	1	9	15
2. Roman Catholic	..	1	6	6	..	11	13
(a) Latin Rite	..	..	1	15	..	14	25
(b) Syriac Rite	..	..	..	..	..	..	..
3. Syrians	..	1	..	51	..	35	25
(a) Jacobite	..	..	4	24	..	15	16
(b) Mar Thoma	..	..	..	1	..	1	7
4. Church of England	..	..	..	..	..	..	..
<b>IV. OTHERS</b>	..	..	..	8	..	1	..
<b>Total</b>	182	44	111	884	36	496	1044

V.

*the Major Departments of the State as on the 1st Chingmo 1108.*

Forest.	Industries.	Land Revenue.	Medical.	Public Works.	Sanitary.	Registration.	Police.	Judicial.	Survey.	Total.	Remarks.
	..	..	..	1	..	..	..	..	..	3	
4	1	36	3	3	..	2	7	105	2	255	
4	3	3	23	8	..	..	86	26	..	260	
..	..	1	5	1	..	..	3	4	..	20	
1	..	1	..	1	1	..	..	1	..	7	
3	1	1	2	1	..	..	9	7	..	39	
139	20	1212	202	131	18	185	325	867	22	4906	
..	..	4	23	..	..	..	7	2	..	46	
19	2	73	5	7	..	1	33	47	..	345	
1	..	7	10	..	..	4	72	12	..	147	
2	4	48	25	10	3	2	59	33	..	332	
4	4	22	7	13	1	2	58	34	1	231	
2	..	5	38	3	..	..	32	17	..	143	
1	4	..	68	5	1	..	12	9	..	137	
4	..	12	18	1	1	..	19	28	..	136	
11	..	37	24	5	5	20	53	78	..	345	
..	..	10	8	1	2	10	19	28	..	137	
..	..	1	3	..	..	1	2	2	..	18	
..	..	..	..	..	..	..	3	..	..	7	
196	39	1478	474	191	32	177	800	1305	25	7514	



APPENDIX VI.

V

2011 moqidd' lat sll as ar dnd' sll by zhrontogd' ramb' sll

*Rotation for Inferior Service.*

1. Nayar	30. Depressed Hindu
2. Other Protestant	31. Roman Catholic, Syriac Rite
3. Ezhava	32. Nayar
4. Anglican	33. Kammala and Nadar
5. Depressed Hindu	34. Ezhava
6. Brahmin (Non-Malayala)	35. Jacobite
7. Jacobite	36. Roman Catholic, Latin Rite
8. Kammala and Nadar	37. Other Hindu
9. Nayar	38. Nayar
10. Roman Catholic, Syriac Rite	39. Ezhava
11. Ezhava	40. Depressed Hindu
12. Roman Catholic, Latin Rite	41. Roman Catholic, Syriac Rite
13. Mussalman	42. Mussalman
14. Depressed Hindu	43. Kammala and Nadar
15. Nayar	44. Nayar
16. Ezhava	45. Ezhava
17. Vellala group	46. Other Protestant
18. Jacobite	47. Marthoma and Other Syrian
19. Other Hindu	48. Depressed Hindu
20. Nayar	49. Nayar
21. Kammala and Nadar	50. Ezhava
22. Ezhava	51. Jacobite
23. Roman Catholic, Syriac Rite	52. Roman Catholic, Latin Rite
24. Depressed Hindu	53. Kammala and Nadar
25. Roman Catholic, Latin Rite	54. Roman Catholic, Syriac Rite
26. Nayar	55. Nayar
27. Ezhava	56. Ezhava
28. Other Protestant	57. Depressed Hindu
29. Mussalman	58. Mussalman

---

---

APPENDIX VII.

*Communal Statement showing the trend of the answers  
received in respect of the Questionnaire.*

---

---

## APPENDIX

Communal Statement showing the trend of the answers

	Question No.	I (a)			(b)		II (a)		II (b)		III
		Affirmative	Negative	Modified	Accepted wholly	Modified	To be applied to both wholly	Do, partly	Exceptions	No exceptions	
1	Brahmin (Malayala)	2	.	2	1	3	2	3	1	2	
2	Do. (Non-Malayala)	2	21	25	4	40	13	32	36	4	3
3	Ezhava	34	1	..	8	27	34	..	3	32	32
4	Kammala	7	..	..	..	5	2	2	..	4	5
5	Kshatriya	..	2	1	..	3	..	1	1	1	1
6	Nadar	5	..	..	2	3	5	..	1	3	6
7	Nayar	14	30	31	7	61	33	24	47	7	..
8	Depressed class	9	..	..	3	6	5	..	..	5	7
9	Vellala	16	..	1	2	10	12	1	4	10	6
10	Virasaiva	7	..	..	..	5	4	3	3	3	6
11	Miscellaneous Communities	10	..	2	..	12	8	..	3	5	5
12	Mussalman	12	..	..	6	5	12	..	..	11	10
13	Protestant	11	..	..	2	9	11	..	4	7	7
14	Roman Catholic (Latin Rite)	12	1	..	4	9	12	..	..	17	10
15	Do. (Syriac Rite)	28	..	..	6	18	28	..	8	20	27
16	Syrian Jacobite	21	..	1	11	9	22	1	13	10	21
17	Do. Mar Thoma	5	3	6	4	9	9	3	7	6	9
18	Church of England	9	..	..	4	5	5	4	7	3	8
19	European	3	..	2	4	..	2	..	2	3	3
	Total	207	58	71	58	239	209	73	142	147	168

\*Out of the total number of answers, viz, 355, 13 were received too late to be

## VII.

received in respect of the Questionnaire.

	IV	V a.	V b.	VI.	VII.	VIII	IX.	X.									
Other basis.	Existing representa- tion to be considered	Favourable to com- petitive examination	Against Do.	For nomination.	Against Do.	For a competitive examination among candidates of a parti- cular community.	Do.	Against.	For direct recruitment.	Against.	For a Finite service commission.	Against a F. S. C.	For concession.	Against.	Married and un- married to be distinguished.	Do. not to be distinguished.	Total.
1	4	4	3	1	2	2	3	1	4	4	4	4	4	2	2	4	4
32	8	25	43	4	20	25	21	15	37	12	29	23	20	27	18	31	51
2	30	5	3	32	12	23	9	26	34	1	14	21	54	6	29	35	35
...	5	2	3	1	4	5	...	4	...	4	1	5	...	...	5	7	7
...	1	2	1	1	2	...	1	3	...	3	...	2	1	1	2	3	3
...	3	3	3	2	2	4	1	5	...	5	...	6	...	3	3	6	6
40	18	33	48	21	26	30	36	16	48	13	53	13	40	23	26	30	75
...	2	2	3	4	6	...	3	5	4	...	7	...	8	...	...	3	9
7	9	1	1	15	6	7	9	5	8	6	14	2	9	...	6	7	17
...	5	1	1	5	2	3	4	3	1	...	4	3	5	...	...	6	7
3	7	2	7	6	4	7	4	7	1	9	1	11	...	2	8	12	12
...	12	4	8	6	2	8	4	8	8	2	11	...	4	7	12	12	12
4	10	1	1	10	5	6	9	2	9	2	11	...	10	1	3	8	11
2	11	...	13	3	9	4	4	8	12	...	6	5	11	...	4	8	13
...	26	1	1	25	3	25	9	19	26	...	7	19	27	...	3	23	28
1	18	3	8	14	8	14	10	13	15	5	17	5	16	7	6	16	23
3	10	2	7	6	8	3	10	1	10	...	9	4	8	2	8	3	14
2	7	2	9	...	8	1	7	1	7	2	10	...	7	2	5	3	10
1	3	1	3	1	...	3	3	...	3	1	4	...	1	3	1	3	5
96	189	77	143	171	126	164	160	126	244	44	218	99	235	66	98	137	342

analysed and classified in this statement.

APPENDIX VIII (a).

Statement showing the population and male ENGLISH literacy of the HINDUS arranged in groups and the average percentage of each group based on both population and male English literacy.

Community.	Male population.	Male literates in English.	Percentage as per population.	Percentage as per literacy.	Average.
I. Brahmin (Non-Malaysia)	37,333	7,765	1.7	21.5	11.6
II. Nayar	4,31,154	15,311	27.5	42.3	84.9
III. Vellala Group	49,926	4,094	8.2	11.3	7.2
IV. Ezhava	4,32,906	4,137	27.5	11.4	19.5
V. Kammala and Nadar	2,24,422	1,168	14.3	3.2	8.8
VI. Depressed Hindu	3,12,509	474	20.0	1.3	10.6
VII. Other Hindu	89,785	3,249	5.7	9.0	7.4
Total	15,67,955	36,199	100	100	100

III. Includes Vellala, Brahmin (Malaysia), Kshatriya, Ambalavasi, Nayachu, Moothathu, and Samanthan.

VI. Includes Adhi Dravidian, Alavan, Arayan, Bayari, Bharathar, Chackravar, Chakkilian, Chavakkaran, Elavathi, Kanikkaran, Kattikaran, Kavathi, Keralamuthali, Malankudi, Medara, Marakkan, Malayarayan, Malarelli, Malapandaram, Malapulayan, Mannan, Muthuvai, Nayadi, Nattayan, Pallyan, Pallan, Pulayadu, Parayan, Paravan, Pulluvan, Velan, Kudumi, Thantán, Kuravan, Ullatan, Velan, Velan, Thantapulayan, Vannan, Veluchedan, Varnavar, Vettakkaran and Vettuvan.

VII. Includes Ampattan, Chayakkaran, Chetti, Ijavanian, Kakkolan, Kaniyan, Krishnavogal, Maravan, Muthali ar, Nayado, Pannan, Panikkan, Reddi, Soursathar, Thondaman, Vanyyan, Velan, Velakkthala, Veera Saiva and Yadhavan.

APPENDIX VIII (b).

Statement showing the population and male *ENGLISH* literacy of the *CHRISTIANS* arranged in groups and the average percentage of each group based on both population and male English literacy.

Community.	Male population.	Male literates in English.	Percentage as per population.	Percentage as per literacy.	Average.
I. Jacobite	1,71,593	6,476	21.5	23.5	22.5
II. Mar Thoma and other Syrian	72,685	4,874	8.7	17.5	13.1
III. Roman Catholic (Syriac Rite)	2,28,426	6,181	28.0	22.2	25.1
IV. Roman Catholic (Latin Rite)	1,81,423	4,884	22.0	17.7	19.9
V. Anglican	44,314	2,363	5.4	8.5	6.9
VI. Other Protestant	1,16,392	2,941	11.4	10.6	12.5
Total	8,14,883	27,669	100	100	100

**APPENDIX VIII (c)**

*Statement showing the population and male GENERAL literacy of the HINDUS arranged in groups and the average percentage of each group based on both population and male General literacy.*

Community.	Male population.	General male literates.	Percentage as per population.	Percentage as per literacy.	Average.
I. Brahmin (Non-Malayala)	27,233	17,946	1.7	3.6	2.66
II. Nayar	4,31,154	2,08,128	27.5	41.7	34.39
III. Vellala Group	49,996	25,202	3.2	5.0	4.10
IV. Ezhava	4,32,906	1,48,795	27.6	28.7	28.15
V. Kammala and Nadar	2,24,422	53,800	14.3	10.7	12.49
VI. Depressed Hindu	3,12,509	26,564	20.0	5.2	12.60
VII. Other Hindu	89,735	25,396	5.7	5.1	5.40
Total	15,67,955	5,00,831	100	100	100

III. Includes Vellala, Brahmin (Non-Malayala), Kshatriya, Ambalavasi, Ilayathu, Moothathu and Samanthan.

VI. Includes Adhi Dravidan, Alavan, Arayan, Bavuri, Bharathar, Chackravar, Chakkilian, Chavakkaran, Elavathi, Kanikkaran, Kathikaran, Kavathi, Kerslamuthali, Malankadi, Madara, Marakkan, Malayarayan, Malaurali, Malapandaram, Malapulayan, Mannan, Muthuvan, Nayadi, Nulayan, Paliyan, Pallan, Palayan, Parayan, Paravan, Pulluvan, Valan, Kudumi, Thantun, Kuravan, Ullatan, Velan, Vetan, Thantapulayan, Vannan, Veluchedan, Varnavar, Vettakkaran and Vettuvau.

VII. Includes Ampattan, Chayakkaran, Chetti, Iyavanian, Kalkolan, Kaniyan, Krishnavagai, Maravan, Muthaliyar, Nuyadu, Panan, Pamkkan, Beddi, Sourashtra, Thondaman, Vaniyan, Velu, Velakkizhala, Veera Saiva and Yadhavan.

APPENDIX VIII (d)

*Statement showing the population and male GENERAL literacy of the CHRISTIANS arranged in groups and the average percentage of each group based on both population and male General literacy.*

Community.	Male population.	General male literacy.	Percentage as per population.	Percentage as per literacy.	Average
I. Jacobite	1,71,593	81,946	21.5	26.6	24.05
II. Mar Thoma and other Syrian	72,685	40,094	3.7	13.0	10.85
III. Roman Catholics (Syriac Rite)	2,28,426	1,00,527	28.0	32.5	30.25
IV. Do. (Latin Rite)	1,81,423	41,407	22.0	13.4	17.70
V. Anglican	44,314	14,622	5.4	4.7	5.05
VI. Other Protestant	1,16,392	30,134	14.4	9.8	12.10
Total	8,14,833	27,669	100	100	100



## APPENDIX IX.

*Rotation for Superior Service.*

1. Depressed Hindu	35. Other Protestant
2. Jacobite	36. Nayar
3. Ezhava	37. Roman Catholic, Syriac Rite
4. Kammala and Nadar	38. Ezhava
5. Nayar	39. Mar Thoma and other Syrian
6. Other Protestant	40. Woman
7. Woman	41. Kammala and Nadar
8. Other Hindu	42. Nayar
9. Mussalman	43. Mussalman
10. Ezhava	44. Brahmin (Non-Malayala)
11. Roman Catholic, Syriac Rite	45. Roman Catholic, Latin Rite
12. Nayar	46. Ezhava
13. Mar Thoma and other Syrian	47. Nayar
14. Brahmin (Non-Malayala)	48. Depressed Hindu
15. Roman Catholic, Latin Rite	49. Jacobite
16. Nayar	50. Roman Catholic, Syriac Rite
17. Ezhava	51. Woman
18. Woman	52. Vellala group
19. Kammala and Nadar	53. Nayar
20. Jacobite	54. Ezhava
21. Vellala group	55. Anglican
22. Nayar	56. Depressed Hindu
23. Depressed Hindu	57. Mussalman
24. Ezhava	58. Nayar
25. Roman Catholic, Syriac Rite	59. Ezhava
26. Mussalman	60. Roman Catholic, Syriac Rite
27. Nayar	61. Brahmin (Non-Malayala)
28. Woman	62. Woman
29. Brahmin (Non-Malayala)	63. Roman Catholic, Latin Rite
30. Roman Catholic, Latin Rite	64. Nayar
31. Ezhava	
32. Nayar	
33. Other Hindu	
34. Jacobite	

## APPENDIX X.

*Communal statement of Accountants, Proverthiars, Revenue Supervisors, Deputy Tahsildars and Tahsildars in the Land Revenue Department as on 19-12-1108.*

Communities.	Accountants.	Proverthiars.	Revenue Supervisors.	Deputy Tahsildars.	Tahsildars.
<b>I. HINDU.</b>					
Brahmin (Malayala)	1	1	..	..	...
Brahmin (Non Malayala)	28	29	10	10	7
Ezbava	19	3	8	2	2
Kammala	1	1	..	...	...
Kshatriya	..	2	..	...	...
Madar	6	...	..	...	...
Nayar	404	302	8	11	10
Pulaya	1	..	..	...	...
Vellala	34	42	1	3	1
Other Depressed Class	..	..	..	...	...
Other Hindu	25	14	..	1	...
<b>II. MUSSALMAN.</b>					
	3	1	1	..	1
<b>III. CHRISTIAN</b>					
Protestant	7	..	1	1	2
Roman Catholic					
1. Latin rite	1	..	..	...	2
2. Syriac Rite	4	2	..	1	1
Syrian					
1. Jacobite	99	4	2	..	1
2. Mar Thoma	10	3	2	1	3
Church of England	..	..	..	...	...
<b>IV. OTHERS</b>					
	..	..	..	..	..
Total	575*	405†	28	30	30

\* 2 posts vacant.

† 1 post vacant.

## APPENDIX XI.

*Communal Statement of Teachers and of Assistant Inspectors of Vernacular Schools for Boys as on 30-10-1108.*

Communities.	Teachers.	Assistant Inspectors.
1. HINDU		
Brahmin (Malayala) ...	53	...
Brahmin (Others) ...	699	5
Ezhava ...	231	...
Kammala ...	34	...
Kahatriya ...	16	...
Nadar ...	38	...
Nayar ...	2994	7
Pulaya ...	14	...
Vallala ...	174	1
Other Depressed Class ...	24	...
Other Hindu ...	252	...
II. MUSSALMAN.	198	...
III. CHRISTIAN.		
Protestant ...	91	...
Roman Catholic		
1. Latin Rite ...	79	...
2. Syriac Rite ...	120	...
Syrian		
1. Jacobite ...	365	2
2. Mar Thoma ...	321	6
Church of England ...	8	...
IV. OTHERS ...	8	...
Total ...	5719*	21

\* Substitute 5719 for 5740 in line 3 at page 47.

## APPENDIX XII.

*Communal Statement of Teachers and of Assistant Inspectors of English Schools for Boys as on 30-10-1108.*

	Teachers.	Assistant Inspectors.
I. HINDU		
Brahmin (Malayala)	...	...
Brahmin (Non-Malayala)	321	1
Ezhava	8	...
Kammala	5	...
Kahatriya	7	...
Nadar	1	...
Nayar	88	1
Pulaya	...	...
Vellala	18	...
Other Depressed Class	...	...
Other Hindu	19	...
II. MUSSALMAN	16	...
III. CHRISTIAN		
Protestant	22	...
Roman Catholic		
1. Latin Rite	3	...
2. Syriac Rite	5	...
Syrian		
1. Jacobite	37	1
2. Mar Thoma	59	...
Church of England	17	...
IV. OTHERS	...	...
Total	606	3

## APPENDIX XIII.

*Communal Statement of Sub-Inspectors, Petty Officers and Peons in the Superior Service of the Excise Department as on 25-1-1109.*

	Sub Inspectors.	Petty Officers.	Peons.
<b>I. HINDU</b>			
Brahmin (Malayala) ...	...	...	1
Brahmin (Non-Malayala)	4	30	20
Ezhava ...	4	9	4
Kammala ...	...	1	2
Kshatriya ...	...	...	...
Nadar ...	1	8	...
Nayar ...	26	168	250
Pulaya <sup>1</sup> ...	...	1	...
Vellala ...	3	23	22
Other Depressed Class.	...	...	...
Other Hindu <sup>2</sup> ...	1	8	11
<b>II. MUSSALMAN</b>	7	8	8
<b>III. CHRISTIAN</b>			
Protestant ...	4	10	1
Roman Catholi			
1. Latin Rite ...	4	8	14
2. Syriac Rite ...	5	8	...
Syrian <sup>3</sup>			
1. Jacobite ...	4	5	13
2. Mar Thoma ...	3	6	11
Church of England <sup>4</sup> ...	11	2	...
<b>IV. OTHERS</b>	...	...	...
Total ...	67	288	357

## APPENDIX XIV.

*Communal Statement of Deputy, Assistant and Sub-Assistant Surgeons  
and Apothecary in the Medical Department as on 19-12-1108.*

	Deputy Surgeons.	Assistant Surgeons.	Apothe- cary.	Sub- Assistant Surgeons.
<b>I. Hindu.</b>				
Brahmin (Malayala)	...	...	...	...
Brahmin (Others)	3	3	...	10
Ezhava	1	2	...	6
Kammala	...	...	...	...
Keshatriya	1	...	...	...
Nadar	...	...	...	...
Nair	3	8	1	23
Pulaya	...	...	...	...
Vellala	...	1	...	7
Other Depressed Class	...	...	...	1
Other Hindu	1	2	...	3
<b>II. Mussalman</b>				
<b>III. Christian.</b>				
Protestant	2	1	...	5
Roman Catholic:				
(1) Latin rite	1	3	...	5
(2) Syriac rite	1	1	...	1
Syrian:				
(1) Jacobite	2	3	...	13
(2) Marthoma	...	5	...	7
Church of England	8	8	...	2
<b>IV. Others.</b>				
Total	18	37	1	83

## APPENDIX XV.

*Municipal Statement of Inspectors, Head-Constables and Constables  
(Superior Service) in the Police Department as on 20-12-1108.*

	Inspectors.	Head Constables.	Constables.
<b>I. Hindu.</b>			
Brahmin (Malayala)	1	...	2
Brahmin (Non-Malayala)	18	10	20
Ezhava	10	3	43
Kammala	...	2	11
Kshatriya	...	...	...
Nadar	1	...	2
Nair	26	145	936
Pulaya	...	...	...
Vellala	4	6	36
Other Depressed Class	...	...	20
Other Hindu	3	9	60
<b>II. Mussalman</b>			
	5	5	38
<b>III. Christian.</b>			
Protestant	...	4	24
Roman Catholic :			
(1) Latin rite	7	5	28
(2) Syriac rite	3	2	10
Syrian :			
(1) Jacobite	5	6	50
(2) Marthoma	4	2	20
Church of England	3	...	...
<b>IV. Others.</b>			
	...	...	...
Total	90	199	1,295

## APPENDIX XVI.

*Communal Statement of Teachers and Assistant Inspectresses  
of English and Vernacular Schools for Girls as on 1-1-1108.*

	Teachers.	Assistant Inspectresses.
<b>I. Hindu</b>		
Brahmin (Malayala)	3	...
Brahmin (Non-Malayala)	48	...
Ezhava	112	...
Kammala	17	...
Kshatriya	...	...
Nadar	3	...
Nair	886	3
Pulaya	9	...
Vellala	19	...
Other Depressed Class	...	...
Other Hindu	65	...
<b>II. Mussalman</b>		
<b>III. Christian.</b>		
Protestant	197	1
Roman Catholic :		
(1) Latin rite	59	...
(2) Syriac rite	53	...
Syrian :		
(1) Jacobite	209	...
(2) Marthoma	164	1
Church of England	19	1
<b>IV. Others.</b>		
	...	...
<b>Total</b>	<b>1,863</b>	<b>6</b>



## MINUTE OF DISSENT

BY

*Mr. C. Ö. Madhavan.*

This Committee was constituted on account of the persistent agitation on the part of the certain communities that their claims for representation in the Public Service are not adequately recognised by the appointing authorities. This complaint began to be raised several decades ago. Appointments in the Public Service in Travancore, were exclusively confined till recently to a small section of the population of the State, the large majority being denied both the opportunity for getting themselves qualified by education for Public Service, as well as the chances for admission to the service. When complaints in this matter were raised by such communities, and the Government realised the righteousness and strength of the cause, they began to take steps to remedy this grievance. But the Government later on found that the measures adopted by them from time to time, were not effective enough and that something more definite had to be done to meet the persistent demand. This Committee was, therefore, constituted with the object of "making the rules relating to recruitment definite enough for easy application." (Vide, Dewan's Address, para 30,—Proceedings of the Sri Mulam Popular Assembly, 1931).

2. The communities that complain about want of representation in Government service are comparatively backward in point of education. But they are not wholly to be blamed for their backwardness. It is not very long since schools were thrown open to them. Their admission to Public Service, the natural and legitimate reward for higher education according to the notions still current, was a matter of far greater difficulty. This Committee has heard from some of its own members how they themselves in their student days could not get admission to the nearest English or Vernacular schools, and how, when one of them after graduating applied for a copyist's place in the High Court, he was given an endorsement to the effect that the traditional State policy was against the entertainment of men of his

caste in the Department. Besides the denial of admission to schools and Public Service, what contributed to the backwardness of these communities was, in the words of Dewan Sir P. Rajagopalachary, "the sentimental objections of other communities which it has not always been possible for Heads of Departments wholly to ignore". (Assembly Proceedings, 1907, page 54).

3. When the grievance of these communities in the matter of admission to Public Service was brought to the notice of the Government, they fully realised their responsibility in the matter and took prompt action to redress the same. Dewan Sir P. Rajagopalachary showed his sympathy in a tangible way by direct recruitment of members of unrepresented communities to responsible positions like Stationary Magistrates, Sub-Registrars etc., and by giving preferential treatment in the matter of promotions to those already in service. He left it to the Heads of Departments and other appointing authorities to follow his example.

4. The lead given by Sir P. Rajagopalachary and the example set by him did not however bear fruit. The complaints of unrepresented communities were being pressed again and again on the attention of the Government. Therefore in 1915, the Government issued a confidential circular to all Heads of Departments directing them to show special consideration to members of communities such as Ezhavas, Mahomedans, etc., which are backward in education, consistently with efficiency and qualifications. These directions were not faithfully carried out by them as may be seen from the fact that in 1917, the Government had to issue another order to Departmental Heads drawing their attention to the circular of 1915 and asking them to carry out strictly the instructions contained therein. This had to be repeated again in 1920 by means of another circular particularly as the result of representations at the 16th session of the Sree Mulam Popular Assembly. These circulars were not productive of the desired result. Replying to representations on the point at the 20th session of the Assembly, Dewan Mr. Raghaviah referred to the instructions already issued and said that returns of

appointments called for from Heads of Departments will be scrutinised and further instructions given.

5. In spite of all these, the object of the Government was not fully achieved. In the course of the discussion over a resolution moved by Mr. Kuriakose in the Legislative Council on the 17th December 1930, the Chief Secretary to the Government said, "They (the Government) have also taken steps to see that the returns of appointments are submitted to the Secretariat and that the returns are scrutinised. I am free to say that this machinery has not worked very satisfactorily, and as a matter of fact the grievance is practically due to the defect of the machinery which the Government organised to see that the policy declared by them is being carried into effect. If that policy had been pursued and steps taken to see that the Heads of Departments are informed from time to time of the failure on their part to carry out the policy, things would have been better.....  
 .....So, what is necessary really is to strengthen the scrutiny which the Government are having with these returns in the Secretariat. Government would certainly take steps to see that these returns are received in time, are properly scrutinised and the necessary action taken whenever they find any deviation by Heads of Departments from the principles laid down by the Government. Government will also consider in what other ways they could carry out the principles .....  
 Government will have to consider what is the most appropriate remedy to meet the situation..... (Government) accept the principles underlying the resolution, namely, that adequate representation should be given to communities which are now not properly represented in the service."—(Vide, Legislative Council Proceedings, Vol. XVIII, 1930, pages 260 and 261).

6. The members of the unrepresented communities at the 26th session of the Assembly in 1930, raised the very same question. Dewan Mr. V. S. Subramonia Iyer in the course of his reply to the representations on the point spoke as follows:—  
 "The Government have also felt that they should for some time be recruited more liberally to the service, of course, without

detriment to efficiency, and have issued orders to Heads of Departments to give effect to that view. The main complaint that you have voiced here is that these orders are not being carried out in the spirit that prompted their issue, and you have pointed out that the orders on this subject must be more definite. The Government have taken the matter up for earnest consideration and hope to devise some means of removing the complaint and making the rules definite enough for easy application."— (Vide, Proceedings of the Sree Mulam Popular Assembly, XXVI Session ; 1930, page 376).

7. It was in pursuance of the intention of Government so unmistakably declared by the Dewan as well as by the Chief Secretary to Government, that this Committee was constituted. The Committee was therefore bound "to devise effective means for removing this complaint and for securing adequate representations to communities which are now not properly represented in the service." In my participation in the deliberations of the Committee, I was always conscious of this grave responsibility, and I was actuated throughout by a desire to see that the Committee properly performs the duty entrusted to it, and provide the Government with a satisfactory solution of this important and very complicated problem. I could not, therefore, agree with some of my colleagues when, in the name of efficiency, they would ignore the purpose for which the Committee was constituted. I am firmly of opinion that a different attitude on my part would have amounted to a positive failure of duty.

8. The Committee is unanimously of opinion that the complaint about inadequacy of representation can be remedied only by recognising the claims of all communities to a fair share in the appointments in the Public Service. Accordingly a system of rotation has been proposed by which each of the numerically important communities as well as communal groups will get a specified share of the appointments. In fixing the proportion for the different communities, a division according to population was first made among the three religious communities of Hindus, Christians and Muslims. This principle was applied to the further distribution of appointments among the various sub-divisions

in the Christian community.\* But when it came to the question of the distribution of appointments among the various castes in the Hindu fold, a different method was applied, giving a greater share to the educationally advanced communities holding at present, the majority of the appointments in the Public Service. Though this may appear to be rather inconsistent, such an arrangement had to be agreed to, as a sort of compromise and in recognition of the position which such communities have been occupying for generations in Travancore.

9. Though the principle of communal representation in the Public Service has been accepted by the Committee, it has to be emphasised here that the Committee has made no proposal, at the sacrifice of efficiency. Government have prescribed qualifications for appointments to the various grades of the Public Service. The Committee has not proposed the appointment to any post of any person who does not possess the prescribed qualifications. Appointments are now made by the authorities concerned at their discretion from among the large number of applicants without any care to find out the best of them. In place of that, the proposal of the Committee is to select the best among the candidates belonging to any particular community for filling up the vacancy which falls to the lot of that community. The system of rotation does not apply to 10 per cent of the vacancies, which are set apart for the best among the applicants irrespective of caste or creed. The remaining 90 per cent alone are distributed in accordance with the system of communal rotation, and those vacancies are filled up by the best in each community. This is certainly a great improvement upon the existing system of recruitment, from the point of view of efficiency as determined by academical qualifications or literary merit. The recommendations of the Committee on this point cannot therefore be open

---

\* The statement is incorrect. The same principle has been applied to subdivisions of Hindus and of Christians. While as per population basis Marthoma and Other Syrians get 1, they get 2 as per population and literacy basis. While Other Protestants get 3 as per population basis they get only 2 as per population and literacy basis. [See Summary of Recommendations Nos. 7 and 16 and Appendices VIII (a), (b), (c) and (d)] - *Chairman* - -

to the objection that it has sacrificed efficiency at the altar of communal representation.

10. In summing up the resolutions bearing on the competitive examination proposed by the Committee, at the end of para 60 of the report, the effect of the two resolutions which appear as Nos. 18 and 20 in the summary of recommendations is briefly stated thus:—"There should be a competitive examination, and if in that examination, the requisite number of successful candidates is not available in any community when its turn comes, the candidates possessing the minimum qualification should also be selected from that community." The word "successful" is misleading; for, the resolutions taken together do not contemplate success or failure in the competitive examination. The determination of rank for the purpose of selection was all that was contemplated. Recommendation No. 20 is clear on the point. The selection is to be of the best from each community. The competitive examination is in the main meant for that purpose. For selecting the best candidate for the 10 per cent of the vacancies also, rank alone has to be determined. The question of success or failure does not arise at all. Besides the two objects mentioned above, the competitive examination has no other purpose. The summary at the end of para 60, is therefore materially different in substance from the resolutions which purport to have been summarised.

11. This leads me on to the expression of the Chairman's opinion in para 61. In his own view, it would be an improvement on the Committee's resolutions to select only those who are *successful* in the competitive examination in the order of merit and recruit them in the order of communal rotation. He would make an exception however in favour of those communities whose male literacy in English is 10 per mille or less. My considered opinion is that the Chairman's view is highly prejudicial to all communities which are backward in point of education and have not got adequate representation in Government service. For instance, I may refer to the Ezhava and the Muslim communities. The male literacy in English for these communities being a little above 10 per mille, they will not be entitled to the benefit of the exception. As however, they are

backward in point of English education, the chances are that a sufficient number of candidates may not come out successful in the competitive examination, though they may possess the minimum qualification prescribed by Government. The effect of the modification proposed by the Chairman would, therefore, be to deprive members of these two communities of the full benefit of the communal rotation. It would be highly unfair to treat these communities as not backward in point of education for this purpose alone, when really they are backward and may be unable to put forward a sufficient number of candidates to come out successful in the competitive examination. I would, therefore, strongly oppose the opinion of the Chairman and urge the acceptance of the Committee's recommendations.

12. The figures given in Chapter II, para 32, of the report show how unequal is the present representation in the superior service and how well-founded are the complaints referred to in the terms of reference. The adoption of the system of communal representation recommended by the Committee, left to itself, would take about 25 years for the removal of this inequality. In view of the rapid rate at which people are awakening to a consciousness of their rights and the persistent agitation noticeable everywhere for getting the same recognised, it would not satisfy them if they are asked to wait for such a long time. Some method should therefore be devised for the removal of the inequality within a reasonable time. In Mysore, the Miller Committee recommended that the proportion fixed by them should be attained within a period of 7 years. It is therefore necessary to devise means by which the proportion of representation recommended by the Committee may be attained within a period much shorter than 25 years. I would suggest that a percentage of vacancies not exceeding 25 may be held in reserve by Government for distribution among qualified candidates belonging to communities deserving special consideration.

13. In paragraph 38 of the report, the Committee has made the following recommendation :—“That in view of the great advance of education in the State, minimum educational qualification should be fixed by Government for entry into service in

pensionable posts." It will be seen from the report that along with some other members of the Committee, I voted against the resolution embodying this particular recommendation. I am not opposed to minimum qualification being prescribed for appointments in accordance with the requirements of the respective posts. The Government have already done it, wherever necessary. In my view, the educational advance in this country is no reason for revising the rules regarding this matter.

C. O. MADHAVAN.

---



## NOTE

BY

*Mr. J. S. Westerdale.*

I am fundamentally opposed to the principle of recruitment to the Public Service on a communal basis. As the majority of the Committee were in favour of such a principle it was inevitable that the recommendations in the Report would be based largely on it. The only course left to me was to ensure, as far as I could, that the recommendations should apply the principle as fairly as possible, as such, and with as little loss of efficiency as possible.

J. S. WESTERDALE.

---

## DISSENTING NOTE

BY

*Mr. A. Thanu Pillai.*

I propose in this note to express my views on some of the recommendations of the majority from which I dissent and also on some other points which seem to require further explanation.

*Recommendation No. 20* made by a majority of the Committee is to the effect that the competitive examination should be purely an eliminative one to select the best candidate from each community. The ground alleged is that in the case of some communities there may not be many to compete and it may work hardship to them to recruit candidates solely on the results of a competitive examination. This recommendation aims at pure communal representation without any regard whatsoever to the comparative merits of candidates belonging to different communities. It also ignores efficiency except in so far as it may be secured by appointing the best available candidate in the various communal groups. This recommendation is objectionable in many ways. The objections to communal representation discussed in the main report are objections to this recommendation as well. I refer only to a few of them here.

Firstly, public service is a matter between the State and the individual citizen. To think of communities in relation to public service is wrong in principle. So far as individual applicants are concerned it is to say the least unjust. There is absolutely nothing on principle to justify the exclusion from service of a better qualified person, in favour of one who is less qualified, simply because the two belong to their respective communities. Secondly, to allow a Government Officer to feel that he owes his position to his being a member of his community would naturally give him a bias in favour of that community in the discharge of his official duties. Thirdly, to make the recruitment of the members of one community not dependent at all on the results of a competition with the members of other communities would to

a large extent take away that incentive to self-improvement, which especially the educationally less advanced communities stand in great need of.

The complaint is made by some advocates of communal representation, that caste Hindus have been given undue preference in the matter of appointments in the public service, and that is why certain communities are poorly represented in it. This complaint can be shown to be unfounded. Those communities that neglected the education of their children till recently are naturally backward in point of their representation in public service to-day. A study of the figures relating to the number of appointments in the superior service held by members of different communities is instructive. 15 per cent of such appointments are held by Brahmins though they form only 1.1 per cent. of the population. The Nairs who form 17 per cent. of the population hold about 50 per cent. of the appointments. The Mar Thoma Christians who form 2.7 per cent. of the population have secured 5 per cent. of the appointments and the Jacobites with 6.6 per cent. of the population have 6.25 per cent. of the appointments. These four are the leading communities in the matter of representation in the service. If the Nairs hold about thrice the number of appointments that would fall to their share on a population basis, the Mar Thoma Christians hold double the number that would be theirs. This fact shows that a community sufficiently advanced in education has had no difficulty in getting sufficient representation in the public service.

This fact will be even more evident if we consider the number of appointments in the higher grades of the service held by members of the different communities. The total number of appointments carrying a salary of more than Rs. 100 per mensem, is 812. Of these, Brahmins hold 306, Nairs 188, Mar Thoma Christians 60 and Jacobites 55. To take the proportions to the total number, the Brahmins have 38 per cent. of the total number while their population is only 1.1 per cent. of the total population; the Nairs 23 per cent. of the appointments while their population is 17 per cent. of the total; the Mar Thoma Christians have 7.4 per cent. of the appointments, their population being 2.7 per cent. of the total; and Jacobites 6.8 per cent. of the appointments

their population being 6.6 per cent, of the total. While the Brahmins have secured about 35 times the number that would fall to their share on a purely population basis, the Nairs hold about  $1\frac{1}{2}$  times and the Mar Thoma Christians  $2\frac{1}{2}$  times the number that would be theirs; and the number held by Jacobite Christians is practically the same as what it would be on a population basis. Taking into consideration the Christians as a whole and the total number of appointments carrying a salary above Rs. 100, they hold 233 out of a total of 812 appointments which is 28.7 per cent. of the total while their population is 31.1 per cent. Practically they have got their share on a population basis. Of the Hindus, the Nairs come next after the Brahmins in the matter of appointments in the higher grades of the service. It is thus seen that in the higher grades of the service, Mar Thoma Christians hold a much larger number of appointments in proportion to their population than the number held by any Hindu community except the Brahmins. It has also to be noticed that, from the view point of proportion of appointments to population, the Nairs and the Jacobites stand quite near each other in regard to the higher grades of the service. I wish to guard myself against being understood as attaching any value to the numerical strength of a community in respect of the right or duty of its members to serve the State. I refer to these figures because advocates of communal representation in Travancore want population to be taken as the basis for the adjustment of what they call communal claims. If population is taken as the basis, the representation of the Mar Thoma Christians in the higher grades of the service is larger than that of the Nairs, and the Christians as a whole have secured their due share. This fact clearly demonstrates that there is absolutely no foundation for the contention that communities other than caste Hindus are or have been labouring under disabilities in the matter of entry into public service. On the contrary these figures show that, if there is any foundation for the charge of partiality on the part of the Government or their officers made by advocates of communal representation, that partiality has been shown at least in recent years in favour of certain sections of Christians much more than in favour of any caste Hindu community except the Brahmin. If the Nairs are seen in large numbers in the lower grades of the

service that is due to the fact that qualified candidates willing to take up service on small remuneration, were not available in sufficiently large numbers in other communities till recently, while members of other communities have been able to outnumber the Nairs in the higher grades, for entry into which a sufficient number came forward from those communities.

It is alleged that in the educationally less advanced communities, the number of qualified candidates would be small and in a competition the members of the more advanced communities would succeed in larger numbers. The answer is that it is inevitable and proper. The principle that the Government have repeatedly laid down that, even if communal claims are considered, representation in the service will be based on the number of qualified hands available in each community willing to take up appointments and not on its numerical strength, should, as far as possible, be adhered to. For a competitive examination the proportion of successful candidates from the various communities will depend on the total number of candidates competing from those communities. That will be quite fair to all communities. Strictly in this view, there is no scope for any communal rotation. But seeing that there is a good deal of complaint from the members of certain communities that they are poorly represented, the committee recommends a communal rotation with a view to remove that complaint, consistently with justice to all communities and the efficiency of the service. This is only a concession to the less represented communities at the sacrifice of principles. The question then is how far can principle be sacrificed for the sake of this concession. According to the view of the majority of the committee, the principle should be totally ignored and the competitive examination should be purely to select the best candidate from each community, without reference to the merits of candidates from the other communities. According to them the minimum general educational qualification will make a person eligible for entry into public service, provided there is no one better qualified in his own community. I strongly dissent from this view. The minimum general educational qualification should by no means, be the sole qualification for entry into public service. The subjects in which the competitive examination will

have to be held will not be the same as those in which the examinations, qualifying for admission to the competitive examination, are held. I agree with the president in his view that a candidate should satisfy a sufficiently high standard of merit in order to make himself eligible for service. I do not agree with those that hold the view that the present efficiency of the service is sufficiently high, and that even if the competitive examination is only to be an eliminative one, as recommended by the majority, the present efficiency will not be lowered. I am clearly of opinion that the public service of the State stands in need of considerable improvement. I am equally clear that the proposal of the majority, if given effect to, will lead to a lowering of even the present efficiency of the service. At present, an appointing authority is not under an obligation to appoint a candidate with minimum qualifications unless he is satisfied as to the candidate's efficiency. According to the majority recommendation, any candidate, however inefficient, belonging to a particular communal group, will have to be entertained in the service, provided that he has the minimum general educational qualifications and that there is no one, better than he, in that group. I do not see how under such an arrangement, even the present level of efficiency can be maintained. Even if a sufficiently high standard of merit is fixed to enable a candidate to succeed in the examination, the number of candidates that would be declared eligible for service would be larger than the number required in any particular year or other period, for which the examination is held. From among such candidates, selection may be made according to the communal rotation fixed by the committee. This is the proposal of the president. To give ample facilities for the educationally less advanced communities, I would also make an alternative suggestion that double the required number of candidates be declared eligible for service according to their rank as judged by the results of the competitive Examination, and selection be made from among them. This arrangement will give ample scope for selection in favour of the less advanced communities, and at the same time will have within it the element of competition though not to the fullest extent. For this purpose the number that would be required during any period may be taken to be the number of retirement vacancies

during that period, the number of vacancies due to death and other causes, being too small to be taken into account. The number of retirement vacancies during any given period can be easily found out beforehand.

In working out the rotation the following points have to be noted.

If in the Hindu group or the Christian group, it is found that eligible candidates belonging to any sub group are wanting, the number of vacancies, thus arising, should be distributed among the sub groups of the main group that offer more candidates than their due share. This distribution should be in the *proportion in which the sub groups are to be represented according to the rotation list*. This point does not seem to be duly adverted to in the report. If a sufficient number is not available in the Mahomedan group, the vacancies should go to the Hindu group and the Christian group in the proportion of 2 to 1.

For the sake of convenience the rotation list given in the report can with advantage be split up into three separate lists. No. (1) Showing the rotation as among the three main religious groups, Hindu, Christian, Mahomedan. (No. 2) For the Hindu sub groups and (No. 3) for the Christian sub groups.

In filling up a vacancy, the first thing will be to see to which main group it should go, and then with reference to the list for that main group, to see to which sub group. This suggestion is made in view of the recommendation that want of a sufficient number of candidates in a sub group should enure to the advantage of the main group of which it is a sub group to the exclusion of the other main groups.

*Recommendations Nos. 25 and 27.*—Regarding the recruitment of teachers to the vernacular and English Schools both departmental and aided.

Communal considerations should by no means be allowed to over-ride other more important considerations. The future welfare of the State demands that Schools should be staffed with the best available candidates, and therefore selection of teachers should be in strict accordance with merit. This principle should

be applied in the recruitment of teachers both for the departmental schools and for the aided schools. Aided managements are extremely communal. Not only do they confine recruitment to members of their own communities, but they even send away teachers belonging to other communities, who are already in their service, to make room for members of their own communities. This is objectionable in more ways than one. Schools aided by Government should not be allowed to be communal at all. Mr. Kunjitomman says (*Vide* para 95 of [the report] that "in undertaking the expenditure and labour of conducting private schools, the managers keep in view the inculcation of a particular type of discipline and training. It is clear that this aim will be defeated if the Managers are not given complete liberty in the matter of selecting teachers or in replacing them with others possessing the required qualification". The particular type of discipline and training for which teachers of a particular community are required may be in the interests of the religious denomination to which the school belongs but certainly not in the interests of the education of pupils in general, for which alone the State would be justified in expending public funds. The actual contribution of aided managements towards the conduct of the schools concerned, is very little. As Mr. McAlpine the ex-Director of Public Instruction, who had ample opportunities of studying the working of these Schools says, (*Vide* para 91 of the report) "in reality Government maintains two classes of Primary Schools, one in which the teachers are pensionable and one in which they are not". By the latter he clearly means aided schools. The Government should insist on every aided institution being conducted on non-communal and non-denominational lines, both in respect of the teachers and in respect of the subjects taught.

About eleven lakhs of rupees are being annually paid out of the public treasury by way of grants to aided educational institutions. The vast majority of the Aided schools are managed by Christian bodies and they are conducted at present with a view to spread their religion, no less than to help education. These managements are inclined to appoint only Christians as teachers in their schools. The effect of allowing



them to have their own way, will be to allow by far the major portion of the eleven lakhs of rupees, belonging to the general tax payer, to be given away to one section of the population alone. A substantial portion of the cost of the school buildings is generally paid by the department. The fees collected in these schools come from students of all religious denominations. Further, when a school conducted by a management is given recognition, that management practically gets a monopoly. Under these circumstances, I am at a loss to see the justice of the contention, that eleven lakhs of the public money should be allowed to be distributed by the denominational aided agencies among members of the particular denominations, to which the schools belong. It has also to be remembered that private individuals following other religions, have built a large number of school buildings and handed them over to the department, and it is in such buildings that most of the departmental Vernacular schools and many of the English schools are held. Even apart from all these considerations, schools are institutions where there should be absolutely no room for communalism, and no school aided or even recognised by Government should be allowed to be conducted on communal or denominational lines.

I would suggest that as a result of the competitive examination or otherwise, a list of the eligible candidates should be prepared in the beginning of every year and appointments made from amongst them, both for the departmental and for the aided schools. A sufficient number in the order of merit that can be appointed in the departmental schools, may be appointed in such schools, and those that stand in the order of merit after them will have to be content with employment in the aided schools. The aided managements must be prepared to abide by the rules framed by Government in regard to the recruitment of teachers in their schools. If education is the object with which aided institutions are conducted there can be no reasonable objection to the adoption of this course. And schools, conducted for other purposes, should neither be aided nor even recognised by Government. My recommendations in regard to the recruitment of teachers for departmental and aided schools are.

(1) that all schools should be staffed with the best available teachers, irrespective of the communities to which they belong ;

(2) the teachers should be selected by the same Governmental agency both for the departmental and the aided schools ;

(3) if the principle of communal representation is taken into account in the departmental schools, to any extent, it should be taken into account to the same extent in the aided schools as well ;

(4) whether communal representation be accepted or not, no aided managements should be allowed to give preference to candidates for appointment, on the ground that they belong to the community or religious denomination to which the management belongs.

*Recommendation No. 43:* That inasmuch as Non-Nayars are not recruited to the army, special consideration should be shown to them in the recruitment to the Forest, Police and Excise Departments, cannot be supported on principle. The Nairs supplied fighting men in the past and hence the Nair Brigade is being continued. It is thus the result of historical causes and constitutes a recognition of the past services of Nairs to the country. That they should be penalised in consequence is, to say the least, gross injustice. Further, even though suitable units of the military forces of the State may be formed, so that opportunity for military service may be given to selected communities other than Nairs, it is not likely that every community will be able to supply sufficient numbers of suitable men for the army. What communities will be considered fit for military service remains to be seen. Hence it will not be possible to give effect to the recommendation, apart from its inherent unfairness.

*Recommendation No. 54:* That confirmation of acting candidates or re-entertainment of men with acting claims, shall be in accordance with the rules of communal rotation, except in the case of those whose total acting service amounts to three years at least, is opposed to all principles of justice and fairness. It would be highly arbitrary and by no means justifiable to give retrospective effect to any new principle of recruitment, with the

result of depriving candidates who have already acted, of the natural and just benefits of their acting service. A new rule can justly operate only from the date of its promulgation. The so called communal claims should, by no means, be allowed to over-ride all accepted canons of justice and fairness, and the legitimate expectations of persons who have been in acting service under a set of rules which recognised acting service as the basis of a claim for confirmation according to seniority. The proviso to the recommendation will not to any appreciable extent lessen its unreasonableness, since a total acting service of three years would ordinarily mean six or seven years since the commencement of the acting and in some cases much longer periods. The proviso need not be considered at all since, in fairness, all acting service, even for a day should certainly be considered as giving the person concerned a claim to re-entertainment and confirmation superior to that of any person who has not put in any acting service or who began to act subsequently to him. Hence I strongly oppose the majority recommendation.

*Recommendations Nos. 35 and 36:* I dissent from these majority recommendations in so far as they are to the effect that the panel of eligible candidates for recruitment as Munsifs should consist of double the number of vacancies that may arise during the period for which the panel is prepared and that in making appointments from among the panel preference shall be given to unrepresented or inadequately represented communities. There is no room whatsoever for communal representation in any cadre of Judicial officers, and the best available candidates should be appointed.

I therefore agree with the president in his view that the number in the panel should not exceed the number of probable vacancies. I am further of opinion that appointments should be given to the candidates in accordance with their rank in the panel.

A. THANU PILLAI.

## NOTE

BY

*Messrs. M. Govindan, T. A. Thomas and  
T. Kunjithomman.*

This record of our views is intended more as a supplement to the report than as a note of mere dissent. We are in agreement with the principle underlying most of the important recommendations which are made with a view to give adequate representation in public service to members of the unrepresented and inadequately represented communities. But our firm conviction is that the recommendations do not by themselves go far enough to correct the existing inequalities within a reasonable time and that unless substantially supplemented in the manner we are suggesting in this note, the evils of the present system will continue indefinitely without material abatement. We shall first take up the principles and method of recruitment. With the resolutions of the committee on this subject we have no disagreement, although we are not satisfied with their adequacy for the purpose for which they are intended *viz.*, the removal of the existing inequalities. With that part of the subject we shall deal later on. To begin with however we have to note a few mistakes that have crept into the summary of recommendations and make certain comments on the second Chapter of the report which to a considerable extent is either against the spirit of the resolutions or lends only half hearted support to them. The different angle of vision from which the Chairman must have been viewing the problems and the unfortunate circumstance of his disagreement with the majority of the members on many points explain to a certain extent the manner in which the report is written. Our definite view is that the report does not show that the seriousness of the problem has been sufficiently realised or the question viewed in its proper perspective.

The summary of recommendations appended to the report begins with the enunciation of two principles *viz.*,

(1) Recruitment to the public service of the best available persons is the ideal to be aimed at, and

(2) Complaints of certain communities that they are not fairly represented have under existing circumstances, to be duly considered and remedied as far as possible. Though, therefore, communal representation as such is not desirable on principle, it has to be recognised by Government subject to reservations hereinafter detailed.

2. The recommendations appended to the report purport to be a summary of the resolutions passed by the committee. But a comparison of the minutes of the meetings and the report, with the summary, shows that the 1st clause mentioned above regarding the "Ideal" and the undesirability of 'communal representation on principle' mentioned in the 2nd clause, do not belong to that category. So far as we are aware, the committee has not passed any resolution justifying such recommendations. On the other hand the resolution regarding recruitment to inferior service and the rotation fixed for such recruitment are based entirely on communal representation on a population basis. The important resolutions regarding direct recruitment to superior service including the ministerial and executive, also recognise communal representation as the basis, taking into consideration population and the relative standards of literacy attained by the respective communities. Even the competitive examination approved by the committee recognises the communal principle, as it is for the most part only an eliminative one for selecting the best candidate from each community. Under such circumstances clause 1 and clause 2 in the form in which it is put, should not have found a place in the summary of recommendations for which the committee as a body is responsible.\*

\* It was practically conceded by almost all the members that the ideal should be as stated in Recommendation No. 1. When Mr. McAlpine raised a question against communal representation, Messrs. P. B. Mahomed and C. O. Madhavan said that they agreed with Mr. McAlpine as to the ideal. For the views of Messrs. Thomas, Govindan and Narayanaperumal Nadar, see paras 89 and 108 of the Report and also the first sentence of Mr. Narayanaperumal Nadar's dissenting note. Further, the Report was drafted and copies sent to the members. It was discussed twice but could not be finally passed as some members were unable to attend owing to the session of the Assembly. It was therefore decided to submit to Government a summary of the recommendations before the end of the year. The summary was drafted,

3. Nor is this all. Had the discrepancy noted above been confined to the summary of recommendations, we should not have thought it necessary to dwell upon it at any length, so long as other resolutions intended to govern recruitment are correctly reproduced in the summary. But on reading Chapter II of the report which deals with the principles and method of recruitment the impression produced is that the bulk of it is meant more to support the inaccurate summary than the resolutions. In the name of efficiency there is so much said in the report extolling the virtues of competitive examination and against the so-called evils of communal representation and so many extracts quoted in support of the Chairman's own dissenting views in the matter, that we feel it necessary in this connection to state the circumstances under which the committee came to be appointed, the grounds of "complaints of certain communities," mentioned in the terms of reference, the full significance of the term "efficiency" when used in respect of public service competitive examination and limitations of competitive examination as a test of fitness for appointment in such service. We have also to quote abstracts from certain official reports.

4. Such a method of treatment of the subject has become necessary in order to throw more light on the other side of the picture and to justify the recommendations made by the committee with a view to give better representation in service to communities hitherto ill-represented.

5. For long, public service was substantially monopolised by two or three sections of caste Hindus to the exclusion of the other sections of the population. With the spread of education, all classes became fully alive to their right to a fair share in the administration. As stated in the report the State is the biggest employer in Travancore; out of rupees two crores and odd of State revenue nearly one crore is being disbursed annually as

circulated, discussed, modifications made and finally passed at the 28th meeting on the 12th August 1933 without any objection. So also modifications were made on other points not covered by the original resolutions. Messrs. Madhavan, Thomas, Govindan, Mahomed, Narayanaperumal Nadar and Kunjithomman were present at the said meeting. To say now that the first two recommendations were not passed by the Committee is inaccurate.—*Chairman.*

salaries and pension to officers. The unequal distribution of the loaves of office was naturally felt as a great grievance, by those who were excluded from service or whose representation remained insignificant. Both in their conferences and in the press there has been constant agitation due to a general feeling of discontent and dis-satisfaction about the unfairness and injustice of their being denied opportunities of public service in a measure which qualified candidates among them deserved. The extracts given in the report show that repeated representations on the subject by the peoples' representatives in the Sree Moolam Popular Assembly and the Legislative Council have elicited replies on behalf of Government that adequate representation in the services will be given to all important communities, that, granted equal qualification, preference will be given to ill-represented communities and that steps will be taken to remove the existing inequalities as far as possible. But the steps taken proved ineffective and notwithstanding the assurances given by Government, the complaint remained that Heads of Departments and other officers entrusted with the power of making appointments, to quote from the written answers of Mr. E. J. John, "could not or would not see merit in members of communities other than their own." The result is that glaring inequalities still continue to exist and that public service remains over-weighted with the representation of a few sections of the population. The figures given in para 32 and appendix IV of the report show that Brahmins, Nairs, and other caste Hindus who from 20 per cent of the population, hold 70 per cent of the appointments, while the remaining 80 per cent. or the bulk of the population hold only 30 per cent. of the appointments. Educational backwardness can hardly be assigned as a reason for this conspicuous disparity in this State, which is in the forefront of educated India. Of the communities or groups comprised within the 80 per cent. there is only one *viz.* the depressed that may not be able to put forward sufficient number of qualified candidates in the field. It is under these circumstances that the Government recognising that a problem has arisen demanding satisfactory solution, has constituted the present committee.

6. It is obvious that the complaints of certain communities referred to in the G. O. constituting the committee and in the terms of reference relate to the above inequality in the matter of representation in public service. Our duty is to suggest appropriate remedies. In doing so we are asked to see that efficiency is not impaired. There is no complaint from any quarter that the standard of efficiency now obtaining, is too low and the Government order does not contemplate that we should make any proposals for raising the efficiency of the service. Nevertheless the recommendations of the committee and the proposals we are making to give more adequate representation to all communities, can go only to promote efficiency.

7. The only rule of efficiency hitherto observed in practice is that the candidates for recruitment to the services should possess the minimum educational qualification prescribed. In these recommendations the committee goes further. Besides insisting on a minimum qualification, it lays down a rule of selection of the best candidate from each community when the turn of that community comes. Ten per cent. of the total annual recruitment has been ear-marked for those who stand foremost in a competitive test to which all candidates are to be subjected. Even without such provision the method now proposed is bound to produce better results in future from the point of view of efficiency.

8. The guarantee of a fairer representation of all classes by the adoption of a rule of rotation, will only promote efficiency and not detract from it. The Miller Committee after observing that "sympathy, honesty of purpose, energy and common sense go as far to make an efficient officer as literary superiority", proceeds to discuss the effects of a fair representation of all classes in the services, on efficiency in these terms. "Again under the present system of Government, the officers of Government in the higher grades of the service have necessarily much influence in shaping the policy of the administration and the efficiency of the services viewed as machines for securing the even and uniform progress of the State, is likely to be increased by the presence in their ranks of officers of different communities.



And viewed from the point of view of the services themselves, it is likely that their efficiency will be advanced by promoting a greater feeling of equality among officers and by relieving those who are in the minority, of the feeling that their interests are likely to suffer at the hands of the majority." That communal representation is necessary for promoting efficiency and attaching a community to the State has been tersely put by Mr. Rutnaswamy in his presidential address delivered at the Catholic conference and quoted in the report. He says "Nothing promotes the efficiency of an administrative department so much as its being staffed with members of different communities competing with each other and acting in check upon each other, for the better administration of the department. And nothing attaches a community more to the State as its being given a due share in the administration."

9. It may be noted in this connection that Mr. S. Sathyamurthi, a well known antagonist of communal representation, quotes the identical passages quoted in the report of this Committee, from the speeches of Sir Alexander Muddiman, Bishop Waller, and Mr. Barker, in his speech in the Madras Legislative Council in support of his motion that the Madras Services Bill, introduced by Sir Norman Majoribanks be circulated. It is remarkable that even Mr. S. Satyamurthi could not accept Mr. Barker's view therein expressed without reservation. After quoting from Mr. Barker's speech he hastens to add "It may be necessary under the present conditions to restrict the scope of competitive examinations in order to redress wrongs felt by communities. I have nothing to say against that as a politician, interested in the solidarity of this country. I do not want small bickerings for loaves and fishes of office to exist." The motion of Mr. Satyamurthi was voted against by a large majority who were in favour of the Bill and among those who spoke against the motion was Mr. A. P. Patro. Two or three short quotations from his speech will serve to support our point of view and to correctly estimate the weight to be attached to the quotations in the report against communal representation, says Sir A. P. Patro "Then he (Mr. Satyamurthi) quoted the authority—of Bishop Waller. I have great respect for him and he may be a

good authority on Church law, but in so far as political controversies are concerned it is really strange to quote his authority." Regarding the quotations in Mr. Satyamurthi's speech from the speech of Sir Malcolm Hailey and other text book writers, Sir Patro adds "The circumstances of our country are such that there is a preponderance of one particular community and it is the aim and struggle of every other community to have its own proper and legitimate share in the services." He states further that "the bogey of efficiency has been too much pressed in this province (Madras) more than necessary. The bureaucracy must realise the danger of making a fetish of efficiency. I warn the Government to see that while the standard of efficiency should be kept in view, the special circumstances prevailing in this country should be fully kept in view; otherwise it will lead to dangerous positions."

10. The Government of His Highness the Maha Raja has already accepted the principle of giving adequate representations to all important communities. That is communal representation in one form. The acceptance of the principle has been found necessary in the peculiar circumstances of this country occupied by numerous communities sharply divided between themselves and with mutually conflicting claims and interests. We therefore feel that the lengthy criticism of communal representation embodied in the report should have been avoided. It goes without saying that setting up ideals suited to a country occupied by a homogeneous population, is to ignore local conditions and the seriousness of the problem we are called upon to solve.

11. In regard to competitive examination we wish to explain the recommendations of the committee in order to elucidate their practical application. Recommendations 18, 19 and 20 relate to examination. Excepting 10 per cent of the appointments to go in the order of merit irrespective of caste or creed, the remaining 90 per cent. will be filled according to the order of rotation given in recommendation 17 and so far as this 90 per cent. is concerned, the examination proposed is purely an eliminative one to select the best from each community. While securing to the more represented and less represented communities alike the share due to them according to their respective educational and

numerical importance, the recommendation reserves a fair share as a reward of exceptional merit. As education is not evenly spread among all communities and as those who now have greater representation than others are themselves educationally forward, the 10 per cent. mentioned above is bound to go to them over and above their legitimate share fixed in the communal rotation. It follows that the preponderating influence that they now enjoy in public service owing to over representation, will continue, even if the recommendations of the committee are given effect to without any alteration. We are against competitive examination as such in view of the abuses to which it may lend itself. We are also conscious of its limitations. Examination will at its best serve as a test of memory and literary merit. The classes that will presumably fare best in examinations will be those who already preponderate in public service. As such it is bound more to augment the evil than to remedy it.

12. Sir Alexander Muddiman speaking of the Indian Civil Service Examination in the Council of State has said "I am not one of those who think that examination is a perfect method of recruitment. It has advantages; it has dis-advantages. It cannot test what I regard as, other things being equal, the real test of the matter and that is character. There is no system of examination of which I am aware which can test character and character is the basis of what we want in our services." Sir Alexander Muddiman adds "The Government of India recognises that a system which will confine the principal services of the Crown to a particular class or community is a system that must be undesirable, which may indeed in certain circumstances lead to consequences which I do not wish to detail."

13. The danger arising from a purely competitive test is however minimised by recommendation No. 20 making it a purely eliminative test to choose the best from each community to the extent of 90 per cent of the recruitment according to the rule of communal rotation. The committee has arrived at the rule after long discussion and anxious consideration. It is important to bear in mind that in giving effect to the rule, it is necessary to arrange *all* candidates that appear for the examination in the

order of merit, noting against the name of each candidate, the community or group to which he belongs. After doing so, the rule of communal rotation has to be applied and selection made from that list.

14. It is not necessary to fix a minimum for pass or to declare that some have passed or that others have failed. The reason is apparent. Suppose a community has assigned to it 4 turns in a year and it has presented 9 candidates for the examination. Even if there is to be a pass list and in that list only 3 of them are included, selection has to be made of the 4th candidate from among the remaining 5 when the last turn of that community comes. This involves the necessity for determining the rank in a list, of even those who have not secured a minimum if a minimum is fixed. No purpose is served by preparing two lists, one for those who have passed and the other for those who have failed, as *rank* among all the candidates is alone necessary to be determined for giving effect to the recommendations of the committee in regard to examination. There is a further reason. By declaring that a candidate possessing high academical qualification has failed, the recruitment commission will be adding insult to injury.

15. As to the 10 per cent to be recruited according to the order of merit alone, it is obvious that, that percentage has reference to the total number approximately required for recruitment in a year and not to the number of those who may have succeeded in obtaining any minimum number of marks.

16. There is one other important matter to which we would invite the attention of Government in this connection. The 10 per cent mentioned above has to be determined at the commencement of every year with reference to the probable number of vacancies that may arise during the course of that year. The *probable number* of vacancies can at best be only *approximately* determined. The *actual* number may turn out to be higher or lower. In the former case the figure for 10 per cent will also be correspondingly higher and in the latter case it will be correspondingly lower. If candidates according to merit be given preference *first* and selected for appointment before giving effect to

communal rotation, it will lead to complaints from inadequately represented communities that the rotation is unduly postponed to their prejudice in case the figure mentioned above is higher, and if lower, some of those who have taken high rank in the examination may have cause for complaint that the rotation has been applied too soon to their detriment. To obviate this difficulty we would suggest that every tenth appointment may be guaranteed to those who have taken high rank in the examination without prejudice to the turns of the communities to which they belong.

17. Before concluding the subject of examination and communal rotation, reference may be made to the learned Chairman's view expressed in para 61 of the report. This is what he says:—

“In the opinion of the Chairman the better and more satisfactory way of achieving the object is to select those who are successful in the competitive examination in the order of merit and recruit them in the order of communal rotation. Exceptions may however be made in favour of those communities whose male literacy in English is 10 per mille or less, by providing that if the number of successful candidates from those communities, is less than the number of vacancies they are entitled to get, the deficiency should be made up by selection from the other unsuccessful candidates.”

The opinion of the Chairman is his dissenting view. If that view is adopted in preference to that of the committee expressed in recommendation No. 20 and explained above, the result will be highly detrimental to the interests of the very classes whose adequate representation in the service is intended to be assured.

18. Such a system as the one proposed by the Chairman, will effectively shut out from the service, candidates of important communities such as the Ezhava and the Muslim who are even now backward in English education. We shall show how. It is obvious that they would not be able to compete on equal terms with advanced communities like the Brahmin and the Nair. As literacy in English among Ezhavas and Muslims is a little above 10 per mille, they cannot come within the exception suggested by the Chairman. With little chance of deriving the benefit of the

Chairman's rule and without falling within his exception, candidates of these communities and others similarly circumstanced, will be practically excluded from the services. We cannot assume that this result was intended, especially when it is remembered, that of the two communities that would be hit by the Chairman's suggestion one (Ezhava) which forms the most numerous single community in the State, was labouring under grave disabilities, owing to obstacles to admission to schools and public service till about 25 years ago and as such, is late in entering the field of competition, and the other (Muslim) is an important community recognised as deserving special encouragement owing to its comparative backwardness in education. The members of all ill-represented communities have, under existing rules, to be given preference in recruitment. Their complaint was only that the rule of preferential treatment laid down by Government was not sufficiently observed in practice by the appointing authorities. The Chairman's suggestion is to substitute for that rule another which as stated above will practically exclude all these classes from the services. In our view, the remedy proposed by the Chairman is decidedly worse than the disease which it is intended to cure. We would support the recommendation of the committee embodied in the summary (20) regarding the nature and object of the examination and request the Government that it be given effect to after framing appropriate rules therefor, in view of the observations made by us in the preceding paras.

19. Recommendation marked 5 is that the rules formulated should apply to direct recruitment and not to promotions. We are in agreement with this rule, although in Mysore and British India the rotation applies even to grade promotions on the principle of fair representation in *all grades of service*.\* We have to draw the attention of the Government to the fact that there are selection grades here as elsewhere and that although appointments to such grades are made from among those already in service, such appointments do not go by the usual rule of seniority. At the last session of the Sri Chitra State Council, to an interpellation bearing on the subject, the Chief Secretary to Government

\* The recent Statutory Rules of Madras lay down that communal rotation will not apply to "transfers and promotions."—*Chairman*.

said in reply substantially thus (we quote from memory as the official report is not published). "The Stationary Magistrate's grade is a selection grade. There were also other posts such as those of departmental heads to which appointments are made by selection and in making such appointments Government may have various considerations to take into account." In the matter of appointments to selection grades, we do not wish that the discretion of Government should be hampered by any rules of selection but would only suggest that inadequate representation of a community to which an official belongs may form one important consideration in making the choice.

20. We shall next state our views in respect of certain resolutions of the Committee from which we dissent (i) The first of these resolutions corresponds to recommendation 4 *viz.*, "In view of the great advance of education in the State minimum educational qualifications should be fixed by Government for entry into service in pensionable posts."

The Government have already fixed the minimum educational qualification for all posts, the discharge of the duties of which require such qualification. There are many posts such as those of peons which are pensionable but which require qualification of a type different from educational. We are free to admit that qualification is necessary for all appointments. But such qualification need not in all cases be educational. It is open to the Government to fix the qualification. The recommendation, as it is worded, would indicate that the justification for the recommendation, is the great progress of education in the State. The necessity or otherwise of the qualification ought to be the guiding principle. The danger of fixing a superfluous minimum educational qualification for all posts, is apparent. It will retard the even distribution of appointments, as all communities have not achieved equal educational progress. We feel therefore that no case is made out for a revision of the minimum qualification already fixed by Government. We also wish to add that raising the minimum educational qualification before a fairer distribution of appointments is reached, is liable to be misconstrued by those

communities that have not yet succeeded in getting adequate representation in public service.\*

21. (ii) Recommendations 14, 15 and 16 and Chapter IV of the report relate to the recruitment of women. The substance of the recommendations is that woman is treated as a separate community with 6 out of 64 turns in the communal rotation for superior service.

We are sorry to have to dissent from this conclusion as both the present lady member Dr. Miss Janaki Ammal and Miss Watts have supported the view embodied in the recommendations. In our opinion classing woman as a separate section is needless, for the simple reason that they are included in fact within the various communal groups. We are sure that there is no woman in this State who is not included within one or other of these groups. Comprised as they are within the 14 groups dealt with they can take the benefit of the rotation fixed for the groups. By standing aloof as a separate community they would lose the chances of appointment, which they can otherwise obtain in common with male candidates of their respective groups. With great respect to the opinion of the lady members, we have to state, that in proposing to segregate them as a distinct group apart from males, it is doubtful whether Dr. Miss Janaki Ammal or Miss Watts represents correctly the views of the Travancore women. We are not unmindful of the fact that among the 10 per cent. reserved as a reward of exceptional merit, women may take rank. By that means they can get only a fraction of 10 per cent. This fraction of 10 per cent. together with 6 out of 64 can in no case reach 50 per cent. which woman can legitimately aspire to, under the rule of communal rotation if woman is also included in the various groups. In the latter case the Government would be placing no restriction whatever on the number of

---

\* The resolution requires that minimum educational qualification should be fixed by Government for all pensionable posts. It does not say that the existing qualifications should be raised. Mr. Madhavan dictated a sentence stating his objection to the resolution viz., "The Government have fixed minimum qualifications for many departments and they may do so wherever necessary." This was agreed to by the members who wrote this dissenting note and also by Mr. Mahomed. See para 38 of the Report.—*Chairman.*



appointments they may secure. After all, woman in Travancore as elsewhere in India is not different from man in the matter of communal feelings and it serves no purpose to add one more to the already numerous sections of the population with rival claims by setting them up as a separate class for recruitment to public service. If education is spread unevenly among men in various communities, it is even more so among women and the woman of the backward and depressed communities will have no chance of competing successfully with her more forward sisters in a competitive test. Out of 64 appointments she will have no chance of securing even one, if she does not rank in the competitive list among the first 6 women. In the present state of education among women, compared with that among men, we feel that it is the duty of Government to encourage and foster educational progress by employing qualified candidates among them in increasing numbers. Care should be taken that nothing is done in formulating rules of recruitment to the public service which will have the effect of restricting either directly or indirectly their chances of employment in such service. Women are not treated as separate for recruitment either in Madras or Mysore, where rules of communal rotation have been adopted. It will be unwise for this State to adopt a new rule which, instead of helping the educated woman, will work to her detriment. We would therefore recommend that woman may be included within the various communal groups and that the turns separately assigned to them in the list of rotation (*Vide* recommendation 17) be deleted. We repeat that our idea in doing so, is to add to the chances of more women getting themselves employed and not to obstruct their entry in public service.\*

22. (iii) The representation of various communities on the staff of aided schools should be taken into account in fixing the proportion allotted to such community on the staff of departmental schools. Against adopting this recommendation we have to record our emphatic protest. In the first place the recommendation as it stands, is one of the doubtful propriety. By giving effect to the recommendation, the Government would be indirectly interfering with the discretion which aided school managers have

\* Mr. T. A. Thomas supported Miss Watts' resolutions. See para 122 of the Report.—*Chairman*.

been hitherto, exercising. To impose a feeling that every appointment which a manager makes will have its reaction on recruitment in public service is undesirable. A manager of a school may have reasons to repose more confidence in his own men and appoint them. Private institutions may have ideals of types of culture for which the appointment of certain classes may be more suitable. So long as the managers comply with the directions in the Educational Code it is not expedient for the Government to interfere even indirectly with their freedom to make appointments, nor is it consistent with the unique position of responsibility which the Government occupy to make their policy in the matter of recruitment to public service dependent on the policy which the managers are pursuing in aided schools. If it is a fact that the Christian bodies are in management of more aided institutions than others, it has only to be observed that it was open to others to compete with them in this field of laudable philanthropic enterprise and suggestions as to reaping a profit or meeting the whole expenses from State funds in the shape of grants-in-aid are improper and unjust in view of the fact that under the rules in force the important aided institutions can get a grant-in-aid of only a share of the net loss which the management periodically incurs.

23. The report deals with existing representation in Chapter VI and concession to the depressed and backward communities in Chapter VIII.

In our view both these subjects should have been taken up and dealt with together, the existing representation being considered incidentally in connection with concessions to such of the classes as have no fair representation in the public service. This arrangement is not a mere matter of form. By the separation of subjects so inter-related as concession to the backward and present representation, and the interposition of a chapter on a totally different subject, "Standardisation of pay" midway between, the mutual bearing of the matters involved, has been obscured and the consequent concessions to the backward and depressed communities, have not received the consideration which the importance of the matter deserves.\*

---

\* None of the members ever suggested a change in the order of the Chapters--  
*Chairman.*

In order to deal fairly with the subject of concessions to depressed and backward classes mentioned in the terms of reference, we have first to define the meaning of the terms "backward and depressed". These terms in the Education Code convey the sense of being educationally backward. In the Census Report depressed classes have a special meaning. The significance to be attached to the expression must in our view depend on the context in which it occurs.

In the Miller Committee's Report and the order of the Mysore Government thereon, the expression is intended to include even caste Hindus other than Brahmins having regard only to the degree of representation of the community in public service. But the learned Chairman unfortunately took a different view of the meaning of the expression, and the subject of reservation of a certain proportion of the appointments for those who had no fair representation in public service, was not allowed to be discussed under the head of concessions to the backward and depressed communities. The Chairman had another reason for not allowing the discussion under that head. A resolution for considering existing representation of various communities in each department in future recruitment was previously moved and voted against and in overruling Mr. Kunjuthomman's interpretation of the terms, the Chairman appears to have thought that that interpretation was only a further attempt to have the question reconsidered. We are under the impression that the Government in its G. O. constituting the committee, meant to include classes not fairly represented in the service within the expression "depressed and backward." Even if we are mistaken in that view, the matter of reservation of a fair ratio of appointments in future recruitment to those who are not now fairly represented comes well within "the principles and method of recruitment" (terms 1 and 2 Preliminary). In fact "nomination" is specially mentioned as one of the alternative methods of recruitment and there is the further expression "or in any other manner" in the second item in the terms of reference as subsequently recast by Government to cure all defects. It may also be noted in this connection that whatever may be the

meaning to be attached to the term "backward", (1) Ezhavas, (2) Muslims and (3) Nadars and Kammalas will come within the expression as they are backward in English education even according to the Education Code.

24. The figures given in the Report, para 32 and appendix IV show how unequal the distribution of appointments is. The advantages of a fair distribution have been dealt with before and we will not repeat them here. It is enough to state that in our view it is very necessary to correct the existing inequalities *within a reasonable time*. By communal rotation among the candidates a degree of fairness in future recruitment will be assured. But to give a fair representation on that basis alone, even a period of 25 years will not suffice.

25. In Mysore and Madras under similar circumstances the Governments reserve certain ratio of appointments to secure a more even distribution for those not adequately represented. The Miller Committee reported that two out of three of the total number of appointments should be given to members of backward classes by nomination. In the Government order on that report it is said "They (the Government) are at present of opinion that the proportion of the members of the backward communities in all head quarters and district offices of all departments should be gradually raised to 50 per cent. of the total strength (inclusive of the inferior service) within 7 years". (*Vide* para 4 of the G. O.) After drawing attention to the practice obtaining in Madras of appointing men from different communities to the post of Deputy Tahsildar on lines approaching the proportion basis which has a real tendency to equalise the representation the Miller Committee Report adds this very important observation. "In our view the right course is to take the existing proportion of Brahmins to other communities in each grade of appointment together with the percentage of those communities to the total number of appointments in each grade and reserve as many appointments in that grade as may be necessary to secure a progressive reduction of inequality in each year and vary it each year according to circumstances in order to attain the goal

which we have recommended". It has been said that the conditions there are different and do not apply to Travancore. But if we substitute the term 'caste Hindu' instead of the term 'Brahmin' in the Miller Committee report and compare the figures of representation of caste Hindu communities with those of others, the relative conditions of representation in Mysore and in this State will be practically identical (*Vide* Miller Committee report and appendix IV of this committee's report). Our proposal is for a reservation for the ill-represented communities. In making the proposal we would rather err on the side of moderation than of forcing the pace. We do not ask for reservation for recruitment in all grades nor do we ask for it in the case of all communities who have not got proportionate representation. We would confine our recommendation to such of the communities as have not as yet secured even 50 per cent. of their due share calculated on the basis of the communal rotation which in itself is not based purely on numerical strength. Adopting this standard the following 5 communities may be classed as coming within depressed and backward so far as we are aware.—

1. Depressed class.
2. Kammala and Nadar.
3. Ezhava.
4. Catholic Christian, Syrian rite.
5. Catholic Christian, Latin rite.
6. Mahomedan.

The percentage of reservation that we would recommend for these communities is 25 per cent. of the total number of direct recruitments.

In making this recommendation we would invite the attention of Government to the fact that when the motion for considering the present representation of the various communities in each department in future recruitment was voted on, the majority of the members were in favour of the motion, 6 being for and 5 against. In the usual course that resolution and the consequent one on reservation which originally formed part of it,

would have been among the recommendations of the committee, but the Chairman first using his vote as a member made the division equal and then used his casting vote and the motion was lost. This fact will be apparent from para 135 of the report.

26. The reservation of 25 per cent. for backward and depressed communities cannot be deemed to be unfair to those communities that preponderate in the services. The 10 per cent. reserved for exceptional merit to be tested by competition as well as 20 per cent. as per rotation calculated on the balance of 65 per cent. deducting reservations will go to the caste Hindu communities who are already over represented in the service. That is to say, nearly one third of the appointments will go to them and two-third to all the other communities constituting four times their number.

27. It is only those communities which are conspicuously poor in representation in the public service that we request the Government to specially encourage and we hope this moderate recommendation will be accepted in view of what is being done in Mysore and Madras under similar conditions and in view of the special circumstances of this State.

28. In the chapter of the report dealing with acting men in service the resolution passed by the committee is that "confirmation of acting candidates with acting claims shall be in accordance with the principle of communal rotation agreed to by the committee." "This rule shall not apply to those whose total acting service amount to three years at least."

Mr. Kunjithomman's view noted in the report is that even those acting men in service who have not completed 3 years of such service may be given priority without being subjected to competitive examination, but they can get their chance of confirmation only when the respective turns of their communities come. This view only supplements the recommendation. We would recommend the adoption of both the rules.

29. Chapter IX relates to the constitution and functions of the Public Service Commission. In respect of the constitution the committee's recommendation is that there should be one official president and 5 non-official members. There is a dissenting view that one president and two members would be sufficient for this State. We are strongly of opinion that this view does not take into account the nature of the onerous duties that may devolve on the commission. Besides, under the existing conditions in Travancore, the number of members should be at least 5 in order that at least the most important communities may be represented on the commission. This is necessary to command public confidence.

30. Regarding the functions of the Commission the report is meagre.

We would add a few more that suggest themselves to us. Our view is that

(1) The Commission should be armed with ample powers to deal with all initial appointments and all appointments that may be treated as direct recruitment.

(2) The Commission may hear and dispose of appeals from orders of promotions and punishments and such other matters pertaining to the service as may be referred to it by Government.

(3) The Commission should besides sending lists of candidates arranged according to order of merit to the Government and heads of departments, publish such lists in the Gazette.

(4) The Commission should publish half yearly reports which will enable the people to gauge the progress made by the adoption of these reforms. These reports shall contain all the necessary data showing how the principle of progressive reduction of the inequality has worked during the half year towards the attainment of the proportionate representation adopted for communal rotation.

In submitting this note for the acceptance of Government we hope that effect will be given to the recommendations of the committee as modified and supplemented by us, at an early date so as to relieve the anxiety of the public who are eagerly awaiting a just and satisfactory solution of a problem in which they are deeply interested.

Thariathu Kunjithomman,\*  
M. Govindan,  
T. A. Thomas.

---

\* It is seen from a quotation in the report from a reply given by Dewan Mr. M. E. Watts in 1926, at the 22nd Session of the Sri Moolam Assembly, that very wrong notions are current even in responsible quarters regarding the educational condition of the Catholic community. As a matter of fact they are not lagging behind at all, but more or less leading in educational as in other important lines of progress. The alleged educational backwardness is merely conjured up as a pretext, to deny the community the share that is legitimately theirs. This contention will be amply borne out by the figures in the schedule hereto annexed. From the schedule it will be evident that taking literacy and numerical strength together as the standard the Catholic community is comparatively the least represented in the services and as such deserves special treatment at the hands of Government. The figures also show that the claim for 25 per cent. reservation put forward in the above note for all communities conspicuously ill-represented in public service errs only on the side of moderation.

Thariathu Kunjithomman.



## SCHEDULE TO THE NOTE.

Statement showing the population of certain important Major Communities, their literacy, English literacy, numbers of posts held in Government service, carrying monthly salary above 100 Rs.

- (a) Total population of the State: — 50,59,973 ;  
 (b) Total Literates:—12,17,924 ; (c) Total English Literates:-  
 80,651 ; (d) Total English Literates, Females:— 15,051  
 (e) Total number of posts included in this statement:—24,679;  
 (f) Total number of posts above Rs. 100:—859.

1	2	3	4	5	6	7
Communities.	Population.	Literates.	English Literates	English Literates females.	Number of posts held, both.	Number of posts held carrying a monthly salary of over Rs. 100.
<b>I. HINDU:</b>						
1. Brahmin (Malayala)	13,931	7,098	571	15	88	3
2. Brahmin (others)	54,141	26,131	5,226	460	2,838	324
3. Bazhava	8,69,863	1,58,047	5,201	1,064	912	18
4. Nair	8,68,411	3,08,223	18,606	3,295	13,384	203
5. Kshatriya	2,936	1,770	476	55	99	8
6. Vellalar	6,0,027	21,606	2,919	217	1,053	25
7. Kammala	2,08,441	44,555	644	65	156	2
8. Nadar	2,33,982	19,355	618	26	99	..
9. Pulaya	2,07,337	6,778	69	15	63	..
10. Other Hindus	..	..	..	..	1,030	25
11. Other depressed classes.	..	..	..	..	260	..
II. 12. MUSLIM	3,53,274	41,801	1,607	37	609	8
<b>III. CHRISTIAN.</b>						
13. Church of England	85,261	21,926	3,422	1,059	146	24
14. Other Protestant	2,08,725	43,564	3,901	1,050	638	63
15. Jacobites	3,37,872	1,22,897	8,741	1,765	1,353	52
16. Mar Thomites	1,42,486	64,585	6,358	1,501	960	61
17. Catholics	8,09,390	2,18,033	15,232	4,217	923	38
a. Do. Syrian	4,49,173	1,55,661	7,897	1,766	431	15
b. Do Latin	3,60,217	62,372	7,335	2,451	492	23
IV. OTHERS.	..	..	..	..	46	..

N. B. - (1) Figures of population & literacy are taken from the latest Census Report Vol. II p. p. 122-3 & 130-1.

(2) No. of Posts held is taken from the list furnished by Government to the Public Service Recruitment Committee as they stood on 1-1-1907 and includes Superior and inferior Service in only 17 Major and 26 Minor Departments

(3) The list does not include appointments in Devaswom, Military, Palace and Municipalities.

## MINUTE OF DISSENT

BY

*Mr. K. Narayanaperumal Nadar.*

1. Although I am personally averse to the principle of communal representation in any form, very strong public opinion as reflected in the answers sent in to the committee, compels me to subscribe to the view that communal representation on population basis should at present, be recognised in recruitment to public service. The appalling figures given in the Appendices throw considerable light on the existing communal injustice and an impartial critic can only recommend that members of the overrepresented communities should cease to be recruited for a definite period. However, it may not be just or equitable to punish the present generation of any community for the sins of their fathers.

2. The Attitude of the Government.

Whatever might have been, the historical causes that favoured a few communities to secure dominance, it is gratifying to reflect, that there have been Royal assurances, that the public service in most of its branches is open to all without distinction of caste and creed. The policy pursued by the Travancore Sovereigns ever since the time of the late lamented Visakhom Tirunal Maharaja has been more and more liberal. On an examination of the Government orders, it is seen that Mr. Ragaviah, Mr. Watts, and Mr. Soobramonia Iyer had issued strict orders, to the effect, that the unrepresented and the inadequately represented communities should be accorded preference in the matter of recruitment to the public service. But the officers who had the power to make appointments could not and would not recognise merit and qualification outside their own communities. In fact they seem to have treated the said orders as mere scraps of paper. I am aware of a few officers who avow it as their pride that during their official career they had not appointed a Non-Hindu or non-caste Hindu. It is undeniable that there has been no systematic or effective control of the appointment power of officers. However, in the

Legislative Council on 30th April 1927, the Chief Secretary Mr. George said as follows:—

“The Government are regularly watching the making of appointments by Heads of Departments and returns are being received from the various Heads of Departments. They are being scrutinised and Heads of Departments are asked to explain any cases of undue preference shown by them.”

If the Government had been vigilant in asking the Heads of Departments to explain any case of undue preference shown by them such Departments like the Education, particularly in the Boys Section, Registration, Land Revenue, Survey &c., could not have been overweighted with the members of a few communities and the figures in the Appendices would have told a different tale altogether.

### 3. A Retrospect.

As recently as thirty years ago, the Public Service of the State was the practical monopoly of the foreign Brahmins. The famous “Malayali Memorial” broke the back of this monopoly. Since then Nairs have been making steady headway until to day they occupy a position of vantage in relation to the rest of the subjects of the State. The Syrian Christians, the Ezhavas the Muslims and the Nadar Christians and other minor communities are following up the trail blazed by the Nairs.

In the rest of India, a similar process has been going on during the last quarter of a century. The Brahmin with his age long tradition of purely intellectual work has had a great advantage when English education opened to him the avenues to position and preferment under the British Government. But the spread of education has awakened the other communities like the Non-Brahmin Hindus, Muslims, Indian Christians, Sikhs and the others. Consequently the monopoly of the Brahmin has been successfully challenged by the other communities

At present in all the Provinces, as well as in the Central Government and also in all the more advanced States, the claims of all communities for representation in Public Service on the basis of their population has been practically acknowledged. It is too late in the day, now to deny it or to cavil at the principle as, narrow minded communalism. "Such a view is, in the following passage torn to pieces by Mr. Ratnaswami M. A. BARRISTER-AT-LAW M. L. A., a member of the Public Service Commission. He says:—

"It is useful for the claim to be treated as job-hunting, especially by those communities who already enjoy more their due share of offices. But those administrative offices are stations of power and in a country like India where administration plays such a large part in the public life of the people and where political unity is not complete power may easily turn into tyranny if the various communities of a state are not duly represented. Of course, efficiency cannot be sacrificed to communal representation. But it is in the very interest of administrative efficiency that I would plead for the even distribution of these places of power to the various communities of a state. For nothing promotes the efficiency of an administrative department so much as its being staffed with members of different communities competing with each other and acting in check upon each other for the better administration of the department. And nothing attaches a community to a state as its being given a share in the administration."

#### 4. The Bogey of efficiency.

One stock argument against communal representation is that it will lead to the deterioration of the efficiency of public service. There is no particular point in it. If the Government of Madras and that of Mysore can adopt it without detriment to efficiency there is no reason why in Travancore it would prove otherwise. The few who have been taken into public service from the 'Harijans' have proved their efficiency.

Justice Devadas of the Madras High Court in his presidential address at the South Travancore Indian Christian Conference in 1930 said as follows :—

“In all countries, the classes which for years enjoyed the fishes and loaves of office wish to make out that they alone and none else are fit to hold office and whenever not one belonging to their own class is likely to be appointed to a good place they set up a cry that there will be loss of efficiency and this bogey often frightens the Government. In British India we are forcing our way to the front and challenge the right of any class or community to the monopoly of any service, profession or calling. We are as good as they if not superior to them in character.”

##### 5. The Material Aspect.

The paramount consideration that weighs with those who advocate communal representation and indeed all those who desire a place in the services is the certainty of an assured and steady income as the material perquisite of that service. At present the enjoyment of this advantage is confined to members of a few communities alone. This is clearly inequitable; for the public service is paid out of the revenues to which all communities contribute. We have to remember that 40 per cent. of the revenues is spent on salaries. There is no reason why all communities should not share in this on the basis of a general principle equally applicable to all. That principle is communal representation on population basis.

##### 6. Another Stock Argument.

It is often contended by those who already have secured far more than their due share of the service that many communities remain inadequately represented in the service on account of the paucity of candidates possessing the necessary qualifications. This is certainly not based on facts. For, what was the lot of the few who had the necessary qualifications? Is it not a fact that a revered member of this committee was once denied a clerk's

post in the High Court? He was then a B. A., B. L. What then was his disqualification? He was an Ezhava. That clinched the question. Another colleague on this committee was dodged out of a clerk's post in the Secretariat. He too, was qualified as far as University degrees went. But then he was also disqualified being an Ezhava. In South Travancore many graduates were available from among the Nadar Converts. The fact is that even qualified men belonging to the unfavoured communities could not get into the Service of the State and that proved to be the greatest discouragement to the rest of their community to go in for English education.

#### 7. Competitive Examination.

Although the principle behind competitive examination may be appreciated, considerable apprehension is entertained by the weaker communities that the practical working of it will be detrimental to their members. A candidate's academic qualification may be taken as a test of his general efficiency. The T. S. R. provides for various departmental examinations such as the Account Test, Registration Test, Excise Test, Village Test and the like. These tests will quite suffice to ascertain that an employee is making himself conversant with the details of work in his own department. Besides there is the undeniable fact that jobbery and corruption will easily invade these examinations.

#### 8. Literacy as the Basis of recruitment.

If equal facilities were afforded to all to educate their children, literacy might be taken as a basis for recruitment to public service. But till two decades ago Government schools were not thrown open to non-Hindus and non-caste-Hindus. Had it not been for the Christian Missionaries they would have swelled the number of illiterates. English Education has been diffused unequally among the different communities. Even to-day the system of running special schools for the favoured communities is continued. On page 63 of the administration Report for 1929—1930 A. D. the following significant passage occurs :

“Schools are still provided for certain classes separately. The justification for the retention of the schools is due to the apprehension that the members of the community will not readily agree to send their children for education unless separate schools are provided.”

I am therefore opposed to fixing literacy as a basis of recruitment.

#### 9. Existing Representation.

Ninety-five per cent of those from among the weaker communities who have furnished answers to the questionnaire maintain that the existing representation of the various communities should be taken into consideration in fixing the proportion for future recruitment. There is a considerable volume of public opinion which considers this to be the fundamental basis for whatever recommendations the Committee might take. There is no doubt if this were done certain communities will have at any rate till the present inequalities are repaired to content themselves with considerably less than their due share of appointments. Conversely certain other communities will be entitled for some years to come, to a greater proportion of appointments than their due share. However, to the present generation of over represented communities this would mean a punishment for the sins of their fathers. It is also true that if this were not done it would take an indefinitely long time for the present gross inequalities to be set at right. This is a circumstance that should engage the serious attention of Government.

#### 10. Ministerial and Executive Service.

In para 70 of the Report which deals with a common formula for both executive and ministerial posts, I have carefully worked out the figures and I have come to the conclusion that the Kammala—Nadar group is entitled to four appointments and not three as stated in para 70.

Instead of clubbing together the two important communities they should be treated as two separate units. Though reduced in numbers as a result of Christian propaganda, and

probably understated by census enumerators the Nadars are the biggest Hindu community after the Ezhavas and the Nairs. The Kammalas come next in order.

#### 11. Inferior Service.

Para 44 of the Main Report reads thus :—"The majority of us including the Chairman are of opinion that the proportion in which the various communities should be recruited to the Inferior Service should depend only on the numerical strength of each community. So far so good. But it is regrettable to find that here again the Kammalas and Nadars are clubbed together and they are given five appointments. The two communities should be viewed as two units. The Nadars should be given 3 appointments and the Kammalas two.

#### 12. Vellala-group, Ministerial and Executive Service.

A word about the Vellala group. In this group the Vellala community forms the most important factor. It has been conceded by Government that in recruitment to public service the importance of a community is to be taken into consideration. Though the Brahmin community is a minor one in point of population its importance in other respects cannot be denied. Although the Vellala population is 70,705, ninety-five percent of them are direct taxpayers. In view of their economic importance the Vellala group should be given 3 appointments. At present, as is seen from the appendices, they are ill-represented in public service.

#### 13. Age-bar Exemption.

I think that the age-bar exemption should be given to communities whose male literacy in English is below 10 per mille. As a rule no member of the over represented communities suffers from age-bar difficulty. The Bombay Government have fixed 30 as the age-bar limit for the depressed classes. In Madras it is 28. Here in the case of communities whose male literacy in English is below 10 per mille the limit may be fixed as 30. Even at present age-bar exemption is obtainable with the sanction of Government. But the procedure is too complicated. The process has to be simplified.



## 14. Selection to special grades.

Very often clerks in the Account office and Huzur Secretariat are selected as Magistrates, Tahsildars, Sub-Registrars and Excise Inspectors. The question arises whether this kind of selection is to be considered as promotion, or recruitment. On the face of it it cannot be treated as promotion; for promotion is confined within a Department. It is then a form of recruitment. The principle of rotation should therefore apply to selection of this kind also.

## 15. The Public Service Commission.

15. In my opinion the commission should consist of five members excluding the president. The president should be a non party man and a full time officer.

*Members.*

Caste Hindu	1
Non Caste Hindu	2
Christian	1
Mahomedan	1

*N.B.*—In view of the fact that the non-caste Hindus are numerically stronger than Christians, Mahomedans, or caste Hindus they must be given two seats. Not less than one member should be a Tamilian.

## 16. Merit and Service.

It is all right to say that within the service promotions must be determined by merit and service. But the question is who is to determine merit and service. It is a well known fact that Heads of Departments ordinarily recognise merit and service in the members of their community alone. The vagaries practised in the name of merit and service are too numerous to be detailed here. In the circumstances I would suggest that all promotions be given effect to only with the approval of the Public Service Commission that is to be created.

## 17. Recruitment of Women.

The Report does not recognise communal representation in the recruitment of women. If the principle applies to men there is no reason why it should not apply to women as well.

Miss Watts and Dr. Janaki Ammal are hotly opposed to it. They say that women conference in Trivandrum and elsewhere in India are opposed to it.

As regards the case in British India the womens' question there, is confined to representation in the Legislatures, where the women conferences in British India trumpet their non-communal attitude. They may mean that they would stand together to secure a definite proportion of seats in the Central and Provincial Legislatures and nothing more. If they do not stand together they know that the forces are so much against them that they would not get any. In this attitude the question of representation in the public service does not arise at all. When only the Brahmin women, or Indian Christian women or Anglo Indian women or Bengalese women monopolise the services then we shall see what the conferences would have to say. There is therefore no point in quoting the proceedings of women conferences in British India.

As far as the Trivandrum Conferences are concerned, it shall be pertinent to ask whether such conferences were all Travancore in character. Has there been ever a women's conference with the avowed purpose of deciding this particular issue for the whole of the educated women of Travancore? There has never been any such thing. As it is, the so-called Trivandrum conference has had no mandate to speak for the womanhood of Travancore. Moreover all the educated women including Mrs. Anna Chandi M. A., B. L., who have a better right to speak on behalf of Travancore women than either of the two lady members on the Committee are strongly for communal representation of women.

There is no doubt that at present that all the evils that attach themselves to men's recruitment are rapidly making themselves felt in women recruitment also. For the truth of this statement we need only look into the list of women employees in the various departments.

I am therefore strongly of opinion that communal representation should apply to women as well as to men.

### 18. The Tamilians and Public Service.

18. At present the Tamilians and particularly the Non-Brahmin Tamilians are ill represented in the Public Service. In the four southern Taluks of Tovala, Agastiswaram, Kalkulam and Vilavancode 87 per cent. of the population speak Tamil and only 12 per cent. speak Malayalam. (*Vide* page 321 of the Census Report, 1931). The Non Brahmin TAMILIAN castes, such as Vellalas, Chettis, Saliyas, Yadavas, Veerasaivas, Maravas, Vadriyars, Mudaliyars, Sambavars, TAMILIAN Mahomedans and Nadars are ill represented in the Service. Tamil scholars say that at one time 90 per cent. of the appointments were held by them and many Vellalas had been financial secretaries (வள்ளல் செலாவணி செயலாளர்கள்).

### 19. Acting hands.

In every department, there are lists of large numbers of men who have held acting appointments and therefore have established a claim for appointment and confirmation in due course. The manner in which this state of affairs has been created is a regular scandal. Suffice it to say that 95 per cent. of these belong to well represented or over represented communities. If all these men are to be absorbed before others are to be taken I think for the next decade at least, the weaker communities will have no chance. I therefore strongly feel that the appointment and confirmation of candidates with acting claims should be in accordance with the principle of communal rotation agreed to by the Committee.

### 20. Military Department.

The defence of one's own country is the right of every citizen. But in Travancore that sacred privilege is given exclusively to members of one community.

In ancient times when Cheras, Cholas and Pandyas were contending with one another for supremacy and Mahomedan invaders from the Carnatic made periodical raids into Travancore through Aramboly and Anjukramom, all classes of people took part in the national defence.

There is ample evidence to show that 'Nanjnad Piddahakars' under their leaders called to this day as 'Mootapillais' had successfully resisted the in-roads of Pandiyan armies and Tippu. Those Piddahakars are even said to be responsible for Tovala and Agastiswaram Taluks being today part and parcel of modern Travancore.

A word about the Nadars. Eighty years ago, the Nadars in South Travancore had done recognised military service to the State. Some families in such villages like Agastiswaram Kattuvilla, Punnakkattoovila and Naduvukara had received 'Chembupattams' as a token of their military service. Even today their descendants are in possession of such rare art, like 'Silambom' and Todu 'varmom'.

During the Great War hundreds of men from all communities voluntarily enlisted as soldiers and fought in Mesopotamia for the cause of the British Empire. In the British Indian Army not one class of people is recruited but Bengali, Mohratti, Punjabi, Gurkas and Madrasis.

A stock argument that is advanced is that the Nairs are a military class of people and they had an historical celebrity. I shall be the last person to dispute it. But who can say that the broad-chested Mohamedans in Kottar, Ellangada, Tiruvancode and Tangapattanam will not be far superior to present day Nair Brigade men.

The present system of recruitment will undermine the tone and reputation of the Travancore Militia. Apart from the communal disharmony that such anomalous restrictions must generate no system of recruitment can be tolerated for a moment which is based on the assumption that all communities other than the Nair community are unfit to be entrusted with the defence of the country. The exclusive composition of the Brigade carries with it a gratuitous stigma on the other communities which must be immediately removed by throwing open military service to all communities alike.

## LAND REVENUE DEPARTMENT

Thrown open to all in theory but not in practice.

*Existing representation of Proverthicans to be taken into consideration.*

The largest and most important department namely, the Revenue Department (which was once the exclusive preserve of a few castes) was in 1922, thrown open to all irrespective of caste and creed. Alas! it is yet replete with members of a few Patrician communities. Appendix X furnishes with a caste-war statement of Proverthicans and Accountants. The thought that passes through the mind of any casual observer is, whether or not, the existing representation of Proverthicans is to be taken into consideration in the future recruitment. On a careful consideration of the importance of this post, the answer will be more of "yes" than of "no."

A Proverthican comes in contact with villagers in more capacities than one. It is on the list prepared by him that election to the Legislative bodies, takes place. He is said to make and unmake voters. Any candidate for election to the Legislative Council, would have unmistakably understood that nearly fifty per cent. of the tax payers cry hoarse that they are not given voting rights. As such the voters list as prepared by the Proverthicans is a mere sham. Voters are allowed to impersonate those that are not available in the polling station. "Pokkuvaravu" cases are kept in eternal suspension. In short, he makes use of his power as an engine of corruption and oppression. The popular cry is "if at least the major communities are proportionately represented in the Department, some of them will be able to return more members to the Sri Mulam Assembly and State Council. Regulation II of 1108 may work to the entire satisfaction of all communities. Out of 405 Proverthicans, there are only 4 non-caste Hindus, 1 Mussalman and 9 Christians. Out of 575 Accountants the Non castes and Non Hindus number only 81.

In view of the importance of this post and in view of the step-motherly treatment accorded to Non caste and Non Hindu Accountants in the matter of promotion, the existing representation of Proverthicans as can be seen from Appendix X should be

taken into consideration in the future recruitment of Proverthicans. I am constrained to state that this Department is thrown open to 40 lakhs of people only in theory but not in practice.

#### DEVASWOM DEPARTMENT.

A Devaswom Commissioner whose scale of pay is Rs. 500-100|2-700, four Assistant Commissioners 200 to 250, and 19 supervising officers are being paid from the general revenue. Inasmuch as the executive officers are paid from the general revenue, every person, be a Hindu or a Christian, or a Harijan has a legal right, to be recruited to such posts (whether at present this will be a practicable proposition or not is entirely a different question). There is at present a negation of this right. From the view point of non-Hindus and non-caste Hindus this looks like robbing Peter to pay Paul. Be that as it may, the subject is likely to assume serious dimension in future years.

It is unnecessary to discuss whether every citizen has a right to serve in this department because the whole department seems to be in the melting pot of the Temple Entry Committee.

At any rate, the non-caste Hindus who are numerically superior to the caste Hindus, and probably more religious than they, find in this singular department a problem which is indeed, a hard nut to crack. Times are fast changing not only in Russia, Turkey and British India, but in our State as well. In olden days when the revenue department was wedded to the Devaswom, who said bifurcation was in store? The idea of bifurcation was considered to be a heresy. Who can say that in the evolution of things, that this strange department which consumes annually an integral part of the State's revenue in the name of religion, will not undergo a metamorphosis? Who can say that socialistic ideas in Modern Europe will not cross this side of 'Western Ghats' and be helpful in wiping out the unpleasant epithet conferred on this part of India by Swami Vivekananda.

K. NARAYANAPERUMAL NADAR.

## DISSENTING REPORT

BY

*Mr. P. S. Mahomed.*

---

It is regrettable to state that the members belonging to the unrepresented communities have signed the report not only subject to their dissenting opinion but also objecting to certain arguments which have been recorded in the report against the spirit of the resolution carried in favour of unrepresented communities. The Committee passed certain resolutions unanimously, one of which is "without impairing efficiency rules of recruitment to the Public Service should be so framed as to give due consideration to the claims of all communities" This resolution recognises only two main principles which are the most important in the whole of this report. The first principle recognised by the resolution in framing the rules for recruitment is that the claims of all communities should be considered and the second is when considering these claims, the efficiency of the Public Service should not be impaired. The term of reference discloses the following points :—

I. There are complaints from certain communities that they are not fairly represented in Public Service.

II. Efficiency shall not be impaired and injustice and unfairness to the other communities should be avoided. From the above, it is clearly seen that the object of constituting this Committee is to frame rules for redressing the grievances of unrepresented or poorly represented communities without impairing the efficiency of Public Service and without causing injustice and unfairness to the other communities. This Committee has not been asked to suggest measures for increasing efficiency. Further there has not been any complaint at all that the present qualification prescribed for recruitment is not sufficient for maintaining efficiency. The complaints till now are that certain favoured communities alone have been recruited in Public Service by ignoring the claims of all other communities. The complaints were so strong, so severe and so reasonable that the Government

could not but listen to them. As pointed out in the report several steps were taken by the Government to make the appointing authorities to do fairness to the communities that have not been fairly represented in the Public Service. The G. O.s and circulars issued by the Government on this behalf from time to time have never been properly observed. The tension between the communities reached almost its zenith and clamour for justice between communities in the matter of appointment became very loud and insistent. Consequently Government appointed this Committee. Therefore the most important question to be solved by the Committee is to make out proposals for giving proper representation to all the communities. This prompted the members of the Committee to pass the resolution quoted above unanimously. But the unfortunate thing is that the report ignored the importance of communal fairness urged in the resolution. The pity is that the report has dealt with the means for finding out the ideal to be observed in the recruitment to Public Service. Not a single member in the Committee advocated that educational qualifications should be lowered for the sake of communal representation. Efficiency of course should not be impaired. The members of unrepresented communities with the qualifications prescribed for maintaining efficiency at present can hold appointments as efficiently as the members from other communities. Efficiency is not the inheritance of a particular community. This is the reason why I pointed out the portions mentioned in the Miller Committee on this question. In one place it is said—

“Efficiency however is not to be measured solely or even mainly by academical qualifications and it will not be denied that there are many important branches of administration in which other qualifications such as sympathy, honesty of purpose, energy and common sense go as far, to make an efficient Officer, as literary superiority.”

In another place in the Miller Committee report it is said “Our task appears to be to suggest some suitable means by which the object of the Government to secure large representation of the backward communities in the Service of the Government may be effected without materially affecting the efficiency of the service remembering at the same time that the efficiency of the service as



is ordinarily understood is not the only end in view but that due regard should also be paid to the general efficiency of the State as measured by the social and educational results of a proper distribution of high offices among the different communities." It is also said in the same report "Again under the present system of Government, the officers of the Government in the higher grades of service have necessarily much influence in shaping the policy of the administration and the efficiency of the services viewed as machines for securing the even and uniform progress of the State is likely to be increased by the presence in their ranks of officers of different communities. As viewed from the point of view of services themselves it is likely that their efficiency will be advanced by promoting a greater feeling of equality among the officers and by relieving those who are in the minority of the feeling that their interests are likely to suffer at the hands of the majority. For the fact cannot be ignored that an officer in the exercise of his duty of making appointments and promotions finds it easier to see the virtues of his own community than those of others."

In para 12 of the report, the Brahmin genius has been disclosed by endeavouring to establish that "the ideal should be to recruit to the Public Service persons of high qualifications among the candidates available." In this connection the President has been very insistent to state in the report the following observations:—

"Every employer chooses the best person for the various jobs that he wishes to get done. The State is the biggest employer of labour and is therefore expected to do what every individual employer does." As "Public Service exists for the people as a whole and as it is maintained at the cost of the taxpayer", the relationship of a labourer in Public Service and that of a labourer under private employer is undoubtedly different. In the Public Service the labourer has a right to demand to give him a chance to serve his country and his King while the labourer under private employer has no voice in the matter of employment. There is no community of interest between the labourer and the private employer. No man who has got an atom of respect towards growing tendency of democratic principles

can compare Public Service with ordinary labour under private individual. Let us for a moment walk through the factories and the estates owned by private firms and rich individuals. There are thousands of people employed in factories and estates. Though there are hundreds of graduates who are seeking employments yet we find that there is no preference in the factories or estate to the graduates. On the contrary they very rarely appoint graduates. Even in the clerical lines, where the pay is above 50 and 100 rupees non-graduates are preferred to graduates. This is clear enough to show that educational qualification is not the ideal for recruiting labourers under private employers. We are not now for ideals. We are in the practical world. No successful administration can be maintained solely by dreaming ideals. The ideals should be adjusted according to the circumstances and existing facts before us. Even in the ideals there are differences of opinion according to the different political thoughts. Those who favour autocratic administration will advocate high educational qualification and highest efficiency as ideal. Those favouring democratic administration will naturally advocate due representation to all communities in the administration of the State. It is an admitted fact that our State administration is carried by the officers in the Public Service and hence it is only just and reasonable to make provisions for giving representations to all the communities in the State to participate in the administration.

It is a well known fact that whenever the favoured communities find that their overwhelming privileges, rights and influences cannot be enjoyed as before if a fair principle is accepted by the State, they will make hue and cry in the name of efficiency as if efficiency is their inheritance. It is said in the Indian Constitutional Law "Till 1909 the Indian Government was following Carzonian doctrine of efficiency at the sacrifice of popular approval. Lord Morley wanted to reconcile efficiency with popular approval." Rao Bahadur Sir A. P. Patro speaks thus against the motion of adjournment of Madras Service Commission Bill on 31-1-1929, "The circumstances of our country are such that there is a preponderance of one particular community and it is the aim and struggle of every other community to have its own proper and legitimate share in the services. That being so

it is impossible to lay down categorically and text book writers will not be able to help us very much. I admit that justice must be done to all who possess merit but the bogey of efficiency is too much pressed in the Province more than necessary. The bureaucracy must realise the danger of making a fetish of efficiency. I warn the Government to see that while the standard of efficiency should be kept in view, the special circumstances prevailing in this country must be fully kept in view ; otherwise it will lead to dangerous positions. Therefore it is essential that the authorities in the Provinces must take into consideration the circumstances prevailing in the country., According to Sir A. P. Patro, Sir Malcolm Hailey is a text book writer and he is no authority on the question of recruitment. A quotation from the speech of Mr. W. R. Barker was found in the report. If one carefully goes through the speech he will find nothing more than that Mr. Barker prefers an educated man to an uneducated man. Then he contends that if University qualifications are not respected in Public Service it would be a waste of resources of the Government as well as individuals. Lastly he says "I will only say that no crueller wrong could be done to the youth of India than to encourage them to come in their thousands to Indian Universities and then dispute their entry to the Public Services." Here it will be pertinent to note that none of the backward communities demand a reduction of qualifications already prescribed nor they desire to ignore the University degrees. What they want is that if there are qualified hands in their communities they should be appointed in proportion to their numerical strength. As Mr. Barker observes it will be unfair and most cruel if the youths of University qualifications are asked to dispute their entry into Public Service by a competitive examination. Therefore if persons from different communities come out of the Colleges with their degrees which are prescribed for Public Service are appointed with due respect to the claims of all communities, there will be satisfaction to all, that without ignoring the educational qualifications the claims of all the communities are met. I have cleared myself that if eligible members of all communities according to the present rules are entertained in Public Service, there is no reason why the efficiency may be impaired. On the contrary the administration of the State will become more efficient and more popular.

In the report, the President was very particular to record the points of evidence of certain individuals who answered the questionnaire against communal representation. I am compelled to state that those points which are recorded as evidence in the report are all from the answers of Brahmin gentlemen. Out of a large majority of answers from Christian community, only 3 or 4 answers are against communal representation. These 3 or 4 persons belong to those sections of Christians who have got above their quota in Public Service. The bulk of the answers are in favour of communal representation. Even Brahmins and a large number of Nairs have answered in favour of communal representation. Their evidence discloses the intensive feelings in the country against communal bias shown by the appointing authorities in the matter of appointment. The Roman Catholics, the Muslims the Ezhavas, with the exception of Miss Janaki Ammal supported communal representation by their answers. About 95 percent. of the answers from the other section of the Christian community are also advocating communal representation. The South Travancore Protestant Indian Christian Conference submitted their answer signed by 260 persons urging the necessity of accepting communal representation. The answers from the Malankara Syrian Mahajana Sabha Secretary, Christava Mahilalayam, Travancore Latin Christian Association, The All Travancore Political Ezhava League and the Lejnathul Mohammedia Association, Alleppey, have supported the above opinion. Important persons like Mr. E. J. John, High Court Vakil and Priacipal, Law College, Raja Bhooshanan K. Chandy (Retired Officer, Mysore), Dewan Bahadur Dr. V. Varughese, C. K. Mathen B. A., B. L., retired Dewan Peishcar, Rao Sahib G. Zackaria, B. A, from the Non-Catholic Christian sections, Miss Rosemayer Inspectress of Girls Schools, Miss Mary John, Professor, Miss P. Moses, S. M. P. A., member, Mrs. Anna Chandy, Ex M. L. C, and High Court Vakil are in favour of communal representation. Among the caste-Hindus who answered in favour of communal representation, the following names are worth mentioning. Messrs. K. Vasudevan Namputhiri, K. N. Krishnan Potti, S. K. Mahadeva Iyer, Retired Dewan Peishcar, V. S. Narayanan Nair, R. Dhanukodi Pillay, Conservator of Forests, S. Chatanatha Karayalar, Ex-M. L. C., C. R. Padmanabha

Pillai, Retired Forest Officer, M. R. Narayana Pillai, Kottayam, K. I. Narayanan Nambiar, President, Nambeesabhyudaya Samajam, K. Kunjuni Menon, Retired District Judge, A. Sankara Pillai, Headmaster, English High School, Marthandom, N. Krishnan Tampi, R. Kumara Pillai, K. N. Gopala Pillai, and G. Raman Menon. The evidence recorded by answers to questionnaire by the European Officers has to be given great weight. Mr. S. C. H. Robinson the retired Land Revenue and Income Tax Commissioner, Lieut. Commander W. J. Swan, Port Officer, Mr. L. A. Bishop, Commissioner of Police, and Mr. G. F. Turner, M. C. Commandant, Nair Brigade strongly supported communal representation. Mr. S. C. H. Robinson an experienced Officer in Travancore recorded in his answers "owing to various existing conditions and as communal representation has been continually urged by the public I think we have to recognise it. If we recognise it we must be firm that it is carried out strictly and fairly. Captain Swan emphasises that "the principle should be applicable to inferior as well as superior service. He is also of opinion that in all Departments except Devaswom Department communal representation should be applied." He is also of opinion that "existing representation should be taken into consideration for determining the proportion for future recognition". Mr. L. A. Bishop answers that it should be "on the basis of population solely" and in the question of existing representation he says that it must be considered by retarding the entertainments from communities already well represented. Major G. F. Turner says that he is in favour of communal representation to all except Devaswom and it must be on the basis of population. He is also for a Public Service Recruitment Committee selected by Government on communal basis. The only European who opposed communal representation among those who answered questionnaire is Mr. L. A. Lampard, Harrison & Crosfield, Ltd., Quilon. We cannot find fault with him, as he says at the beginning of his answers "I find considerable difficulty in offering any useful suggestion as the subject appears to be a political one and not one that is ordinarily met with in the employment of labour and staff". His answers later on would convince all, that he was guided for his answers

by the employment of labour staff alone. So it is not advisable to give any weight on this evidence on an important political question, when he confessed that he was unable to offer any useful suggestion on that question. I may be excused when I say that Messrs. Mc Alpine and Westerdale were in the State only for a short time and they were not able to study the conditions of the people and the State with the political tension that exists among the different communities. Miss Janaky Ammal declared at the outset that she has no community at all. She has been here only very recently. Unlike other countries the administration of the State has been carried by Officers who represent in the Public Service. Therefore if a community is not represented in Public Service the result is that community has no hand in the administration of the country. In other words, the community who has no hand in Public Service has no status in the politics of the State. This is one of the most important reasons why the unrepresented or poorly represented communities are fighting for their due share in Public Service. Another important reason why all communities should get their proper share in Public Service is that the State is the biggest employer. The question of unemployment is a great problem now. As matters stand now, the State is very particular towards Caste-Hindus in giving employment. More than 8 lakhs of rupees are divided every month as pay to the Officers, a major portion of which has been contributed to the Caste-Hindus. The State coffers have been contributed by all the communities directly or indirectly. Therefore it is the duty of each community to demand their due share from the State Treasury. There are several other reasons for each community to demand their due share in the Public Service.

Government have been convinced of the force of these arguments and they have repeatedly declared their policy accepting the communal representation in one form or other. The Proceedings in the Assembly and Legislative Council quoted in the report are strong evidence for the same. I am not going to enumerate all those questions here. I wish to point out a portion of the reply of the Chief Secretary in the Legislative Council on the 18th December, 1930, on the resolution of

Mr. A. C. Kuriackose. He agrees with the principles of the resolution. But he is against the minimum qualification to some extent. He adds "minimum qualifications are but minimum qualifications. No service could regard itself as well equipped if only persons with minimum qualifications are uniformly appointed." The Chief Secretary is very careful in his reply. He did not say that he is opposed to appoint persons of minimum qualification generally. He is against appointing men with minimum qualifications only in all cases. On the other hand he admits "there are certain posts for which we can put up with minimum qualifications though we can get better men. I am not saying therefore that for all posts the only principle to be followed is the principle of competitive examination." The above arguments of the Chief Secretary disclose that adequate qualifications do not prevent men with minimum qualifications to be appointed and he does not advocate competitive examination. In almost all the communities there are men with varying degrees of qualifications and hence if communal representation is accepted there is no fear for appointing men with minimum qualifications uniformly. Both men with minimum qualifications and better qualifications will be available in each community. When better qualified hands are not found in any community in some cases, there will be no harm if a man with minimum qualification is appointed as such appointment is not made uniformly. Even now a large number of vacancies are filled up with men with minimum qualifications. There is no complaint till now, that efficiency has decreased on account of such appointments.

I have already proved beyond reasonable doubt, that efficiency will not be impaired by accepting communal representation but on the other hand the proper representation of all communities in the Public Service will enhance the efficiency of the administration of the State as a whole. In Madras and Mysore communal representation has been already accepted. It is true that the number of communal groups there are less than the groups here. Here the over represented community is not the Brahmin alone but some sections under the Caste-Hindus. If percentage of the Caste-Hindus in the service is taken as a whole, the over representation here is greater than

that of Mysore and Madras. Therefore there is no force in the arguments saying that the principle accepted in Madras and Mysore will not be helpful to Travancore. Communal representation is the out come of democratic influence in the country. This principle has been accepted not only in Mysore and Madras, but in one form or another it has been accepted throughout India. In the 8th page of The Hindu published on the 14th September 1933, it has been written under the heading of communal representation as follows :—"General rules for services. Two alternative methods prescribed. Final touches we understand, are now being given to the general rules which have received the approval of the Cabinet, to regulate the method of recruitment and the conditions of service in the Provincial Services.

"The general rules we learn lay down the general principles for securing communal representation and leave the application thereof to any service, class or category to special rules governing the service concerned.

"They provide two alternative methods—communal rotation and communal proportion, the former in the opinion of the Government being the more straight forward and easy to look when it can without objection be applied to all appointments however made to a service, class or category.....

... ..  
 ... ..  
 From the above quotation, it is clearly seen that Government of India have framed general rules accepting communal representation in Provincial Services. Therefore, it is only fair and just that Government of Travancore should take steps to work out communal representation to the satisfaction of all the communities that are not properly represented in Public Service at present. Therefore the lodging of the first and second recommendations recorded in the summary of recommendations are against the spirit of resolution unanimously passed by the Committee. Therefore the first two recommendations found in the summary of recommendations are baseless and have no place in the report. The 3rd recommendation i. e., "without impairing efficiency, rules of recruitment should be so framed as to give due consideration to the claims of all communities", need



alone be considered. This has been unanimously passed by the Committee. There is no resolution passed by the Committee to support to the first two recommendations.\*

The resolution "In view of the great advance of education in the State minimum educational qualifications should be fixed by the Government for entry into Public Service in pensionable posts" has been passed by the casting vote of the Chairman. This resolution is the 4th recommendation. This is highly objectionable. There is no complaint till now, that minimum qualification now prescribed is insufficient. Government have prescribed minimum qualification for almost all appointments. There are a huge number of persons who have appeared for School Leaving and School Final examinations but who have not passed. In the inferior service, such as peons, etc. and in the superior service such as Police Constables, Excise Sepoys, etc., these literate unemployed persons could be suitably appointed and invariably they will be more efficient for the posts above mentioned. The only object of this resolution is to place obstacles on the way of the poorly represented communities in the lower rank of the Public Service. The average literacy in the State is about 3 per cent. Many of the unrepresented or poorly represented communities fall below the average literacy. In Mysore all the communities whose literacy fall below 5 per cent. has been treated as backward communities and the Miller Committee have recommended to exempt them from the strict rules of qualification. Here the poorly represented communities do not press the Government to provide them any exemption at all in such rules. But they are strongly against raising the qualification or imposing unnecessary qualification when qualification has not been prescribed till now. If the represented communities can be conveniently appointed under the existing rules prescribing qualifications, I do not see any valid reason for enhancement of qualifications except if it be not for preventing the poorly represented communities from entering into Public Service. This will clearly show the mentality of the opposing element. I am sure that the purpose for which the Committee has been appointed will be frustrated if this recommendation recorded by the casting vote of the Chairman be accepted.

---

\* *Vide* Foot note at page 160—Chairman.

The Miller Committee report says "Most of the rules prescribing high educational qualifications are of recent origin and we cannot but think that they may have had some operation in excluding members of the backward classes from position which they might have filled with credit to themselves and their community ..... which we think ought to be abolished."

It is the duty of the Government to see that the undesirable object of the over represented communities, which prejudicially affects all other communities is not achieved. If any change be brought into force regarding the existing qualifications, Government will be only doing an injustice to the poorly represented communities.

The next recommendation is "The rules herein formulated should apply only to direct recruitment and not to promotions." This does not mean that communal considerations should not be weighed in making promotions Government are making promotions considering seniority, competency and communal claims. This right of Government is not infringed by the recommendations. The only thing the Committee recommended is the rules prescribing the numbers of seats to each community, will not apply to promotions. The existing system should be continued with greater consideration towards the claims of the poorly represented communities. The Miller Committee report records "We think it essential that the distribution of the proportion fixed should be made equally in all grades and Departments of Services." The report further adds "it should be maintained also among the Officers of those grades serving in the Secretariat and it should be maintained among heads of Departments and Secretaries to the Government". If proper representation of all communities is to be restored in the higher ranks of our Public Service within a reasonable period, it is highly necessary that Government should pay particular attention to the claims of poorly represented communities in promotions, though not according to the rules laid down in the report.

In para 44 of the report, when inferior service is discussed, the communal rotation fixed in Appendix VI is highly objectionable. It is an ordinary rule that when the rotation fixed is for

giving fair chances to poorly represented communities, preference in rank in the rotation should be given to those communities which are comparatively poorer in representation. The total number of appointments in the inferior service in the major Departments is about 7500. The Christians as a whole get 923 of which Catholic Syriac Rite have got 136, Latin Rite 137, Anglicans 18, Protestants 143. The Nairs have got 4900 appointments while the Ezhavas have got 260, the depressed class have got 200 and the Muslim have secured about 230 appointments. Out of 7500 appointments in the inferior service, the Musalman has only 230 appointments. Therefore he should get a special preference in the list of rotation. His place must be either third or fourth in rank in the list. The list of rotation recommended is wholly defective and hence Government should prepare a list of rotation which should give reasonable preference to the communities which are poorly represented in the inferior service.

It is a well known fact that the question of competitive examination has been brought in by the over represented communities when they found that they could but yield to the reasonable arguments in favour of communal representation. When the Government admitted that it is only fair and just, that the qualified hands from all communities should be given fair chance to represent their communities, the only loop hole found out by the over represented communities for preventing the entertainment of hands in Public Service from the backward communities is the competitive examination. When the public service was the monopoly of the over represented communities and when thousands of applicants among them contested for a single post, no question of competitive examination was heard in the State. But when Government, finally began to show some sympathy towards the principle of communal representation, a plea of competitive examination from the opposite party was raised for the mere purpose of eliminating the applicants of unrepresented communities from entering Public Service. The qualifications prescribed for each post should in no way be reduced for satisfying the claims of unrepresented communities. The efficiency in literacy can never be impaired so long as the general qualifications prescribed continue as the same. But if the principle of

communal representation be accepted, the whole-some influence in the Public Service as well as in the State as a whole will be exemplary, the country will be content, there will be no room for communal heart-burning and communal hatred, the general tone in the country will be improved and to speak in one word, the whole administration of the State will be enhanced in efficiency in the true sense of the democratic principles. It will be only unfair to introduce a competitive examination for protecting the selfish interest of some communities which have been monopolising the Public Service for a long time.

It cannot be denied that the candidates from the privileged class who have in the field of Public Service to the exclusion of the others have better influence in passing competitive examination by several reasons. The surroundings around them, the home atmosphere and the influence they can wield over the examiners or even over the Public Service Commission, will be favourable for the over represented communities. After equal opportunities are given to all communities in the matter of experience in Public Service, so that the surrounding influences become favourable to the candidates of all communities alike, the competitive examination may not prejudicially affect the unrepresented or poorly represented communities. As matters stand at present, competitive examination will be nothing but an axe for clearing way for the over represented communities to the detriment of the unrepresented or poorly represented communities. This is the reason why in British India where competitive examination was in force from a long time past, Government are now making exemption in favour of backward communities. They are providing large number of nominations for poorly represented communities alone. If one impartially looks into the question of communal representation in India one can very easily see that strong feelings are going on against the competitive examination and Government have been yielding day by day by relaxing the force of competitive examinations which were in force for very long period, by nominations.

The Miller Committee in Mysore, where competitive examination was in force, for higher appointments for a long period

before the Committee was appointed, reports the following on the question of competitive examination :—

“Substituting competitive examination by a Board of Selection in regard to the selection of Officers to the higher grades of services such as appointment of Assistant Commissioners and Munsiffs in which some are selected by a competitive examination, some others are nominated, while the rest all promoted from the subordinate service, we do not see why a Board of representative Officers should not be able to select the candidates without a competitive examination in the very subject in which a University will have declared them to have passed. Coupled with such educational qualification as may be prescribed selection by a Board ought, if properly done to secure the the admission of suitable candidates, better than a purely literary competition like the present Civil Service Examination. A system of selection by a Board of special Officers is, we believe in force in Madras for the selection of Deputy Tahsildars in that presidency, and that the Committee appointed under Government order..... on these lines. We are therefore in favour of the abolition of all competitive examinations. It is desirable at any rate at present and until education is evenly distributed among the various Communities to revert altogether to the system of nomination as experienced during the last twenty years has shown that the only candidates selected through the Mysore Civil Service examination who are not of Brahmin community are three Indian Christians from outside the State. The competitive examination for the selection of Munsiffs may for the same reason be abolished. Provisionally until the competitive examinations are abolished a large proportion, say 2 out of 3 of the total number of appointments should be given to members of backward classes by nomination. For example, if six appointments of Assistant Commissioners are to be made by direct recruitment, four of them should be filled by candidates from backward classes and the remaining two by other class. If however, one or more candidates of the backward classes obtain a rank in the competitive examination, the number of candidates nominated from those classes may be reduced proportionately”. The Miller Committee was appointed on the

complaints of backward communities at Mysore and the Public Service Recruitment Committee here was appointed on the complaints of backward communities in Public Service here. The Miller Committee impartially went through the questions and hence they recommended reasonable and fair suggestions. They recommended that the competitive examination which was in force there should be abolished while a similar Committee here have been recommending the introduction of competitive examination. What a tragedy it is? The President of the Miller Committee is a European who had not been played in the hands of over represented communities.

Sir Charels Aitchison's Report, 1886-87, says "An open competition in India for the covenanted Civil Services would operate with in equality, excluding altogether some important classes of the community while giving undue advantages to others." The next report bearing the point was Lord Islington's Royal Commission in 1912 which said English education has also been diffused unequally among the different communities. It has spread more rapidly in those which have had from early days an hereditary association with learning. Other classes of which the Muhammedan are the largest are still backward in this respect. As long as these conditions prevail, the result of recruiting by means of competitive examinations alone must be to exclude from the Public Services important sections of the Indian population." The authors of the above two Commissions are Europeans who are not interested towards any community. Therefore these two reports have greater weight on competitive examination than others as they were the productions from impartial and disinterested hearts. It is clear from the above facts that the object of those who advocate competitive examination is for nothing but to exclude the communities that are claiming for proper representation in the Public Service. Therefore no Government who have got any regard towards popular demands can introduce competitive examination which is not in force at present, and which is at a time when the Government cannot but recognise communal representation. The answers to the questionnaire disclose that a large majority including the answers of Messrs. Robinson, L. A. Bishop are against competitive examination. Even many of the respectable Nairs and some of the Brahmins have answered

against the introduction of competitive examination. The following portion of the speech of Mr. W. R. Barker quoted in para 13 of the report is self evident against competitive examination :—

“ I will only say that no crueller wrong could be done to the youths of India than to encourage them to come in their thousands to Indian Universities and then dispute their entry to Public Services. Competitive examination requires persons who have taken University degrees to dispute their entry into the Public Service by another examination and hence according to Mr. Barker it is a crueller wrong done to the youths of India. It is true that there are some persons who are in favour of competitive examination within the communities. Honourable Mr. Sayad Raza Ali in his speech in the Council of State mentioned in the report explained his position for advocating separate examination and separate lists. He said “ Now the Honourable Members of this House would like to know as to why I have recommended the preparation of the two lists. Let me at once point out that there is no charm in having two lists and nothing less than two lists. What I mean is that provided Muslim candidates satisfy a certain minimum standard that is to be fixed for these examinations, the best men from amongst them should be taken rather than the community should go wholly unrepresented for a number of years. This principle already obtains in the United Provinces.....The system has been in vogue in the United Provinces for the last nearly four years and has worked satisfactorily.” ; When Mr. Muddiman opposed it and advocated for a single list, he was able to emphasize only one point. That is the following :— As long as you have a single list you have rival communities competing among one another and it must be a matter of great pride to the community concerned if one of its members takes a high place in the general list”. This argument has weight only in places where competitive examination is in force. Here also Mr. Muddiman assured the Honourable member that a large number of appointments will be reserved for nomination for equalising the disparity between communities as a result of the competitive examination.

It was Miss Watts who moved the resolution for competitive examination. She wanted to respect the opinions of Mr. Muddiman and Mr. Sayad Raza Ali by a common

examination giving due shares to all communities. Her idea was to select the best persons from among each community. To make her object clear in introducing competitive examination, she at once moved the following resolution. "That the competitive examination should be purely an eliminative one to select the best candidate from each community." This resolution was supported by all the members who opposed her first resolution for the sake of a compromise. The result of the two resolutions is that there should be a competitive examination purely for the purpose of selecting the best men from each community". Had it not been for the vote of Miss Watts the first portion of her resolution would not have been carried. It is very clear that she voted for the first with the firm belief that the second part will also be carried. Therefore if at all the recommendation of competitive examination be considered by the Government, it must be for the purpose of selecting the best man from each community. Generally speaking, the majority of the people are against introducing any kind of competitive examination at this stage.

The next point in the report I object to, is the mixed nature of the examination. We know, the knowledge of E. S. L. C. holders, Intermediates, and graduates is different. Both in language and general education the graduate is far superior to an E. S. L. C. holder. The appointments which are open to the E. S. L. C. holders and under-graduates are limited. They are not allowed to enter into high appointments. Therefore it is an insult to ask the graduates to compete with an E. S. L. C., holder and cruelty to ask the E. S. L. C. holder to compete with an opponent who is decidedly far superior to him in all respects. Therefore graduates should never be allowed to compete with non-graduates in a common examination. Among the educated unemployees, the number of non-graduates are much greater than that of the graduates. Therefore it will be a havoc among the non-graduates if their scope of employment is narrowed by giving their share to graduates.

As the result of the two resolutions of Miss Watts the competitive examination is nothing but an eliminating process for selecting the best men from each community. Therefore the names of all those who joined in the examination will be arranged



in the list of candidates according to the order of rank of marks obtained in the examination. On this clear understanding a compromise has been arrived at reserving 10% of the appointments to the best in the competitive examination in the order of merit. The remaining vacancies should be allotted irrespective of the rank according to the rotation that may be fixed by the Government in obedience to the number fixed by the Committee to each community. Messrs. Govindan, Thomas, Kunjithommen, Nadar, C. O. Madhavan and myself have strongly opposed the above resolution if the competitive examination is not for selecting the best men from each community. Mr. Govindan made it clear on the discussion about the subject, that the competitive examination proposed, can inflict no failure on the candidates except marking their ranks in a common list, when Mr. Thanu Pillay's amendment for fixing a maximum number of successful candidates was thrown out by the Committee. Therefore I strongly oppose to any such reservation, if any other method of competitive examination be adopted. The names of all candidates who joined in the examination should be recorded in a list without fixing minimum marks for success or failure. The communal rotation in turn should be given effect to, out of the names in the list, however low in rank a candidate of a particular community stand in the list, provided there is none else in that community in a higher rank in the list.

The arguments adduced in the report to show that representation on population basis is not accepted in British India is very hollow. It is true that the Muslims and the Christians have been allowed more representation than on their numerical strength. This does not mean that numerical strength is not the basis. The Muslim and the Christian are the minority communities there. Though numerically they are small, their importance in the country cannot be ignored. Therefore, as a civilised Government, weightage has been allowed to these communities. The argument that the Hindus are entitled to get more than ten appointments out of twelve if numerical strength has been taken is very silly. In Madras, they have not divided Hindus including the depressed class. The depressed class there has been made a separate community. It is an admitted fact, among the

depressed class, there are not sufficient number of qualified hands to receive the appointments according to their numerical strength and hence a low percentage of appointments have been provided for them. If the Hindus are separated from the depressed classes, there is no difficulty in seeing that the Hindus get due representation proportionate to their numerical strength. The Brahmin is an influential minority community there and hence he is given a substantial weightage without reducing the number of appointments in the share of non-Brahmins according to their population basis. The gain obtained from the depressed class communities have been given to the important minor communities as weightage. This can be clearly seen from the fact, that, while out of 12 appointments the Muslim get 2, the Christian get 2, the Brahmin get 2 and the Non-Brahmin get 5, the depressed and other communities put together get only 1 appointment. The advantage obtained from the depressed class were divided between all the minority communities but not to Hindus alone. This is nothing but fair and justice. I think I have made it clear that the principle accepted in Madras is representation according to population basis. Nowhere in the world when communal justice has been considered literacy or minimum qualification have been taken as the basis for representation. It is nothing but a meaningless argument. Every community has a right to demand its rights in the administration of the country but the only restriction is it should send out only qualified representatives to handle the administration. Therefore the only natural, reasonable and fair basis for representation must be on population basis and all other basis must be artificial.

If one can go into the report, he can very easily see that the methods adopted for fixing number of appointments to each group of communities by religious divisions at the first instance is only a quibble for giving undue advantage to the Caste Hindus. I have agreed to the main three divisions by religion on the clear understanding that the representation was agreed on population basis. If population basis is accepted, there is no trouble in whatever way the communities are grouped for the purpose of fixing rotation. If it comes that any of the sub-divisions

fail to supply candidates when their turn comes, vacant appointments naturally become the common property of all the communities. It is unfair and illogical to say that the share of depressed class should be divided among the Hindus alone. The fact that the Committee have unanimously resolved that the representation must be on population basis, although arguments are found in the report against population basis, show that whenever advantageous position is found in favour of over represented communities, they are willing to accept it even against their principles. I am strongly against the argument that the population basis has been accepted in order that the Muslim community may not be prejudicially affected because their English literacy is 2 per cent. But I say that population basis has been accepted for the three main divisions and their half literacy and half population among the sub-divisions, for the mere purpose of securing a larger number of appointments to over represented communities in the Hindu fold. There are 1567925 males among the Hindus out of which 895068 belong to depressed classes whose English literacy is almost nil. While out of 27,233 Brahmin males 7,766 are literate in English, the Pulayas with a male population of 103,546 have only 54 literates and the Kammala has 576 literates out of 103879 males. This will clearly show, that by the main divisions made, provisions have been made to secure appointments on the strength of population basis even of the depressed classes. Half of their share was taken and added to the shares of Caste Hindus. Thus the Caste Hindus get a huge gain out of this arrangement. It is for this gain that population basis in one case and then half population and half literacy in another case have been taken and not to help the Muslim at all.

It is admitted by the Committee that the importance of Muslim community requires some special consideration. The Hindus and Christians are the major communities. The Muslim community is an important minority community. In all fairness and justice, they should be allowed weightage as in the case of British India. The provisions for the distribution of appointments have been discussed pointing out the relative population in para 65 of the report. I have explained before that population

was the basis accepted in Madras but weightage was provided for the important minority communities.

The distribution among the sub-divisions by half population and half literacy is harmful to the depressed class. The most fair way of dealing this question would be to divide the communities in the State into 4 main groups, Christian, Muslim, Depressed Class and Hindus other than Depressed Class. A certain percentage of appointments may be reserved for the depressed class. The remaining appointments should be divided between the other 3 main divisions according to population basis and if it be necessary that half population and half English literacy or general literacy may be considered for dividing the appointments among the sub-divisions, it may be done. The proportion fixed in the report is defective. Then regarding the number of appointments fixed for women, I cannot but protest against the separate allotment for women. Women cannot stand beyond the communities so long as the men are within the communities. Whatever be the number of appointments the women are allowed to hold when women are recruited each of their appointment should be deducted from the quota prescribed for the community to which they belong. The communal proportion fixed for each community shall not be affected by the introduction of women as a separate community. If we go through the evidence of the females we find that except Miss Janaki Ammal who is not a Travancorean, all are in favour of communal representation. Mrs. Anna Chandy, Miss Rosemayer, Miss Mary John, and several other respectable ladies are in favour of communal representation. It is pitiable that the majority of the Committee have rejected the evidence of women and forced upon them the opinion of Miss Watts a Eurasian lady who has not felt the bitter experience of the backward communities here, and of Miss Janaki Ammal who is not a native of Travancore. The Committee ought to have in fairness respected the evidence before the Committee rather than favouring the opinions of the lady member of the Committee whose experience in the appointment of Public Service is very little. Chivalry is good but too much of it is undoubtedly bad. The fact that the resolution carried regarding married women when Miss Watts was in the Committee has been subsequently revised and a contrary resolution has been passed

at the instance of Miss Janaki Ammal will show how far the Committee was carried away by the spirit of chivalry towards ladies who are in the Committee. We should respect the evidence of respectable ladies who are the born subjects of the State and who have long experience in the Public Service of the country. I am strongly of opinion that women should be brought under communal representation.

Miss Watts was for 2 appointments for women out of 31. But that was revised by a majority and fixed as 3 without any new ground at all. I strongly object to this revised proportion fixed. Paragraph 73 of the report is highly objectionable. I have already pointed out the undesirability of restricting the advantage derived from the inability of a particular community in supplying its candidates when its turn comes. All the communities have same rights and privileges. If one community is found unfit to enjoy the rights and privileges entitled to, it is the duty of the State which is common to all communities to bring it up by granting special concessions. The other communities are also bound to contribute their mite to the amelioration of the depressed or oppressed community. It is not the different sections in the Hindu fold alone that are contributing to the progress of the poor community. So long as the special concessions from the Government are highly necessary for the uplift of the poor communities and so long as all other communities alike are expected to fulfil their duties to their sister communities the sub communities in the Hindu fold cannot and should not have an exclusive right over the advantages derived from inability of certain communities in supplying required number of their candidates in Public Service.

Paragraph 73 was not considered when the grouping of the communities was done. Nor any resolution was moved or carried or even discussed either when the question of grouping of communities was discussed or when the question of proportion to each community was fixed. Even when the first draft report was sent to the members, this portion had no place in it. The copies of summary of recommendations sent to me have not contained any such recommendations. The paragraph 73 of the report affects the Muslim community prejudicially to a great length.

The Muslims have no depressed classes among them and they stand as a single community. Therefore they treat the Brahmin and the Pulaya alike and they desire the same treatment from others. No advantage should be given to a particular community or communities on this matter. With the utmost of my might I oppose the whole Paragraph 73 and pray the Government that the recommendation underlying this para should not be accepted. There are two lists fixing proportions of communal representations. One according to population basis which is for inferior service and the other is a mixture of population and literacy basis which is intended for the superior service. According to the population basis when the Brahmin gets 1 appointment, the Nair gets 10, Ezhava gets 10, depressed classes get 7, and the Kammala and Nadar get 5. According to the other list, which is a combination of population and literacy, the Brahmin gets 4, the Nair gets 12, the Ezhava gets 9, the Kammala and Nadar get 3, the other depressed Hindu 4. This clearly shows that by the second list, the Nair gets two appointments more than their numerical strength and the Brahmin instead of one gets three while the Ezhava loses one out of ten, the Kammala and Nadar lose two out of 5 and the depressed class Hindu loses 3 out of seven. Similarly almost all other communities within the Hindu fold lose their number of appointments. This arrangement itself gives the Nair and the Brahmin a substantial benefit. It is an admitted fact, that the Nair and the Brahmin have got a weighty over representation at present. In all reasonable fairness, the proportion to them should have been made lower than their numerical strength for the purpose of reducing their overweightage. It is a pity to note that in addition to the advantageous proportion fixed for them provisions have been made to exclude the Non-Hindus from sharing the appointments left out by the failure of depressed classes in supplying qualified candidates.

The rotation list prepared for superior service is also objectionable. In the list, the first Muslim turn comes only on the 9th appointment. Out of 16,176 appointments in the major departments he has only 327 appointments including Arabic Munshees. He has been asked to wait till 8 appointments are distributed to others. This is the unkindest cut of all. Government should take particular attention to prepare a new list giving

earlier chances to the unrepresented or poorly represented communities.

#### Land Revenue Department.

The Land Revenue Department is one of the most important Departments concerning Public Service. This Department was separated from Devaswom for the sole purpose of giving all other communities entrance into Public Service. It is about 11 years since the separation was made. If vacancies are calculated at the rate of 5 per cent. of the total number of the accountants whose numbers are 575, the number of vacancies that may arise during the period was 330. Only 81 appointments were distributed to non-caste Hindus and non-Hindus out of which the Mussalman got only two. Regarding Proverthicar it is still poorer. Out of 405 Proverthicars there are only 14 non-caste Hindus and non-Hindus of which the Mussalman got only one. According to the 5 per cent. calculation there might have arisen 220 vacancies during the last 11 years. It is a pity to note that only a single Mohammedan was appointed during the period. If this rate is allowed to be continued it will take several generations for securing proper representation to the non-Hindus and non-caste Hindus. Therefore it is highly necessary that direct recruitment in the appointments of Proverthicars is indispensable. The 50 per cent. as direct recruitment resolved by the Committee is very moderate. Considering the present representation in the grade of Accountants, the remaining 50 per cent. is practically for caste Hindus. The Chairman suggests in the report that of 50 per cent. 25 per cent. should be made subject to competitive examination and other 25 per cent. will be reserved for adjustment of inequalities. This suggestion is unnecessary. The 50 per cent. resolved for direct recruitment is for the purpose of making adjustment of inequalities and therefore the whole 50 per cent. should go to the non-caste and non-Hindus.

There are about 30 Deputy Tahsildars. There is not a single Mohammedan in that grade. Out of 31 Tahsildars there is only one Mohammedan. The claims of Muslims in these grades should be considered and special consideration should be paid in promoting qualified Muslims from other Departments, if direct recruitment cannot be allowed for the above two posts.

**Education Department.**

In the Vernacular section of the Education Department, the Nairs overwhelmingly predominate. The Nair community alone gets more than 52 per cent. of the appointments while the Muslim gets only  $3\frac{1}{2}$  per cent. even including the number of Arabic Munshies. There is an acting list containing a large number of acting hands in which there is not any Muslim at present. The Director himself admits that he has written to the Government that unless some provision is made for depressed classes nothing can be done for them for a number of years. If this list is continued for filling up the vacancies the unrepresented communities cannot dream any representation for number of years. The argument adduced by Mr. McAlpine in favour of higher qualification has been met by the members of the unrepresented communities. It is regrettable that their arguments were not properly recorded in the report. It is meaningless to look for higher qualification while there are persons with sufficient qualification to do the teaching work efficiently. When there are suitable persons among the unrepresented communities unnecessary qualifications are sought for simply to exclude the poorly represented communities. It is found in the arguments of Mr. McAlpine when he pleaded for communal representation in aided schools that the aided schools are almost run on communal lines and the teachers in those schools are belonging to the communities that run the schools. Here one particular fact cannot but be emphasised. Both in Vernacular and English schools, the results in the aided schools have been found invariably better than that of the Government schools where unnecessary higher qualifications are insisted upon. It is also an admitted fact that many of these aided schools belong to the Catholic Christian community. The Catholic Christian teachers in the aided schools have been showing much more efficiency in producing good results in their schools. Is it not sufficient proof that teachers belonging to unrepresented communities with suitable qualification are as efficient as others if not more. Therefore the arguments of Mr. McAlpine recorded in the report are against the facts. The representation of different communities in the Education Department will only create unwholesome atmosphere among the student population and will remove their angularities and caste prejudices. Though



there is an observation in the Miller Committee report that Education Department requires a high standard of general and literary education, they have never recommended that only men with higher qualification alone need be appointed as teachers. What they did was that they did not recommend to reduce the minimum qualification fixed for the Education Department while they have recommended the reduction of minimum qualification for many other departments. But their direct recommendation regarding the appointment of teachers is in the following words. "It is necessary to have in all the Secondary Schools and indeed in all schools where the number of teachers are more than two, a fair proportion of teachers recruited from the backward classes so as to ensure for their pupils a sympathetic treatment. This goal can, we think, be reached without any delay and without impairing departmental efficiency....." The Miller Committee had recommended even exemption from the stringent rules restricting recruitment to natives of Mysore. It had recommended special allowances to teachers of backward communities if they were not available sufficiently. Therefore the majority recommendation in our report for the recruitment of teachers in High Schools and Vernacular Schools is very fair and reasonable.

In the Colleges communal representation as such is not recommended because the number of vacancies are limited there. But it is the duty of the Government to see that justice is done there to all important communities in the matter of appointment.

I am strongly of opinion that the recommendation basing on the appointments of teachers in aided school is out of the purview of this report. The appointments in aided schools have nothing to do with Public Service. The resolution of Mr. Thanu Pillai on the subject discloses that the persons who showed themselves that they are against communal representation on principle have strongly advocated communal representation in aided schools. In other words they have objected to communal representation only with the object of protecting the interests of over represented communities.

**P. W. Department.**

From the report it can be seen that our Government have made with Madras Government to reserve 4 seats in the Engineering class and 4 seats in the Subordinate class. It is also pointed out in the speech of Mr. Westerdale quoted in the report that qualified students would be selected with due regard to the claims of all communities and the successful candidates will be provided. The Committee was found agreeable to his assurance. If this assurance is given effect to, there is no meaning in the majority recommendation that men with best qualifications should be appointed. The Government are bound to provide those candidates whom they selected if they come out successful in spite of other candidates who might have acquired superior qualifications. Therefore, as the Committee trust Government should select qualified students with due regard to communal claims preference among them should be given to the candidates of unrepresented or poorly represented communities. This will be most fair, equitable and practicable.

Another point, I have to emphasise is the recruitment of Maistries. Though it is not a pensionable post, it is a very important branch in the service of P. W. D. There are a huge number of Maistries under this Department, carrying a pay of Rs. 15 or above. This cannot be neglected. As matters stand at present these posts are filled with members from one or two communities. The communal representation accepted by the Committee for ministerial service should be applied to the recruitment of Maistries.

**Judicial Department.**

Nobody argues that competency should not be one of the main considerations in the appointment of Munsiffs and Judges. The observation in the Law's Delays Committee's report on the question is not weighty as it had not dealt with the question of appointments directly. That Committee have even doubted the correctness of the statement of some of the witnesses who observed communal representation as one of the causes for the inefficient work in the Judicial Department. It is a pity to note that that doubtful portion of the observation has been recorded in this report. Among the Muslims there is only a single Munsiff and

he has been reported as an efficient officer. Another Muslim Officer in the Judicial Department is a Sirkar Vakil who has had the opportunities of crossing swords with the best Vakils in the State at the Capital and he has been found efficient in the discharge of his duties. Mr. C. O. Madhavan, one of the Official Members in the Committee was a Munsiff under whom I had the privilege of practising as a Vakil for some years. I found him as one of most efficient Munsiffs who have had the honour of presiding the Munsiffs' Courts at Alleppey. Another Munsiff from the backward communities under whom I had the privilege of practising was Mr. Varughese Chandy who retired from service and is now practising in the District Courts at Alleppey as a leading Vakil. He had proved himself as a very efficient Officer. Mr. M. Govindan, a member of this Committee, had served in the Judicial Department from the place of a Munsiff to the District Judge. Even his enemies will admit that he had left a brilliant record in his official career. I can point out many an instance like this. In short it will suffice to say that, the officers from the backward communities who have had the good fortune of finding their way in the Judicial Department have invariably been found efficient and hard-working. I, therefore, am strongly of opinion that communal representation should be one of the considerations when the High Court prepare eligible list and the list should not be curtailed according to the probable vacancies. All the eligible candidates should be included in the list and the appointments should be made with due regard to the proportion fixed to each community for executive posts. The High Court have already accepted communal representation and there is no reason why they should disregard it now. What the High Court ought to do is that they should widen the rotation that they have conventionally adopted so that the Muslim community should get a separate turn. The Muslim is a community which has no sub-division and which has been compelled to stand on its own legs. Therefore it is unreasonable and illogical to group it under the head of Miscellaneous.

It is regrettable to point out that a Muslim has had not the good fortune of becoming a Judge. The community had pointed this fact before the Government in previous years. The answer

then was that Government would do it when qualified hands would be available. Now there are qualified hands. It is the duty of the Government to fulfil the promise they made.

Out of the three religious communities here, the Christians, and the Hindus even with their important sub-divisions honoured the bench of High Court as Judges. It is true that there has not been any qualified Muslim here competent to hold the post of a High Court Judge. The history of our High Court will disclose vividly that several outsiders were recruited as High Court Judges from other communities. There is no justification in the case of Muslim alone, that outsider cannot be appointed as a Judge in our Highest Judicial Court. I can appreciate if Government make a rule that outsider will not be entertained in the High Court as Judges at least in future. So long as Government are not going to do that I strongly voice in favour of a Muslim High Court Judge.

#### Devaswom Department.

This Department is one in which neither the non-caste Hindus nor the non-Hindus have admission. The officers are being paid by the public fund. Whatever may be the argument for justifying the exclusion of other communities in its appointments it creates a special advantageous position to the caste-Hindus in the matter of appointments. Though the non-caste communities do not press for recruitments in the Devaswom Department it is their duty to see that Department shall not be a troublesome source to them in their appointments in other Departments. If transfers of officers from the Devaswom Department to the other Departments are allowed, the object of communal representation will be frustrated. The Devaswom Department can be very well used as a stepping stone to store as many appointments as the appointing authority of Devaswom Department desires and send out to the other Departments for reducing the number of direct recruitment there. The result will be nothing but a reduction in the appointments among the non-caste communities. Therefore the recommendation made by the Committee to restrict transfers from Devaswom Department to the other Departments is only fair and reasonable. No impartial man can object to this equitable recommendation. The resolution moved b

Mr. Thanu Pillai that the transfer of officers from other Departments to Devaswom Department shall not be made has no meaning. The transfers from other Departments to Devaswom Department neither give any harm to the caste-Hindus nor help in any way the other communities. As the vacancies created by the transfers in other Departments will be filled up according to the rotation accepted by the Government the caste-Hindus do not sustain any loss in the number of their appointments that fall to their share. If transfers from Devaswom Department to other Departments are not prohibited, the non-Hindus and non-caste Hindus will sustain heavy loss in the number of appointments that they are entitled in other Departments. Therefore the transfers from Devaswom Department to other Departments should be prohibited as no grievances are caused to any community by such transfer. Whether the transfers from other Departments to Devaswom are prohibited or not it is immaterial to the non-caste Hindus and non-Hindus. That is the reason why the majority of the members belonging to the unrepresented communities kept neutral when Mr. Thanu Pillai moved the resolution prohibiting the transfers from other Departments to Devaswom Department. If the caste-Hindus are very particular for such prohibition the others have no objection for it. The President's view is that the efficiency of the Devaswom administration will be materially impaired if prohibition of transfer from other Departments to Devaswom Department is brought into effect. He has no such arguments to adduce against prohibition of transfer from Devaswom to other Departments. If the administration of Devaswom Department will be affected adversely if the prohibition of transfer from other Departments into it is accepted, that recommendation which is harmful to the Devaswom Department may be vetoed. The recommendation of prohibition from Devaswom to other Departments is in no way harmful to any Department or any community but will only protect the interest of all the communities. Therefore the recommendation prohibiting transfers from Devaswom Department should be given effect to.

#### Recruitment of Women.

I have already dealt with the recruitment of women, when I discussed the proportion of representation fixed by the Committee. The answers of women who have experience in the

public activities of the State are all in favour of communal representation. The women, how much they may try, cannot ignore communal rights so long as the men are claiming for them. If communal representation is found necessary for men it will be equally necessary for women also. Therefore I am strongly of opinion that the recruitment for women should be brought within principle of the communal representation. If one Muslim woman is appointed in a ministerial post, that appointment should be deducted from the quota fixed for the Muslim community. If that is accepted, I have no objection in increasing the number of appointments of women although as pointed out by Miss Watts and by Mr. McAlpine the efficiency will be greatly affected if marriage is not restricted. The better relationship of man and woman is much more important than efficiency. Therefore even if a little efficiency is sacrificed for the cordial and happy relationship of men and women, some appointments should be given to women. It will not make the whole Public Service inefficient.

#### Acting service.

The recommendation with regard to acting appointments is very fair and just considering the existing number of acting hands. Acting appointments were made by the appointing authorities without any principles. If one goes through the lists of acting hands, he will find that at least for a period of ten years, the backward and unrepresented communities will not have any chance of getting any appointment in any Department. If the recommendation is accepted no community will be prejudicially affected. The individuals who have more than 3 years acting service will get their permanent footing and those who have not got 3 years acting service will get their chance in their communal turn preference being given to acting hands within the communities. If competitive examination recommended by the Committee be accepted the acting men shall be exempted from the competitive examination. If this view is given effect to, both the communal claims and the interest of acting hands will be protected in a fair way. The Chairman himself suggested to reduce three years into one year. This shows that he was convinced of the evil effect if the acting claims are allowed to be given preference

to the communal claims. His view that claims of acting hands entertained within two years need not be considered does not hold out any protection to the claims of unrepresented communities. On the other hand it will prejudicially affect them. I strongly oppose his view expressed on the question. The statement that he pointed out regarding acting hands in Miller Committee report when it was given effect to is not quite correct. The Miller Committee did not make any recommendation to raise minimum qualification but on the other hand, it recommended for reducing certain minimum qualification. Government, when the report was given effect to, did not make any changes in the existing arrangement of qualification. What the Mysore Government appear to have done was that all the existing officials who could be confirmed at the time of giving effect to the communal representation principle, had been given confirmation. This does not mean that all acting hands were exempted from the operation of new rules. Therefore I strongly support the recommendation made by the majority of our Committee.

#### The existing representation.

The statements of appointments in Public Service appended to the report show that certain communities are over-represented in almost all the departments in the Public Service. Government have been from the time of Sir P. Rajagopalachariar as the Dewan, giving stringent instructions and orders to give preference to the unrepresented or poorly represented communities in the appointment in Public Service. The appointing authorities did not even care to pay any respect to those orders. They ignored the claims of other communities and continued to appoint their own men. That is the reason why we found an overweightage in certain communities in all Departments. This must be reduced. Unless and until a certain number of appointments is reserved for distributing among the poorly represented communities equality in Public Service can never be maintained in the present generation. In some parts of India, appointments from the over-represented communities were stopped for a period of years. That is the reason why our Government have directed the Committee that unfairness should not be inflicted on any community,

by our recommendation. Mr. Kunjithommen, Mr. Govindan and others explained to the Committee the necessity for reserving certain appointments for removing the inequalities that exist in the Public Service at present. In British India it has been accepted as a principle in Public Service. A great majority of the answers of questionnaire disclose the intensive feeling of the educated mass in the community in favour of considering the existing representation in the Public Service and doing something for removing the inequalities that exist at present. Even the Secretariat Association have answered in favour of this question. Had it not been for the casting vote of the Chairman, the resolution in favour of considering the existing representation would have been passed and a remedial suggestion would have been provided for removing the inequalities. I therefore strongly advocate for reserving a certain number of appointments in the hands of the Government for distributing among the unrepresented or poorly represented communities. According to the present rotation 64 appointments were taken. If the six appointments set apart for women are excluded there will be 58 appointments for one rotation. What I propose is that 100 appointments should be taken as a unit. Ten appointments may be set apart for the best in the competitive examination proposed for selecting the best person from each community. Fifty eight appointments will be provided for distributing according to the rotation on communal basis. The remaining thirty two appointments should be distributed among the unrepresented or poorly represented communities alone until all the communities are proportionally represented in the Public Service.

#### Public Service Commission.

I am strongly for a separate agency for the Public Service recruitment. Mr. Madhava Variar, B. A., L. L. B., has strongly advocated by an article in the "Malayala Rajyam" for the creation of a Public Service Commission. He has urged the necessity of its representative character. The opinion expressed in the Committee by many members was that the commission should consist of one caste Hindu, one non-caste Hindu, one Catholic Christian, one non-Catholic Christian and one Muslim. This is



the reason why the Committee recommended a Public Service Commission of five members. The President and some other members are for 3 members as in the case of Madras Services Commission. In Madras there were only three important communities to be considered. The Brahmins, the non-Brahmins, and the Muslims. In Travancore the number of important communities is larger. Therefore if a Commission be appointed it must consist of five members from the important communities as I have already pointed out above. If Government think that five members are excessive my only suggestion is that a paid Officer as a Public Service Commissioner is quite sufficient. A vigilant Committee as in the case of Mysore should be appointed to supervise the recruitment, with the same powers and duties as those at Mysore. If Government are going to ignore the above two suggestions and are going to accept the suggestion of the minority, it will create discontent among the unrepresented important communities. Anyhow, if three persons including the President are going to be appointed, the claims of Muslim community should not be sacrificed. A Muslim should be invariably appointed on the Commission. The first groups of communities have been made as the Hindus, the Christians and the Muslims. The Muslim community, though a minority community it is an independent community. Its importance has been specially admitted in the majority report itself. Therefore I strongly urge the Government that one member in the Commission must be a Muslim. I find a move by certain quarters that a reservation should be made for the depressed class. I am strongly against such reservation at the first instance so long as the depressed classes have been included in the groups made by religious basis. I have no objection if reservation for depressed classes are made if they are separately classed in the first instance. By the first division as the recommendations stand their share has been included in the major groups. The Muslim have no depressed classes and hence their share cannot be affected by any such reservation. If any reservation is desirable that the number that are to be reserved to be taken from the main communities within which the depressed classes are included. It will be only reasonable and just as they have already appropriated their share

by their numerical strength on the strength of the number of depressed classes also. Therefore I am strongly against any reservation which affects the Muslim community adversely.

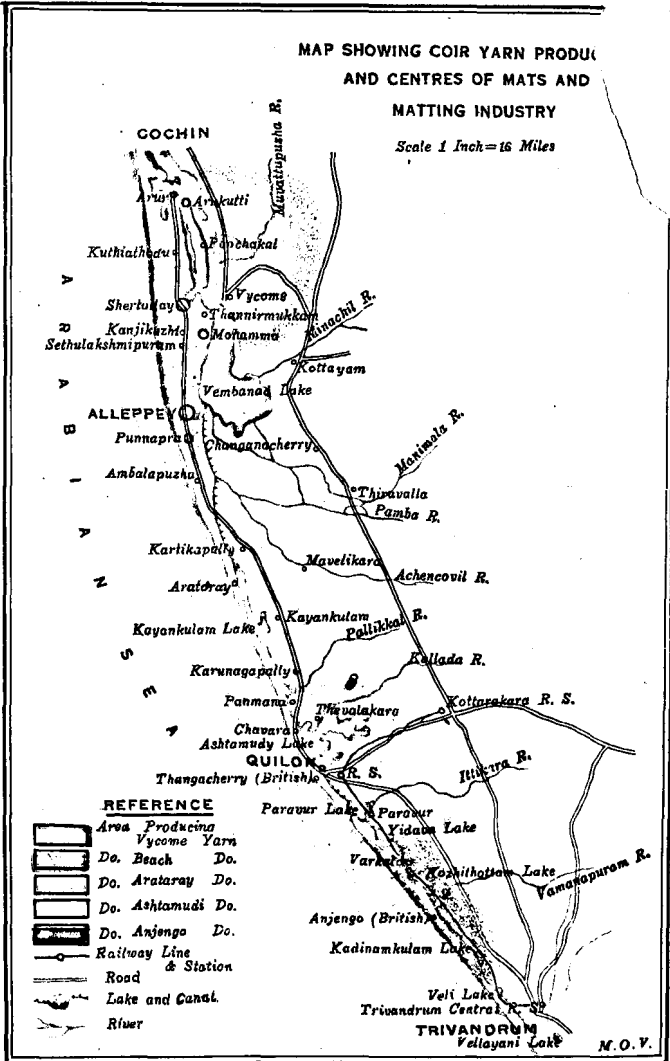
In this connection I bring before the notice of the Government that in other parts of India, both in Public Service and in constitutional institutions Muslims are invariably given weightage. In the report the President himself has pointed that the Muslim community was given more representation in Public Service than that of their numerical strength. All the political settlements that have been going at present disclose vividly that weightage to the Muslim community where it was found as a minority has been accepted by the British Government as well as by the political bodies of the people. In conclusion I request the Government, that sympathetic treatment should be accorded to all the unrepresented communities particularly to the Muslim community which has no subsidiary community to support it.

P. S. MAHOMED.












---

MAP SHOWING COIR YARN PRODUCTION  
AND CENTRES OF MATS AND  
MATTING INDUSTRY

Scale 1 Inch = 16 Miles



**REFERENCE**

-  Area Producing
-  Vycome Yarn
-  Do. Beach Do.
-  Do. Arataray Do.
-  Do. Ashtanudi Do.
-  Do. Anjengo Do.
-  Railway Line
-  & Station
-  Road
-  Lake and Canal.
-  River

Litho, The Art Printing Works, Trivandrum.

REPORT OF THE BOARD OF CON-  
SOLIDATION OF TRADE DISPUTES IN  
THE MATS AND MATTING INDUSTRY.



TRIVANDRUM :  
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS,  
1939

X9(MJ72):9772.222.V2t

G9

TABLE OF CONTENTS.

	PAGE.
INTRODUCTORY	1
<b>PART I. (Reports on the disputes in Individual Factories</b>	<b>7</b>
1. Report on the dispute in Darragh Smail and Co. Ltd.	9
2.     "     "     Aspinwall and Co. Ltd.	21
3.     "     "     The C. F. F. Co.	31
4.     "     "     K. S. Gangadhara Iyer and Co.	37
5.     "     "     M. P. Appachan's Factory	47
6.     "     "     Thottappallil Krishnan's Factory.	53
7.     "     "     The Cocoa Carpet and Rug Manufacturing Co.	59
8.     "     "     C. George Peter's Factory	67
<b>PART II. (General and Labour conditions)</b>	<b>75</b>
<b>CHAPTER.</b>	
-I. General view of the mats and matting industry	77
-II. Recruitment and employment	92
-III. Wages	100
... Appendix to Chapter III (British Trade Boards Act).	107
-IV. Payment of wages	109
... Wage rates and earnings	120
-VI. Health and welfare	126
-VII. Administration and statistics	135
-VIII. Control of the industry	141
Acknowledgments	159
Summary of Conclusions and Recommendations	160
<b>APPENDICES.</b>	
I. Questionnaire	176
II. Special questionnaire issued to the Chambers of Commerce	183
III. Mr. Haydon's scheme for a Board of Control for the mats and matting industry	185
IV. A scheme for the control of the mats and matting industry prepared by the Indian manufacturers and shippers and embodied in a draft Act	192
<b>PART III. (Statistics)</b>	<b>199</b>
<b>PARAGRAPH</b>	
1. Introductory	201
2. Scope of the enquiry	201
3. Collection of data	202

	PAGE
4. Size and constitution of families	... 212
5. Workers and dependents	... 212
6. Women and children workers	... 214
7. Distribution of families according to number of factory workers	... 215
8. Literacy	... 216
9. Age distribution	... 217
10. Marital condition	... 218
11. Earnings	... 220
12. Average monthly income	... 221
13. Earnings of women and children	... 223
14. Distribution of families according to monthly income	... 224
15. General expenditure	... 226
16. Expenditure on food	... 226
17. Expenditure on different food commodities	... 228
18. House rent	... 231
19. Miscellaneous expenditure	... 232
20. Savings	... 232
21. Debts	... 233
22. General living conditions	... 233
APPENDIX, (Cost of living investigation schedule)	... 234
G. O. Appointing the Board	... 239
MAP showing coir yarn production and centres of mats and matting industry	<i>Frontispiece.</i>

## INTRODUCTORY.

### 1. Appointment of the Board.

The circumstances that led to the appointment of the Board are stated in the Government order as follows:—

“Labour conditions in factory industries in Alleppey have been engaging the attention of Government for some time past. In the meanwhile, in their letter dated the 23rd February, 1938, Messrs. William Goodacre & Sons brought to the notice of Government the possibility of a general strike at Alleppey under the auspices of the Travancore Labour Association as a means of ventilating their grievances and a Government enquiry was suggested with reference to the allegations made by the Labour Association. Government accordingly directed Mr. Chandy, then District Magistrate at Quilon, to conduct an enquiry into the grievances alleged by the factory labourers. The District Magistrate conducted the necessary enquiries, received an elaborate memorandum from the Labour Association enumerating their grievances and suggesting remedies, and also replies thereto from the principal employers like the Travancore and Alleppey Chambers of Commerce and finally submitted his report on the 14th September 1938.

As a result of this preliminary enquiry Government were satisfied of the necessity for appointing a committee to enquire into the labour conditions prevailing in the factories at Alleppey. They accordingly appointed a committee of enquiry to consist of Mr. K. N. Govindan, the present District Magistrate, Quilon, and two representatives each of the employers and labourers.

The Trade Disputes Act V of 1114 has since come into force with effect from the 25th October 1938, and Government feel that it would be the most effective and appropriate procedure to order a full judicial enquiry into the matter under the provisions of this Act by a Board of Conciliation as contemplated in Section 3 (b) of the Act. Government are, therefore, pleased to appoint a Board of Conciliation under Section 6 (2) of the Act”.

### 2. Composition of the Board.

The Board consisted of:—

- (1) Mr. K. George, B. A., Land Revenue and Income-tax Commissioner, on special duty—*Chairman*.
- (2) Mr. N. G. Haydon, nominated by the Travancore Chamber of Commerce, to represent employers.



- (3) Mr. N. Sankara Mannar, B. A., nominated by the Alleppey Chamber of Commerce, to represent employers.
- (4) Mr. P. N. Krishna Pillai, B. A., B. L., nominated by the Travancore Coir Factory Workers' Union, to represent labourers.
- (5) Mr. V. K. Achuthan, nominated by the Travancore Coir Factory Workers' Union, to represent labourers.

About three months after the commencement of work, Mr. Haydon had to go home on leave and so he resigned his membership of the Board, with effect from the 6th April 1939 and in his place, Government appointed Mr. H. Smith, nominated by the Travancore Chamber of Commerce, to represent employers in the vacancy.

The appointment of the Board was duly notified in the Government Gazette, under date the 28th November 1938.

### 3. *Terms of reference.*

The Board was directed to enquire into the labour conditions prevailing in the factories at Alleppey with particular reference to the following and other points mentioned in the Memorandum presented by the Travancore Labour Association to the District Magistrate, Quilon, in connection with the enquiry conducted by him, *viz.*,

- (i) Standardisation of wages;
- (ii) The question of payment in kind, *viz.*, the truck system; and
- (iii) Imposing restrictions on the establishment of factories with a view to avoid mushroom factories with no capital springing up and prejudicially affecting both employers and labourers; and to submit a report to Government with suitable recommendations for the removal of the grievances of labourers, on the lines indicated in Section 7 of the Trade Disputes Act.

### 4. *The points of dispute.*

According to the terms of reference, the points of dispute for enquiry are those set forth in the Memorandum presented to the District Magistrate, Quilon, by the Travancore Labour Association (subsequently registered under the Travancore Trade Unions Act as the Travancore Coir Factory Workers' Union). The points of dispute mentioned in the Memorandum were the following:—

#### 1. *Reduction of wages.*

- (i) That for the last fifteen years, reduction of wages has been steadily going on.
- (ii) That the employers refuse to raise wages to a level

adequate to meet the primary requirements of the workers.

2. *Payment of wages.*

(i) That payment of wages in kind prevails in the industry mostly in the mofussil factories.

(ii) That in many factories, wages are not paid at regular intervals.

3. *Indirect reduction of wages.*

(i) That the system of contract work exists generally in the industry, resulting in the reduction of wages.

(ii) That the town factories execute orders by getting the work done cheaply in the mofussil factories, thereby generally reducing wages.

4. *Fines.* That heavy and unjust fines are imposed by employers, moopans and other subordinates.

5. *Exactions.* That various exactions are made from the workers by some employers, moopans and other subordinates.

6. *Dangerous or injurious processes of work.* That some processes of work are either dangerous or injurious and that in many factories no protection is afforded against them.

7. *Unsatisfactory health conditions.* That in most factories good drinking water is not available, no latrines are provided, the labourers have to work under heated zinc sheet roofs, there is no proper ventilation, and the buildings and looms contravene the provisions of the Factories Act.

8. *Labour representation on the legislature.* That labour is not adequately represented on the legislature.

9. *Remedies proposed.*

(i) That the scope and meaning of the term 'factory' as defined in the Factories Act should be extended.

(ii) That wages should be fixed on a daily or monthly wage basis, instead of on the present piece-work basis.

(iii) That wages should be standardised, i. e., the same type of work should be paid the same rate of wages throughout the industry.

(iv) That wage boards consisting of the representatives of employers and employees should be created.

(v) That a Payment of Wages Act should be passed.

(vi) That maternity benefits should be provided for women employees.

(vii) That provision should be made for the education of working class children in the industry.

(viii) That unemployment insurance should be provided for.

(ix) That a standing committee should be created to enquire into trade disputes.

(x) That a Labour Department or the post of a Labour Commissioner should be created.

(xi) That the employers should recognise the Coir Factory Workers' Union.

#### 5. *The scope of enquiry.*

The terms of reference to the Board, as laid down in the Government Order appointing the Board, appeared to restrict the enquiry of the Board to 'the labour conditions prevailing in the factories in Alleppey.' At the preliminary sitting of the Board held on the 3rd December 1938, the first point that was brought up for discussion was whether the enquiry should be confined to the coir mats and matting factories in Alleppey as appeared to be contemplated in the Government Order or whether the enquiry should cover the whole of the mats and matting industry in Travancore. The Board was of opinion that, as at least 50 per cent of the mats and matting industry was conducted outside Alleppey town, the enquiry, to be useful, should cover the whole of the mats and matting industry, including the re-hanking and baling of coir yarn. The Board, therefore, resolved to request Government to arrange for the terms of reference to the Board to be modified accordingly. In G. O. R. O. C. No. 9811/38/Devpt., dated the 14th December, 1938, Government extended the scope of the Board's enquiry, by modifying the terms of reference as follows :-

'The Board will enquire into labour conditions prevailing in the whole of the coir mats and matting industry in Travancore, including re-hanking and baling of coir yarn with particular reference to etc., etc.'

#### 6. *Procedure.*

Under Section 7 of the Act, the Board's duty is to endeavour to bring about a settlement of the dispute referred to it. For this purpose, the Board is empowered to investigate, in such manner as it thinks fit, the dispute and all matters affecting the merits thereof and the right settlement thereof, and, in doing so, the Board may do all such things as it thinks fit for inducing the parties to come to a fair and amicable settlement of the dispute.

As stated in para 4 above, the points of dispute are those set forth in the Memorandum of the Labour Association, (the Travancore Coir Factory Workers' Union.)

One party to the dispute, therefore, was evidently the Travancore Coir Factory Workers' Union. With regard to the other party, the Board found itself confronted with the difficulty that there were a large number of factories, nearly 300 in number, to which the dispute referred and so, it was obviously

impossible to settle the matters in dispute with each and every factory owner or employer in the mats and matting industry.

The Board, therefore, decided to direct the Travancore Coir Factory Workers' Union to confine themselves to a few factories, as typical of the mats and matting factories in general, and to submit to the Board definite statements of their case against each such factory, as provided for in Rule 13 of the Travancore Trade Disputes Rules. Accordingly, the Union submitted to the Board, on 8-2-1939, advance copies of the statement of their cases against 12 factories. Copies of the 12 statements of cases were duly forwarded by the Board to the respective factory owners in order to enable them to prepare their counter-statements for submission to the Board.

At the first sitting of the Board, held on 16-2-1939, two representatives of the Travancore Coir Factory Workers' Union formally filed before the Board their cases against the following 12 factories:-

1. Messrs Darragh Smail & Co., Ltd., Alleppey:
2. " Aspinwall & Co., Ltd., Do.
3. " Coir Floor Furnishing Co., Do.
4. " K. S. Gangadhara Iyer & Co., Do.
5. " M. P. Appachan, Kalarcode, Do.
6. " Charankattu Coir Manufacturing Co., Shertallay.
7. " Mohan Das Coir Works, (Mr. V. K. Kesavan's) Shertallay.
8. " Thottappallil Krishnan, Cheruvaranam, Than-nirmukkom.
9. " Jacob Koopli, Kaipuram, Muhamma.
10. " Vathiad Coir Factory, (Mr. A. Sankunny's), Shertallay.
11. " Cocoa Carpet and Rug Manufacturing Co., Shertallay.
12. " C. George Peter, Ezhuvinna, Kuthiathode.

Of the above 12 factories, the statements of cases against Nos. 6, 7, 9 and 10 were subsequently withdrawn by the complainants, the remaining eight being considered to be sufficiently representative of the town and district factories. Here we should emphasise that the charges made against the eight different factories are to be considered virtually as general charges against the whole industry and that, for this reason, selections were made from the following groups:-

Alleppey town factories:		
Indian controlled	...	2.
European controlled	...	2.
District factories:		
Indian controlled	...	4.

For the hearing of the 8 cases, the Board held 10 sittings between the 16th February, 1939 and 10th March, 1939.

The following factories were visited by the Chairman and labour representatives on the Board.

1. Messrs William Goodacre & Sons Ltd., Alleppey.
2. " V. Narayanan's Factory, Kalaveer.
3. " G. S. Mallaya and Co., Kanjikuzhi.
4. " V. K. Kesavan's Coir Factory, Kanjikuzhi.
5. " The General Supplies Agency, Alleppey.
6. " C. M. S. Coir Factory, Kalavancode.
7. " Cocoa Carpet and Rug Manufacturing Co.,  
Kalavancode.
8. " Thottappalli Krishnan's Factory, Thannir-  
mukkom.
9. " S. Pitchu Iyer and Sons, Ltd., Thannir-  
mukkom.
10. " The Royal United Carpet Factories Ltd.,  
Arur.

Our findings and recommendations in the said 8 cases form the first part of the report. The second part embodies the results of our enquiries into labour conditions prevailing in the industry with particular reference to the points mentioned in the Memorandum of the Labour Association. This part also includes our recommendations relating to the grievances of the labourers.

The third part of the Report embodies the results of the statistical enquiry into the family budgets of the workers in the industry.

**PART I.**  
**REPORTS ON THE TRADE DISPUTES**  
**IN INDIVIDUAL FACTORIES.**

CONTENTS (Part I.)

PARAGRAPHS.	PAGE.
1. Report on the dispute in Darragh Smail & Co. Ltd., Alleppey.	9
2. " " " " Aspinwall & Co. Ltd., Alleppey.	21
3. " " " " The Coir Floor Furnishing Co., Alleppey.	21
4. " " " " K. S. Gangadhara Iyer & Co., Alleppey.	37
5. " " " " M. P. Appachan's Factory, Kalarode.	47
6. " " " " Thottappallil Krishnan's Factory Thannirmukkom.	58
7. " " " " The Cocoa Carpet and Rug Manufacturing Co., Sher- tally.	59
8. " " " " C. George Peter's Factory, Kuthiathode.	67

REPORT ON THE DISPUTE IN  
DARRAGH SMAIL & Co., Ltd., ALLEPPEY.

1. This is one of the big European factories in Alleppey and the oldest carrying on mats and matting manufacture in Travancore. They make mats, mattings, rugs and carpets and also carry on a large business in the export of coir yarn. The firm has got two establishments in Alleppey, in the one they do the manufacture of mats and mattings and in the other, the re-hanking and baling of coir yarn for export.

2. In the statement of their case filed before the Board, the Union made the following allegations against the management of the factory:—

i. That for the last nearly fifteen years, wage reduction has been steadily going on.

ii. That the present rates of wages are not adequate to meet even the primary requirements of the labourers.

iii. That various processes of work are carried out through contractors, which results in payment of low wages and loss of security of tenure for the workers.

iv. That heavy and unjust fines are often imposed on the workers for flimsy reasons.

v. That the labourers are subjected to various exactions by moopans and contractors.

vi. That the employers do not officially recognise the Travancore Coir Factory Workers' Union.

vii. That there is no protection against dangerous or injurious kinds of work.

viii. That women employees are not given maternity leave with pay and that proper provision is not made for accommodating children brought into the premises of the factory by women employees.

ix. That there is no security of tenure for workers and that workers are victimized for Union work.

x. That the workers are compelled to work at times on all the seven days in the week.

xi. That workers are not given out-passes sufficiently.

3. The manager of the firm appeared before the Board on 24-2-1939 and filed a counter-statement answering the charges made by the Union. The case was heard on the 7th and 8th of March 1939. Mr. Muckerjee, Factory Superintendent of



the firm and T. S. Vasu, witness for the Union, were examined on 7-3-1939 and, on the following day, Mr. Petrie, one of the Managers of the firm, Mr. Muckerjee and Mr. Chidambara Iyer, Yard Superintendent of the yarn department, were examined. On the latter date were also examined K. J. Jacob, witness for the Union, and Abdul Rahiman Kutty, a moopan of the yarn department of the firm.

4. The results of the enquiry into the allegations made against the management of the factory are set forth below:—

i. *That for the last nearly fifteen years, wage reduction has been steadily going on.*

In regard to this question of reduction in rates of wages, the manager of the firm has stated that at times wages have been increased and occasionally reduced to meet outside competition. In his oral deposition, Mr. Muckerjee, the Factory Superintendent, has amplified the above statement by giving details of alterations in rates of wages.

In 1932, a number of rates were revised and according to this revision some rates were increased, as show below:—

4/4 Basis	Old rate	Revised rate	Increase per cent.
		(Still in force.)	
<i>4—Treadle, 16 score matting</i>			
Ordinary kick.	Rs. 2-14-0	Rs. 3-11-10.	30.
Reverse kick.	Rs. 3-10-5	Rs. 4- 2- 0.	13.
<i>4—Treadle, 12-13 score matting.</i>			
Ordinary kick.	Rs. 2- 6-9	Rs. 3- 5- 2.	37.
Reverse kick.	Rs. 2-11-9	Rs. 3-12- 5.	38.5.

Mr. Muckerjee also stated that during the period from 1932-1939, there was only one type of matting, "the Pasha", on which a reduction in rate had been made. The weaving rates were too high for this particular type of matting for orders to be executed at a margin of profit. The said reduction was only on one type of matting out of a hundred types. On a 50-yards roll of matting, rates were reduced as shown in the following table:—

Size of matting.	Old rate.	Reduced rate.	Difference.
4/4	Rs. 5-9-0	Rs. 5-6-0	Rs. 0-3-0
6/4	Rs. 9-4-0	Rs. 9-0-0	Rs. 0-4-0
8/4	Rs. 12-0-0	Rs. 11-11-0	Rs. 0-5-0

The Board verified the above reductions and found they were correct.

With regard to carpet weaving rates, Mr. Muckerjee explained that when carpet weaving was introduced, they had to train up the men and offer high rates to attract them to the work. To begin with, they paid at the rate of 4 annas per sq. ft. However, on account of the Belgian competition, they had to reduce prices and wages and, at present, they paid only  $\frac{3}{4}$  anna per sq. ft. They pay this reduced rate and yet enable the weavers to show greater out-turn and make better earnings. This has been made possible by the introduction of an improved type of labour-saving loom. In the result, at the  $\frac{3}{4}$  anna rate, the weavers earn Rs. 6/4 per week, whereas they had earned only Rs. 5 per week at the old rate of 4 annas.

T. S. Vasu, a matting weaver in the factory giving evidence for the Union, said that up to the year 1099 M. E. (1924), the rate for 8/4 size matting was 3 times that of the 4/4 size, but that now it is only  $2\frac{1}{2}$  times. He also gave evidence that weaving is now-a-days more difficult, owing to the introduction of a higher standard of weft count.

Further, witness stated that, for matting weaving, formerly they used to get a 20 % commission on out-turn. This had been stopped. On this point the management has subsequently submitted to us (i) that the 20 per cent. commission was afterwards incorporated in an upward revision of matting rates and (ii) that it had not formed part of the rates, as not all weavers qualified for the 20 per cent. commission. They have not made clear what the basis of the 20 per cent. commission was.

Witness also stated that there were reductions of wage rates in types other than those which Mr. Muckerjee had mentioned. The management has submitted that some minor reductions might have taken place for a few other qualities. At the same time, they point out that there have been instances where they had slightly increased some rates.

Subsequently, at the instance of the Board, the books of the firm were examined with a view to find out the trend of wage rates during the last several years. It was noted that during the period 1930-1934, there were general revisions of wage rates.

In the case of matting rates, the revisions were accompanied by the abolition of the 20 per cent commission paid to the workers till then. In regard to mat binding rates, however, the 20 per cent. commission had not applied. On the whole, the general revision had, in some cases, increased the old rates, in some others reduced them and, in certain others, left them unaltered.

In regard to matting weaving, the rates for four qualities were examined and it was noted that the general revisions had raised the rates in all cases; but, at the same time, the abolition of the 20 per cent. commission had resulted in the reduction of actual rates in two cases and in their increase in the other two.

A statement showing the above variations in wage rates is subjoined:

Mat Binding Rates, Chs. per 100.									
Mat No.	1	2	3	4	5	6	7	8	9
Old rates (up- to 1934) ...	65	73	74	85	85	95	95	105	105
Current rates ...	62	68	74	85	90	95	100	110	115
Alterations . ...	-3	-5	0	0	+5	0	+5	+5	+10

Matting Weaving Rates, 4/4 Size, Chs. per roll of 50 Yds.

Quality.	1930.	1939.	Increase.
B. 4 R/K. 16-score ...	104	117	13
I. F. 15-score ...	88	97 $\frac{1}{4}$	9 $\frac{1}{4}$
A. S. M., 10-12 $\frac{1}{2}$ score ...	80	100	20
B. 4. R/K. 17-18 score ...	104	136 $\frac{1}{2}$	32 $\frac{1}{2}$

But the old rates were exclusive of 20 per cent. commission. Hence we get the following figures of rates and their variations.

Quality.	1930.	1939.	Alteration.
B. 4 R/K 16-score ...	124 $\frac{1}{2}$	117	- 7 $\frac{1}{2}$
I. F. 15-score ...	105 $\frac{1}{2}$	97 $\frac{1}{4}$	- 8 $\frac{3}{8}$
A. S. M., 10-12 $\frac{1}{2}$ -score ...	96	100	+ 4
B. 4 R/K 17-18-score ...	124 $\frac{1}{2}$	136 $\frac{1}{2}$	+ 12 $\frac{1}{10}$

In regard to rates in the yarn department of the firm, K. J. Jacob, a worker in the factory, giving evidence for the Union, said that re-hanking was done on a contract basis and that prior to 1106, the rate of 9 $\frac{1}{2}$  chs. was paid by the moopan-contractors.\* After 1110, the firm had reduced the rate by 1 ch. and a commission of 8 cash had also been recovered. In the result, the rate came down to 8 chs. At present they got 7 $\frac{1}{2}$  chs.

Mr. Petrie, one of the managers of the firm, and Mr. Chidambara Iyer, Yard Superintendent, gave evidence relating to rates in the yarn department. They said that in 1936 they had made a voluntary increase in rates. For sorting and grading

\* A 'moopan-contractor' sometimes simply referred to as a 'moopan', is a non-salaried moopan jobber who is remunerated on a commission basis.

an increase of 2 chs. was given and, in sundry other works, an increase of 1 ch. was given. Since 1936, there were no alterations in rates.

The complaint of the Union and the evidence given of reduced rates refer to the rates actually paid by contractors in the re-hanking section. Mr. Petrie has stated that in this section, wage rates have not been reduced. They remained what they were 15 years ago. He thought that, in fact, an increase was given in this section also.

In the re-hanking section, the work is supervised by moopans who are not paid a fixed salary, but work on a commission basis. They are responsible for carrying out the work specified. The rate of wages is fixed and the commission of the moopans is also fixed. The wages are handed over to the moopans who are responsible for turning out the quantity of work stipulated. The management does not check the actual disbursement of the wages by the moopans.

Mr. Petrie has admitted that cases of exactions had come to his notice and that a year ago, two moopans were dismissed for exacting money from the workers.

Here we may observe that, as the disbursement of wages to the workers is not supervised by the management, as it should have been done, it is not possible for the firm to say positively whether the workers actually receive the wages fixed by them. If they do not, it amounts to a reduction in wages, although on paper the rates fixed by the firm have remained unaltered. On one point, however, the evidence is clear, *viz.*, that the payment of wages by moopans, without supervision by the management, is capable of gross abuse. As a matter of fact, instances of such abuse have come to the notice of the management. We think that this matter should receive their close supervision and scrutiny. We will revert to this point in connection with the contract system of work obtaining in this factory.

- ii. *That the present rates of wages are not adequate to meet even the primary requirements of the labourers.*

In his counter-statement, the Manager of the firm has stated that their rates are as high, if not higher than those of other similar concerns in Alleppey and that, if there is regular work, a man can earn up to Rs. 30 per month. On 7-7-1939, Mr. Muckerjee, the Factory Superintendent of the firm, stated before the Board that the maximum and minimum average

earnings of a labourer for different items of work were as follows:—

Approximate earnings per week of 6 days.

	Minimum.		Maximum.	
	Rs.	as.	Rs.	as.
Matting weavers	4	12	6	0
Beamers	5	0	6	0
Spooling boys	2	12	3	12
Packers (mattings and rugs)	3	8	4	8
Rugs stitchers	4	8	6	0
Brush mat weavers	2	8	3	4
Inlaid do.	3	4	4	4
Fibre do.	5	0	6	0
T. D. do.	4	8	5	8
Carpet weavers	4	12	5	12
Chain mat stitchers	4	8	5	8
I. F. stitchers	4	8	5	8
Shearers	5	0	6	0
Braiders (boys)	2	12	3	12
Binders	3	0	4	0
Cutting-out men	4	8	5	8
Mat packers	4	8	5	8
Mat stencillers	4	8	5	8
Rugs do.	4	0	6	0
Dyeing	2	12	3	12
Day workers	2	8	3	0

The Factory Superintendent stated that 12 chs. per day is the lowest wage in the factory. He also stated that, if work was regular and he got regular orders, his workmen could earn Rs. 30 on certain types of work, even at the existing rates of wages. The minimum average wage was about Rs. 12 per month.

Mr. Petrie stated before the Board, that the average earnings in the yarn department were as follows:—

	Average wage per month.
Opening bundles of yarn	Rs. 8
Grading (men and women)	Rs. 13
Sorting (women)	Rs. 13 to 14
Carrying coolies (paid daily)	
Men	Rs. 10 to 12
Women	Rs. 6 to 7

Strictly speaking, the charge about the inadequacy of wages is only an expression of opinion by the Coir Factory Workers' Union. The complaint of low wages is applicable to the whole industry and hence it will not serve any useful purpose to discuss it as a point of dispute with individual

factory owners. The question will, therefore, be dealt with fully in the general report, on the questions referred to the Board.

- iii. *That various processes of work are carried out through contractors, which results in payment of low wages and loss of security of tenure for the workers.*

The manager of the firm has stated that only very few items of work are carried out on a contract basis and that, even then, the payment of workers is made under the direct supervision of the firm's officers. This statement has subsequently been supplemented by the oral statement of Mr. Muckerjee for the manufacturing section and of Mr. Petrie for the yarn department.

Mr. Muckerjee has stated that there are only two items of work carried out by contract in the factory. In these two cases, the moopan-contractors are responsible for turning out a definite quantity of work. The firm has fixed their commission rates as well as the wage rates. The wages are handed over to the moopan-contractors and they take their own commission and disburse the wages to the workmen, under the supervision of the officers of the firm. Mr. Muckerjee has also stated that the disbursement of the wages is done by the moopan-contractors under the supervision of the officers of the firm. If ever it is not done under such supervision, it would, nevertheless, be done on the premises of the factory. He had never had a complaint with regard to payment of wages by the moopan-contractors, except a recent complaint by the Union to the effect that they were disbursing the wages in their houses. Further, Mr. Muckerjee stated that the payment of the commission to the moopan-contractors and the wages to the workmen directly by the firm was not an impossibility.

It has been later stated by the management that workers under moopan-contractors are now individually paid by one of their staff. We are glad to note that this is being done; for, it is inherent in the contract system that the contractor usually tries to make an 'extra bit', especially on occasions when, as admitted by the Factory Superintendent, the disbursement of wages is done without the supervision of the firm's officers.

T. S. Vasu, a worker in the factory, giving evidence for the Union, said that quilling, stretching and drying were done on a contract basis. He also stated that for quilling, the company's rate, under direct supervision of the work, was 7½ chs. Now the work is given out on contract, at 5½ chs., but the contractor paid the workers at the rate of 4 chs. The

management claims that the 5½ chs. rate applied to a different class of work.

Witness has also stated that moopan Anthony takes unauthorised payments from the workers and in return gives them some concessions in the work. Some moopans sell to the workers tickets for theatres. For the Eucharistic congress, some moopans collected from them, from 6 as. to 8 as. per head.

As long as complaints of this kind exist, it is desirable, in the firm's own interest, to undertake the responsibility for the direct disbursement of wages to the workers. We wish also to note that Mr. Muckerjee has stated that the question of abolishing contract work in the two cases mentioned is under consideration.

The system of contract work, as it obtains in the yarn department, has already been dealt with.

The following points came out from the evidence given by K. J. Jacob, a worker in the yarn section for the last 15 years:

(1) the moopan-contractors pay less than the rates fixed by the firm,

(2) the moopan-contractors sometimes disburse wages in their houses,

(3) every worker has to render gratuitous labour for his moopan-contractor (there are 12 moopan-contractors), to the value of Re. 1 per month,

(4) that the moopan-contractors collected in cash 1½ ch. per week, per worker; and

(5) that some of the moopan-contractors resort to abusive language in addressing the workers.

Abdur Rahiman Kutty, a moopan-contractor in the re-hanking section, deposed on oath that the 30 workers under him did render gratuitous labour for him, to the extent of 170 lbs of yarn, per day, and that the wages therefor went to him. He also stated that he collected 1½ ch. per week from each worker. He spent ½ ch. from this collection on paying a boy for taking drinking water to the workmen and the balance was retained by himself.

Mr. Muckerjee stated that the moopan-contractor took the 1½ chs. without the knowledge of the management and that the story of carrying water to the labourers was false.

We consider that the charge that the workers of the re-hanking department are compelled by the moopan-contractors

concerned to render them gratuitous labour and to make an unauthorised payment to them of 1½ chs. per worker, per week, is conclusively proved. We have no doubt whatever that these exactions have been going on without the knowledge of the management; but we are constrained to observe that the Yard Superintendent, Mr. Chidambara Iyer, could not have been unaware of these practices and that it was his obvious duty to bring the matter to the notice of the management.

We are glad to note that Mr. Petrie has, on behalf of the firm, undertaken to put a stop to these practices.

No evidence has been produced to prove insecurity of tenure under contract work in the factory.

*iv. That heavy and unjust fines are often imposed on workers for flimsy reasons.*

The manager has stated that fines are only imposed for legitimate reasons such as defective work.

The point has not been pressed by the Union representatives. Nor has evidence been produced to prove the charge.

*v. That the labourers are subjected to various exactions by moopans and contractors.*

We have already considered, in another connection, the complaints against moopans and contractors. Here we will only note what Mr. Muckerjee, the Factory Superintendent has stated before us. He has stated that the firm paid the moopans monthly or daily. When they got a report of exactions, they made careful enquiries with a view to punish the offenders. They were entirely against the practice of moopans receiving anything from the labourers. The subordinates were warned that they should not prevent the workers from approaching the Factory Superintendent. The management would take stern disciplinary action both against the moopans and the labourers who are involved in such malpractices.

We would advise the management as well as the Union to make this known to the moopans and the workers of the factory.

*vi. That the employers do not officially recognize the Travancore Coir Factory Workers' Union.*

With regard to this point, the Manager of the firm has stated that the firm is quite prepared to officially recognise a properly organised Labour Association and also to investigate and rectify, if necessary, any genuine grievance which may be brought to their notice by the Labour Association, on behalf of the factory employees. As for recognising the Travancore Coir Factory Workers' Union, the firm has agreed to give the matter very careful consideration when the Union wrote to them for recognition.



We suggest that the President of the Union put himself in communication with the management on this subject.

- vii. *That there is no protection against dangerous or injurious kinds of work.*

The Manager of the firm has stated that they protect their labourers engaged in dangerous work as far as it is possible to do so and that this was borne out by the exceptionally few serious accidents they have had in the factory for a number of years. In the stencilling section, there was no instance of any fatal injury as a result of the work. If a man is rheumatic, he may contract some swelling on the fingers, as a result of constant attendance to the work. They had provided gloves formerly; but the workers discarded them as inconvenient. The workers disliked wearing an apron. We find that the complaint refers mainly to stencilling work and this question will be discussed in our general report.

- viii. *That women employees are not given maternity leave with pay and that proper provision is not made for accommodating children brought into the premises of the factories by women employees.*

The answer of the management to this charge is that there is no provision for granting women employees maternity leave with pay or for arranging special quarters for accommodating children brought into the factory premises by women employees. The Factory Superintendent considered that the effect of enforcing maternity benefits would be to discourage the employment of women generally in the factories.

The employment of women in the industry will be discussed in our report.

- ix. *That there is no security of tenure for workers and that workers are victimised for Union work.*

The Manager has stated that they have no record of labourers belonging to the Union and that all are treated alike, no workers being victimised for Union work.

No evidence has been produced to prove the contrary.

- x. *That the workers are compelled to work at times on all the seven days in the week.*

Answering this charge, the Manager has stated that on Saturday, work closes at 4 P. M., and Sunday is observed as a holiday; but owing to unavoidable circumstances, some departments are requested to work on Sundays, but they have never been compelled to do so.

Witness Vasu stated that there is work on Sundays, but that no compensating holiday is given.

The Factory Superintendent has undertaken that he would be guided by the Factories Act which lays down that if a Sunday is a working day, a holiday shall be given in the week to compensate for the Sunday work.

*xi. That workers are not given out-passes sufficiently.*

The Manager has stated that in the usual course, out-passes are issued to the workers according to their necessity, provided their requests are reasonable.

Witness for the Union has stated that even if no work was available, they could not go away from the factory. Out-passes would be issued if there was any urgent reason; but they would not be issued on the ground that there was no work. The gate keeper would insist that they could go only after 12 noon.

With reference to the above complaint, the Factory Superintendent has stated that they have no objection to sending out the men who have no work. They have given general instructions to issue out-passes when there is no work.

(Sd.)	K. George	- Chairman.
„	H. Smith	- Member.
„	N. Sankara Mannar	„
„	P. N. Krishna Pillai	„
„	V. K. Achuthan	„

---

## REPORT ON THE DISPUTE IN

## ASPIN WALL &amp; Co., LTD., ALLEPPEY.

- I. This is a big European factory in Alleppey.
2. In the statement of their case filed before the Board, the Coir Factory Workers' Union made the following allegations against the management of the factory :—
  - i. That for the last nearly fifteen years wage reduction has been steadily going on.
  - ii. That the present rates of wages are not adequate to meet even the primary requirements of labourers.
  - iii. That various processes of work are carried out through contractors which results in payment of low wages and loss of security of tenure for the workers.
  - iv. That heavy and unjust fines are imposed on the workers for flimsy reasons.
  - v. That the labourers are subjected to various exactions by moopans, contractors and other subordinates.
  - vi. That the company does not officially recognise the Travancore Coir Factory Workers' Union.
  - vii. That the labourers have to work under unsatisfactory health conditions: (a) good drinking water is not available; (b) there is lack of proper ventilation.
  - viii. That there is no protection against dangerous or injurious kinds of work.
  - ix. That there is no security of tenure for workers and that workers are victimised for Union work.
  - x. That workers are not given sufficient out-passes.
  - xi. That women employees are not given maternity leave with pay and that proper provision is not made for accommodating children brought into the premises of the factory by women employees.
  - xii. That the weavers are put to considerable difficulty in passing the mattings woven.
3. The Manager of the firm appeared before the Board on 24-2-1939 and submitted a written statement answering the charges made by the Union. The case was heard on 8-3-1939, when the Manager supplemented his original statement by an oral deposition.
- Kai Janaki and A. K. Madhavan, workers in the factory, gave evidence for the Union.
4. The results of the enquiry into the allegations made against the management of the factory are set forth below :—

(i) That for the last nearly fifteen years wage reduction has been steadily going on.

In regard to the question of wage reductions, the Manager of the firm has stated that wage revisions are frequently made, but that such revisions are not always downward. Nevertheless, competition from factories established in country districts has compelled manufacturers generally to exercise the greatest possible care in fixing new rates for new processes.

As we have remarked in respect of the other cases filed before us, there is no point for conciliation in this charge. However, we have tried to ascertain, at any rate with regard to some important items of work, whether there has been any reduction in wage rates and if so, to what extent.

On examining the wage books, the following particulars were obtained :—

*Matting weaving rates :*

Maximum rates were paid from 1925 to 1936, for a type of matting, 1½ score 2—shaft Anjengo ; but this particular type was discontinued in 1936. The rates were as shown below :—

Size.	Rs.
4/4	4
6/4	6/12
8/4	9/4

These rates were maintained throughout the period.

For another type (D. F.) 4-shaft matting, the reductions noted were as follows :

Size.	May 1925.	May 1932.	Reduction per cent.
	Rs.	Rs.	
4/4	4/12	4	13·8
6/4	9	7	12·5
8/4	11	10	9·1

This type was abolished in 1932.

Another type of matting (*viz.*, type 600) which has been continued up-to-date was examined for weaving rates. The reductions in rates in respect of this type are given below :—

*Type 600, 13½ score, 2—shaft, Anjengo and Aratory.*

Size.	July 1927.	May 1932.	October 1932.	May 1935.
	Rs.	Rs.	Rs.	Rs.
4/4	3/8	3/8	3/4	2/15
6/4	6	6/2	5/11	5
1/4	8/3/8	8/12	8/2	7/1

It may be noted here that between July 1927 and May 1932, the rate for 6/4 and 8/4 sizes were increased by 2 as. and 3½ as. respectively.

The May 1935 rates are current, no alterations having been made since that date.

The percentage of reduction from the maximum to the minimum rates are as shown below :—

4/4	16.0 per cent.
6/4	18.3 "
8/4	19.2 "

The actual reductions in matting weaving rates are, therefore, no more than approximately 20 per cent. —

In the mats department, the binding rates were as follows :—

**Mats binding rates, Chs. per 100.**

<i>Binding rates.</i>	<i>Beach.</i>		<i>Vycome.</i>		
	<i>1 to 4. 5 to 9. Slips. 1 to 4. 5 to 9.</i>				
1926 to March 1931.	75	90	...	97	122
1931 March to July 1931.	73	88	...	95	120
1931 July to December 1932.	65	70	58	75	80
1932 December to May 1935.	60	65	53	70	75
1935 May to January 1936.	58	63	50	68	73
1936 January to the present time.	56	61	50	66	73
Percentage of reduction in 14 years.	25.3	32.2	13.8	31.9	40.1

Our conclusion is that wage rates have been reduced under certain items of work and that under certain items the rates have been reduced more than once. The maximum reduction that has come to our notice is approximately 20 per cent. in the case of matting weaving and 40 per cent. in the case of binding large-sized Vycome mats, which, however, are produced only in small quantities. In the most popular item, viz., Beach mats, sizes 1 to 4, the reduction is only 25 per cent.

(ii) *That the present rates of wages are not adequate to meet even the primary requirements of labourers.*

On this point, the Manager of the firm has stated that in their factory the minimum rate for an adult man is 7 as. per day. In his opinion, this rate is adequate to meet more than the primary requirements of labourer. Piece work errates are on a much higher basis and with full-attendance of 26 days per month, the poorest and slowest worker can earn more than

Rs. 10 per month. The average earning in all departments is appreciably higher than this. Ninety per cent. of his employees are paid at piece rates. In the course of his oral deposition, the Manager stated that there is no piece worker in his factory who, if he got work for all the 28 working days in the month, would get less than Rs. 12 per month. Asked whether he could state the maximum that a worker could earn, he said it was about Rs. 30.

The complaint of low wages applies to the whole industry and will be dealt with fully in the general report on the questions referred to the Board.

(iii) *That various processes of work are carried out through contractors, which results in payment of low wages and loss of security of tenure for the workers.*

The Manager of the firm has stated that there are quite a number of items which are worked on contract. The items of work that are usually given on contract are dyeing and drying of yarn and spooling, quilling and packing of matting.

The main complaint of labour is that the contractors bring down the rates to the lowest possible level at which the labourer would work. If the particular items of work were done directly under the control and responsibility of the firm, the rates would not have been pressed down to the lowest limit. Unless, therefore, the firm fixes the rates of wages and contractor's commission, checks the actual disbursement of wages and severely puts down unauthorised exactions, there is always the possibility of the contractor oppressing the labourer within the premises of the firm.

This is what was brought out in evidence. Kai Janaki has worked in the firm from her 9th year of age. She has worked there now for 19 years. She makes braids. When braiding was done under the firm's direct control, the rate per 100 yards of braid was 10 to 13 chs. and she herself had received wages at this rate for years. Now, for the last 7 years, braiding is done by contract work. Apart from the fact that the work itself has become more difficult, the workers now get only 7½ chs. per 100 yards. She earns 20 to 22 chs. per week. From this amount, 2 chs. per week, goes to the contractor as 'moopukasu'. As she is an old worker in the firm, she does not like to go elsewhere, nor will others take her, having so long been attached to one firm.

Subsequently it was pointed out to us by Mr. Smith that the statement made by witness that her average earning was 20 to 22 chs. a week was not correct and that it was about Re. 1 per week, calculating her average earnings for the two months immediately preceding her evidence. This was verified and found to be correct.

Of all the employers who have appeared before us, the Manager of the firm, Mr. Smith, has made out, perhaps the best case for the system of contract work obtaining in the industry. He considered that in certain cases, the employment of contractors was necessary. Certain departments of work are so connected that, if there is dearth of labour in one department, the work in some other departments will stop. In certain key positions, it was better to employ contractors, for the reason that the contractor obtains better supply of labour and has control of labour. He is responsible for finding labour and for turning out a definite quantity of work.

Our colleagues, the labour representatives on the Board, wish to add here that the reasons set forth by Mr. Smith in justification of the contract system, however clearly stated, do not appear to them to be convincing. Their objections to the system will be given in detail in our general report.

However, Mr. Smith did not think that the contract system is applicable to all items of work. He could give a list of items of work which could be carried out without a contractor and said that braiding was one such item.

Mr. Smith has also stated :

(i) that the recruitment and security of tenure of the workers under a contractor as well as the payment of their wages are the sole concern of the contractor ; and

(ii) that the remuneration for the contractor is included in the contract rate and the firm does not set aside anything separately for his services, in addition to the agreed rate.

Mr. Smith has definitely expressed the view that the contractor should be regarded as an employer of labour and that the labour union should regard him as such. The Union, on the other hand, contends that the contractor is only an intermediary and that the management should be responsible for the employment and security of tenure of the workers as well as for the payment of their wages.

Our colleagues the labour representatives wish to record here that they are entirely opposed to the Manager's view of the status of the contractor and that they will elaborate their point of view in our general report.

Here we have to record that Mr. Smith has stated that he would be very glad to abolish contracts in all possible directions and to see that wages in all cases are paid in the presence of the officers of the firm. In every case the contractor will be asked to produce his book showing the dues to the workers. He has also agreed to consider fixing the rates of wages and percentage of contractor's commission in cases of contract work.

The whole question of contract work will be discussed in our report.

(iv) *That heavy and unjust fines are often imposed on workers for flimsy reasons.*

In his original statement answering the complaints of the Union, the Manager has stated that fines were very rarely imposed and that reasonable reductions were made from piece rates for faulty work. These were sanctioned only after investigation by the management. In giving his oral statement, the Manager supplemented the above statement by saying that he was strongly against the imposition of disciplinary fines, though it might sometimes be necessary. He had never imposed it himself. In case of unsatisfactory work, they were given one or two warnings and if they did not show better work, they were dismissed. Out of a total annual wage bill of Rs. 67,000 the fines amounted only to Rs. 137 and of this amount Rs. 50 represented fines for late coming.

We are convinced that in this factory no heavy or unjust fines are imposed on the workers.

Our colleagues the labour representatives wish to record here that it is not the smallness or otherwise of the total amount of fines that matters, so much as the principle involved in fines and penalties and that they will state their views on the subject in our general report.

(v) *That the labourers are subjected to various exactions by moopans, contractors and other subordinates.*

The Manager, in his original statement, has said that no report of exactions by subordinates had been made to him and that any such report would be carefully investigated.

Witness A. K. Madhavan, a matting weaver who had not been working in the factory for the past five months, giving evidence for the Union, said that the Matting Mooppan did not take moopukasu from the workers but that the Yard Superintendent was in the habit of taking bribes from the workers, on the understanding that he would provide them with work. No further evidence on the point was brought up and the charge is, therefore, treated as not proved.

Our colleagues the labour representatives wish to add here the following note :

"The difficulty of the Union to prove conclusively a case of bribery has to be recognised. Witness has stated that he himself paid Re. 1 to the Yard Superintendent for obtaining more remunerative work. Ordinarily it is unlikely that the



Yard Superintendent will admit that he took a bribe. We have to consider the weaker position of the worker in relation to that of the Yard Superintendent and hence the difficulty of the Union to produce legal evidence. In our view, whenever there are reasonable grounds for suspecting illegal practices of the kind, the management should take stern measures to put them down ruthlessly".

(vi) *That the company does not officially recognise the Travancore Coir Factory Workers' Union.*

Answering this charge, the Manager has stated that communications with the President of the Travancore Coir Factory Workers' Union have taken place.

It is noted that, for all practical purposes, the firm has recognised the Union and in the course of his oral statement, Mr. Smith expressed his willingness to welcome the co-operation of labour representatives.

(vii) *That the labourers have to work under unsatisfactory health conditions:*

(a) *Good drinking water is not available.*

(b) *There is lack of proper ventilation.*

In regard to this complaint, the Manager has stated that immediate action has always been taken on reports of health authorities and that good drinking water is available and closed buildings are properly ventilated. In regard to the complaint brought out in evidence that the shearing machine is too close to the well and that dust from the machine falls into it, the Manager has pointed out that the well is 50 to 60 yards away and so the possibility of fibre dust falling into the well did not exist.

We are glad to note that the management is prepared to provide all reasonable health conditions for the workers.

(viii) *That there is no protection against dangerous or injurious kinds of work.*

The Manager has stated that protection against accident is provided in all cases. No evidence to the contrary has been produced by the Union.

Presumably the Union had in mind the stencilling and dyeing work in the factory, when they put forward the charge. The effect of such processes on the health of the workers has to be investigated by an expert enquiry instituted by Government. We will revert to this subject in our general report.

(ix) *That there is no security of tenure for workers and that workers are victimised for Union work.*

Answering this charge, the Manager has stated that satisfactory workers have been in their employ for many years.

There could be no security of tenure for unsatisfactory workers. The Manager has strongly denied that any of their employees have been at any time victimised for Union work.

The point was not pressed by the Union.

(x) *That workers are not given sufficient out-passes.*

In regard to this complaint, the Manager has stated that out-passes are only given during working hours in cases of illness or other urgent necessity and such passes are never denied in such cases. He has also stated that it is against the rules of the factory to allow men to go out whenever they like.

The point of the allegation is that, whereas workers are admitted as they present themselves in the morning, such of them as have no work for the day, are not given passes to go out when they ask for them, but are kept waiting according to the pleasure of the mooppans. Mr. Smith stated in reply that no workers are admitted into the factory who have no work for the day and that out-passes are issued to workers in case of sickness and other emergencies.

In our opinion, there is a genuine complaint in regard to this question of out-passes. We would advise that in the case of those who have no work for the day, the management should issue passes to enable them to go out as soon as possible.

(xi) *That women employees are not given maternity leave with pay and that proper provision is not made for accommodating children brought into the premises of the factory by women employees.*

The Manager has stated that they discourage the bringing of children to the premises by women workers. With regard to maternity leave with pay, they did not consider the responsibility could be borne by the industry in its present condition.

The question of women's employment will be discussed in our general report.

(xii) *That the weavers are put to considerable difficulty in passing the mattings woven.*

The Manager has denied that the weavers are subjected to any difficulty in passing the mattings woven. Only in cases of serious faults are weavers called from their looms. All mattings completed by Wednesday are passed by Thursday and paid for on Saturday. He did not consider that it was possible to arrange things more conveniently.

Witness Madhavan stated that the weavers have to carry the mattings from the loom to the place of passing. The Manager has stated that the weaving rates included cost of

labour for this duty also. Witness has also stated that they have to walk round a considerable distance with the matting and it takes a great deal of time to get the mattings passed and in the meantime they will be kept away from their work.

The Manager stated that ten or fourteen years ago, every matting weaver had to spend half-a-day waiting for the matting to be passed, and that now they are not called up at all at the time of passing except in cases of faulty work.

We are inclined to the opinion that no unreasonable delay or inconvenience is caused to the weavers in passing the mattings.

(Our colleague, Mr. Smith, being the Manager of the factory with which we are here concerned, has not taken part in these proceedings).

Sd.	K. George	<i>Chairman.</i>
„	N. Sankara Mannar	<i>Member.</i>
„	P. N. Krishna Pillai	„
„	V. K. Achuthan	„

REPORT ON THE DISPUTE IN THE COIR FLOOR  
FURNISHING Co., ALLEPPEY.

1. This is a matting factory in Alleppey town. It was started in 1928. There are 40 looms now working in it. The owner has a district factory also where he makes mats.

2. In the statement of their case filed before the Board on 16-3-1939, the Union made the following allegations against the management of the factory :—

i. That for the last fifteen years, wage reduction has been steadily going on.

ii. That the present rates of wages are not adequate to meet even the primary requirements of labourers.

iii. That various processes of work are carried out through contractors which results in payment of low wages and loss of security of tenure for the workers.

iv. That heavy and unjust fines are imposed on the workers for flimsy reasons.

v. That labourers are subjected to various exactions by moopans, contractors, etc.

vi. That the company does not officially recognise the Travancore Coir Factory Workers' Union.

vii. That the labourers have to work under unsatisfactory health conditions :—

(a) That there is no proper ventilation ;

(b) That buildings and looms contravene the provisions of the Factories Act.

viii. That there is no protection against dangerous or injurious kinds of work.

ix. That there is no security of tenure for workers and that workers are victimised for Union work.

x. That women employees are not given maternity leave with pay and that proper provision is not made for accommodating children brought into the premises of the factory by women workers.

3. On 24-2-1939, the factory owner filed a written statement answering the charges made by the Union. The case was heard on 9-3-1939, on which date the employer supplemented his original statement by an oral deposition. On the same date, K. A. Bava, a worker in the factory, gave evidence on behalf of the Union.

4. The results of the enquiry into the allegations made against the management of the factory are set forth below :—

(i) *That for the last fifteen years wage reduction has been steadily going on.*

The factory was started only in 1928, and so the charge, as it stands, is incorrect. Nor is the reduction of wages in the past several years a point for conciliation. All that we can do is to enquire into the question and record a finding as to whether there has been any wage reduction since the factory was started.

The factory owner admitted, in his oral deposition, that during the last 4 or 5 years, there have been from time to time reductions in rates of wages, on various items of work, but never, more than once successively, on the same item. In regard to certain items he had made no reduction at all. For example he stated that in the case of 3-shaft Anjengo 14-score plain matting, the rate of Rs. 2 had not been reduced. He was compelled to reduce wages on account of the competition of other manufacturers. He reduced rates only after ascertaining the prices of his competitors. He was not in a position to specify the percentage of reduction in rates. He stated that he would be in a position to increase the wages, if he got good prices for his articles and sufficient orders from abroad.

The charge was not pursued into details by the representatives of the Union or by their witness. That there has been reduction of wages on several items of work is admitted by the factory owner.

(ii) *That the present rates of wages are not adequate to meet even the primary requirements of labourers.*

Strictly speaking this is only an expression of opinion by the Coir Factory Workers' Union. The factory owner has stated that on a calculation from three months' wages the average weekly earnings in his factory are as follows :-

	Rs.	ch.	c.
Matting weavers	3	22	0
Sorters	3	21	0
Quilling boys	2	3	8
Passing boys	2	7	8
Daily coolies	3	10	8
Mat stencillers	2	19	8
Matting stencillers	3	0	0
Loading and unloading coolies	3	22	0
Binders	2	5	0
Squaring	2	24	0
Trimming	4	8	0
Smoking	3	14	4

In his opinion, on an average, a labourer in Alleppey requires Rs. 10 to 12 for himself and a family of four or five.

The complaint of low wages is applicable to the whole industry and hence it will not serve any useful purpose to discuss it as a point of dispute with an individual factory owner. The question will be dealt with fully in our report.

(iii) *That various processes of work are carried out through contractors which results in payment of low wages and loss of security of tenure for the workers.*

In his original statement, the employer has denied the charge. He has stated that contract work is given only for better supervision and, as far as he knew, there was no complaint of low wages paid by any of the contractors. In his oral deposition, he stated that, in his factory, such items as wemby work, loading and unloading are done on a contract basis. Till 1932, contractors of the usual type were employed. Then the workmen complained that they did not get their full wages from the contractors and they agreed to receive the contract rates, provided an office clerk was maintained in the place of the contractors to look after the work and to disburse their wages. As at present obtains in the factory, if there are 20 men loading and unloading, their wages will be divided into 21 parts and one part will go to the clerk. His monthly salary is fixed at Rs. 15 and if the total wages earned by him does not come up to this amount, the balance will be made good by the company. We are inclined to think that this system is not, in essentials, very different from the usual moopan-contractor system. We do not consider it necessary to go into greater details here; but the whole question of contract work will be discussed fully in our general report.

(iv) *That heavy and unjust fines are imposed on workers for flimsy reasons.*

The employer has wholly denied this charge in his original statement.

Witness, Bava, giving evidence for the Union stated that before the strike, a workman, Nanoo Pillai, was fined Rs. 30 for defective work on a matting. The spoilt matting was not given to him, although the fine was realised from him. The employer did not contradict this statement. If it is a fact, we consider it was unjust and oppressive. After the strike, witness and his partner on the loom were fined Re. 1 for alleged faulty work on a matting. Out of a wage of Rs. 3-4 as due to them, Re. 1 was deducted by way of fine.

The employer, in his oral statement, said that in his weekly wage bill of Rs. 1,300 to Rs. 1,500, fines might not exceed Rs. 5 a month. The fines were an item of income to the company.

(v) *That labourers are subjected to various exactions by moopans, contractors, etc.*

The employer has stated that he is not aware of any such exactions. The question of contract work has already been dealt with.

No evidence has been produced to prove the charge of illegal exactions by contractors and moopans. Witness put up by the Union had never worked under a contractor and in the last two years, at any rate, he has not had any trouble from moopans, although previously he had been compelled by moopans to pay towards festivals in the Mullakal and Kani-chakulangara temples.

(vi) *That the company does not officially recognise the Travancore Coir Factory Workers' Union.*

The employer has stated that there was no opportunity till then for recognition of the Travancore Coir Factory Workers' Union. He considers that it would be advantageous both for the labourers and the factory owners whenever there is any dispute, that the Union should address the matter to the Chamber of Commerce and that the Chamber should take up the matter with the manufacturer. This suggestion does not commend itself to us. The Union is a body registered under the provisions of a statutory enactment and one of its objects is to bring to the notice of the employers direct the grievances of the workers in order to obtain relief. We think that in the interest of the good relations between the employers and the workmen, the former should accord due recognition, both in letter and spirit, to the Union and permit its officers or representatives to approach them direct for making representations. The question of approaching a third party need arise only in case the employer and the Union cannot come to an agreement.

(vii) *That the labourers have to work under unsatisfactory health conditions:*

(a) *that there is no proper ventilation; and*

(b) *that buildings and looms contravene the provisions of the Factories Act.*

The factory owner considers that the labourers in his factory work under very satisfactory and healthy conditions and that there is sufficient ventilation for the buildings. If, however, any further improvements are required, he would

be glad to do the same. In the circumstances, we would advise the Union to represent to the factory owner what particular improvements are required.

(viii) *That there is no protection against dangerous or injurious kinds of work.*

The factory owner has stated that there is no dangerous or injurious work carried on in the factory.

The point has not been pressed by the Union and no evidence has been produced by them in support of the contention.

Presumably the Union had in mind the stencilling and dyeing work when they made the charge. The effect of these processes of work on the health of the workers has to be investigated by an expert enquiry instituted by Government. We will revert to this subject in our general report.

(ix) *That there is no security of tenure for workers and that workers are victimised for Union work.*

In his original statement the employer has said that security of tenure depends upon the orders he is able to get and that if sufficient orders are forthcoming, he could provide regular work. Tenure of work depends entirely upon conditions of the foreign market for his goods. He has also stated that there is no victimisation for Union work.

No evidence has been produced to prove the contrary and the point has not been pressed by the Union representatives.

(x) *That women employees are not given maternity leave with pay and that proper provision is not made for accommodating children brought into the premises of the factory by women workers.*

In regard to this question, the factory owner has stated that in no factory in Alleppey is such benefit accorded. He considers there is no need for it either, as their work is such as would afford them enough time to take rest. In his factory there are about 23 women workers and most of them are piece workers (splicers), who take the cuttings home and do the splicing leisurely in their homes. In the case of women engaged on a monthly wage basis, he said he would not object to the enactment of legislation providing maternity benefit for them; but he was of opinion that it was not necessary to give such benefits to the piece-workers. We will discuss this question in our general report.

Sd.	K. George,	Chairman.
"	H. Smith,	Member.
"	N. Sankara Mannar,	"
"	P. N. Krishna Pillai,	"
"	V. K. Achuthan,	"



**REPORT ON THE DISPUTE IN  
K. S. GANGADHARA IYER & Co., ALLEPPEY.**

1. This is a private company in the town of Alleppey. The factory itself is an old establishment, but five years ago, it was taken over by the present proprietor, who claims 25 years' experience of the industry. There are 75 matting looms and 50 mat looms in the factory. The number of workers attached to the factory is about 250, including about 15 workers on the daily wage basis, and about 10 women workers.

2. The following allegations were made by the Union against the factory :—

(i) That for the last nearly fifteen years, wage reduction has been steadily going on.

(ii) That the present rates of wages are not adequate to meet even the primary requirements of labourers.

(iii) That various processes of work are carried out through contractors which results in payment of low wages and loss of security of tenure for the workers.

(iv) That payment of wages is made in kind and irregularly.

(v) That heavy and unjust fines are imposed on the workers for flimsy reasons.

(vi) That labourers are subjected to various exactions by moopans, contractors, etc.

(vii) That out of the wages earned by the labourers the company takes a portion as "dharmavu".

(viii) That the company does not officially recognise the Travancore Coir Factory Workers' Union.

(ix) That the labourers have to work under unsatisfactory health conditions :—

(a) That good drinking water is not available ;

(b) That the labourers have to work under heated zinc roofs.

(x) That there is no protection against dangerous or injurious kinds of work.

(xi) That there is no security of tenure for workers and that workers are victimised for Union work.

(xii) That women employees are not given maternity leave with pay.

3. On the 16th February 1939, the factory owner's representative filed a counter-statement answering the charges made by the Union. The case was heard on 23-2-1939, 25-2-1939 and 6-3-1939. On the first two dates, Mr. K. S. Gangadhara Iyer, the factory owner, was examined and on the

last date, he was represented by his office manager. Three witnesses, Ramakrishnan, Vasu and Madhavan, all workers in the factory, gave evidence for the Union. Another worker in the factory, Ousep Kutty, gave evidence on behalf of the factory owner.

4. The results of the enquiry into the allegations are given below :—

(i) *That for the last nearly fifteen years, wage reduction has been steadily going on.*

There is no point for conciliation in this charge. All that is possible is to record a finding whether the allegation is true or not. The factory has been under the management of the proprietor only for the last five years. The charge as it stands is, therefore, incorrect. We have, nevertheless, enquired whether there has been any wage reduction during the last five years.

In his original statement, the factory owner has stated that, in some cases, wages have been reduced in conformity with the general fall in the prices of the manufactured products, but that, during the last three years, no further reductions have been made. In his oral deposition, supplementing his original statement, Mr. Gangadhara Iyer said that, in the case of the 4/4 size matting, he had slightly increased the rate, by annas 2 to annas 4 per roll of 50 yds. *i. e.*, from Rs. 2/14 to Rs. 3/2 per roll. In the bigger sizes of mattings, his original rates used to be slightly more than proportionately higher. He has now brought them all down to the exact proportionate rates. He further stated that, as orders were mostly for the 4/4 sizes, he did not derive any advantage from the reductions on the bigger sizes.

The witnesses produced by the Union have stated that, in various items of work, greater reductions in wage rates have been made; but the evidence given is lacking in consistency, if not mutually contradictory. The wage books show that the rates are based on that of the 4/4 size and that the bigger sizes are given just proportionately higher rates. The statement of the factory owner is, in our opinion, substantially correct.

(ii) *That the present rates of wages are not adequate to meet even the primary requirements of labourers.*

The factory owner stated before the Board that, on this point, there were no complaints from his men. He has also stated that the maximum earning of a matting weaver is at present Rs. 30 and the minimum about Rs. 12 to 15. He estimated the average earning of a matting weaver at about Rs. 18 per mensem.

Ramakrishnan, witness for the Union, stated that he earned Rs. 5 and Rs. 6, respectively, in the two months immediately preceding. He also stated that, if there was regular work, he could make 6 rolls of matting, 4/4 size, per month, which would fetch, at the rate of Rs. 3/2 per roll, Rs. 18/12 per two weavers or Rs. 9/6 per weaver.

Ousep Kutty, witness for the factory owner, a matting weaver of 2 years' standing in the factory, stated that, on the average, he made Rs. 10 per mensem. In the month immediately preceding (January '39), he had made Rs. 12. The wage book proved his statement to be true.

Here we may briefly observe that the complaint regarding wages in this as well as other factories is not so much about the rates of wages as about the monthly earnings of the workers. In this particular factory, it cannot be denied that at the existing rates, there is the possibility of making a fairly decent earning, provided there is regular work throughout the month. But the trouble is there is no regularity of employment. Even the factory owner's own witness had to admit that in the two months preceding, his earnings were only Rs. 10 and Rs. 12, respectively.

Strictly speaking, the inadequacy of wages complained of by the Union, is merely an expression of opinion. This raises so many issues pertinent to the whole industry that it will not serve any useful purpose to discuss it as a point of dispute with individual factory owners. The question will be dealt with at length in the general report on the questions referred to the Board.

(iii) *That various processes of work are carried out through contractors which results in payment of low wages and loss of security of tenure for the workers.*

In his original statement submitted to the Board, the factory owner has said: "Certain works in the factory have to be given on contract which in fact can in no way hinder the other labourers". The items of work done on the contract system are the following:—beaming (warping), stretching and rolling, loading and unloading. The carrying out of certain items of work through contractors who recruit their men, employ them on the premises of the factory and pay them themselves, is a system generally obtaining in the industry, more particularly in Alleppey. It will be discussed at length in our report. In regard to the factory with which we are here concerned, all that we can do now is merely to record a finding whether the contractors employed by the factory pays unduly low wages and whether employment under them is particularly insecure.

The factory owner admitted that a contractor is paid at the rate of 9 men's wages for every 8 men employed by him. But there is no fixed rate of remuneration to the contractor. Obviously, he takes the one extra wage plus what more he can bargain for and obtain from each labourer employed by him.

The factory owner also stated that, although the contractor himself disburses wages, he sees to it that the wages are actually paid to the workers. If a worker employed by a contractor has a complaint, he can take it to the factory owner, who would set the matter right. It is all a moral control. But he is not sure that the workers are aware that they can take a complaint direct to him. There has not yet been an occasion for him to interfere with the contractors on behalf of the workers employed by them. This very probably shows that the workers have not so far become aware of the fact that complaints can be taken to the proprietor for redress. We consider that the factory owner should put up notices in every section where contract work is carried on announcing to the workers that they can take any complaint against the contractor direct to the proprietor himself.

No evidence has been produced showing that the workers' tenure of employment by the contractors of this factory is particularly insecure. The proprietor claims that certain items of work can be carried out more efficiently through the contract system than through the employment of a foreman, though it may not be possible to do so in all sections. He could not say without fuller consideration, whether there is any objection to stopping the contract system. The contract system, in some form or other, prevails generally in the industry. We shall discuss the question in the body of our general report.

(iv) *That payment of wages is made in kind and irregularly.*

Here there are two points for consideration, viz.,

(1) that wages are paid in kind, and

(2) that wages are not paid at regular fixed intervals.

In regard to the first point, the factory owner has admitted before us that in cases where the workmen ask for advance payments, he pays them in kind, chiefly in rice. He has also stated that he maintains a shop—rice and provision store—which is an ordinary shop, open to the public, and not exclusively meant for his workers. His men can get advances only from his shop but he does not derive any extra profits therefrom; he gets only the usual and legitimate profits. His workmen invariably asked for advances before the due date; but it was not possible for him to advance cash, though

in special cases he might do so. As a rule, he advances only rice. For payments of this kind, he issues a chit to his shop, directing payment in rice, to the value of the sum specified. He charges only market rates and no interest on the advances. He also stated that he is only too willing to pay in cash, if the workers will wait for two weeks.

On the other hand, one of the Union's witnesses, Madhavan, a matting weaver of 4 years' standing in the factory, giving evidence on 25-2-1939, stated that the workers were constrained to ask for advances, because wages were not paid at regular intervals. He continued that on the last wage payment, three weeks ago, a sum of Rs. 18 was due to three of them working on the same loom. They got Rs. 9 in cash and chits to the shop for the balance. Since that payment, three weeks back, he had received payment only in kind. He also stated that, if the wages are paid out wholly every week, he would not ask for any advance.

Onsep Kutty, a witness produced by the factory owner, giving evidence, on the 16th March 1939, stated as follows : " It is now 7 days since I got my wages last. On that date, to three of us, working on the same loom, a sum of Rs. 29/8 was due. But we had already received Rs. 3/2 in excess. We received the advances in rice as well as in money. I got a little more than Rs. 2 in cash. The balance was all paid in rice. On the previous wage-payment date also, I got nothing in cash. I had already taken advances in excess of my earnings".

The witness was, obviously, trying to show that the advance payments in kind were made on account of the requests of the workers. But his evidence also shows clearly the excessively high proportion of the wages that is actually paid in rice.

In such cases, it is natural for the workers to sell a portion of the rice in order to raise cash for other needs. This is the evidence given on 25-2-1939, by witness Vasu, a worker in the factory, put up by the Union ; "The day before yesterday, chit was issued, for rice to three of us together. We asked for Rs. 7, but chit was issued only for Rs. 6/8 worth of rice. On that day, more than Rs. 6/8 was due to us by way of wages. The rice was issued to us from the manager's shop, on production of the chit. We got 160 lbs. of rice for Rs. 6/8. The market rate for so much rice, including the bag, is Rs. 6/5. We sold the rice to a shop keeper close by. We got Rs. 5/4 for it. All the three of us were in need of cash. The loss on the transaction was borne by us jointly."

Ousep Kutty, witness for the factory owner, stated that he does not sell rice, but that there might be some who do so. He also stated that the management had asked the workers that they should not sell the rice received by way of wages.

The factory owner stated that although he had not come across cases where the workers have sold rice to raise cash on occasion, it might have happened. He further admitted that, in the hands of unscrupulous employers, the system of payment in kind is liable to grave abuses. He is discouraging the practice and is agreeable to abolishing it.

As we have remarked in our reports of certain other cases filed before the Board, we have received sufficient evidence to show that the practice of paying the whole or part of the wages of the workers in the shape of rice, provisions etc., from the shops kept by the factory owner prevails to some extent in the industry. The question will be discussed at length in our general report.

Coming to the question of irregular payments of wages in his original statement, the proprietor has said that wages are regularly paid once every fortnight. Subsequently on the second hearing of the case, he confirmed the statement by saying that he paid wages twice monthly, clearing accounts once in 15 days.

Madhavan, a worker, giving evidence for the Union stated that, in the factory, it took from one month to six weeks for the wage accounts to be closed. Vasu, another witness for the Union, stated that they did not get the wages disbursed to them every two weeks and that wages were sometimes disbursed after 20 to 25 days.

Ousep Kutty, witness for the factory owner, stated that by the 17th of every month, the entire wages up-to-date would be paid, but that one mat's wage will be in arrear sometimes a completed mat, at other times an incomplete one. On a reference to the wage books, it is found, that the latest wage payments have more or less, approximate regularity of 15 to 20 days interval. Where variations are noted, the management has explained that sometimes the workers themselves ask for payments to be deferred by a few days, against the prospect of an approaching festive day. Witness, Ousep Kutty, giving evidence for the management, has stated that wage accounts are closed by the 17th of every month, but that one mat's wage will be kept in arrears. That is to say, about Rs. 3 will be in arrears.

On the whole, we find that, since the strike, a conscientious effort is being made by the management to pay wages at intervals of roughly 15 to 20 days. At the same time, we

Ousep Kutty, witness for the factory owner, stated that he does not sell rice, but that there might be some who do so. He also stated that the management had asked the workers that they should not sell the rice received by way of wages.

The factory owner stated that although he had not come across cases where the workers have sold rice to raise cash, on occasion, it might have happened. He further admitted that, in the hands of unscrupulous employers, the system of payment in kind is liable to grave abuses. He is discouraging the practice and is agreeable to abolishing it.

As we have remarked in our reports of certain other cases filed before the Board, we have received sufficient evidence to show that the practice of paying the whole or part of the wages of the workers in the shape of rice, provisions etc., from the shops kept by the factory owners prevails to some extent in the industry. The question will be discussed at length in our general report.

Coming to the question of irregular payments of wages, in his original statement, the proprietor has said that wages are regularly paid once every fortnight. Subsequently, on the second hearing of the case, he confirmed the statement by saying that he paid wages twice monthly, clearing accounts once in 15 days.

Madhavan, a worker, giving evidence for the Union, stated that, in the factory, it took from one month to six weeks for the wage accounts to be closed. Vasu, another witness for the Union, stated that they did not get their wages disbursed to them every two weeks and that wages were sometimes disbursed after 20 to 25 days.

Ousep Kutty, witness for the factory owner, stated that by the 17th of every month, the entire wages up-to-date would be paid, but that one mat's wage will be in arrears, sometimes a completed mat, at other times an incomplete one. On a reference to the wage books, it is found, that the latest wage payments have more or less, approximated regularity of 15 to 20 days interval. Where variations are noted, the management has explained that sometimes the workers themselves ask for payments to be deferred by a few days, against the prospect of an approaching festive day. Witness, Ousep Kutty, giving evidence for the management, has stated that wage accounts are closed by the 17th of every month, but that one mat's wage will be kept in arrears. That is to say, about Rs. 3 will be in arrears.

On the whole, we find that, since the strike, a conscious effort is being made by the management to pay wages at intervals of roughly 15 to 20 days. At the same time, we do

not forget that there is also a continuous stream of advances in kind made by the factory owner. However, he should establish strict regularity of payments at least every fortnight, an interval which he has himself mentioned as convenient to him and which is apparently satisfactory to his workers also. Here we would like to observe that it is more important that he should pay wages at regular intervals than that he should make advance payments. The former is obligatory, while the latter is optional and may advantageously be discouraged and gradually abolished.

(v) *That heavy and unjust fines are imposed on the workers for flimsy reasons.*

The proprietor has stated before us that no heavy or unjust fines are imposed on the workers, but that where they commit mistakes in weaving or other work, a small fine is, at times, imposed. Fines are not inflicted for disciplinary purposes, but only for defective work and negligence. Where an article is badly damaged, through the carelessness of the worker, no wages are paid for that particular piece of work and the damaged article will have to be taken by the worker himself and the value thereof paid by him. In the case of slight damages or defective work a small fine is imposed and the article is disposed of by the firm. The Union's representatives and their witnesses have not pressed this point about heavy and unjust fines. As we have mentioned elsewhere, the whole question of fines and penalties will be considered in detail in our general report. The proprietor of this particular firm has stated that he is agreeable that fines collected should be set apart for welfare work in the interests of the workers themselves.

(vi) *That labourers are subjected to various exactions by moopans, contractors, etc.*

In his first statement, the factory owner stated that no exactions are made from the labourers by moopans or contractors. Subsequently, in his oral statement before the Board, he admitted that he employed two moopans and that they took moopukasu (unauthorised commission) from the workers, at the rate of  $\frac{1}{2}$  ch. to 1 ch. from a fortnightly wage. He also stated that the moopans were paid by him and, therefore, there was no justification for the moopans to take anything from the workmen. He knew that the workers would be pleased if the system were stopped. He had informed the workers that they should not pay moopukasu. He undertook to put up a notice prohibiting the system and to make it known that the workers can approach him in case moopukasu is demanded. This we consider satisfactory and desire to express the hope that the proprietor will straight way eradicate the evil altogether.



forget that there is also a continuous stream of advances of this kind made by the factory owner. However, he should establish strict regularity of payments at least every fortnight, at an interval which he has himself mentioned as convenient to him and which is apparently satisfactory to his workers also. Here we would like to observe that it is more important that he should pay wages at regular intervals than that he should make advance payments. The former is obligatory, while the latter is optional and may advantageously be discouraged and gradually abolished.

(v) *That heavy and unjust fines are imposed on the workers on flimsy reasons.*

The proprietor has stated before us that no heavy or unjust fines are imposed on the workers, but that where they commit mistakes in weaving or other work, a small fine is, at times, imposed. Fines are not inflicted for disciplinary purposes, but only for defective work and negligence. Where an article is badly damaged, through the carelessness of the worker, no wages are paid for that particular piece of work and the damaged article will have to be taken by the worker himself and the value thereof paid by him. In the case of slight damages or defective work a small fine is imposed and the article is disposed of by the firm. The Union's representatives and their witnesses have not pressed this point about heavy and unjust fines. As we have mentioned elsewhere, the whole question of fines and penalties will be considered in detail in our general report. The proprietor of this particular firm has stated that he is agreeable that fines collected should be set apart for welfare work in the interests of the workers themselves.

(vi) *That labourers are subjected to various exactions by moopans, contractors, etc.*

In his first statement, the factory owner stated that no exactions are made from the labourers by moopans or contractors. Subsequently, in his oral statement before the Board, he admitted that he employed two moopans and that they took moopukasu (unauthorised commission) from the workers, at the rate of  $\frac{1}{2}$  ch. to 1 ch. from a fortnightly wage. He also stated that the moopans were paid by him and, therefore, there was no justification for the moopans to take anything from the workmen. He knew that the workers would be pleased if the system were stopped. He had informed the workers that they should not pay moopukasu. He undertook to put up a notice prohibiting the system and to make it known that the workers can approach him in case moopukasu is demanded. This we consider satisfactory and desire to express the hope that the proprietor will straight way eradicate the system.

(vii) *That out of the wages earned by the labourers, the company takes a portion as dharmavu.*

This practice does not obtain in the factory. The labour representatives did not press the charge.

(viii) *That the company does not officially recognise the Travancore Coir Factory Workers' Union.*

The factory owner has stated that his company is always willing to co-operate with the Travancore Coir Factory Workers' Union and to recognise it for the benefit of the industry in general.

(ix) *That the labourers have to work under unsatisfactory health conditions:*

(a) *That good drinking water is not available;*

(b) *That they have to work under heated zinc roofs.*

It has been found that the factory is situated in spacious grounds. There are three wells on the premises, and, according to the proprietor, the workers, on account of caste distinctions, prefer to draw the water themselves for drinking purposes. The water in the well in the quadrangle, within easy reach of the workers, is thoroughly unfit for drinking. It should be frequently cleaned and kept in a sanitary condition. We note that the proprietor has undertaken to supply good drinking water and to keep it in pots in different parts of the factory.

With regard to work under zinc roofs, it is noted that only the engine room has a zinc roof.

(x) *That there is no protection against dangerous or injurious kinds of work.*

The proprietor has stated that there is no kind of work involving danger or injury to the workers. The complaint is about the stencilling work. We have received no evidence as to the nature or extent of the injury involved in the work. This is a matter for expert enquiry. We will revert to the subject in our report.

(xi) *That there is no security of tenure for workers and that the workers are victimised for Union work.*

The employer has stated that as long as there are sufficient orders and work in the factory, there is security of tenure for workers. Regularity of work depends, according to him, on regularity of orders. This is a matter that goes deeper than it looks and will form a subject for our consideration and report. No evidence has, however, been produced to show that workers are wilfully dismissed for any reason whatever.

(xii) *That women employees are not given maternity leave with pay.*

The employer has stated that the work turned out by women employees is very little and that it does not justify his giving them special concessions. On enquiry we find there are about 15 women employed either on daily wages or on the piece work system in the splicing and braiding sections. The question of maternity leave with pay for women employees is one of the wider questions affecting the whole industry and will be dealt with as a general question in our report.

(Sd.)	K. George	<i>Chairman.</i>
..	H. Smith	<i>Member.</i>
..	N. Sankara Mannar	..
..	P. N. Krishna Pillai	..
..	V. K. Achuthan	..

REPORT ON THE DISPUTE IN M. P. APPACHAN'S  
FACTORY, KALARCODE, ALLEPPEY.

1. This is a small mats factory at Kallarcod, about three miles south of Alleppey. It was established in 1108 with 20 looms. The present number of looms is 42. It employs about 60 workers.

2. In the statement of their case filed before the Board, the Union made the following allegations against the management of the factory:—

(i) That for the last nearly fifteen years, wage reduction has been steadily going on.

(ii) That the present rates of wages are not adequate to meet even the primary requirements of the labourers.

(iii) That payments of wages are made in kind and irregularly.

(iv) That heavy and unjust fines are imposed on the workers for flimsy reasons.

(v) That labourers are subjected to various exactions by moopans, contractors, etc.

(vi) That out of the wages earned by the labourers the employer takes a portion as "dharmavu".

(vii) That the employer does not officially recognise the Travancore Coir Factory Workers' Union.

(viii) That the labourers have to work under unsatisfactory health conditions:

(a) that good drinking water is not available,

(b) that they have to work under heated zinc roofs,

(c) that there is no proper ventilation.

(d) that there are no latrines,

(e) that the buildings and looms contravene the Factories Act.

(ix) That there is no protection against dangerous or injurious kinds of work.

(x) That there is no security of tenure for the workers and that they are victimised for Union work.

The employer appeared before the Board on the 16th February 1939, and submitted an oral statement answering the charges made by the Union. The case was heard on the 23rd February 1939, on which date the employer supplemented his original statement by an oral deposition.

Gangadharan and Krishnan, workers in the factory, gave evidence for the Coir Factory Workers' Union.

4. The results of the enquiry into the allegations made against the management of the factory are set forth below:—

(i) *That for the last nearly 15 years, wage reductions have been steadily going on.*

There is really no specific point for conciliation in this allegation. A finding in regard to it either way will not affect the settlement of the dispute. What the Board can do is merely to record its opinion as to whether the allegation is true or not. The charge, as it stands, is incorrect; for, the factory has been in existence only for 6 years now. The question whether there has been any wage reduction during this period was, however, enquired into. In his original statement before the Board, the employer stated that he had made no reduction in wages, under any item of work and that for 'pappada thadukku' (creel mats), a new line he had started in 1112, he has been paying a uniform rate of wages ever since. Both the witnesses cited by the Union were working at pappada thadukku and they stated that wages were reduced during the last three years. Gangadharan was not able to say how many times the rates were reduced; but Krishnan said that reductions were made on three occasions. The employer admitted that under one item of work, viz., stitching, he had made a reduction in the rate from 50 chs. to 45 chs. per 100 mats. In regard to pappada thadukku, he repeated his statement that the rate has been uniform throughout.

The employer admitted that he did not maintain either wage books or account books. In the absence of these records, we are unable to find out how many times, to what extent and under what items, wages have been reduced. We are, however, convinced that there has been some reduction of wages in the factory.

(ii) *That the present rates of wages are not adequate to meet even the primary requirements of the labourers.*

Strictly speaking this is only an expression of opinion by the Coir Factory Workers' Union. The complaint of low wages is applicable to the whole industry and hence it will not serve any useful purpose to discuss it as a point of dispute with individual factory owners. The question will, therefore, be dealt with fully in the general report on the questions referred to the Board.

(iii) *That payment of wages is made in kind and irregularly.*

This contains two charges, viz.,

(1) that wages are paid in kind, and

(2) that wages are not paid at regular fixed intervals.

In regard to the first, it was disclosed at the enquiry that the proprietor maintains a rice and provision shop, and a tea shop. It was also admitted by the proprietor that the workmen keep credit accounts in a barber shop, and that the

barber's accounts are cleared by him by paying him in rice, the amounts concerned being deducted from wages due to the workmen. The representatives of the workers contended that the workers are obliged to apply for advances as they are paid their wages at long intervals, that although the proprietor says that he does not compel any one to receive wages in kind, they are obliged to do so because the proprietor will not pay advances in cash, even though application is made therefor and that by these devices, the proprietor makes unjust profit out of them and they are put to serious loss. We explained to the employer the evils of the system of payment in kind, but he stated that he would not be able to carry on his business, if he were compelled to make payments in cash.

Coming to the question of irregular payments, the allegation is that payments are made at long intervals, usually, of a month. Witness Gangadharan said that wages are usually paid at intervals of about 35 days. Krishnan said that wages are usually paid once a month. The employer stated that he pays wages regularly once in three weeks. This does not appear to be correct. In an improvised record of wages paid during the last few months, (but not a regular wage book; that he produced before the Board, there was no account of any wage payment in the whole of Dhanu 1114. He was asked to say if he could pay wages once in two weeks. He expressed his inability to do so.

We are inclined to hold that there is no regularity in payment of wages in this particular factory. We do not say it is deliberate; it is inevitable to a business conducted in an unsystematic manner. The payment of wages in cash and the regularity of wage payments are important general questions; they will, therefore, be dealt with in our general report.

(iv) *That heavy and unjust fines are imposed on the workers on flimsy grounds.*

The employer denied this, and the witnesses were not able to prove that the levy of heavy and unjust fines is a practice with the factory owner. In the course of his oral statement, the employer admitted the practice of withholding wages wholly or in part for defective work. Deductions of this kind will be discussed in our general report.

(v) *That the labourers are subjected to various exactions by moopans, contractors, etc.*

There are no moopans or contractors employed by the factory. The charge was, therefore, dropped.

- (vi) *That out of the wages earned by the labourers, the employer takes a portion as "dharmavu".*

The employer admitted the recovery of dharmavu and that all kinds of wage payments are subjected to dharmavu. In his first statement, he said that the money collected as dharmavu was expended on charity to the workers. In his second statement, he retracted and admitted that it was an item of income to him.

Witness Gangadharan said that 8 chs. per wage payment was the rate of dharmavu before the strike, but it was reduced to 4 chs. after the strike. If the wage amount was comparatively larger than usual, the rate was raised to 5 chs. Witness Krishnan said that 7 chs. were taken from his wages by way of dharmavu. Gangadharan also said that, every year for the Feast of Adoration, celebrated in the church near by, a reduction is made from the wages of every worker, at the rate of 10 chs. per head. Krishnan said that in a collection box, kept for the purpose, every worker was required to deposit 1 ch. per wage payment. The workers did not know how the money so collected was spent. The factory owner did not contradict or deny the above two charges.

The employer did not mention any fixed rate at which he charged dharmavu. We are of opinion that he is not above bargaining with each individual worker in regard to what he may take by way of dharmavu. He has stated that the total annual collection of dharmavu does not exceed Rs. 30 but it is very likely to be a bigger amount and hence his reluctance to agree to stop a practice which gives rise to so much discontent among his workmen.

- (vii) *That the employer does not officially recognise the Travancore Coir Factory Workers, Union.*

The factory owner stated that he had no objection to recognise the Union officially.

- (viii) *That the labourers have to work under unsatisfactory health conditions:*

- (a) *good drinking water is not available,*
- (b) *they have to work under heated zinc roofs,*
- (c) *the factory is not properly ventilated,*
- (d) *there are no latrines, and*
- (e) *buildings and looms contravene the provisions of the Factories Act.*

(a) *Drinking water.* Gangadharan, witness, stated that no drinking water facilities are provided and that the workers have to go to the neighbouring house to get drinking water. In his first statement, the factory owner said that drinking water is supplied; but in the second statement he said that he did not provide drinking water inside the factory. However, he has agreed to provide drinking water to the workers,

(b) *Heated zinc roofs.* This charge cannot stand as the factory is thatched with coconut leaves.

(c) *Ventilation.* In our opinion, the question of ventilation does not arise in this and similar suburban factories, as they are open nearly on all sides.

(d) *Latrines.* The factory owner admitted that there are no latrines on the premises. He maintained that there was no need for latrines at all, as there was plenty of space round about the factory. We do not approve of the contamination of open spaces and are of opinion that as long as there is a demand for latrines, at least convenient closets should be provided. They can be very cheaply constructed.

(e) *Buildings and looms.* It was not stated in evidence what provisions of the Factories Act were contravened. In fact, the Act does not apply, at present, to factories of this description. In our general report, we shall deal with the question whether any modification of the Act or any extension of its application is called for.

(ix) *That there is no protection against dangerous or injurious kinds of work.*

Only mat weaving is done in this factory. There are no dangerous or injurious kinds of work.

(x) *That there is no security of tenure for the workers and that workers are victimised for Union work.*

The proprietor denied the charge. Gangadharan gave evidence to the effect that the proprietor went back upon the agreement entered into between the employers and the labour representatives to pay to the workmen a commission of one anna in the rupee, on the basis of which understanding the last strike had been called off. But the proprietor told them that he could not afford to pay it and that those who insisted on the commission being paid should leave the factory. The payment of the commission was insisted on by eight workmen and of these, seven men have been discharged. We consider that the proprietor should not have retreated from what was admittedly a general understanding, that he should continue to pay the token increase (called commission) like the other factory owners and that he should take back the discharged employees, if they ask for it.

There is, however, no evidence of victimization for Union work.

Sd.	K. George,	<i>Chairman.</i>
„	H. Smith,	<i>Member.</i>
„	N. Sankara Mannar,	„
„	P. N. Krishna Pillai,	„
„	V. K. Achuthan.	„



**REPORT ON THE DISPUTE IN THOTTAPPALLIL  
KRISHNAN'S FACTORY, CHERUVARANAM,  
THANNIRMUKKOM.**

1. This is a small private concern at Cheruvaranam, about two miles to the south-west of the Thannirmukkom landing place. It is typical of the many small concerns run by individual owners on the country-side. It was established in 1100 with 16 mat looms and at present, according to the owner's statement, there are 46 looms. When our Chairman visited the factory on 8-3-1939, there were not more than 10 looms in evidence, most of them being crude, old ones, housed in a thatched rickety old shed. Possibly a number of looms are put aside as too old and useless.

2. The following allegations were made by the Union against the factory owner:—

(i) That for the last 15 years wage reduction has been steadily going on.

(ii) That the present rates of wages are not adequate to meet even the primary requirements of the labourers.

(iii) That heavy and unjust fines are imposed on the workers for flimsy reasons.

(iv) That the labourers are subjected to various exactions by moopans, etc.

(v) That Sunday is also a working day.

(vi) That payment of wages is made in kind and irregularly.

(vii) That the employer does not officially recognise the Coir Factory Workers' Union.

(viii) That the labourers have to work under unsatisfactory health conditions:

(a) that good drinking water is not available,

(b) that there is no proper ventilation, and

(c) that there are no latrines.

(ix) That there is no security of tenure for the workers and that they are victimised for Union work.

(x) That the landing and loading charges are taken out of the wages of the workers.

3. On the 16th February 1939, the factory owner appeared before the Board and submitted an oral counter-statement, answering the charges made by the Union. The case was heard on 24-2-1939, on which date the factory owner supplemented his first statement by an oral deposition.

M. Govindan, a mat weaver, who had been working in the factory for 14 years, gave evidence for the Union. The employer did not lead evidence at all.

4. The results of the enquiry into the allegations made against the factory owner are set forth below :

(i) *That for the last 15 years, wage reduction has been steadily going on.*

In his statement made before the Board, on 16-2-'39, the factory owner said that in 1107, a reduction of 4 cash in the rates per mat was made, but that since then, no reductions had been made.

Govindan, witness, who has worked for 14 years in the factory, stated that, during the period, rates had been reduced on three occasions and that the last reduction was made three years ago. The reductions were at the rate of 4 cash at a time.

This is not a specific point for conciliation. From the admissions of the factory owner and from evidence given, we have no doubt that wage rates have been reduced successively. The employer has no wage books and no accounts; and so, it is not possible to say how often, under what items and to what extent reductions have been made.

(ii) *That the present rates of wages are not adequate to meet even the primary requirements of the labourers.*

The factory owner has stated that, at present, a worker makes, on the average Rs. 8 to Rs. 10 per month and that children make Rs. 5 to Rs. 6.

Witness Govindan stated that, on the average, he made only Rs. 5 to Rs. 6 per month. Considering the rates and the number of mats a worker can make per day, we believe this statement to be true. For instance, a worker makes about 5 mats, No. 2 size, per day. The rate per mat is  $1\frac{1}{2}$  ch. At this rate, a worker will earn  $8\frac{1}{2}$  ch. per day. On the average, he does not get work for more than 20 days per month. His monthly earning would, therefore, be roughly Rs. 6. Whether this amount is adequate for the primary requirements of a worker is a different question and will be dealt with in our general report on the questions referred to the Board.

(iii) *That heavy and unjust fines are imposed on the workers for flimsy reasons.*

The factory owner has stated that no fines are imposed by him. This has not been contested by the labour representatives or by their witnesses. But the employer admitted that, if

a mat is spoilt in the making, he paid no wages for that particular mat and the spoilt mat would remain his property. He said that, in a month about 50 mats would be found spoilt, in the sense that they would not be passed by his customers in Alleppey. If he takes 50 doz. mats to Alleppey, 4 to 5 doz. mats would be rejected for bad workmanship. He sells the rejections at whatever price he can fetch at Alleppey, generally at 9 pies per sq. ft. By withholding the wages, he gets 4 pies a sq. ft.

The whole question of fines and penalties will be dealt with in our general report. As far as this particular factory is concerned, the withholding of the entire wages for a piece of work and the appropriation of the article produced by the employer himself seem to have assumed the nature of so serious an issue between himself and his workers as to necessitate the intervention of the police. It is significant that even a worker who had been in his employ for 14 years found it necessary, on this score, to carry a complaint to the police. A more sympathetic attitude and better supervision on the part of the factory owner would have been reciprocated by his workers and brought down what is undoubtedly a high proportion of spoilt mats. On the other hand, it is up to the workers and to the Union to see that no cause is given for the complaint that articles are wilfully or carelessly spoilt, as was alleged by the employer.

(iv) *That the labourers are subjected to various exactions by moopans, etc.*

In his original statement, the factory owner said that he employed no moopans and no contractors; but in his second statement he admitted that he had one moopan who was employed on a salary basis. Witness stated that he had never paid anything to the moopan.

Occasionally the workers were asked to do the thatching of the factory shed and for this work, they were given a meal and no more, a practice which we consider should cease forthwith.

The employer admitted that he used to take dharmavu from the wages, but after the strike, he stopped the practice, out of deference to the opposition of the Union and he also stated that he would not revive the collection of dharmavu.

(v) *That Sunday is a working day.*

The employer admitted that when there is urgent work to be done, the labourers would be asked to work on Sunday also. The labour representatives and their witness, did not press this complaint, probably because, to compensate, there would generally be several days in the month with no work at all.

(vi) *That payment of wages is made in kind and irregularly.*

The factory owner stated that he runs a shop (provision store) and that nearly all articles usually in requisition by the workers are stocked by him. He said he issued chits to the workers for payment in kind at his shop; but that he did so only when his workers asked for such payment. He buys goods for the shop from merchants in Shertally and makes a profit on them.

Witness stated that the manager issued chits; but that there was no compulsion. If, however, a worker did not purchase provision from the shop, he would incur the displeasure of the manager. Witness had sold rice in order to obtain cash for other requirements.

The complaint is fully established and the employer has stated before the Board that he is willing to stop the practice of paying wages in kind. He is also prepared to welcome legislation generally prohibiting the system.

In the course of the hearing of the case, it came out that there was another charge against the factory owner, *viz.*, that he used to keep pots of toddy on the factory premises. The moonpan was stated to have been responsible for the distribution of toddy to the workers inside the factory. Witness stated that this practice existed up to the strike, but that it had been stopped since.

The factory owner admitted that he had taken a toddy shop on contract. It was a mile distant from the factory. He emphatically denied that toddy was at any time distributed to the workers inside the factory. We consider that it would serve no useful purpose to probe into the past. After the strike, there has been no complaint in regard to this matter and the employer has expressed his intention not to resort to payment of wages in kind and we take it that hereafter he would not do so in any form whatever.

With regard to regularity of payment of wages, the employer stated that now he pays wages every 15th day and that it is his intention to continue to do so. Weekly payments, he said, were out of the question in his case. Witness stated, that, though there was no definite date for payment, generally speaking, at present wages were paid every 15th day.

(vii) *That the factory owner does not officially recognise the Coir Factory Workers' Union.*

In regard to this complaint, the factory owner has stated before us that he now recognises the Union and has no objection to doing so. He thinks that, if differences arise, it would be difficult to act, if he is to do so only after discussing the matter with the Union. He has, however, stated that he is willing to settle with the Union any dispute arising in the factory.

(viii) *That the labourers have to work under unsatisfactory health conditions:*

- (a) *Good drinking water is not available,*
- (b) *There is no proper ventilation,*
- (c) *There are no latrines.*

The shed is open on all sides, but it could easily have been more spacious, without appreciable additional expense, especially in a place where land is cheap and there is plenty of it on all sides of the factory. More elbow-room should certainly be allowed between loom and loom.

Water in the locality is generally bad. The water in the tank near the factory is unfit for drinking. The employer should provide in the factory the best water available for drinking.

The factory owner should provide closets to serve as latrines. It is no excuse to say that there is plenty of open space round about. Closets can be made cheaply and easily maintained in sanitary condition in the sandy soil.

(ix) *That there is no security of tenure for workers and that the workers are victimised for Union work.*

The employer denied that his workers have no security of tenure and that they are victimised for Union work. He had recently dismissed a worker for persistently turning out defective work. He paid him the entire wages even for the defective mats and dismissed him. This particular worker had been in his employ for four years.

The one witness produced by the Union had himself worked in the factory for 14 years. We do not consider that there is any reason to believe that there is no security of tenure for the workers in this factory.

(x) *That the landing and loading charges are taken out of the wages of the workers.*

In his first statement before the Board, the employer denied that the landing and loading charges were taken out of the wages of the workers. But in his second statement, he admitted the charge. Now he has stopped the practice and has agreed that he would not revive it.

Sd.	K. George	Chairman
"	H. Smith	Member
"	N. Sankara Mannar	"
"	P. N. Krishna Pillai	"
"	V. K. Achuthan	"

**REPORT ON THE DISPUTE IN  
THE COCOA CARPET AND RUG MANUFACTURING Co.  
KALAVANCODE, SHERTALLY.**

1. This is a factory situated at Kalavancode, about three miles to the north west of Shertally town. It was established ten years ago with 12 mat looms. Now there are 73 looms, of which 37 are matting looms, 30 mat looms and 6 frame looms.

2. In the statement of their case filed before the Board on 16-2-1939, the Travancore Coir Factory Workers' Union made the following allegations against the management of the factory :—

(i) That for the last 15 years wage reduction has been steadily going on.

(ii) That the present rates of wages are not adequate to meet even the primary requirements of the labourers.

(iii) That various processes of work are carried out through contractors which results in the payment of low wages and loss of security of tenure for the workers.

(iv) That payment of wages is made in kind and irregularly.

(v) That Sunday is also a working day.

(vi) That heavy and unjust fines are imposed on workers for flimsy reasons.

(vii) That out of the wages earned by the workers the company takes a portion as " dharmavu ".

(viii) That the labourers are subjected to various exactions by moopans, contractors, etc.

(ix) That the company does not officially recognise the Coir Factory Workers' Union.

(x) That the labourers have to do work under unsatisfactory health conditions :

(a) that good drinking water is not available,

(b) that there is no proper ventilation, and

(c) that there are no latrines.

(xi) That there is no security of tenure for workers and that workers are victimised for Union work.

3. The factory owner submitted to the Board, on 16-2-1939, a counter-statement answering the charges made by the Union. The case was heard on 24-2-1939 and 6-3-1939. Pappu and Raphael workers in the factory, gave evidence for the Union. On 6-3-1939, the factory owner supplemented his original statement by an oral deposition. He did not lead any evidence at all. The results of the enquiry into the allegations made against the management of the factory are set forth below:—

(i) *That for the last 15 years wage reduction has been steadily going on.*

As we have remarked in respect of other cases filed before the Board, this is not a specific point for conciliation. The factory has been in existence only for 10 years now. The question whether there has been any wage reduction during this period was, however, enquired into.

In his original statement, the employer has stated that, as a consequence of the general economic depression, wage reduction has been steadily going on in almost all the industries and the mats and matting industry also has been affected as much as the other industries. In other words, he has admitted that there has been some reduction in wage rates in his factory.

Raphael, a mat weaver in the factory, and witness for the Union, stated that the rate for No. 1 mats was reduced from 1½ ch. to 1¼ ch.; for the Vycome mats, from 2 chs. to 1½ ch. and for B. F. mats, from 2¼ chs. to 1¾ ch.

Pappu, a matting weaver, and witness for the Union, stated that for the Vycome 2-shaft 4/4 plain matting, the rate was reduced from Rs. 2/2 to Rs. 1/14, and that for the beach 2-shaft matting, the rate was reduced from Rs. 1/10 to Rs. 1/7; and for the Vycome tile matting, from Rs. 2/4 to Rs. 2/2.

In his oral deposition before us on 6-3-1939, the employer, except for slight variations, practically confirmed the evidence of the Union witnesses:

(ii) *That the present rates of wages are not adequate to meet even the primary requirements of the labourers.*

As we have already remarked in respect of other cases enquired into, this is only the expression of the general opinion of the Union. The question of low wages applies generally to the whole industry and will be dealt with fully in our general report.

In his original statement, the employer has stated that, if there is work throughout the month, a full-time weaver can earn Rs. 12 to 15 a month. In his opinion, this was sufficient to maintain a worker's family in more or less decent comfort.

Pappu, matting weaver, and witness for the Union stated that the maximum earning he made was Rs. 9 per month and the lowest Rs. 5/8. Raphael, mat weaver, stated that his earning in January 1939, was Rs. 8. He did not remember to have earned Rs. 12 in any month in recent times.

The factory owner contends that the highest earnings of a man working for 26 days may go up to Rs. 19 per mensem and that the average earning would be Rs. 12 per mensem.

On a reference to his wage books, it was found that in the wage period 19th November to 2nd December 1938, the highest earning was Rs. 6-10-4, and the lowest Rs. 2-8-0. In the next two weeks, the maximum wage earned was Rs. 6-5-11.

We find that the maximum earning might, in some cases, be about Rs. 12, but the average earning is considerably below Rs. 12 per month.

- (iii) *That various processes of work are carried out through contractors which results in payment of low wages and loss of security of tenure for the workers.*

In his counter-statement, the employer has stated that contract work is rare in his factory. No evidence on this point has been produced by the Union. When the Chairman and two members of the Board visited the factory, it was found that such items as stencilling, landing and loading were done through contract work.

The practice of getting various items of work done through contractors is common in the industry. The question will be discussed in our general report.

- (iv) *That payment of wages is made in kind and irregularly.*

In his original statement, the factory owner stated that his factory is situated in an isolated place where there is no other source of procuring provisions except a small shop run by him and that he supplies provisions in lieu of wages only at the request of the workers, and that there is no compulsion to buy anything from his shop.

Pappu, witness, said that in the employer's shop rice and provisions, including cloth, are stocked and that he has also got a tea shop. He issues chits to the workers to be paid in kind at the shop. Before the strike, it was compulsory that the workers should take chits. Now there is no compulsion. Even now chits are issued if they are asked for. The shop rates, witness continued, are higher than the market rates. One rupee worth of rice from the shop would be less by two *naies* than the measure obtained in the market. They were regularly losing on account of the system of payment in kind. He also said there were other shops in the neighbourhood.

Witness Raphael stated that he had also received chits for payment in kind from the manager's shop.

In his written statement as well as in his oral deposition, the employer admitted that the practice of payment in kind, was obtaining in his factory. At first he stated that the practice was resorted to because there were no provision shop.



other than his own in the neighbourhood. In his oral deposition, however, he admitted that there were other shops near by, but that his shop was more convenient to his workers. His prices were comparatively lower than those of others. The shop had existed before the establishment of the factory and other shopkeepers bought goods from his shop. His workmen had not asked that payment in rice should be stopped. He had frequently refused to issue rice, but still the workers persisted in obtaining rice. When the Chairman and two members of the Board visited the factory on 7-3-1939, it was found that there was the provision shop as well as the tea shop on the premises of the factory. We gained the impression that the articles sold in these shops were of an inferior quality.

There is no doubt that the two shops have played a very important part in running the business of the factory. It is also beyond doubt that at least a section of the workers are definitely against the practice of payment in kind. After the general strike, several workers have refused to receive wages paid in kind and the factory owner himself has found it necessary to limit such payment to those who will take them without demurr.

The employer has agreed that wages should not be paid in kind and he would welcome legislation enforcing payment in cash only.

As regards regularity of wage payments he has stated that he now pays wages regularly every two weeks. Both the witnesses stated that before the strike wages were paid at long intervals, even as long as 6 months. After the strike, they admit that wages are paid every 15th day. The employer also stated that it was not possible to pay wages at intervals shorter than two weeks on account of the fact that the manufactured goods had to be sold and cash obtained before wages could be disbursed. He would adhere to the 15 days interval as convenient to him.

(v) *That Sunday is also a working day.*

In the first statement the employer said that under normal circumstances, no work is done on Sundays; but if in the interests of the industry, work on Sunday was necessary, the men would be asked to do so. Such necessities did not arise very often. Witness Pappu has stated that work on Sundays was a regular practice up to the general strike and that after the strike only on two Sundays was there no work. On one Sunday, no worker went to the factory and the following day, there was a lock-out. Just a few workers, closely related to the manager, were allowed in. The lock-out was maintained for 4 days. These statements have been admitted by the

employer himself. The Manager of the factory and the managers of other factories in the neighbourhood made a pact with the workers and on the 5th day, work was resumed. Witness continued that, for compensating work on a Sunday, another day in the week was not declared a holiday.

In his oral deposition, the factory owner stated that it is not possible to abolish Sunday work as urgent work may necessitate work on Sundays also. He has undertaken to let the workers have another day off to compensate for Sunday work.

(vi) *That heavy and unjust fines are imposed on the workers for flimsy reasons.*

In regard to this charge, the factory owner has stated that before and after the strike, he has made deductions from wages for defective work and that his motive in making such deductions is deterrent and not disciplinary. He considers that deductions for defective work should go to the factory owner to make good his loss.

The Union's witnesses have not stated that heavy fines are frequently imposed. Pappu, witness, stated that he had not been fined for 2½ years, but that recently after the strike, he and his co-worker on the loom were fined Re. 1 on the ground of low weft count. He believed that this was because he stood by the Union during the strike. The fine was deducted from his wage of Rs. 2/4. Witness Raphael was fined twice at the rate of 2 as. at a time, after the strike. The real point in the complaint is that they consider the imposition of these fines as victimisation for having taken part in the strike. They also object to the moopans imposing fines on them.

The question of fines will be discussed at length in our general report.

(vii) *That out of the wages earned by the workers, the company takes a portion as "dharmavu".*

The employer has admitted that he collected dharmavu at the rate of 4 cash per rupee, per wage payment. The amount so collected was used for charitable purposes. According to him, his workers had allowed the recovery of dharmavu at the rate mentioned. The witnesses for the Union have stated that Dharmavu is not taken with their consent and that they do not know what is done with the money collected. Witness Pappu has stated that up to the strike, 8 cash in the rupee was the rate of dharmavu, but after the strike, only 2 pies per rupee was being charged. There is no evidence to show that the workers have allowed the collection or that the money is spent on charity. Nor is there any

virtue in doing charity at other people's expense, particularly at the expense of the poor. If it is meant that the money is spent on charity for the workers themselves, there is no evidence for it and the workers have no knowledge of the matter either. In his oral statement, the employer stated that up to the strike he collected dharmavu regularly at the rate of 4 cash in the rupee, but that, after the strike, he did not do so for two or three wage payments. He resumed the practice subsequently, although he was perfectly aware that it was one of the standing complaints of his workmen.

He has, however, agreed to stop it, as his workers object to the practice. We consider that he should do so once for all.

- (viii) *That the labourers are subjected to various exactions by moopans, contractors, etc.*

The employer has admitted that moopans used to take moopukasu. One witness stated that the rate was 1 anna per month, while the other witness stated he paid at the rate of 3 chs. per month. All are agreed that, after the strike, the practice has not been much in evidence. The employer has stated that the moopans are now paid monthly at the rate of Rs. 15 by himself. There is, therefore, no more need for the moopukasu being charged and the employer has also stated that the workers can take their complaints to him and that they would not be penalised in any manner.

- (ix) *That the company does not officially recognise the Coir Factory Workers' Union.*

In his counter-statement, the employer stated that the Coir Factory Workers' Union had not so far approached him for official recognition of the Union. Further he stated that he is not agreeable to settle disputes by discussions with the Shertally Union.

In our opinion, it would be in the employer's own interest to recognise officially and get on amicably with the local Union, as long it is a body registered under the Trade Union Act.

- (x) *That the labourers have to work under unsatisfactory health conditions.*

The factory owner has stated that there is a well in the factory grounds, which supplies good drinking water all round the year. Drinking water is also supplied in pots. The factory is thatched with coconut leaves and there is enough room between loom and loom. The factory grounds comprise 2 acres of land. When the Chairman and two members of the Board visited the factory, they found two latrines on the premises for the use of the workmen.

They were also satisfied that health conditions in the factory do not compare unfavourably with other factories of the kind.

(xi) *That there is no security of tenure for workers and that workers are victimised for Union work.*

In his original statement the employer has stated that permanency of tenure depends upon the orders received and that no labourer is victimised for being a member of or for working for the Union. As against this, there is the evidence of the Union's witnesses that they were marked out for fines for having taken part in the strike. Witness Pappu has also stated that after the strike about 20 workers have been dismissed. Witness also stated that two members and the convener of the factory committee of the Union were dismissed from work in the factory.

The employer has admitted that he dismissed about 10 workers and that some others left the factory after the strike, but he was not sure whether they were members of the factory committee or not.

The fact is clear that after the strike some of the workers who appeared to him to be the leaders of Trade Union work were visited with his displeasure by dismissal from service. We have no evidence to show whether they were so dealt with merely on account of trade union activities. The employer has not made any other complaints against them. In the circumstances, we consider that he should take the dismissed workmen back to work.

Sd. K. George,	<i>Chairman.</i>
„ H. Smith,	<i>Member.</i>
„ N. Sankara Mannar,	„
„ P. N. Krishna Pillai,	„
„ V. K. Achuthan.	„

REPORT ON THE DISPUTE IN C. GEORGE PETER'S  
FACTORY, EZHUVINNA, KUTHIATHODE.

1. This is a mofussil factory at Ezhuvinna, Kuthiathode, in Shertalla taluk. The proprietor has also got a factory in Alleppey town. He has 273 mat looms and 68 matting looms at Ezhuvinna and 51 matting looms in Alleppey.

2. In the statement of their case filed before Board on 16-2-1939, the Travancore Coir Factory Workers' Union made the following allegations against the management of the factory.

(i) That for the last 15 years wage reduction has been steadily going on.

(ii) That the present rates of wages are not adequate to meet even the primary requirements of the labourers.

(iii) That various processes of work are carried out through contractors which results in payment of low wages and loss of security of tenure for the workers.

(iv) That payment of wages is made in kind and irregularly.

(v) That Sunday is also a working day.

(vi) That heavy and unjust fines are imposed on the workers for flimsy reasons.

(vii) That out of the wages earned by the workers the employer takes a portion as "dharmavu".

(viii) That the labourers are subjected to various exactions by moopans, contractors, etc.

(ix) That the employer does not officially recognise the Coir Factory Workers' Union.

(x) That the labourers have to work under unsatisfactory health conditions:—

(a) that good drinking water is not available;

(b) that there is no proper ventilation; and

(c) that there are no latrines.

(xi) That there is no security of tenure for the workers and that they are victimised for Union work.

3. On 16-2-1939, the proprietor submitted to the Board a counter-statement answering the charges made by the Union. The case was heard on the 10th March 1939, on which date the employer supplemented his original statement by an oral deposition. Neither the Union nor the employer has let in evidence.

4. The results of the enquiry into the allegations made against the management of the factory are set forth below:—

- (i) *That for the last 15 years, wage reduction has been steadily going on.*

The factory has been in existence only for a little over 13 years now. In his original statement, the employer has stated that with the agreement of the labourers, there have been reductions or adjustments of wages and that, otherwise, the factory would have been closed down long ago. In his oral deposition, he stated that in certain items of work there have been substantial reduction in rates of wages. The largest reduction was made in the case of the pappada thadukku (creel mats), but as these formed only a small fraction of the mats made, the reduction did not affect the labourers substantially. When an order was received by him and it could not be executed properly without a reduction in the rate of wages, he consulted the workmen and he took up the order only if they agreed to take the lower wage. Any alteration in rates was put up on the board for the information of the workmen.

As we have already remarked in regard to other cases there is no point for conciliation here. The factory owner has admitted that substantial reductions have been made in rates of wages. His contention is that such reductions were made to suit general trade conditions and not to exploit labour.

- (ii) *That the present rates of wages are not adequate to meet even the primary requirements of the labourers.*

The factory owner has stated that considering the wages earned by the people of the locality for other kinds of work, the wages earned in his factory are considerably to the workers' advantage. This, we must observe, does not prove that their wages are adequate.

With regard to actual earnings, the factory owner has stated that in his factory, every matting weaver can fairly earn 10 as. a day, on an average. If they exerted more, they could earn more. Four rolls of Vycome 4/4 mattings could be completed by two men in a week, which would mean Rs. 7 per week per man. Most of the mat weavers got between 12 and 16 chs. per day. On the average, they got 10 to 12 chs. per day. The minimum earning of a stenciller was Rs. 5 per week. There were people who even earned Rs. 6 in a week.

As we have remarked in respect of other cases, the complaint of low wages is applicable to the whole industry and hence it will not serve any useful purpose to discuss it as a point of dispute with individual factory owners. The question will, therefore, be dealt with fully in the general report,

(iii) *That various processes of work are carried out through contractors which results in payment of low wages and loss of security of tenure for the workers.*

The employer has categorically denied this. He has stated that there is not a single contractor in any of the departments of work in his factory. Nor had he ever employed a contractor during the last 13 years of the factory's existence.

(iv) *That payment of wages is made in kind and irregularly.*

In regard to this charge, the factory owner has made the following written statement :

" During the first four years all payments were made in cash, but at that time it was found that they were borrowing heavily from the petty shops close by and all the wages earned were paid direct to the shop-keepers and they were invariably buying their weekly requirements on credit. The shop-keepers having no certainty about recovering the dues invariably maintained exorbitant prices. Since the workers were found in this sad plight and for their own good, we found it necessary to open a provision store and we are making supplies at more favourable rates. The rates of wages are also adjusted according to payment in kind and payment in cash. Where payment in cash is resorted to, the wages are lower by as. 2 in a Rupee. For example, for a Vycome tile matting, when the wages are paid in cash, we pay Rs. 2 per roll, and when paid in kind, we pay at the rate of Rs. 2/4. We may also state here that in the neighbouring factories the wages paid in cash vary between Rs. 2 and Rs. 1/12 per roll. On all accounts, therefore, we pay higher wages. And payment is invariably made weekly. There is nothing in arrears. On the contrary, the larger number of workers owe money to the depot "

He has affirmed the above statements in his oral deposition. He has also said that wages are not only paid weekly, but also daily, *i. e.*, as soon as a roll of matting is completed, the wages therefor are paid to the workers.

These statements have not been controverted by the Union.

Further the employer has said that he is prepared any moment to stop payment of wages in kind, *i. e.*, to the extent that it obtained in his factory and to pay in cash. He thought it was a great trouble to keep a shop to supply goods to the workers. In his Alleppey factory he paid cash every Saturday.

He was agreeable to enactment on the lines of the Payment of Wages Act of British India.

(v) *That Sunday is also a working day.*

In regard to this complaint, the factory owner has stated that it is an unalterable rule in his factory that no work is to be done on a Sunday, whatever be the pressing nature of the orders. During the last five years, they had not worked the factory even on a single Sunday. The allegation appears to be unfounded.

(vi) *That heavy and unjust fines are imposed on workers for flimsy reasons.*

The employer has stated that fines could not altogether be avoided, as, otherwise, it would be impossible to maintain quality. In his oral deposition, he has stated that during the last two years, he had not recovered more than three rupees by way of fines and during the last six months, he had not imposed any fines. Unless there was gross negligence, he did not impose a fine. If a roll of matting was completely spoilt, he did not pay the wages therefor. The material was retained by himself. There is nothing specially heavy or unjust in all this and so we do not feel called upon to make any remarks on the point here; but the general question of fines will be dealt with in our report.

(vii) *That out of the wages earned by the workers, the company takes a portion as "dharmavu".*

C1 The factory owner has completely denied this and said that no 'dharmavu' is ever taken from the workers. The allegation has not been proved.

(viii) *That the labourers are subjected to various exactions by moopans, contractors, etc.*

As regards contractors, it has already been found that none is employed by the factory. The manager contended that exactions by the moopans were not tolerated by him. The moopans would be dismissed if any attempt is made to collect anything from the labourers.

There are moopans in the matting, mats and carpet sections. The moopans get a commission on the work done, e. g., the matting moopan gets 1 ch. per roll of matting. He is also paid a monthly salary of Rs. 15 from the factory. The mats moopan does not get any pay. He gets 4 cash on every mat made.

These commissions are deducted from the stipulated wages of the workers. The proprietor protests that a commission of this kind cannot be called an 'exaction'. He says that if the wages for a roll of matting is Rs. 2-7 chs., the workers know beforehand that the rate includes moopan's commission of 1 ch., so that the rate is really only Rs. 2-6 chs.



The employer has also stated that the advantage of the above practice is that in dull seasons, the burden of paying the full remuneration to the moopans does not fall on the factory. In his estimate, a moopan should get Rs. 30 per mensem for the work he does.

The system in force in this factory is, in our view, a modified form of contract. Our views on the contract system of work will be given in the general report.

(ix) *That the company does not officially recognise the Coir Factory Workers' Union.*

The factory owner has stated that he has no objection to recognising the Union. He likes that an organisation of the kind should function and is of opinion that it is likely to be helpful both to the employers and the labourers.

(x) *That the labourers have to work under unsatisfactory health conditions :*

- (a) *that good drinking water is not available ;*
- (b) *that there is no proper ventilation; and*
- (c) *that there are no latrines.*

The employer has stated that the best water available is provided and supplied to the workmen in pots. The sheds are open on all sides and open to breeze and so the question of ventilation does not arise.

As regards latrines, the employer has admitted that no latrines are provided for men workers and that they can freely resort to the open spaces round about. We wish to observe that as long as there is a demand for latrines, the factory owner should provide them.

(xi) *That there is no security of tenure for workers and that they are victimised for Union work.*

In regard to this complaint, the employer has stated that he made no distinction between Union members and others and that, therefore, there was no possibility of victimisation. The charge was not proved.

Sd.	K. George,	Chairman
"	H. Smith,	Member
"	N. Sankara Mannar,	"
"	P. N. Krishna Pillai,	"
"	V. K. Achuthan.	"

**PART II.**  
**GENERAL AND LABOUR CONDITIONS.**

## CONTENTS (Part II).

CHAPTER.	PAGE.
I. General view of the mats and matting industry ...	77
II. Recruitment and employment ...	92
III. Wages Appendix to Chapter III (British Trade Boards Acts)...	100
IV. Payment of wages ...	109
V. Wage rates and earnings ...	120
VI. Health and welfare ...	126
VII. Administration and statistics ...	135
VIII. Control of the industry ...	141
Acknowledgments ...	159
Summary of Conclusions and Recommendations ...	160
APPENDICES.	
I. Questionnaire. ...	176
II. Special questionnaire issued to the Chambers of Commerce ...	183
III. Mr. Haydon's scheme for a Board of Control for the mats and matting industry ...	185
IV. A scheme for the control of the mats and matting industry prepared by the Indian manufacturers and shippers and embodied in a draft Bill ...	192

## CHAPTER I.

## A. General View of the Mats and Matting Industry.

*Scope of this Part of the Report.*

The duty of the Board under the Trade Disputes Act is primarily to endeavour to bring about a settlement of the dispute referred to it. As far as the dispute could be confined to individual factories, the Board's duty has been carried out as recorded in Part I. of our Report, wherein we have dealt with the specific cases submitted by the Travancore Coir Factory Workers' Union for conciliation under the Trade Disputes Act. But the G. O. appointing the Board has also directed that "the Board will enquire into the labour conditions prevailing in the whole of the mats and matting industry with particular reference to the following and other points mentioned in the memorandum presented by the Travancore Labour Association to the District Magistrate, Quilon, in connection with the enquiry conducted by him, viz., (i) standardisation of wages, (ii) the question of payment in kind, *i. e.*, the truck system, (iii) imposing restrictions on the establishment of factories with a view to avoid mushroom factories with no capital springing up and prejudicially affecting both employers and labourers; and submit a report to Government with suitable recommendations for the removal of the grievances of labourers, on the lines indicated in Section 7 of the Trade Disputes Act". Under Section 7, the Board is empowered to 'investigate, in such manner as it thinks fit, the dispute and all matters affecting the merits thereof and the right settlement thereof.' This part of our report, therefore, embodies the results of our enquiries into the general and labour conditions prevailing in the industry, with particular reference to the points indicated in the Government order.

*The Nature of the Enquiries Conducted.*

At the very commencement of our work, we decided that, as far as possible, a complete census of coir mats and matting looms in Travancore should be taken, recording the name and address of every owner of every loom. Mr. V. K. Achuthan, a member of the Board, was deputed to carry out this work and he was given the assistance of a clerk. The census was completed in a month's time.

Soon after we started work, we issued a comprehensive questionnaire (*vide*, Appendix 1). The questionnaire, in English or Malayalam, was sent to about 300 persons, including factory owners and employers in general as well as

labour associations and other persons interested in the industry. A special questionnaire was also addressed to the Chambers of Commerce in Alleppey (*vide* Appendix II). Written replies to the questionnaire were received only from the seventeen sources mentioned below :-

1. The Travancore Chamber of Commerce, Alleppey.
2. The Alleppey Chamber of Commerce, do.
3. Darragh Smail & Co., Ltd., do.
4. Peirce Leslie & Co., Ltd., do.
5. William Goodacre & Sons Ltd., do.
6. Aspinwall & Co., Ltd., do.
7. Madura Company Ltd., do.
8. S. Pitchu Iyer & Sons, Ltd., do.
9. The Modern Agency, do.
10. The Indian Coir Manufacturing Co., do.
11. S. E. Kareem & Co., do.
12. The Travancore Coir Factory Workers' Union, Alleppey.
13. The Associated Cottage Industries & Shippers' Union, Shertally.
14. The Travancore Coir Cottage Industrial Societies, Shertally.
15. The Coir Factory Workers' Union, Shertally.
16. The Coir Factory Workers' Union, Muhamma.
17. V. J. Antony's Factory, Thaikattucherry.

The response to the questionnaire, we regret to say, was not very encouraging. In our opinion, this was largely due to the fact that it required a great deal of study and labour to furnish correct and definite answers to most of the questions asked. However, the replies that were received, particularly those from the big factory owners in Alleppey and the two Chambers of Commerce, were prepared with great care and thoroughness and they placed at our disposal an amount of valuable information which we could not otherwise have easily gathered.

Another important line of enquiry that we conducted was in regard to the family budgets of coir factory workers. The aim was to obtain first-hand information about the cost of living and standard of living of the workers. A special staff was appointed for this purpose and within a period of two months, information about 1400 families was collected in 7 centres of the industry. The tabulation and consolidation of the data obtained took another two months. The results of this enquiry form Part III of the Report.

Further, we tried to collect statistics relating to factories, in respect of wage rates, earnings, production, profits and losses etc., for the last ten years. For this purpose, we

issued a schedule to be filled up and returned by the factory owners. In regard to this schedule, the response was very poor. In fact, out of a total number of about 290 factories\* to whom the schedule was sent, returns have been received only from the 6 factories named below :-

1. William Goodacre & Sons Ltd., Alleppey.
2. Peirce Leslie & Co., Ltd., do.
3. Darragh Smail & Co., Ltd., do.
4. George Peter, do.
5. K. S. Gangadhara Iyer & Co. do.
6. The Modern Agency, do.

Here again, we may observe that the poor response has to be ascribed to the labour and trouble involved in collecting and tabulating the information called for and also to the absence of a proper system of book-keeping in many of the factories.

Further, we obtained much valuable information on various aspects of the industry and on the labour problem, in the course of the hearing of the specific cases of dispute, in eight individual factories submitted to us for conciliation.

We also recorded the oral evidence of six representative employers and of four representatives of labour, who, on account of their long experience and intimate knowledge of the industry, could be regarded as expert witnesses. The examination of these experts lasted for about 12 days and covered all the varied problems affecting the industry. The names of the said witnesses are given below :-

*Employers' Representatives.*

1. Mr. E. L. Pollard (Messrs. William Goodacre & Sons Ltd., Alleppey).
2. „ A. Meadows, (Messrs. Peirce Leslie & Co., Ltd., Alleppey).
3. „ A. V. Thomas, (Messrs. A. V. Thomas & Co., Ltd., Alleppey)
4. „ M. L. Janardhana Pillai (Messrs. The General Supplies Agency, Alleppey).
5. „ K. C. Karunakaran (Messrs. The Alleppey Co., Ltd., Alleppey).
6. „ N. C. John (Messrs. The Indian Manufacturing Co., Alleppey).

\* The term 'factory' is used here, not as defined in the Travancore Factories Act but as understood in ordinary parlance—all premises where the mats and matting industry is carried on.

*Labour Representatives.*

1. Mr. P. K. Padmanabhan.
2. „ V. A. Simon.
3. „ K. K. Kunjan.
4. „ K. Ayyappan.

The Chairman, accompanied by the labour members of the Board visited 10 factories, in the town and the districts, in order to gain first-hand knowledge of the working conditions obtaining in typical factories.

*Extent of Production and Export.*

Before we begin the consideration of the general questions referred to us, it seems to us to be advisable to give a general view of the mats and matting industry in Travancore as a whole, in order to present a correct picture of the position and importance of the industry in the economic life of Travancore.

The coir mats and matting industry was introduced into Travancore, in the year 1859-60, by the late Mr. James Darragh, the founder of the firm of Messrs. Darragh Smal & Co., Ltd. of Alleppey. He opened a small factory on the beach, in Alleppey, where mats and mattings were first manufactured on boards and looms with the assistance of a few trained weavers from Bengal.

The first market for coir manufactures was the U. S. A., but the business gradually extended to the U. K., Australia and New Zealand as well as to British India.

Available statistics of early shipments are given below; but there is no information regarding their destination:—

Year.	Coir mats (bundles.)	Coir mattings (rolls.)
1892-93	1832	3928
1893-94	1654	2519
1894-95	6595	5235
1895-96	6648	6551
1896-97	5915	7131
1897-98	6702	5457
1898-99	...	...
1899-00	...	7142

A statement showing the exports of coir matting from Alleppey to various destinations, in the period 1900-1901 to 1904-1905, is given below; but regarding shipments of mats during this period, no information is available.

**Exports of Coir Matting from Alleppey.**  
(in yards.)

Destination.	1900-01	1901-02	1902-03	1903-04	1904-05
United Kingdom	2,750	25,700	102,880	132,300	93,550
America	45,800	30,050	42,000	57,100	77,150
Germany	..	..	..	..	..
Belgium	..	..	..	..	..
Denmark	..	..	..	..	..
France	..	..	50	..	..
Australia	..	..	..	..	700
Africa	72	72	..	50	50
China	..	..	..	..	300
Japan	..	1,250	..	..	..
Straits	200	600	900	3,600	4,700
Ceylon	..	50	3,850	2,650	2,500
Burma	750	1,800	2,900	2,150	4,800
Calcutta	114,050	109,754	138,270	170,200	129,600
Bombay	154,200	258,900	335,360	185,450	179,650
Other Indian Ports	200	640	1,070	6,200	5,250
Total	318,022	428,816	647,250	579,700	498,250

The trade suffered a severe set back in the closing years of the last century owing to the imposition of high tariffs on coir manufactures in the U. S. A. During this period, direct shipments to the U. S. A., and the U. K., were very meagre and almost the whole production found its way into the North Indian markets. Exports of mats and matting to America became practically nil after 1898. From 1898 to 1908, no exports of mats seem to have taken place from either Alleppey or Cochin; but about the year 1908-09, direct shipments to the U. S. A., and U. K., appear to have been resumed.

The following statements exhibit the growth of the industry subsequent to the year 1909-10 to the year 1918-19.



For the period from 1908-09 to 1912-13, only the values of the exports of mats and mattings are available. The figures are given below :—

Year.	Value of exports of mats and mattings. Rs.
1908-09	2,92,883
1909-10	4,49,018
1910-11	14,96,371
1911-12	15,51,258
1912-13	8,55,187

The figures for both quantities and values of mats and mattings exports during the period 1913-14 to 1918-19 are given below :

Year.	Coir mats. cwts.	Value. Rs.	Coir mattings. yds.	Value. Rs.
1913-14	35,132	4,21,968	11,68,034	4,06,928
1914-15	26,897	3,84,261	8,78,535	3,17,638
1915-16	37,628	6,65,505	10,90,181	5,24,519
1916-17	24,123	3,74,421	7,86,650	4,30,020
1917-18	36,908	8,58,302	9,29,026	4,19,638
1918-19	...	10,81,468	9,32,330	7,31,294

*The Post-war Period.* After the war, under the impulse of the policy of economic nationalism, most of the European countries began protecting their home manufactures by erecting high tariffs against our manufactured coir goods. The U. K. alone has placed no tariff against our mats and matting. However, the industry has steadily expanded in volume during the post-war period, as is seen from the following figures of exports from Travancore as a whole :—

Year.	Matting. yds.	Mats. cwts.
1919-20	1,114,811	...
1920-21	1,117,369	...
1921-22	2,541,049	110,527
1922-23	2,597,350	145,021
1923-24	2,617,735	120,208
1924-25	2,629,807	140,992
1925-26	2,635,843	104,292
1926-27	3,621,753	213,175
1927-28	3,943,175	256,439
1928-29	4,603,529	173,382
1929-30	5,308,244	176,039
1930-31	4,362,186	173,396
1931-32	5,465,319	175,650
1932-33	6,983,281	196,017
1933-34	8,354,500	186,198
1934-35	7,457,383	195,518
1935-36	8,959,720	205,139
1936-37	9,578,020	258,106

From the above statement it is seen :

(1) that there has been a phenomenal increase in the production and export of mattings during the post-war period, from 1.115 million yards in 1919-20 to 9.578 million yards in 1936-37, *i. e.*, by about 860 *p. c.*

(2) that the increase under exports of mats is not so striking as in the case of mattings but is, nevertheless, very marked, having risen from 110,527 cwts in 1921-22 to 258,106 cwts in 1936-37 or about 233 *p. c.*

A variety of causes must have brought about the increased demand for coir goods in foreign countries. Probably the chief among them is the lower buying capacity of the consumer which has led him to take to a cheap floor covering where a more expensive one, *e. g.*, wool, jute, linoleum etc., was purchased in the past. Besides, the improvement in colours and designs and in the technique of manufacture has resulted in the production of an attractive looking article which the buyer can get at very cheap prices on account of the unrestricted competition among the producers. Improved dyeing has also made available a larger quantity of inferior qualities of yarn.

#### *Spread of the Industry.*

Until about the close of the war, the industry was mainly centred in Alleppey. The most striking feature in its development in subsequent years is the establishment of a large number of factories outside Alleppey, all along the coastal strip of the backwater area, from Arur in the north to Kadakkavoor in the south. The subjoined table shows the distribution of factories in Alleppey and the districts.

<i>Centre of industry.</i>	<i>No. of factories.</i>	<i>No. of matting looms.</i>	<i>No. of mat looms.</i>
Alleppey	41	2374	2180
Punnappra	54	11	723
Kalavoor	19	43	598
Sethulakshmpuram	15	316	557
Shertally	73	811	1272
Kuthiathode	7	394	179
Vycome	5	103	40
Muhamma	67	108	1780
Quilon	9	172	21
	<hr/> 290	<hr/> 4335	<hr/> 7350

*Our present markets.* A list of our present (1937-38) buyers of coir mats and matting showing the extent of the trade with each is given below :—

<i>Coir mats.</i>	
U. K.	71.8 per cent.
Australia and N. Z.	12.7 "
U. S. A.	3.5 "
Africa	2.9 "
Sweden	2.4 "
Norway, Arabia, Belgium, Canada, Holland, India, Germany, Malta, Straits-Settlements	6.7 "

<i>Coir mattings and rugs.</i>	
U. K.	71.5 per cent.
Australia and N. Z.	10.8 "
U. S. A.	5.9 "
Holland	3.7 "
Africa, India, Arabia, Sweden, Belgium, Canada, Norway, Straits-Settlements, Finland, Malta, Turkey	8.1 "

*Foreign Manufacturers* :—Important among the countries manufacturing coir mats and mattings may be mentioned the following :—

U. K., Germany, Belgium, Holland, Italy, France, Canada, U. S. A., Portugal etc. This is reflected by the imports of coir yarn by those countries from the Malabar coast.

The following figures show the exports of coir yarn to the various countries in 1937-38 :—

EXPORTS OF COIR YARN (IN CWTS).

	From the Malabar Coast ports— 1937/38.			From Ceylon 1938.	Total.
	Alleppey.	Cochin.	Calicut.		
U. K.	52,672	59,577	22,571	24,418	159,238
Germany	43,714	96,311	47,625	33,000	220,650
Belgium	9,576	32,088	14,851	930	57,445
Holland	25,879	75,672	5,067	825	107,443
France	1,950	24,621	17,625	1,158	45,354
Portugal	3,069	20,760	..	..	23,829
Italy	18,056	30,406	10,140	1,456	58,058
America	6,958	13,896	11,314	..	32,168
Australia	9,600	4,152	139	4,655	18,646
	166,474	357,483	139,332	66,442	719,731

Germany is the largest coir yarn importing country. The United Kingdom comes next. Germany, France, Italy, Belgium and Holland are almost completely restricting the entry of coir manufactures by high tariffs, while they import large quantities of coir yarn from Travancore and Malabar. It is estimated that 80 per cent. of the imported yarn is used by these countries for the manufacture of mats and mattings. The balance is used for other purposes. From the following statement, it will be seen that the shipments of coir yarn from the Malabar ports to foreign countries has been fairly steady, in the neighbourhood of one million cwts, between the years 1928-29 and 1937-38.

The obvious inference is that there has been very little expansion of the manufacturing industry in foreign countries during the period.

SHIPMENTS OF COIR YARN FROM MALABAR PORTS. (IN CWTs.)

1st July to 30th June.	Coir yarn in cwts.				
	Alleppey.	Cochin.	Calicut.	Other Malabar Coast ports.	Total.
1928-29	375,400	621,510	197,747	16,535	1,208,992
1929-30	850,906	634,609	193,350	19,337	1,194,602
1930-31	327,884	501,221	172,205	13,895	1,015,205
1931-32	514,477	483,921	184,875	12,649	995,622
1932-33	291,683	508,366	170,316	12,722	983,077
1933-34	272,797	603,180	199,686	34,809	1,110,472
1934-35	235,717	637,067	195,101	44,297	1,112,181
1935-36	216,234	606,104	184,092	18,959	1,025,389
1936-37	216,640	586,040	187,907	25,173	1,015,660

These figures show that during the period under consideration the shipments were practically steady.

The following statement shows the value of manufactured coir goods (mats, mattings, rugs and druggets) exported from Travancore during the twenty years after the war :

VALUE OF COIR MANUFACTURES EXPORTED FROM  
TRAVANCORE.

Year.	Value. Rs.
1918-19	1,812,762
1919-20	2,295,859
1920-21	2,461,745
1921-22	4,868,953
1922-23	6,196,536
1923-24	5,207,893
1924-25	5,275,737
1925-26	5,328,086
1926-27	8,063,159
1927-28	9,041,239
1928-29	8,710,754
1929-30	9,096,440
1930-31	8,285,965
1931-32	9,549,270
1932-33	10,476,633
1933-34	10,559,076
1934-35	14,786,510
1935-36	10,904,595
1936-37	11,657,202

The above figures show that during the post-war period, the value of our exports has been steadily increasing. Even the economic depression does not seem to have appreciably affected the total value of our exports. The highest amount was in 1934-35. The next year saw a heavy fall which was partially made good in 1936-37.

*Classes of Those Doing Business.*

Among those engaged in the industry the following classes may be distinguished.

(i) *Big manufacturing shippers.* If we bring under this category every manufacturer who controls at least 5 per cent. of the business, we find that there are not more than half-a-dozen of them. In fact some shippers secure as much as 15 per cent. of the business each, with the result that there are many shippers who secure percentages on the whole only calculable in three decimal points. From the export manifest of the Malabar Coast ports for exports during the year 1937-38, it is seen that four big manufacturing shippers controlled about 50 per cent. of the entire business. Nearly all of the big manufacturers have their main factories and offices in Alleppey, and,

at the same time, they also have, as a rule, branch factories in the districts or in the adjoining territories. They export not only the goods produced in their own factories, but also the produce of other small factories which they buy either in a finished condition or in a partly finished condition. Some of them are also shipping agents and they have their London offices and agents in the foreign markets.

(ii) *Small manufacturing shippers* :—There is quite a large number of them and naturally each one of them secures but a small percentage of the export business. From the information supplied to us, it is seen that there are nearly a hundred small shippers of mats and mattings sharing amongst themselves about 50 per cent. of the total business.

(iii) *Small manufacturers who are not shippers* :—They have established themselves largely on the suburbs of Alleppey town and in the countryside. They generally get their business from shippers in Alleppey.

(iv) *Small producers on a cottage basis* :—The making of door mats is well adapted to the requirements of a popular cottage industry. But, at present, cottage work is carried on only to a very limited extent. The small quantity that is now produced in cottages is usually sold in an unfinished condition to middlemen or to the nearest factory owners.

The production of mats as a cottage industry deserves every encouragement. We believe that if a model loom can be introduced and popularised and some propaganda and organization on a co-operative basis be undertaken, the making of mats should hold out promises of becoming a flourishing cottage industry.

In this connection, we are of opinion that a definition of the expression "cottage industry" as applied to the production of mats and matting is desirable. Such a definition will be found in the draft Control Schemes prepared by the European as well as the Indian shippers *vide* Chapter VIII. According to the definition given in the Indian shippers' scheme, cottage industry should satisfy the following conditions :—

1. No more than five looms should be employed in the same premises ; and
2. The work should be carried on by a single individual and the members of his family with little or no hired labour.

We consider this definition is appropriate.

(v) *Factors* :—The factors are not manufacturers but merely shippers. They secure orders from abroad, supplying

samples and patterns obtained from the smaller manufacturers. As a rule, most of them have no adequate financial backing; they transact business on credit and very many of them lead a precarious existence. They come into and drop out of the business year after year.

Particulars of shippers during 10 years

1929-1938.

	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
No. of old shippers	..	40	45	53	60	57	60	50	52	60
No of fresh shippers listed in the year	..	15	16	20	17	19	17	18	20	9
Total	52	55	61	73	77	76	77	68	72	69
No. of shippers dropped from the previous year's list	..	12	10	8	13	20	16	27	16	12

N. B.—“Old shippers” mean those who were on the list in the year previous not necessarily in all the previous years.

<i>No. of shippers* in the list of</i>	<i>Existing in 1938 list.</i>
1929	23
1930	25
1931	29
1932	35
1933	40
1934	41
1935	42
1936	47
1937	60

*Alleppey and the Districts.*

We have already referred to the fact that the industry, at one time centred in and around Alleppey, has, during the last two decades, spread far into the country-side, with the result that factories have sprung up, practically throughout the coconut area, bordering the backwaters.

The Alleppey town factories are at the point of shipment. Their main advantage is their close contact with the market

\* We have stated on page 79, that the number of shippers is over a hundred. The statement refers to the number of registered shippers. Here the figures refer to those who actually shipped goods in this year.

and shipping operations. All the raw materials — yarn, chemicals, dyes, etc.— have their market and stores in Alleppey. There is also a large supply of experienced labour in Alleppey and its environment. The factories in Alleppey have quicker and cheaper facilities for the transport of finished goods and they have closer contact with the banks and with commercial organizations such as the Chambers of Commerce. They are also better served in respect of postal and telegraphic communications.

But in certain other directions, the Alleppey factories labour under a disadvantage. First and foremost, their labour charges are higher; for, generally workers in a town factory get higher wages. Land is several times dearer in Alleppey than in the districts, and therefore, the initial capital expenditure for establishing a factory in Alleppey is considerably higher than in the districts. They have also to pay municipal rates and taxes. Factory buildings in the town have to satisfy the requirements of the Municipal Act and have to be substantial structures, whereas the district factories are, for the most part, thatched sheds which can be put up at small cost.

With regard to the facilities for obtaining the principal raw material, Alleppey has to get its coir yarn from the producing centres. It gets the superior yarn from the south and the lower qualities like Vycome and Beach from the north.

There is division of labour to some extent in the manufacture of mats and matting between Alleppey and the districts. The Alleppey factories largely use the superior hard-twist yarn, whereas the cheaper and coarser qualities are used in the district factories. When the Alleppey factories manufacture from the coarser qualities, they have to get the yarn from the districts and meet the cost of transport. But this disadvantage is not material, considering the fact that Alleppey is the chief market for yarns and it was brought to our notice that the district factories are sometimes obliged to buy the cheaper qualities of yarn from Alleppey. When the district factories get their raw material locally, they no doubt save the cost of transport; but as against this, they have to bear the transport charges for the conveyance of the manufactured goods to Alleppey. District factories do not, as a rule, use the superior varieties, but when they do, they have to incur additional conveyance charges, both for the transport of the raw material to the factory and the transport of the manufactured goods to Alleppey. On the whole, it may be said that so far as cost of raw material is concerned, the Alleppey and the district factories are practically on the same footing.

The spread of the industry to the countryside, no doubt, came about as the result of a conscious effort on the part of



the smaller manufacturers towards cheaper production. The principal attractions for the drift to the districts must have been the comparative cheapness of labour, the low cost of land and premises and the many small economies that could be effected in the villages. For instance, the factory owner in the country ordinarily carries on the industry side by side with his usual occupations such as agriculture, trade etc. His labour is recruited almost wholly from the locality and the men are known to him and are, therefore, more accommodating and easy of control than the workmen in the town factories. Very often he buys the yarn on credit direct from the spinners in the locality.

Before long it was found that the district factories were making mats and mattings cheaper than the town factories could make them and the latter began to buy from the former and sell at a profit. In course of time some district manufacturers started direct dealings with foreign buyers and some factory owners of Alleppey opened their own branch factories in the districts.

This latter development has, in our opinion, come about on account of the following circumstances:—

(i) The increasing demand for the cheaper qualities of mats and matting induced them to open branches in the districts, where the cheaper varieties of yarn can be purchased locally more conveniently than at Alleppey, the chief factory in Alleppey concentrating on the superior varieties.

(ii) The lower cost of land and buildings in the districts, and

(iii) The saving in labour charges.

Some idea of the nature and extent of the purchases of the Alleppey manufacturers from the district factories can be obtained from the following figures, which show the average annual purchases of four leading firms of Alleppey:

Mats, quantity . . . . .	4,697, 185, sq. ft.
Do. average price per sq. ft. . . . .	Rs. 0-1-8½.
Mattings, quantity, . . . . .	1,311, 577 sq. yds.
Do. average price per sq. yd. . . . .	Rs. 0-4-11.
Average price of mats & mattings lower by . . . . .	10 per cent.

From the above figures, it will be seen that, on the average, the country factories are able to sell their goods to the Alleppey manufacturers at a price 10 per cent cheaper than the latter could make them. It is contended that all these goods could have been made in their own factories but for the fact of cheaper production in the districts. They point out that most of them buy their raw materials on a large scale

and pay cash on the spot and so it is probable that their raw materials cost them less, at any rate, not more than what they cost to the district manufacturers. They, therefore, maintain that in the districts either they are paying very low wages or selling their goods at a loss and plunging into debt, and that, in either case, it is bad for the industry, the labour, and the State.

#### *Productive Capacity.*

The figures of our exports of manufactured coir goods (*vide* page 74) clearly show that production has been steadily increasing. But the export figures are not a true index of the productive capacity of existing plant, for there are periods when, in most factories, only some looms would be working. Even in normal times, it is hardly ever the case that full time work is available for all the looms. Regularity of work depends entirely upon regularity of orders from the foreign buyers. But orders are never regular. Demand varies according to the seasons in the buying countries. Generally speaking work is slack during the monsoon season and brisk from August to December. In view of this circumstance, some of our witnesses hold that the mats and matting industry has to be regarded as a seasonal industry. But then, there is hardly any time when all the looms are idle or when there is not work enough to keep the factories going.

There is, more or less, general agreement that the number of looms is in excess of the requirements of demand from abroad. The industry has been growing and plant has been laid down indiscriminately. But in the absence of an analysis of sizes and qualities shipped, it is difficult to estimate the exact extent to which surplus plant has accumulated. A comparison of quantities shipped with the estimated out-put available seems to indicate that plant is approximately 30 per cent. in excess of requirements. This estimate has been arrived at after providing for seasonal demand and unequal distribution of production due to wide disparities in cost estimates. For the latter reason, it may be said that the major part of the surplus plant is in the Alleppey factories. As regards labour, the general complaint is that the supply is far in excess of requirements. In other words, it is stated that there are too many factories, too much plant, and too much labour in the industry with the result that there is tremendous competition, dwindling profits, wage cuts and unemployment. The industry is faced with a serious crisis and it can be saved from its present plight only by the adoption of measures which will control unhealthy competition and enable it to earn reasonable profits.

## CHAPTER II.

## Recruitment and Employment of Labour.

We now proceed to consider the method of recruiting and engaging labour in the factories. In the early days of the industry, when labour was scarce, the moopans had to go about and canvass workmen to whom the management paid advances. Once employed, they came to realize the security of regular employment and regular wage-payments and they developed a personal attachment and loyalty to their employers. Generally speaking, the relationship between the employers and their employees was cordial. We are told that, in those days, the European firms used to provide a pension to the workmen who had been long in their employ.

At the present time, labour migrates spontaneously to the centres of employment or is largely resident in such centres. In the Alleppey municipal area, there is, at all times, a floating labour population, of which a considerable portion is unable to find regular or full time employment. Outside the gates of the factories are large numbers of workmen waiting every morning, in the hope of being taken in at least as substitutes or for part-time work. It is, indeed, agreed on all hands that the supply of labour is far in excess of the requirements of the industry at the present time.

However, in the older and well organized factories, there is a proportion of workers who have been long in service. The management and the responsible subordinate staff in these factories give preferential employment to these long-service men.

In the districts, too, there is no scarcity of labourers. We are told that at present a great many labourers who seek employment in the district centres like Shertally, Muhamma etc., are those who have migrated thither from the rural parts of the interior of the State.

In fact, the labourers in the mats and matting industry are largely drawn from agriculture. The drift from the field to the factory or to other occupations which offer a prospect of employment has been a pronounced feature of the movement of population in recent times. It is not only the agricultural labourer and the small agriculturist that migrates in search of work in the coir factories, but also a considerable number of young men from other parts of the State who have left the school before passing a qualifying examination and joined the ranks of labour and they are found for the most part in the bigger factories of Alleppey.

The whole trend of evidence regarding labour supply is that it has far out-run the demand for it and that the industry is not now in a position to employ all workmen regularly or for the maximum number of hours prescribed in the Factories Act.

In addition to over supply of labour, irregularity of work is also due to irregularity of demand for the manufactured product. There are busy times and slack times, dependent on climatic conditions and the play of economic and national policies in the buying countries.

We are told that, even in the busiest season, it is not possible to provide full time work for all the 26 days of the month for all the labourers who daily ask for it. In most factories, particularly in Alleppey, it is usual for workmen to cling to idle looms, on the off-chance of an order arriving and a chain (warp) being supplied. It is plain that, in such circumstances, factory owners are under a strong temptation to bring down the rates of wages.

It is a very common practice in many of the factories, when there is not sufficient work to keep all plant occupied, to give a rotation of work, so as to ensure that as many as possible obtain at least partial employment. In support of this practice, it has been pointed out to us that partial employment is a lesser evil than total unemployment. Another advantage which some employers ascribe to the system is that if all the workers are kept engaged on partial employment, the employer will not meet with the difficulty of finding labour, when large orders are received and the work has to be executed in a limited time. But it seems to us that, with a super-abundant labour supply always knocking at the gates of the factories, there can be no serious difficulty of finding extra labour even in the busiest of seasons. We are, indeed, of opinion that the employment of a large number of hands over a short period, instead of a smaller number over a long period must result in unstable conditions for labour.

We have considered the problem of redundant labour very carefully and have come to the conclusion that it is high time to impose some kind of control on the indiscriminate flow of labour into the industry. It is accepted on all hands that there is a great deal of unemployment in the country; but the mats and matting industry is not bound to find work for all the unemployed persons who migrate towards the industry from day to day. The responsibility of the industry is to employ just enough labour to meet its actual requirements and pay it adequate wages. The problem of unemployment is a wider issue and has to be solved by comprehensive measures into which we need not enter in this connection. Our immediate concern is the better ordering of the mats and matting industry and, so far as this industry is concerned, we are of opinion

that an attempt should be made to deflect labour from its continuous drift towards it. The superfluous labour supply has manifestly become detrimental to the well-being of labour. We find that the workers themselves have begun to realize this fact; for, in answering our questionnaire, the Shertally Coir Factory Workers' Union has admitted that labour supply is superfluous and requires to be retrenched.

We recommend that all the labourers who are in the industry at present or were in it till recently should be required to hold licenses issued on a nominal fee. No unlicensed worker should be allowed to work in the factories and no more licenses should be issued for the next five years, unless there is a demand for increased labour from a duly constituted organization of the factory owners. This will, in our opinion, check, to a great extent, the drift of labour into the industry and prevent unemployed and under-employed labour becoming an embarrassment to other labourers, employers, and the State.

Side by side with the licensing system, we would also recommend that the factory owners in general should realize that it is to their advantage to retain a fixed number of workers on a permanent basis. It will always be better to give regular employment, as far as possible, to a definite number of workers rather than partial employment to a larger number. In the long run, it would be advantageous both to the employers and the employees. A cadre of permanent workers will in due course become one of skilled workers and with experience in manufacturing particular grades to particular standards, out-put will improve, with obvious advantage both to the employers and the employed. As a necessary supplement to a register of permanent workers, each factory should also maintain a waiting list of substitute workers who should be given preference whenever vacancies occur or when additional labour is required. The system of permanent and substitute workers has come into vogue in various industrial establishments in British-India. We would advise the employers to give the system a fair trial. We are glad to note that some of the manufacturers who have long been in the industry have stated before us that, from their experience of the past, it is possible for them to estimate, at any rate approximately, the extent of their demand for labour from year to year. Our suggestion is that, on the basis of such an estimate, the registers of permanent workers and substitute workers should be prepared. We would quote here the statements made by two well-established firms on the question of permanent and substitute workers :-

Darragh Smail and Co. Ltd.

" If trade is good, we can generally provide a *large number of our workers* with full-time work."

Peirce Leslie and Co. Ltd.

"It should be possible, throughout the year, in the well-organized factories, to give regular employment (not guaranteed) to a *minimum labour force*, but to prevent an unfavourable reaction on production, such a scheme would imply the availability also at rush periods of casual labour."

In our opinion the system we have recommended above will meet the requirements of the industry both in normal times and in the more busy seasons.

One of the chief complaints of the labourers is that, in many factories, there is no security of tenure. They even go further and say that employments and dismissals are done at the whim and caprice of the employers, moopans and other subordinate staff. We cannot deny that there is an element of truth in this allegation. But, as we have already pointed out, there is, in the bigger and well-organized factories, a proportion of workers who have served their employers over long periods of time. Among such long-service employees, there is a feeling of attachment to their employers. It is generally the newer recruits who fit from factory to factory, with periods of unemployment in between. But, on the whole, security of tenure in the mats and matting factories merely means that work will be given when it is available, provided, of course, that the rates offered are acceptable. We are of opinion that this state of affairs is capable of improvement. The introduction of an element of permanence in the status of the worker will pave the way for the removal of a great deal of the discontent that exists amongst the workers at the present time.

Here we wish to state that, in any scheme of control of labour supply, we consider that it would be necessary to secure the co-operation of the Labour Unions.

We have so far dealt with the general features of recruitment. With regard to the engaging of labour in the factories, we find there are two methods prevailing in the industry. First there is the method of direct employment by the management; and secondly there is the system of contract work.

In the case of direct employment, the management agrees rates of wages directly with the workers, fixes terms of employment, and assumes direct responsibility for all matters of discipline and for supervision of work. Such supervision may be either by a full-time salaried agency or by moopans who are remunerated on a commission basis.

In the latter case, the rates of wages are subject to an agreed deduction either on the basis of earnings or by a fixed weekly payment by each worker to the moopan. This method, it is claimed by the employers, is simply a method of piece work payment to a moopan and it is assumed that, if direct employment were substituted, the rates fixed for the workers would be less by the amount of the commission paid. In the matter of supervision and discipline, this class of moopans, in principle, acts as paid servants of the management. With regard to recruitment, it is naturally in his interest to maintain a full supply of labour, as his income directly depends on out-turn. Security of tenure, however, is similar to that obtaining in the case of direct employment.

In regard to the moopan's commission, it is contended by the labour representatives that the commission, although it may be authorised by the management, is still in the nature of an exaction from the worker. The employment of labour through the non-salaried moopan has certain distinct advantages for the factory owners. For example, the Moopan recruits the proper type of workers and supervises the work. He is directly interested in out-put on which depends his commission. Besides, the management is not bound to pay him anything, whether there is enough work or not. Nevertheless, the system has also to be viewed from the stand point of the labourers. Although they know beforehand that their rates include the moopan's commission, every time a portion is deducted from their wages, a feeling is left on their minds, that after all, the commission is taken from their earnings, and in course of time, that feeling comes to rankle as a grievance which it would certainly be not in the interests of the management to allow to grow and accumulate. This subject is referred to also in Chapter IV, under the heading 'Exactions'. We, therefore, recommend that the remuneration of the moopans should not be by means of deduction from the wage rates of the workers.

The second system, *viz.*, that of contract work, implies the employment of labour through a contractor. There are some items of work which, particularly in the big factories of Alleppey, are usually done by contract labour. *e. g.*, landing and loading. But, then, there is no uniformity as to the classes of work that may be done on a contract basis. In some factories numerous items are so carried out, whereas in other factories a good number of them may be done by direct employment of labour, entrusting only a few items to contractors. The following list shows the classes of work carried out through contract work in one of the big factories in Alleppey.

<i>Mats.</i>	<i>Matting.</i>
Landing	Landing.
Lotting	Lotting.
Weighing	Weighing.
Removing and stacking	Removing and stacking
Sorting	Sorting.
Pulling punja	Sorting dyed yarn.
Squaring	Spooling.
Making braid	Warping.
Binding	Cop-winding.
Shearing and finishing	Passing.
Pressing	Removing and rolling.
Covering and marking	Covering and marking.
Loading	Loading.

In regard to the conditions under which contract labour is employed, the measure of supervision and control of the management varies in different factories. In some factories, the percentage of remuneration due to the contractor and the rates of wages are agreed upon. A few managers have stated that they also supervise the payment of wages and set right any disagreement between the workers and the contractor.

The labour representatives have pointed out that, in most factories, supervision and control by management are practically non-existent. They say that the payment of wages is made generally through the contractors who are paid lump sums out of which they pay a portion to the workers and retain the rest to themselves. Evidence has also been received that sometimes the contractors disburse the wages outside the factory premises. We are of the opinion that under this system, there is no certainty that the workers actually receive any wages.

From the standpoint of the factory owner, the system is one by which the responsibility for recruitment, fixing rates, payment of wages and security of tenure is transferred from the management to the contractor who is virtually in the position of a direct employer of labour. Some of the factory owners have plainly stated that the contractor is solely responsible for the recruitment and payment of labour.

The arrangement is obviously convenient and advantageous to the factory owner; for he is freed from the responsibility for recruiting proper type of workmen and for the control of labour and very little consideration need be paid to the requirements of the labourers. There is also the advantage of the system being more economical. For, in contract work, the chief consideration that weighs with the



management is that of lower labour cost in relation to direct employment of labour. It has also been pointed out to us that, in certain cases, the employment of contractors results in greater efficiency.

The labour point of view is that the contractor cannot be regarded as an independent employer of labour, but only as an undesirable intermediary. They are opposed to the contract system on the following grounds :—

- (1) That the contractor reduces wages to the lowest possible level, at any rate, to a level lower than what the management would.
- (2) That the workers employed by the contractor are placed on a lower status and on a lower scale of wages in relation to the other workers in the same factory ;
- (3) That he can carry on with impunity the usual irregularities and exactions of an unscrupulous employer, on the premises of even the well conducted factories ;
- (4) That there is less security of tenure for the employees under a contractor than there is under the management.

In our opinion, the primary defect of the system is that, under it, a substantial amount of labour in the factories is neither engaged nor paid by the principal employer. The system tends generally to diminish the prospect of labour securing reasonable conditions. The analogy of the Public Works Department giving out contracts cannot hold good in the case of modern industrial organisations which have a distinct character of their own. It has been held by previous important industrial enquiries in India that there is no type of labour which is so exploited and low-paid as contract labour. In other countries like Great Britain, there is a provision for a ' fair wages ' clause in all contracts given by public bodies, so that workers may not suffer thereby.

Here we may also observe that under the Factories Act and the Workmen's Compensation Act, it is the principal employer that, in the first instance, is held responsible for infringements of the provisions of the Acts. Employers cannot, therefore, escape their responsibilities towards the labourers working in the factories even though they are engaged and paid by contractors. It may also be presumed that similar responsibilities will attach to them for the infringement of the provisions of the Payment of Wages Act and the Trade Boards Act, when these laws are enacted. If

the contract system is unavoidable in certain respects standard service conditions for the labour so employed in the industry should be prescribed and the principal employer engaging contractors should hold himself responsible for securing reasonable working conditions for the workers. The Royal Commission has recommended the substituting of direct employment of labour for contract labour wherever practicable.

The manager of a large European factory has stated before us that he considered it possible that several items of work that were being carried out on a contract basis could as well be done by direct employment of labour without detriment to efficiency. He also stated that he would try to abolish contract work in all possible directions and to arrange for the supervision of the payment of wages.

Our recommendations in regard to the system of contract work obtaining in the mats and matting factories are as follows :—

(i) Items of work carried out through the engagement of contractors should be reduced to the lowest possible extent ;

(ii) Wherever contract work is found to be unavoidable, the following conditions should be laid down :—

- (a) The management should assume the responsibility for securing fair and reasonable conditions of work for contract labour ;
- (b) Until the Trade Boards Act comes into force, the management should fix a minimum wage for the workers ;
- (c) The management should exercise adequate supervision of the payment of wages ;
- (d) There should be a right of appeal to the management by all contractors' employees on all subjects including wrongful dismissal.

CHAPTER III.  
WAGES.

*How the Rates are Fixed.*

Throughout the mats and matting industry, except in the case of a small percentage of daily paid workers in some factories, wages are paid on a piece work basis. We have been told that generally various considerations entered into the fixing of wage rates, for instance:

- (i) Estimated output of an average worker over a given period;
- (ii) the nature of the work;
- (iii) the time taken to do the work;
- (iv) the selling price of the manufactured article; and
- (v) the necessity for the labourer to earn what would seem to be a fair wage.

The following statement by one of the leading firms of Alleppey may be taken as typical of the manner in which well-conducted, large factories arrive at their wage rates:—

"We fix the rate for piece work bearing in mind the necessity for labour to earn what seems to us a minimum living wage. This minimum has never been scientifically examined; but we like to see our men earn not less than 8 annas a day, when full work is available, and all our rates enable a man to earn at least this sum, if they attend the work regularly and punctually and work industriously. In actual fact, many of our rates enable our labourers to earn far more than this self-fixed minimum wage."

The Travancore Coir Factory Workers' Union, in their answers to the Questionnaire, have stated that piece work rates are fixed on no definite basis except that of custom and the discretion of the employers. We concede that custom does play a part in fixing wages, but we do not agree that the employer has unfettered discretion in the matter. His discretion is circumscribed by two factors, *viz.*, (i) the price at which he can sell the manufactured goods and (ii) the willingness or otherwise of the workers to accept the rates offered. We believe that when wage rates for new qualities or patterns have to be fixed, these are the two main considerations which determine the rates.

To a large extent, rates seem to have evolved rather than to have been arbitrarily laid down. In the earlier days of the industry, high rates were paid not only because prices were high but also because the manufacturers wanted to attract men to the work. But in course of time, the industry spread, competition became rife, labour supply excessive and prices

and rates went the downward course. But at all times the rates of the big European factories have been, as they still continue to be, the standard rates. In the smaller factories of Alleppey and its suburbs and in the district factories, the employers and the workers compare rates to those of the European factories of Alleppey.

Though no systematic attempt has yet been made to determine what is a minimum living wage, both the employers and the workers have some sort of an idea as to what would be the fair rate for a given piece of work. For well-established qualities and patterns, each factory has its own schedule of rates and the workers are well aware of the rates of every factory in the centre for the particular process of work in which they are interested.

There is no doubt that, of all the determining factors, the margin of gross profits realised is now-a-days the most important factor in fixing the rates. When this margin declines the difference is made good, partially by a reduction in wage rates.

When new patterns or qualities are introduced, the rates are, in the ultimate resort, fixed by bargaining, the employer calculating on his margin of profit and the worker comparing the offer with the usual rates for similar or nearly similar work in other factories. We may mention here that in the case of the labourers in the mats and matting industry their bargaining power has appreciably declined on account of the influx of labour into the industry in recent years. The subject is dealt with in detail in Chapter II.

Generally speaking, piece work rates take into account the particular type of article that is to be produced and the variation in grades due to intricacy of manufacture, design etc. The Travancore Coir Factory Workers' Union have stated that no variations are made in piece rates on account of intricacies of manufacture and design. It may be that small variations may not be taken into account. In fact some Indian factory owners have told us that within certain limits, the same rates were paid, variations notwithstanding. Nor is it improbable that some manufacturers may try to enforce the ordinary rates even in the case of qualities and patterns manifestly more difficult and intricate. However, all the employers who have answered the Questionnaire have stated that, in fixing rates, they take into account the nature of the work. We may observe that labour is generally intelligent enough not to accept without demur the ordinary rates for a piece of work which is more than usually difficult.

It may be said that, as a rule, the worker, on undertaking the work, knows at what rate he is going to be paid. Not all may know what the correct and fair rates are or ought to be, but every one will be aware of the rates on which he is employed. The bigger factories have their schedules of rates. In some factories notice boards, showing the rates, are put up; but in the case of a big factory such a notice board will involve hundreds of rates being posted on the boards. It may, however, be stated that although, as a rule, the workers know at what rates they are to be paid, a great many of them, particularly those working in the small factories in the country-side do not know what amounts they have earned in a wage period.

*Piece Work and Time Wage.*

The labour memorandum has suggested that wages should be fixed on a time basis instead of the present piece work basis. As a matter of principle, it may be granted that in the long run, piece-work labour is detrimental to sound labour conditions. We also admit that the piece-work system is open to the fundamental objection, *viz.*, that as the labourer grows old, his emoluments become less, owing to his reduced physical capacity, although with increasing age, his needs are more and not less. There is also the objection that the worker is induced to work beyond his physical capacity. The system is, however, more or less universal in all industries. But in countries where organised labour has an effective voice in industry, the rigour of the system is mitigated by safeguarding a minimum earning to the workers and by other palliative measures. Hence we feel there are serious difficulties in the way of such a change being brought about in the industry. A time wage, for instance, would necessarily involve such questions as a guaranteed minimum out-turn, regular employment, regular attendance, stringent discipline and so on. Even supposing that labour satisfied the essential condition of minimum out-turn, there will still be the difficulty that, in the present condition of the trade, the employer will not be able to provide full-time work. Further, the adoption of the time wage will inevitably saddle the industry with additional burdens. Time wage, on a monthly or weekly basis, will mean eventually payment of wages for holidays and on the monthly, weekly or daily basis, full wages will have to be paid even when full work is not available. In the present state of the industry, it is hardly possible that it can bear such an additional burden. At any rate, the question of a time wage does not seem to us to be practicable before the whole industry is organized on better and sounder lines.

As we have already stated, the present system of wage-fixing, on the piece work basis has evolved, during a period of about eight decades, with reference to the exigencies of the growth and expansion of the industry and to the special conditions of the demand for the manufactured articles. We do not feel that we would be justified in recommending that the system which has come into vogue throughout the industry should be interfered with at the present time, at any rate, not before the various other improvements that are urgently called for are brought about.

*Standardization of Wage Rates.*

One of the most out-standing features of the wage system obtaining in the industry is the striking disparity in the rates for the same types of work. Rates vary not only between Alleppey and the districts but also between factory and factory in Alleppey as well as in the districts. This disparity is at once the cause and the result of much of the unhealthy competition that prevails in the industry. It is also the cause of much discontent among the workers. In our opinion, wide disparities in wages paid to workers employed in similar types of work are a potential source of danger to peace in any industry.

It does not appear that there has ever been any attempt made in the past to bring about a standardization of the wage rates prevailing in the industry. We find that, at present, there is more or less, a general feeling that the confusion of rates should be brought to an end. The labour memorandum has particularly deplored the absence of uniformity in wage rates and has pointed out that, on account of the wide differences in rates between Alleppey and the districts, the town factories execute orders by getting the work done at low rates in the district factories and thereby generally depress the wages. The memorandum has, therefore, suggested that for the same types of work wages should be paid at the same rates throughout the industry. The manufacturers who have sent replies to the questionnaire are generally in favour of standardization of wage rates. We have no doubt that one essential step towards the proper organization of the industry is the removal of the striking disparities in wage rates which cannot be accounted for on a rational basis.

However, everybody seems also to realise the immense difficulties involved in the process of standardization. We are told that there are thousands of grades of mats and matting, every grade slightly different from every other grade. A standardization of rates may, therefore, have to be preceded by an attempt at standardization of grades, methods and processes. We realize the technical difficulties involved, but we are not inclined to regard them as altogether insuperable.

With the co-operation of the employers and the labour representatives, it should be possible to reduce the wide variations into a number of reasonable uniformities within manageable limits. Some of the factory owners as well as the labour representatives examined by us admitted that, for practical purposes, it was possible to bring the numerous grades and processes under a limited number of types and categories.

The standardization of wage rates will necessarily involve some form of minimum wage fixation. This has been admitted by several of the manufacturers who have given evidence or sent replies to our questionnaire and also by the two Chambers of Commerce in Alleppey. By a minimum wage, we mean the minimum earning that a normal worker would make in a unit of time. We do not mean an amount that he should be paid whether there is work or not. In fixing a minimum wage, various factors will have to be taken into consideration. In the first place, reliable statistics of the cost of living and standard of living of the workers have to be obtained. This calls for work of a high order, the scientific collection and analysis of data and the maintenance of a cost-of-living index series. This work is undoubtedly fundamental and will have to be attended to by the labour statistical bureau which we recommend elsewhere. (*Vide* Chapter VII.)

Some of the other relevant considerations would be the varying conditions in the centres or districts in which the factories are situated, type and condition of machinery, working conditions, material handled, character of the finished goods, efficiency of the workers and what the industry can reasonably be expected to bear.

Speaking in very general terms, we are of opinion that the rates should be standardized according to districts or centres of the industry; for, some variations will have to be permitted in accordance with the considerations we have indicated above. It may be practicable to classify the workers according to age and skill, with a different rate per hour to apply to each class and actual piece work rates may be fixed at a figure which would produce an amount not less than the hourly rates fixed by a wage fixing machinery.

In the limited time at our disposal, it is impossible for us to attempt so enormous a task. It will have to be accomplished by the co-operation of the employers and the workers, with the assistance of a wage fixing machinery which should be constituted on a statutory basis and function, on the lines of the British Trade Boards. Such a board may consist of the representatives of the employers and of the workers with their own chairman or a neutral chairman; for instance, the Commissioner of Labour, if one is appointed.

The main features of the machinery and wage fixing methods of the British Trade Boards are given in the appendix to this chapter.

As we have already stated, the employers have generally accepted the principle of the fixation of minimum wage rates by means of trade boards. The two Chambers of Commerce in Alleppey, while they support the proposal for the creation of a trade board for the mats and matting industry, have, at the same time, qualified their support by the condition that the application of the principle of the minimum wage rates should not be confined to the mats and matting industry, but should extend to all industries and to all centres of industry.

Answering our special questionnaire, the Travancore Chamber of Commerce has stated as follows:—

“The Chamber has given its support to wage boards. But it is necessary to emphasise that this support is qualified as being based on the assumption that any measure adopted for this purpose should be applicable, not only to the coir mats and matting industry, but to all industries and equally well to all centres where any industry is carried on”.

And the Alleppey Chamber of Commerce has stated as follows:—

“This Chamber has ever been in favour of standardization of wages and this fact has also been emphasised in this Chamber’s memorandum. There is no objection to the constitution of wage boards for fixing of wages, provided, of course, that such standardization of wages applied equally to all industries and all places in the State where labour is employed in numbers and not to special areas or to special industries alone”.

The position of the two Chambers is that in fixing minimum wage rates, the mats and matting industry should not be unduly handicapped in relation to the other industries in the State and, of course, to the same industry outside the State. It is arguable that it may not be quite practicable to apply the principle of minimum wage rates to one industry without considering the possibilities of minimum wage rates for other industries. It would be unfair to single out anyone industry for a burden not borne by other industries and it may easily turn out to be an act of discrimination against it.

But it has to be remembered that apprehensions of the kind really apply mostly to kindred types of industries, more or less similarly situated, and especially those manufacturing



easily replaceable articles existing side by side and competing among themselves for the national resources of finance, labour supply, transport and marketing facilities and general organizing enterprise. As far as Travancore is concerned, the mats and matting industry is our leading factory industry. There is no other industry of its kind in the State in relation to which this industry is likely to be unduly handicapped. There is, therefore, for the time being, no question of a flow of resources away from one industry to another, except perhaps that of labour from agriculture, as mentioned in Chapter II.

Furthermore, it is perfectly possible, as has been done in England and as the need therefor discloses itself, to extend the scope of the Act to any industry or to any class of workers or to any industrial centre.

We approach the consideration of the question from the point of view of the needs of the mats and matting industry and we do not see any reason why the standardization of wage rates through wage boards should not be attempted in the industry.

The labour representatives on the Board urge that some more speedy way than the constitution of statutory wage boards should be devised for effecting standardization of wages, as they consider that no *permanent* improvement in the wages and earnings of labour can be accomplished until the present disparities in rates are removed. We consider that the creation of wage boards to be the ultimate solution of the present confusion of rates. But as the problem is urgent, we think that immediate action is necessary pending the creation of statutory wage boards. Accordingly, we recommend that a special committee be appointed, as early as possible, to deal with the matter. The committee should consist of an equal number of the representatives of the employers and the workers and should be presided over by an independent chairman. It should fix the minimum rates of wages for each operation separately for Alleppey and the districts on the basis of the cost of living and standard of living of the workers in the respective areas and the difficulties and intricacies of the operations. Government should also, in the meantime, take steps to undertake legislation for the creation of wage boards which may be empowered to enforce adherence to the wage rates fixed by the committee and, if necessary, to revise them.

## APPENDIX TO CHAPTER III.

*The British Trade Boards Acts, 1909 & 1918.*

The minimum wage rates are fixed by trade boards set up by the Minister of Labour. The boards consist of members representing employers and members representing workers in equal number, with the addition of disinterested persons, described as "appointed" members.

Machinery and  
method of fixing  
wages.

When a trade board is constituted, the representative members are selected with a view to giving representation as far as possible to :

- (a) each district section or branch of the trade ;
- (b) all the main classes and grades of employers and workers in the trade ;
- (c) the principal districts or centres in which the trade is carried on.

Women as well as men may be members of a trade board; and in the case of a trade board for a trade in which women are largely employed, at least one of the appointed members is to be a woman. All trade board appointments are personal appointments and are made by the Minister. No seats are allocated for the purpose of giving representation to associations of employers and of workers as such, but it is the practice to appoint candidates suggested by such associations as far as they satisfy the above-mentioned requirements; failing a sufficient number of suitable nominations from this source, candidates are obtained by direct investigation. Where a substantial proportion of the workers in any trade is unorganised, the method of direct choice is used to ensure their interests may be properly represented. The number of appointed members acting on a trade board must be less than half the total number of representative members.

Boards vary in size roughly according to the number of interests in the trade requiring separate representation. A board is presided over by one of the appointed members and a quorum consists of one-third of the whole number of the representative members and at least one appointed member. Generally a trade board covers a given trade throughout Great Britain. The Minister of Labour may, however, set up district trade boards for any trade.

Subject to regulations made by the Minister of Labour, a trade board may establish, mainly for advisory purposes, district trade committees constituted on similar lines to the Board and including representatives in equal numbers of

local employers and local workers. A trade board may refer any matter to a district trade committee for its report and recommendations. It may also delegate to a district trade committee any powers and duties under the Acts other than those of fixing minimum rates of wages. No minimum wage rate can be fixed for the area covered by a committee, nor varied, nor cancelled unless the rate or change or cancellation has been recommended by the committee, or opportunity given to the committee to report to the trade board, and the trade board has considered the report. District Trade Committees to the number of 27 are at present in existence in two trades.

For time workers, each trade board fixes a general minimum time rate of wages. For piece workers, if express provision is not made, the general minimum time rate applies as a basis rate, that is, piece rates must be such as to enable an ordinary worker, in the circumstances of the case, to earn per unit of time, not less than the minimum time rate. Boards may make express provision for piece workers by fixing a piece work basis rate in place of the general minimum time rate or by fixing a general minimum piece rate. They may also fix a guaranteed time rate for the purpose of securing to piece workers a minimum rate of remuneration on a time basis. Special rates may be fixed for different classes of workers in a trade; over-time rates, whether on a time or piece basis, may also be fixed. Minimum rates may be fixed so as to apply universally to a trade or to any special area. Notice of proposed rates must be given and a period of two months is allowed during which objections may be raised by employers or workers against any rate which it is proposed to fix. After the trade board has considered any objections raised, it notifies the Minister of Labour of its determination. Minimum rates become legally effective only upon confirmation by the Minister of Labour. The Minister is required, apart from special circumstances, either to make the order confirming the rates fixed by a trade board within a month of notification or to refer them back for further consideration.

If a trade board is satisfied that any worker employed or desiring to be employed in any branch of a trade, is incapable, on account of an infirmity or physical injury, of earning the minimum time rate, or guaranteed time rate which would be applicable to him, the board may grant to the worker a permit exempting him from employment at the minimum rate. Generally speaking, permits are granted only on medical evidence of incapacity and for a specified period and the rate which may be paid is stipulated.

A trade board may fix special minimum rates for persons who are learning a trade. In such cases, the board may specify the conditions which it considers necessary for securing that effective instruction is given.

Employers are required to keep adequate records of the wages paid to their workers and failure to do this involves liability to fine. The Minister of Labour is charged with the enforcement of the Trade Boards Acts, and for this purpose has a special staff of inspectors who have power to require the production of wage records by employers and records of payments to out-workers by persons giving out work. Inspectors may examine these records and copy of any material part and may also require any person giving out work or any out-worker to give information as to the names and addresses of the persons to whom work is given out or from whom work is received and as to the payment made for the work. They may also enter at all reasonable times any factory or workshop and any place used for giving out work to out-workers. Any person who hinders an inspector in the exercise of his duties or who fails to produce necessary documents or information is liable on summary conviction to a fine. Any person who supplies information which he knows to be false is liable, on summary conviction, to a fine or to imprisonment. Employers who pay wages lower than the minima fixed by a trade board are liable on summary conviction in respect of each offence to a fine and may in addition be ordered to pay the balance of wages due to a worker. When an offence has, in fact, been committed by an agent of the employer or by some other person, the agent or other person is liable on conviction to a fine. An employer who proves that he has used due diligence to ensure the observance of the law and that the offence has been committed by his agent or some other person without his knowledge, consent or connivance, is, in the event of conviction, exempt from fine.

#### CHAPTER IV.

##### Payment of Wages.

###### *The charges.*

In the labour memorandum, the following charges are made against some of the mats and matting factories in regard to payment of wages:

- (1) that wages are paid in kind,
- (2) that they are paid at long and irregular intervals,
- (3) that heavy and unjust fines are imposed on the workers on flimsy grounds, and

- (4) that the labourers are subjected to various exactions by the factory owners, meopans and contractors.

Government have also directed the Board to report on the question of the "truck" system or the system of payment of wages in kind which is complained of by the Labour Association.

In this chapter, we propose to deal with the above points.

#### 1. *Payment of Wages in Kind.*

We made careful enquiries about this charge and we have received conclusive evidence to show that the practice of paying the whole or part of the wages of the workers, in kind, in the form of rice, provisions etc., from shops kept by the factory owners or by their relatives or dependants prevails to an appreciable extent in the industry. The practice was admitted by several factory owners in their answers to the questionnaire as well as in their oral evidence. So far as we have been able to ascertain, most of the factories of standing and respectability in Alleppey pay wages in cash. The system of payment in kind exists mostly in the factories working in the country-side. There are, however, some factories in Alleppey also which pay wages in kind.

In the memorandum of the Labour Association, the accusation is made that the system is resorted to with the purpose of exploiting the workers. We fully realise that the system lends itself to grave abuses; but we do not go so far as to say that profit making is the sole motive in every case. In our opinion, the system has its origin in the peculiar circumstances under which the small factory owners are working. They start their business without sufficient capital; their resources are exhausted when the buildings and looms are erected and probably they borrow money even for these initial expenses. If they have any cash in hand, it usually goes for the purchase of yarn; very often they have no money even to pay for the yarn and have to get it on credit. They engage labourers and start weaving; but they have no money in hand to pay their wages. These factory owners are either small shippers themselves or they dispose of the goods to the shippers in Alleppey. In either case they get cash only after the disposal of their goods and that is at intervals of two to three weeks. In the meantime their needy workmen will want advances for their home needs. To satisfy their demand the factory owners open provision shops near their factories, stock them with goods bought on credit and issue chits to the workmen for the supply of articles to them in lieu of the whole or part of their wages. Now and then a generous employer may issue goods to the workmen in excess of the wages earned by them. When the factory owner gets money by the sale of his

manufactured goods, he has first to satisfy his creditors who had supplied him with yarn and the goods for his shop and the balance goes to settle the accounts with the labourers to the extent possible.

The transactions are not limited to rice and provisions. Tea and refreshments are also supplied; and in a few cases, we came across the practice of issuing 'chits' to barber shops. The owners of these shops need not be paid in cash. The 'chits' of the workmen represent part of the wages due to them; and the barber can get rice and provisions from the factory owner's shop to the extent of the *chits* in hand. In one instance, the labour representatives alleged that the factory owner, who was also a toddy shop contractor, supplied toddy to his workmen in lieu of wages. This allegation was denied. The practice does not exist now, even if it had existed in the past. But so long as the system of payment of wages in kind is tolerated, there is nothing to prevent even such infamous practices.

In defence of the system, some of the factory owners urged:—

(i) that the shops serve a real need to the labourers in out of the way places, where public shops do not exist; and

(ii) that the workers are not compelled to buy at these shops, for the reason that the shops are a distinct and separate business done by the factory owners and are not meant for the workers.

These arguments are not convincing. As regards the first, there is hardly a factory which is situated so far away from human habitation as to create the necessity of a shop in the neighbourhood of the factory itself. Further, this argument cannot hold good in the case of factories in Alleppey where also the practice prevails to some extent. In our opinion, there is no need at all for a factory owner to open shops to supply the needs of his workmen. We consider that such shops will spring up naturally in response to the demand for them.

In regard to the second argument, it may be true that there may not be any open compulsion by the factory owners; but the employers can indirectly and by subtle means indicate to the workers what they expect of them. The men are needy and the security of their jobs depends on the good will of their employers and consequently they are in a way compelled to placate the employers and buy at their shops.

We have carefully considered the merits and disadvantages of the system of payment of wages in kind and we are definitely of opinion that it is open to gross abuses. It places the workmen at the mercy of the employers. Their wages are never settled in full. A sort of running account is kept with each labourer who has no means of knowing the amount of

wages earned by him; what he has received as advance in the shape of provisions and what remains due to him. We may observe in this connection that in some of the factories proper wage books and accounts are not maintained. The lot of the labourers in such factories may be easily imagined. The provision shops are often stocked with inferior articles and they are sold at inflated prices. The tea shops are usually miserable hovels where the workmen are given some kind of decoction which is politely called tea. Sometimes the labourers are compelled to take their wages in the shape of provisions when they do not want them. In such cases they are obliged to sell the goods for cash and suffer serious loss. The loss that labour sustained by getting the wages in kind is variously estimated as ranging from 12½ per cent. to 25 per cent.

It will be seen that the system has very few advantages to recommend it and we advocate its abolition by statute. In British India the Payment of Wages Act No. IV of 1936 has enacted that all wages should be paid in cash. We recommend the enactment of a law on similar lines in the State.

Most of the employers with whom we discussed the question are in favour of such an enactment. One or two expressed dissent saying that they may have to discontinue their business if the present system is abolished. We feel that such a result will not be a loss to the industry as a whole.

2. *Payment of Wages at Irregular Intervals.* The second charge is that in many factories wages are paid at long and irregular intervals. We found that this was true of most of the smaller factories, particularly those in the districts. The better conducted factories pay wages once in every week. We were informed that before the general strike of the workers in the month of October 1938, there was no regular or fixed interval for the payment of wages. The intervals ranged from two weeks to six weeks and the workmen's accounts were never completely settled at each payment, the settlement in such cases being delayed up to six months. There has been distinct improvement after the strike: for thereafter, wages seem to have been generally disbursed once every two or three weeks and the wage amounts paid fully on each occasion. This was admitted by the labour witnesses.

(N. B.—However, as we complete this report, the labour representatives have brought to our notice that some of the factory owners have reverted to the old practice.)

Some witnesses suggested that the weekly payment of wages should be enforced by law; but the smaller manufacturers protested against the enactment of such a law. They represented that they get cash only by the sale of their manufactured goods and for this they have often to wait for at

least two weeks. If weekly payment is insisted on, most of these small factory owners may be obliged to discontinue their business. This is a contingency to be avoided. There are small factories which are conducted in a regular and business-like manner. We are of opinion that the enactment of a law which would imperil their existence will not be in the best interests of the industry. Most of these small factory owners expressed their readiness to pay wages in cash once every fortnight, and the labour representatives stated they would be satisfied with this arrangement. We, therefore, recommend that the regular payment of wages in cash at periods not longer than a fortnight should be made obligatory by law. We are aware of the fact that in the Payment of Wages Act in British India, the maximum wage period is fixed as one month. But we consider that the period suitable for the special conditions of the mats and matting industry is two weeks.

3. *Fines.* In regard to the charge that heavy and unjust fines are often imposed on the workers, our enquiry did not disclose any wide prevalence of this practice. Most of the factory owners whom we examined denied the charge. Fines are now and then imposed for faulty work or for damages caused by carelessness or negligence but no evidence, has been produced of any really heavy or unjust fines and the practice does not appear to be as common as is alleged. Here we have to distinguish between disciplinary fines proper and deductions from wages for damage to or loss of goods caused by the neglect or default of the workers. It seems that the reference made in the labour memorandum was chiefly to deductions of this kind. Fines are imposed as disciplinary measures for certain acts or omissions of the workers. When fines are imposed for damage to or loss of goods, it is said that the employer is satisfied with the disciplinary action and does not recover anything more from the workers to make good his loss. We have been told of cases in which the whole value of the article was recovered from the workers. In case of damages, we were told that the usual practice is to deprive the workers of their wages and for the employers to retain the damaged goods and sell them at whatever prices they will fetch. It may sometimes happen that the employer suffers no loss in the sale of the damaged goods or that the loss is not so much as the amount of wages. If the entire cost is recovered, it is only fair that the damaged article is handed over to the worker responsible; but the labour witnesses stated that sometimes the factory owners recover the full value of the articles from wages and at the same time appropriate the damaged articles. We think that such cases are exceptional.



In the 'Payment of Wages Act which we propose, provision should be made regulating the imposition of fines and making other deductions from wages. Fines should not be imposed arbitrarily but only in respect of such acts or omissions as are specified previously by rules and before fine is imposed, the defaulter should be given an opportunity for showing cause against the fine. There should be a maximum limit of fine in a wage period in relation to the amount of wages earned by the worker—say one chuckram in the rupee. Lastly in order to prevent the imposition of fines arbitrarily, it should be laid down that no subordinate should have the power to impose a fine. Cases which in his opinion call for the imposition of a fine should be reported to the management or to a responsible officer of the factory and any fine imposed by such an officer must be subject to confirmation of the management. No subordinate concerned with the imposition of a fine should have an interest in the amount to be recovered. All fines recovered from wages should be applied only to purposes beneficial to the employees as a whole. As regards deductions on account of damage or loss, the recovery should not exceed the value of the article damaged or lost. If an article is damaged, its entire cost should not be recovered, but only the amount of loss sustained by the employer; and before ordering a deduction, the person charged with the neglect or default should be given an opportunity to show cause against the deduction.

#### 4. Exactions.

The fourth charge is that various illegal exactions are made from the workers by some employers, moopans and other subordinates.

These exactions are said to take the following forms:—

- (a) Bribery.
- (b) Recovery of moopukasu.
- (c) Unremunerated labour for moopans.
- (d) Collection for special occasions like marriages in the moopan's family or for church and temple festivals.
- (e) Sale of tickets for cinemas and other entertainments for which the moopans receive commission.
- (f) Dharmavu, recovered by the employers.

From the evidence we received on the question of exactions, we are led to believe that the evils complained of exist to an appreciable extent in many factories. Unfortunately some of them are found even in the best conducted factories. We are convinced, however, that in the well-conducted factories these malpractices are resorted to without the knowledge of the employers and contrary to their express prohibition. The perpetrators of these misdeeds are generally the moopans

(foremen) employed in the factories to recruit and supervise labour. The position of the moopans is one of unique opportunity and it would be surprising if they failed to take advantage of their privileged position. There are few factories where a worker's security is not to some extent in the hands of the moopan. Although strictly speaking the employers are said to be responsible for the employment and dismissal of the workers, in actual practice, the moopan has the power to select or engage labour and to influence or procure their dismissal. They are usually men of long service in the factories, who enjoy the confidence of their employers and they can use their influence to benefit or harass the workers. They may demand fee for the initial recruitment. When the number of persons seeking employment is far in excess of the demand, it is to be expected that unscrupulous moopans will utilise the opportunity to get some illegal remuneration from the applicants as the price of engagement. The moopan has the power to allot work and to shift a worker from an ill-paid to a better-paid task or from a heavy to a light task. He may demand some consideration for these favours. Payment of bribes to a moopan for special favours is an unsocial act as the object is to get the better of a fellow worker and those who resort to such methods have no reason to complain against the moopans who are less to blame in such cases than those who offer the bribes.

Another form of exaction is the recovery of what is known as the *Moopukasu*. As the very name implies, it is a sort of commission claimed by the moopans. The prevalence of the practice of deducting moopukasu from the wages of the labourers was admitted by a number of employers. Some have endeavoured to stop the practice, but it was admitted that it still continues to some extent. The rate of moopukasu is not uniform. Generally it ranges from one chuckram to two chuckrams or thereabouts for every week and it is recovered at the time of wage payment.

This compulsory recovery from wages should be distinguished from recognised deductions from wages which are made for the purpose of remunerating the moopans. In some factories, there are moopans who do not receive a fixed salary, but are remunerated by giving them a percentage of the wages earned by the workers employed under them. There is nothing underhand in this. The commission due to the moopan is deducted by the employer when the wages are disbursed, and the money so recovered is directly paid to the moopan by the employer himself. The factory owners contend that in such cases the wage rates include the commission payable to the moopans and that if the moopans have to be paid a fixed salary, the rates will have to be correspondingly reduced.

This recovery cannot be characterised as an illegal exaction, but there is no doubt that it leaves an impression on the minds of the workers that an unjust deduction is made out of the wages. (vide Chapter II.)

Where, however, these moopans claim moopikasu in addition to their commission, as they sometimes do, such recoveries can be rightly characterised as unjust and illegal exactions.

One peculiar form of exaction which was brought to our notice was the practice resorted to by some moopans for getting gratuitous work done for them by the labourers. For instance, we found that in one factory the workers who were employed in re-hanking were required to set apart a portion of their out-turn as the share of the moopan. The wages for the quantity so accumulated in his behalf was claimed by the moopan. (vide Part I, Case No. 1.) We do not believe that this practice is widespread, but it brings home to us the ingenuity and resourcefulness of the persons who control labour to make unjust profits at the expense of the workers.

We were told that it is a common practice with the moopans to demand contributions from the workers on the occasions of some special event such as marriage in their families or for celebrating some religious festival in a church or temple. Sometimes the contributions may be voluntary, but even the receipt of presents and gifts is objectionable and all such contributions, voluntary as well as compulsory, should be discountenanced. Sometimes, the proprietors of cinema theatres and others who conduct public entertainments utilise the assistance of the moopans for the sale of tickets to the factory hands, remunerating them by a commission on the money realised by the sales. This is also a form of exaction. In the nature of things, this must be only occasional, but it causes hardship to the workers. Every endeavour should be made to put a stop to this practice.

From the evidence placed before us, we are convinced that various kinds of unjust and illegal exactions are made from the workers by the moopans and other subordinates who are entrusted with the supervision of labour in the factories. As we have stated before, the managements are seldom aware of these practices and complaints on the score are rarely made to them. Some of the employers told us that they have taken severe disciplinary action against their subordinates who were found guilty of corrupt practices. They however lay the blame of this state of affairs on the workers themselves. They say that it is only because the workers offer bribes that the moopans take them and that some workers tempt the moopans with offer of illegal gratifications to secure some special advantage at the expense of their brother workers.

There is, no doubt, some truth in this; but obviously, it does not account for all the kinds of compulsory deductions to which we have made reference. The employers contend that the workers must refuse to pay or to put up with the compulsory deductions from the wages and that if the moopans persist in their demands, they should lodge complaints at the proper quarters. All this is easily said. It ignores the weak position of the workers *vis a vis* the moopans. As we have remarked already, the security of the workers' job rests to a large extent on the moopans. They have sufficient power to victimise workers who show any inclination to question their authority and they can do this without giving any handle to the workers to complain to the management. The lot of the workers who incur the ill-will of the moopans can hardly be pleasant. Often the moopans are the trusted servants of the employers and complaints against them will be viewed with disfavour by the latter. Hence it need not surprise us that the workers submit to the exactions of the moopans without complaint.

We realise that it will not be possible to eradicate bribery and other corrupt practices completely, but we believe that by systematic effort and by co-operation between the employers and the workers it can be substantially reduced. It is the duty of the factory owners to put down all unjust exactions from the workers by their subordinates with a strong hand. We have no doubt that they are prepared to do so if their employees and their representatives second them in their efforts. The Coir Factory Workers' Union has an important role to play in this matter. It should take disciplinary action against any member who is convicted of having offered a bribe for getting a personal advantage. It should endeavour to inculcate in the minds of workers the spirit of united resistance to all illegal demands and if there is need for it, represent the case of the workers to the employers in a reasonable and conciliatory spirit.

#### *Our Suggestions.*

We would offer the following suggestions for the consideration of the factory owners in order to put down bribery and other malpractices of their subordinates. All the exactions complained of are the outcome of the power and influence of the moopan; and only a curtailment of this power and influence can improve the situation. We advocate that the moopan should not be left to himself in the engagement and dismissal of labour. In the large factories the power of engagement and dismissal of labour should be vested in a superior officer who will be directly responsible to the general manager. Where it is not possible to entrust this duty to a special officer, the employer himself or the manager of the factory should retain complete control of engagements

and dismissals. The allotment of work by moopans should be supervised. The moopans should have no hand in the disbursement of wages. Wages should be paid by the office staff with the help of the work and attendance rolls prepared by the moopans. No moopan should have power to inflict punishments. If he recommends the punishment of a worker, the person concerned should be given an opportunity to show cause against the punishment. Complaints of malpractices should be investigated, unless they are *prima facie* frivolous or malicious. The special officer, where one is employed, or the manager or proprietor of the factory should be easily accessible to the workers and should be ready to hear their complaints and remedy their grievances if found to be genuine. Special care should be taken to see that the complainants are not persecuted subsequently. Any moopan or other subordinate against whom a malpractice is proved should be dealt with severely. In a case of bribery both the man who offered the bribe and the man who received it should be dismissed summarily. Notices in Malayalam should be put up in conspicuous places in the factory warning that any one found guilty of offering or accepting a bribe or of other acts of misdemeanour will be severely punished.

#### *Dharmavu.*

We have yet to deal with another item of compulsory deduction from the wages of the workers *viz.*, recovery of dharmavu by the employers. This is a sort of customary deduction from wages which is practised by some of the Indian factory owners. It was stated by some of the employers that the purpose of the recovery was to set apart a fund from which they could make charity payments. This is merely an excuse. As far as we are aware, the dharmavu recovered is rarely credited to a separate fund or used for the payment of charity. On the contrary, almost invariably it constitutes an income of the factory owner. We were told that the dharmavu deductions were discontinued by some of the factory owners after the last general strike, but in many factories, the practice still continues. We are of opinion that the recovery of dharmavu is an unjust deduction from wages and that the practice should be given up entirely. Some of the factory owners who now recover dharmavu expressed their willingness to discontinue the practice. In the Payment of Wages Act which we propose, dharmavu and other compulsory deductions from wages will be declared illegal.

#### *Payment of Wages Act.*

We have carefully considered the question of enacting a law to regulate the payment of wages to industrial labourers in Travancore. Our witnesses were, almost to a man, in favour of such a measure. We are ourselves strongly

in favour of it. Accordingly we recommend that a law on the lines of the Payment of Wages Act (No. IV of 1936) in British India be enacted in the State.

The following matters relating to payment of wages may be regulated by the Act.

*I Time and manner of payment of wages :*

1. Wage periods should be fixed in every factory, which in no case should exceed a fortnight. Government may by rules allow exceptions.
2. The wages of every person employed in a factory should be paid not later than the 7th day after expiry of the wage period. When the employment of a person is terminated, his wages should be paid not later than the second working day after the date of his discharge. All wages should be paid within the factory premises on a working day.
3. All wages should be paid in current coin or currency notes or both. This shall apply also to advances made to the workers.

*II. Deduction from wages.*

Deduction from wages may be made in the following cases only:—

- (a) Fine.
- (b) Absence from duty.
- (c) Damage to or loss of goods or money.
- (d) House accommodation or amenities provided by the employers.
- (e) Recovery of advances or adjustment of over-payment of wages.
- (f) Income tax.
- (g) Deductions to be met by order of court.
- (h) Payments to co-operative societies.

In the case of fines, they should be imposed only in respect of acts or omissions which are specified by rules made under the Act. The rate of fine should not exceed 1 ch. in every rupee of the amount of wages earned. No fine should be imposed without taking the explanation of the worker concerned. All fines realised should be credited to a separate fund and should be applied only for such general benefits of the workers as are approved by rules.

Deduction on account of damage to or loss of goods or money should not exceed the amount of the damage or loss caused to the employer and should not be made until the worker has been given an opportunity of showing cause against the deduction. Fines and damages should not be recovered for the same default.

### III: Enforcement of the Act.

Inspectors appointed under the Factories Act VIII of 1114 should be declared inspectors for the purposes of the proposed Act and other suitable provisions may be made for its enforcement.

### IV. Books and accounts.

Provision should be made in the Act empowering Government to make rules enforcing *inter alia* the maintenance of proper books and accounts, such as cash account, wage books, registers of fines and deductions etc.

## CHAPTER V.

### Wage Rates and Earnings.

In this section, we propose to deal with one of the major issues raised in the labour memorandum, *viz.*, that of the present position of wages. The memorandum has stated:

- (i) That during the last fifteen years, the factory owners have been steadily reducing the wage rates,
- (ii) That at present the labourers do not earn a living wage, and
- (iii) That in Alleppey and the suburbs, rates of wages have been reduced by 50 to 75 per cent. during the period.

A question of this kind can be properly investigated only with the assistance of reliable statistics. In respect of the period under consideration, information must be available regarding the variations in wage rates and average earnings from centre to centre and from factory to factory and also regarding the variations in the cost of living and standard of living. Besides, the investigation should necessarily comprehend statistics regarding the variations in the earnings of the industry and margin of profits. For, in fixing wages, we have to take into consideration not only the cost of living of the labourers but also what the industry can reasonably be expected to bear.

Here it has to be admitted that statistics of the kind do not exist. In a large number of factories, there are no proper accounts and even in well-organised factories, records are not available for more than a few years. The position is further complicated by the fact that rates have at all times varied from centre to centre and from factory to factory. There are numerous processes and categories of work and a large variety of qualities, sizes and patterns to be reckoned

with. A proper study of the course of wages during the period is also rendered baffling, if not impossible, on account of the variations in the methods of employment and the methods of wage payment. In the absence of specific information on these relevant points an accurate comparison of the present rates of wages and earnings with those that prevailed in 1925 is all but impossible.

In the existing conditions, all that we could do was to make an attempt to get an idea of the cost of living and standard of living of the workers by means of an enquiry into their family budgets. (Vide Part III). We also made an effort to collect particulars, from the factory owners direct, regarding the variations in the earnings of labourers and in the rates at which the earnings were made, the profits and losses of the factories etc. We have already indicated elsewhere, that the returns were obtained only from a very few factories, rendering it impossible for us to draw any conclusions generally applicable to the whole industry:

Bearing in mind the limitations and handicaps under which we made our enquiries, we proceed to state below, as briefly as possible, our conclusions and recommendations, in regard to the wage position.

(1) The labour memorandum has stated that, generally speaking, wage rates have been reduced by 50 to 75 % during the period of 15 years from 1925 to 1936. At the same time they have made it clear that they arrived at their estimate only on the basis of the very limited resources at their disposal. We examined the books of eight important factories in Alleppey, with a view to ascertaining the variations in wage rates, for the years for which figures were available, in respect of certain typical categories of work. We found that, generally speaking, rates have been reduced by 20 to 40 per cent during the period 1925-1939. The representatives of the employers have accepted the 20 to 40 per cent reduction as correct. We also consider that this average may for all practical purposes be taken as correct. It is possible that there might have been reductions going above or below the 20 to 40 per cent limit. There may also be rates which have remained stationary or have been slightly raised. The employers in Alleppey who are the chief shippers of coir products state that they have been compelled to reduce wages on account of production in district factories at much lower rates of wages.

(2) The next question is: What is the relation of the fall in wages to cost of living? During the period 1925-1939, the price of rice has, on the average, fallen by about 50 per cent and rice forms the bulk (45 per cent) of the expenditure on food, which again forms 73 per cent of the total expenditure



of a worker's family. The fall in the price of rice approximately amounts to 16 per cent of the total family expenditure. The prices of the other staple articles consumed by the workers, *viz.*, cloth, tapioca, condiments etc., have also fallen to an appreciable extent. As we have no index numbers of prices, these variations cannot be fixed with accuracy. Nor are we in a position to estimate the extent of fall in the cost of living and its relation to the reduction in the rates of wages. Here we may observe that the lower cost of living in the case of workers whose standard of living is already very low cannot be considered a valid ground for any corresponding reduction in their wages, for their standard of living was already far from satisfactory and any drop in their cost of living should as far as possible, be utilized to enable them to approximate towards standards compatible with a living wage. For, the cost of living theory cannot, in reality, have a valid application to those classes of workers whose standard of living is below a reasonable level.

(3) From the family budget figures we have collected (Vide Part III) and from our own observations, we would draw the following conclusions:—

(i) that the standard of living of the workers in the district factories is appreciably lower than the standard of those who work in the factories in Alleppey; and

(ii) that the average standard of living of the workers in the industry is not satisfactory.

They live in small huts, entirely made of coconut leaves, with a single living room in which an average family of 5.6 members is huddled together; and considering the exhausting character of the work, particularly of those who labour at the looms, the quantity and quality of their food cannot be regarded as sufficiently nourishing. We do not say that their standard of living is worse than that of those working in other industries or in agriculture. But we have no doubt that their conditions of life call for improvement.

(4) Now we come to the question of the profits of the industry. As we have already mentioned, the returns relating to profit and losses which we had called for were not supplied to us except by a very few firms. This might have been due to the difficulty of collecting and tabulating the necessary figures or, as in the case of the many small factories, to the absence of any proper records at all. Whatever be the cause, the lack of reliable statistics on the question has placed us at a heavy handicap. For instance, we have not been in a position to check whether the inadequacy of profits or losses complained of were brought about by the failure to take the necessary precautions against any avoidable expenditure.

The facts we recognise are the following:—

(i) The industry was making good profits up to the year 1927, but at present it is not making adequate profits,

(ii) Some factories are now working at a loss,

(iii) Some factories are working on a narrow margin of profits,

(iv) Many factories do not know whether they are working at a profit or not and may never know it, till they close down, as is shown by the number of those who drop out of the business yearly.

This state of affairs has been brought about on account of the unhealthy competition, undercutting of prices and other irregularities we have described in detail elsewhere.

(5) A good number of the employers have stated that, considering the monetary conditions in Travancore, a reasonable rate of net profits for an industrial undertaking would be about 10 per cent. On borrowed capital, the European factories generally pay 5 per cent. interest and the Indian factories from 9 to 12 per cent. The claim for 10 per cent. net profit seems to us to be rather excessive at the present time. But in the case of small Indian firms whose capital investments are small, a fairly high rate of net profit might be justifiable.

(6) The next question is this: Is there a possibility of effecting an immediate increase in the wages of the workers in the industry? From our investigations, we are convinced that, from the standpoint of labour, the whole trouble is not so much about *rates* as about *earnings*. The evidence tendered before us is uniformly to the effect that the rates are adequate to enable the workmen to maintain working efficiency and a reasonable standard of living. Even at the present rates, we find that in the bigger factories, it is possible for an average worker, if he has full time work for 26 days in the month, to make a minimum of Rs. 12 and a maximum of Rs. 40 per mensem. But the average earnings of the labourers are low. The family budgets show that with an average of 1.5 members working in coir factories, an average family of 5.6 members earn from factory work only Rs. 10-20-9, per mensem (and that is 73 per cent. of the total family income from all sources, *viz.*, Rs. 14-17-12, earned by 2.6 working members) and the average earning of a factory worker is Rs. 7-3-0. The average expenditure per family, per mensem, is Rs. 16-23-9, (*vide* Part III.)

The low per capita earning is, as we have described elsewhere, due mainly to lack of regular work and the excessive supply of labour. The fundamental problem in our view is

how to find full time employment for 26 days in the month for a volume of labour just sufficient for the actual requirements of the industry. This means that the influx of labour into the industry has to be stopped and the whole industry has to be organised and controlled on the lines we have outlined in the chapter on "Control of the Industry". If this is accomplished and the various irregularities and exactions we have pointed out are eradicated from the industry, a very marked improvement will be brought about in the profits of of the industry and consequently in the real wages and earnings of the workers and in their standard of living.

(7) We realise that it will take some time to organise the industry on rational lines and to control the influx of labour and to effect the various improvements we have recommended in the industry in general. We were, therefore, confronted with the question whether there was any possibility of effecting an immediate improvement in the rates and consequently in the earnings of the workers without unduly burdening the industry in its present condition. One or two prominent Indian manufacturers stated before us that, even in the present circumstances, it was possible to raise the rates, provided all manufacturers agreed to do so and the district rates were brought to the Alleppey level. This presupposes the standardisation of rates that we have recommended elsewhere, necessarily requiring considerable time for its accomplishment. The Board unanimously hold that the one anna in the rupee increase that the factory owners undertook to pay, as a temporary measure, at the conclusion of the general strike, should be made permanent. We find that this increase has not been adopted by all the factory owners, particularly those in the districts and some even in Alleppey. It should be made incumbent on all employers. Moreover, it should also apply to the sorting, re-hanking and baling workers in factories exporting coir yarn. This increase represents a permanent raising of wages by  $6\frac{1}{4}$  per cent.

In recommending the confirmation of the one anna increase, we trust that both parties will agree to the maintenance of the existing rates, pending the standardisation of wages which we hope will be brought about, at an early date, on the lines of our recommendations in Chapter III.

(8) The labour representatives proposed that in addition to the above increase, an immediate all-round increase in rates by 25 per cent. should also be recommended by the Board. The representatives of the employers pointed out that it was utterly impossible to make any increase in Alleppey rates, in the present circumstances, retaining the present wide disparity in rates between Alleppey and the districts.

They suggest that the first thing to be done is to level up the rates as between Alleppey and the districts, with due regard to the cost of living in the two areas.

The labour representatives consider that, in view of the low earnings which prevail in Alleppey as well as in the districts (*vide* Part III), an all-round increase in wage rates is immediately called for. As regards the disparity between Alleppey and the districts, they contend that the existing disparity will be reduced by giving a higher percentage of increase in wage rates in the districts than in Alleppey. In this connection, they also point out that some of the employers expressed the opinion that a general increase in rates can be given, provided the disparity between Alleppey and the districts is completely bridged. They agree to the desirability of levelling up the disparity in rates of wages existing at Alleppey and the districts, allowance being necessarily made for differences in the cost of living between the two areas. They, therefore, advocate an immediate increase in the rates of wages both in Alleppey and in the districts, the increase in the district rates being higher than that in Alleppey rates.

As against this, the employers' representatives contend that an all-round percentage increase in rates is undesirable for the following reasons:—

“ It is generally agreed that rates should be standardised and if Alleppey rates are not to be reduced, it must be assumed that the existing disparity between the rates in the districts and those in Alleppey can only be removed by a substantial increase in district rates. This increase will affect at least 50 per cent. of present production and the recovery of this increase from overseas purchasers will present an almost insuperable problem. Although some of the employers whom the Board examined thought it might be possible to pass on to consumers an increase in Alleppey rates without reducing demand, the majority of employers do not believe it to be possible at present. If, as seems probable, total demand is reduced by the district increase in cost of production, actual earnings of workers may not be increased or may even be reduced. For these reasons, a proposal to increase existing Alleppey rates can only be considered after the effect on demand of the levelling up of increases in the districts has been examined ”.

On this question of an immediate increase in the rates of wages, in the existing circumstances, the Board regret that they are unable to make an agreed recommendation. But they feel confident that a substantial and, at the same time, permanent improvement in the real wages of the workers will

be brought about when measures are adopted implementing our recommendations on such fundamental questions as standardisation of wages, limitation of labour supply, payment of wages, rationalization of the industry, etc.

## CHAPTER VI.

### Health and Welfare:

The points that are dealt with in this chapter are :

1. Are the following complaints made by the Travancore Labour Association in their memorandum presented to the District Magistrate Quilon true and if so, what are the remedies ?—

- (a) That some processes of work are either dangerous or injurious to the health of the workers and that in many factories, no protection is afforded against them.
- (b) That unsatisfactory health conditions prevail. In most factories good drinking water is not available, no latrines are provided, the labourers have to work under heated zinc roofs, factory buildings have no proper ventilation and buildings and looms contravene the provisions of the Factories Act.

2. Are the following demands made by the Labour Association reasonable ?

- (a) That maternity benefit should be provided for women employees.
- (b) That provision should be made for the education of working class children in the industry.
- (c) That unemployment insurance should be provided for.

Our information on the health and safety conditions in factories was gathered from answers to the questionnaire, oral evidence and personal inspection of factories.

#### *Dangerous Processes.*

It will be observed from Part I of this report that the labour representatives and witnesses did not lay much emphasis in regard to dangerous operations in factories. We were told that serious accidents in the factories were of rare occurrence. This is probably due to the fact that steam and electric power are used in the factories only to a very limited extent and the operations are more or less simple which do not require the use of complicated machinery. Occasionally an operator may get himself scalded in the dyeing vat or have

a hand broken or may otherwise be injured by getting involved in some running machinery. But these accidents may be generally due to carelessness or the neglect to take ordinary precautions.

*Injurious Processes.*

We find that the complaint about occupations injurious to health refers chiefly to stencilling work. Those who do that work have to handle dyes and their hands get smeared in the process. It was stated that the dye adheres to the skin in spite of the most careful washing with soap and water; that this sets up an irritation which results in diseases of the skin; that some times the fingers get swollen and that generally the men engaged in the work develop serious diseases, in course of time, which cause permanent injury to their health. We saw some of these workmen. Their hands were deeply stained and we believe that the hands cannot be restored completely to their normal and natural state, so long as the daily smearing goes on. The fingers of the men are not generally swollen; and when it occurs, it is, in the opinion of the employers, not due to the nature of their work but to the rheumatic tendency of the workers. Perhaps owing to the action of the dyes, rheumatism develops easily in the case of those who have a predisposition to that disease. The labour representatives on the Board stated that they have been told by some medical men who have treated the workers for swellings on the hand that the disease was due to poisoning from dyes.

We have not received sufficient reliable evidence to prove that the handling of the dyes constantly causes permanent injury to the health of the workers. There is no information as to whether the aniline dyes used in stencilling contain any injurious substance. These are matters for expert investigation. We suggest two lines of investigation.

In the first place, we recommend that the Government should direct the medical officers in Alleppey to investigate whether the workers engaged in stencilling suffer any permanent injury to their health. They should maintain clinical records of the cases of stencillers who come under their treatment, and follow up the cases for a number of years. Obviously reliable results can be obtained only if the investigation extends over a long period of time. We suggest that a beginning be made as soon as possible.

Secondly we think that this is a matter which the Research Department of the Travancore University may take up with advantage. The research students of the University may be asked to find out whether the dyes used contain any injurious substance and if so, what antidotes should be used

to ward off the effect of the poison. They should also try to find out a method by which the dyes can be completely washed off from the hands.

It was suggested that the workers might be given rubber gloves when they do stencilling work. We were told that this device was tried in one or two factories but was given up as the workers discarded the gloves as being inconvenient. We believe that the workers are not likely to take kindly to the wearing of gloves, as they may affect the quickness and efficiency of their work. We, however suggest that the use of gloves may be tried as an experiment, if the workers in any factory ask for them. We also recommend that ample facilities should be given by the factory owners to the stencil workers to clean their hands with soap and water before they leave the factory every evening.

Another process of work which is stated to be injurious to the health of the workers is shearing. We are of the opinion that the process of shearing mats by machinery may prove injurious to health because the flying particles of coir dust are likely to affect the lungs of the operatives. We suggest that every shearing machine in use should be compulsorily equipped with a dust extracting plant.

#### *Drinking Water.*

The supply of good drinking water is a primary necessity of the workers in every factory. The coastal tract of Travancore where the mats and matting factories are situated is notoriously deficient in good water. The people living in this area draw their water chiefly from tanks and shallow wells in which the subsoil water is collected. This water is generally brackish. Tank water is liable to surface pollution. Well water is not much better as regards taste but it is more or less free from contamination and it is the best that can be had in this region. The larger factories in Alleppey generally provide drinking water for their employees but such facilities seldom exist in the small factories. Usually every factory has one or two tanks or wells attached to it and whoever wants to satisfy his thirst must go and draw the water for himself. Employers who gave evidence before us stated that they store water in pots for the use of their labourers but there was no sign of any such storage in some of the mofussil factories which we visited.

The Alleppey water supply scheme is nearing completion and before long the town factories will be in a position to provide adequate drinking water to their workers. We hope that one or two taps will be laid in every factory expressly for their use.

So far as the District Factories are concerned, the question of providing protected water supply in that region is one to be tackled by the Government. Until such supply becomes available the factories in the districts must be satisfied with well water which is the best that can be had in that area. We think that every factory should have a well attached to it which should be reserved for drinking purposes and carefully protected from contamination. The drinking water required by the factory hands should be drawn and kept in clean earthen pots at the expense of the employers.

#### *Latrines and Urinals.*

Latrines and urinals are generally provided in the factories in Alleppey. The allegation in the Labour memorandum that latrines are not provided refers chiefly to the factories situated in the district area. Very few of these factories have provided latrine accommodation. The factory owners maintain that their factories have extensive grounds which can be used by the workers and that latrines and urinals will be a superfluity so far as as these factories are concerned. We think that the practice of using the open spaces around a factory to serve the purpose of latrines and urinals is highly insanitary and should be put a stop to in the interests not only of the workers but also of the people who live in the neighbourhood. It is absolutely necessary that latrine accommodation, separately for men and women, should be provided in every place where a large number of persons work together every day for several consecutive hours.

#### *Factory Buildings.*

Factory buildings belonging to the European firms and a few of the larger Indian establishments in Alleppey are substantial structures and are generally roofed with tiles. Here and there, there may be zinc roofed buildings but they are almost always used as engine rooms or dyeing sheds where fire is kept up. In the districts, the factory buildings with very few exceptions are thatched with coconut leaves. The complaint that the workers have to work under heated zinc roofs is, therefore, not of much moment and it will be noted from the cases we have considered in Part I of the report that the labour representatives did not press it home.

As regards ventilation, the country factories are generally open on all sides and their ventilation is exceptionally good. The town factories are naturally at a disadvantage in this respect, but the situation is not so serious as to call for any drastic remedy immediately.



In most factories which we visited, we observed that there was much avoidable congestion. The looms are placed so near each other that there is hardly elbow room for the workmen to carry on their work with ease and comfort. There is absolutely no justification for the congestion in the mofussil factories which are not hampered by lack of space. In the town factories the problem of space is more serious and we are not, therefore, surprised at the congestion to be found in them. We think that this is an evil which can be remedied without much expense.

#### *Sunday Work.*

One of the grievances of the workers, as pointed out in the labour memorandum, is that they are often compelled to work on Sundays. Our enquiries have convinced us that the charge is true. However, some factory owners have stated before us that, as a rule, they do not work on Sundays, while some others have stated that if ever they are obliged to work on a Sunday, a compensating holiday is allowed subsequently. We have also been told that whenever Sunday work is required of the labourers, it is because a work has to be finished urgently against the arrival of a steamer and failure to despatch the goods by the particular steamer would entail loss to the shippers. The labour representatives have stated that the practice of allowing a compensating holiday does not exist.

We consider that all factories should be closed entirely on one day in the week, preferably Sunday. But there may be some exceptions and these exceptions are provided for in the Factories Act. The grievances, in regard to this matter, will be remedied when, as we have recommended below, the Factories Act is declared applicable to all mats and matting factories.

#### *Labour Welfare.*

One of the basic reasons for friction and strife in industry is the absence of personal contact between employers and employees in modern factories. The employer or the chief manager in a factory is generally an overworked individual who has very little time, even if he has the inclination, to cultivate personal contacts with the workers. He is surrounded by his superintendents, clerks and overseers who generally act as intermediaries, between him and his employees. We are convinced that it will serve the interests of the employers as well as the workers, if closer personal relations can be established between them. One direction in which this can be achieved is by their undertaking labour welfare work in co-operation. We consider that

more valuable and permanent results can be achieved by voluntary efforts than by compulsory legislation. There are several directions in which the lot of labour can be improved in this manner. The general literacy among the workers' children as well as adults can be improved by the opening of night schools. The opening of co-operative stores recreation clubs, maternity and child welfare centres etc. will also go far in bettering the conditions of the workers and serve to establish better relations between them and the employers. There is unfortunately a growing tendency among both parties to consider that it is difficult, if not impossible, to establish harmonious relationship between them. It is high time in the interests of peace and prosperity in the industry, that this deplorable tendency should be strenuously combated. The present attitude of the employers to welfare schemes is one of practical sympathy. It will be very much worth their while if they initiate welfare schemes themselves. There is nothing novel in this suggestion. We find that employers in the western countries often spend large sums of money for providing various kinds of amenities for their workers. Such instances are to be found in India also. This is not only on humanitarian considerations, but also because they realise that any outlay on such projects will be paying in the long run.

Hitherto very little has been done in the field of labour welfare work. We understand that some years ago a night school was conducted for the workers in Alleppey. The expenses of the school were met by subscription and funds obtained from cinema-shows etc. The school was carried on for over four years, but had to be closed on account of lack of support from the public. We are told that a creche for the children of factory workers is working in Alleppey to which a contribution is being given by the Travancore Chamber of Commerce. It may be said that the present position of the industry does not warrant any expenditure on welfare schemes. But the argument is short-sighted. In the first place, a great deal of good can be accomplished without any large outlay of funds. Further, whatever is spent for such purposes will be amply repaid by the creation of contentment and goodwill among the workers.

We are also confident that when welfare schemes are undertaken, adequate financial support will be forthcoming.

We consider that the Coir Factory Workers' Union has an important duty in this respect. Hitherto their attention has been largely directed to securing better wages from the employers; but there are other directions as well in which they can devote their energies profitably. They should themselves initiate useful schemes for the welfare of the workers. They

can start co-operative stores, night schools, reading rooms etc., in the different factory centres. If they do so, we think that they can legitimately count upon the financial support of the employers and the public. What is needed is a new outlook and an earnestness and enthusiasm to improve the lot of the workers, whose interests are their special and particular care. We are making these observations with a genuine desire to see that the Union functions far more effectually in the service of labour than it does at present. In this connection, it is due to the Coir Factory Workers' Union to say that within the limits of their scanty funds they are running a night school and a reading room and give relief in cases of distress.

It is also necessary that the State and the municipality should come forward to improve the condition of the workers who play an important part in the national economy. Ordinarily their function will be to support and stimulate local effort; but there are certain duties which it is legitimately their province to undertake. They may open maternity and child welfare centres in localities where the labour population lives. We understand that there is one maternity and child welfare centre in Alleppey which is assisted with funds by the municipality; but we suggest that this activity might very well be extended. Better provision can be made for medical relief by the opening of rural dispensaries; public libraries and reading rooms may be started for the spread of education and enlightenment. They should also make liberal grants in support of schemes which serve to promote the material and moral welfare of the workers.

We now turn to the specific demands made by the Labour Union. They are:—

- (i) That maternity benefit should be provided for women workers.
- (ii) That schools should be opened by the employers for imparting education to the factory children.
- (iii) That a scheme of unemployment insurance should be started.

#### *Maternity Benefit.*

We have carefully considered the proposal made in the labour memorandum that the factory owners should provide a maternity benefit to the women employees.

The women are employed in operations such as sorting, splicing, braiding, rebanking etc. The greater portion of them working in Alleppey are employed in the factories exporting coir yarn.

The general standard of living of the workers being low, there can be little doubt that some form of maternity benefit would be of great help to the women workers. There was, however, a unanimity of opinion among the employers against this proposal. They said that the passing of a legislation enforcing maternity benefits will immediately result in reducing the number of women employees. Their objection was not so much to the extra expenses which they would have to incur as to the harassment and annoyance which they might be subjected to in the administration of the Act. They have stated that they would rather stop the employment of women than undergo the trouble and inconvenience resulting therefrom. Maternity Benefit Acts are in force in some of the British Indian Provinces. But we have no information whether the introduction of this measure has caused a reduction in the number of women employees. In any case, this is a question that cannot be tackled without duly considering the employment of women in other industries also. We recommend that Government should bestow their attention, as early as possible, on the question of enacting a maternity benefit law after due consultations with all interests concerned.

#### *Schools for Factory Children.*

We recognise the paramount importance of the education of factory children and we are very much in sympathy with this proposal. We have already indicated our views in regard to welfare schemes of this kind. This is not a matter in which anything can be achieved immediately by legislation. We think that the need can be met to some extent by voluntary effort with the practical sympathy and co-operation of the employers.

#### *Unemployment Insurance.*

We consider that it is not practicable to introduce any scheme of unemployment insurance in the State at present. On this question the Royal Commission on Labour in India has stated as follows:—"We cannot regard any national system of insurance with which we are familiar as feasible at present in India". However, we understand that legislation on this subject is contemplated in some provinces in British India. It will be desirable to be guided by the experience of its work obtained by those governments.

#### *Labour Organisation.*

In the labour memorandum the complaint is made that the factory owners do not accord adequate recognition to the workers' unions and that those who are suspected of taking an active part in Union work are sometimes visited with unjust punishments such as fines, wrongful dismissals etc.

Victimization was strongly denied, though some instances were mentioned to us; but it has to be remembered that it is not always easy to prove such charges. The labour representatives have also pointed out that the generally unsympathetic attitude of the employers is a serious hindrance to the promotion and maintenance of amicable industrial relationships.

Whatever may have been the past attitude of some of the employers, we are glad to note that practically every one of them who gave evidence before the Board, stated that he was prepared to welcome and recognise a properly organised labour union which could speak on behalf of his workers and also to investigate and rectify any genuine grievance brought to his notice by the Union.

We consider that full co-operation between the unions and the employers is necessary. In view of the helpful attitude of the employers, we consider that labour may dismiss the apprehensions expressed in this regard in their memorandum.

We are told that attempts at the organisation of the labourers in the mats and matting industry in Alleppey began about 20 years ago. Till recently the organization was known as the Travancore Labour Association which was not a registered body. As soon as the Trade Unions Act of 1112 came into force, the Labour Association got itself registered under the Act, under its present name "The Travancore Coir Factory Workers' Union" with its head office at Alleppey. From the statements submitted to us, we find that, on the 28th February 1939, there were 7481 members on the register of the Union. The membership subscription is at the rate of 2 chuckrams per month. Copies of the annual reports and audited balance sheets of the old Association for the years 1104 to 1111 and the audited balance sheet of the Union for the year 1112 have been submitted to the Board.

Besides the Travancore Coir Factory Workers' Union of Alleppey, there are also three district unions of recent origin at Shertally, Muhamma and Aroor. All these are registered under the Trade Unions Act.

In this connection, we should also mention the fact that the representative character of the Union has sometimes been challenged by the employers. With regard to this point, we would observe that it is not to be expected, particularly in Indian conditions, that all the workers or even a majority of the workers in an industry will ever enrol themselves formally as members of a union. A fair proportion of them, sufficiently well organised and capable of representing the views and interests of all, is all that is usually required for recognition. We would also refer to the view of the

Royal Commission on Labour that the argument that a Union is not sufficiently representative of the workers is unsound in principle.

Charges of indiscipline and lack of effective control have also been made against the labour unions. It has, however, to be recognised that properly organising and controlling several thousands of workers is no easy task. Nevertheless, we would urge that no pains should be spared to instil into the minds of the rank and file that sense of discipline and correct conduct which are so essential for the strength and solidarity of any association working for the common interests of large numbers of people. Above all, every possible effort should be made to make the workers realise that the better ordering and prosperity of the industry should be as much their concern as that of their employers and, in that spirit of responsibility and mutual support, they should actively co-operate with the employers and the Government in any steps that may be taken for the organisation of the industry on the lines of our recommendations. We would particularly emphasise that it is absolutely necessary that a calm and peaceful atmosphere should prevail in the industry to enable the Government to adopt the measures so urgently required to improve the conditions in the industry and to set it on the road to renewed prosperity.

## CHAPTER VII.

### Administration and Statistics.

#### *Application of the Factories Act to the Mats and Matting Industry.*

It is suggested in the labour memorandum that the conditions under which labour is employed in the factories, can be greatly improved if the requirements of the Travancore Factories Act are strictly enforced in the case of the mats and matting factories. This Act (No. VIII of 1114) contains ample and detailed provisions for the protection of the health, safety and general welfare of factory workers.

Chapter III of the Act deals with the health and safety of workers and include provisions for cleanliness, ventilation, overcrowding, lighting, water-supply, latrines and urinals and other amenities in factories. The labour representatives are, therefore, right when they say that the remedy for the unsatisfactory working conditions in some of the factories lies in the strict enforcement of the above provisions of the Factories Act.

However, it has to be pointed out that the Factories Act is not directly applicable to all the mats and matting factories. To bring any factory under the operation of the Act, it must satisfy two conditions, *viz.*,

(1) Twenty or more people must be working in its premises and precincts.

(2) The manufacturing process in it or in any part of it must be carried on with the aid of power.

The majority of the mats and matting factories do not use power. A few use power for minor operations such as shearing, braiding etc., and the Act is applicable in their case. One factory owner stated that he had 700 looms out of which the Act was applicable only to 100 looms, the remaining 600 being outside the scope of the Act as power was not used in the premises. This is an anomaly.

In our opinion the application of the Act should be extended to all manufacturing premises (excepting cottage industry) where mats and mattings are made. In this proposal, we are supported by the proprietors of most of the well-conducted factories. We note that this object can be secured without fresh legislation. Section 5 of the Act empowers the Government to declare by notification the precincts whereon a manufacturing process is carried on, *whether with or without the aid of power* and whereon or within the precincts whereof, on any day of the twelve months preceding, *ten or more workers are employed*, to be a factory for all or any of the purposes of the Act.

We recommend that the operation of the Act be extended in the manner stated above to the mats and matting factories in Travancore and we expect that if this is done hardly any mats and matting factory will be exempt from the operations of the Act.

#### *Administration of Factory Laws.*

Peace in industry and the welfare of Labour depend, in a large measure, on the efficient administration of the factory laws. In this section, therefore, we would offer some suggestions on this all important question.

The first factory law enacted in the State was the Factories Act No. V of 1089. This was based on the Indian Factories Act No. XII of 1911. In this Act, a factory was defined as any premises using mechanical or electrical power and in which 50 or more persons were employed on any day in the year. Certain industrial undertakings such as mines, tea, coffee, rubber, cardamom and indigo factories and industrial schools were excluded from the operation of the Act. Government were granted powers to extend it to premises (except those excluded by the Act) in which 20 persons or more were employed. Provision was made for the appointment of inspectors of factories for local areas. District Magistrates were *ex-officio* inspectors within their respective jurisdiction,

The Act, although it contained provisions relating to health and safety, was limited in its scope, as it did not apply to a large number of factories working in the State. The arrangements made for inspection were also not quite satisfactory. The provision made in the Act for the appointment of full time inspectors was not availed of, the work of inspection being left entirely to the District Magistrates.

The Factories Act of 1114 (which superseded the Act of 1089) effected extensive improvements in the scope and operation of the law. The principal changes were :—

- (1) the application of the Act was extended to all industrial undertakings using power and employing not less than 20 persons. The Government were granted power to declare by notification undertakings employing not less than 10 persons and working with or without power as factories for the purposes of the Act.
- (2) the reduction of hours of work.
- (3) restrictions in the employment of children ; and
- (4) better observance by factories of the provisions of the Act.

The rules under the Act have not yet been issued. The draft rules were published in the Government Gazette on the 23rd May 1939, and a period of 3 months is allowed for public criticism. It is hoped that the rules will be brought into force at an early date.

Earlier in this chapter, we have recommended that Government should avail themselves of the statutory power conferred on them by Section 5 of the Act and declare all mats and matting factories where ten or more workers are employed as 'factories' for the purposes of the Act with a view to improve the conditions of labour in these factories. However, the mere extension of the Act will not serve this purpose. What is equally important is to make efficient arrangements to see that the provisions of the Act are observed by the factory owners. The Act provides the necessary machinery for the purpose. Under the Act Government may appoint Inspectors of factories with jurisdiction over local areas as well as a Chief Inspector for the whole State. The District Magistrates are inspectors in their own districts. The arrangements for factory inspection in the past were not quite effective, in spite of the fact that the number of factories to be inspected by the District Magistrates under the old Act was small. In our view, the continuance of such an arrangement will not be satisfactory. The number of factories to be inspected under the present Act is considerably larger and this will be increased still further when the application of the Act is extended to all mats and matting factories. The duties imposed on the inspectors are also more strenuous and exacting. The health and safety of labour depend to a large extent



on the regularity and efficiency of the inspection of factories. The District Magistrates (who are also Division Peishkars) are over-worked officers with multifarious duties. It will be too much to expect them to devote much time or attention to the inspection of all the factories within their jurisdiction. We therefore think it is imperatively necessary to create a separate inspecting organization as contemplated in the Act.

The State may be divided into 3 Factory Districts and one Inspector appointed for each District.

1. *Trivandrum District*—to comprise the taluks of the Trivandrum Revenue Division, and the taluks of Quilon, Kottarakara, Pathanapuram, Shencotta and Kunnathur of the Quilon Division.

Headquarters—Trivandrum.

2. *Alleppey District* :—to comprise the taluks of Karunagapally, Karthigapally, Mavelikara, Ambalapuzha and Shertally of the Quilon Division and Vycome of the Kottayam Division.

Headquarters—Alleppey.

3. *Kottayam District*, to comprise all the taluks of the Kottayam Division including Deviclam and Peermade (except Vycome) and Tiruvalla and Pathanamthitta of the Quilon Division.

Headquarters—Kottayam.

In view of the large number of mats and matting factories in the Alleppey district, and plantation factories in Kottayam district, it may be necessary to appoint additional Inspectors in those districts.

The Inspectors should carry out the periodical inspection of the factories within their jurisdiction and submit such reports and returns as are prescribed by rules. The Inspector may also be empowered to act as mediator in minor disputes that may occur in their districts.

#### *Chief Inspector (Labour Commissioner.)*

The appointment of a central authority to direct and co-ordinate the work of the inspectors appears to be necessary. He will control the work of the inspectors and secure uniformity in the application of the Act in the different districts. His designation may be Commissioner of Labour, although for the purpose of the Factories Act, he may be referred to as the Chief Inspector of Factories. As Commissioner of Labour, he may be entrusted with the administration of the other labour enactments also, viz., the Trade Unions Act, the Trade Disputes Act, the Workmen's Compensation Act and the Payment of Wages and the Trade Boards Acts (when passed). He will act as expert advisor to Government in all labour

matters. He should be responsible for the collection and compilation of labour statistics for which there should be a special bureau in his office. He may also be empowered to act as mediator in major labour disputes. We think that a full-time officer will be necessary to discharge all these duties and responsibilities. In the recent past, labour matters have assumed an importance which was not dreamt of some years ago and they are bound to loom larger still, as the State grows in industrial importance and labour becomes more and more self-conscious and vocal. It is in view of these considerations that we recommend the appointment of a whole-time commissioner. The Labour Commissioner should have the status and pay of a major Head of Department as he has to command the confidence and respect of both capital and labour. The Inspectors of factories may be given the rank and pay of Assistant Division Peishkars.

#### *Compilation of Statistics.*

We have already indicated how seriously we have been handicapped in our work on account of the lack of statistical information relating to wage rates, prices, cost of living and other matters indispensable in an enquiry of this kind. We desire to state that it is highly necessary in the interests of labour, the employers and the industry in general that reliable statistics should be collected, maintained, and published by an impartial authority. It will also be a very valuable help to Government in the formulation of labour policy and in the prompt adoption of remedial measures.

As we have suggested in another connection, the office of the Labour Commissioner should be responsible for the compilation of statistics. Statistical data may be collected and maintained under various subjects and heads. But we consider that the first attempt should be directed towards the compilation of cost of living index numbers.

The device of cost of living indices are, in modern times, extensively made use of for the adjustment of wages. As far as Travancore is concerned, problems relating to wage adjustments used to be more or less easily solved by means of mutual bargaining, between the workers and their employers and labour troubles were rare. In recent times, however, labour has adopted the method of organized bargaining and agitation for securing higher wages. Strikes and lock-outs have also become frequent. The labourers complain that rates of wages have been heavily reduced and that they do not earn enough even for their primary requirements. The employers on their part maintain that cost of living has fallen to a greater extent than the reduction in wages.

There is practically no data to support the contentions of either the labourers or the employers. Nor is there any means to measure exactly the changes in the cost of living. It is to obviate this difficulty that cost of living index numbers are compiled and maintained. For, they indicate the changes in the cost of living and constitute the best means of securing wage agreements with the minimum of friction between the employers and the workers.

From the nature of the work involved, it will be obvious that a permanent organization is necessary, firstly to investigate and prepare family budgets, secondly to collect weekly prices and finally to compile and publish the statistics. Here we desire to observe that the family budgets we have collected and tabulated have been prepared with all the care and caution possible in enquiries of this type. They give us information mainly about the average earnings of the families of coir factory workers, how their income is expended and give an indication of the relative importance of the various items of consumption. Family budgets prepared at any given time can show only the expenditure at that time and no comparisons would be possible without statistics of prices of earlier years. It is not, therefore, practicable to construct cost of living index numbers for the previous years. But a start can very well be made at the present time; and we feel confident that, in the hands of an expert statistician with a trained staff, the results of our enquiry will prove a very valuable basis to commence work from.

Under fairly stable conditions, as we have in Travancore, it would suffice to publish index numbers once a month, from the prices collected weekly. Once family budgets are prepared and the relative importance of the items of expenditure is ascertained, the collection of data relating to retail prices from week to week is the important work that has to be regularly attended to by the statistical section of the Labour Commissioner's office. In addition to the compilation of the cost of living index numbers, the Inspectors of Factories and the Labour Commissioner should make it their function to collect detailed statistics relating to the working of the Labour Laws. The annual reports of the Commissioner, apart from reviewing the administration of the Labour Laws, should also give full statistical information regarding the number of factories, working population, wage rates, hours of work, accidents, prosecutions and other matters affecting the welfare of the workers.

## CHAPTER VIII.

**Control of the Industry.**

One of the chief questions which was raised in the labour memorandum and which, by the terms of reference, has been specifically referred to us is that of "imposing restrictions on the establishment of factories with a view to avoid mushroom factories with no capital springing up and prejudicially affecting both employers and labourers". The memorandum attributes the present depressed condition of the industry and the alleged inability of the factory owners to raise the level of wages to the unorganised and uneconomic methods followed by the factory owners and shippers and to the unbridled competition that subsists amongst themselves. Many persons, without adequate capital, enter the industry, animated solely by the money-making motive, and they indulge in unscrupulous under-cutting of prices in the foreign markets. They are responsible for the difficulties of even the well-conducted factories which carry on the industry with adequate financial resources. The industry should be saved from its present unorganised condition. Manufacturers and shippers and their competition in the foreign markets should be controlled by legislation. No one who does not deposit Rs. 5,000 with the Government should be allowed to conduct a factory. The profit motive should not be the sole guiding factor in the industry. The interests of labour should be adequately protected.

The above is, in brief, the labour point of view and it is clear that what they want is State control or rationalization of the industry, with a view to save it from self-extinction and to secure the best interests of the manufacturers and shippers, the labourers and the State in general.

We, therefore, now proceed to deal with the question of the State control or rationalization of the coir mats and matting industry.

In Chapter I of this report we have referred to the phenomenal expansion of the mats and matting industry in Travancore during the past two decades. The exports of matting increased from 1,114,811 yds. in 1919-20 to 9,578,020 yards in 1936-37 or by 860 per cent and that of mats from 110,527 cwts. in 1921-22 (earlier figures are not available) to 2,58,106 cwts. in 1936-37 or by 233 per cent. The value of exports rose from Rs. 22.96 lakhs in 1919-20 to Rs. 116.57 lakhs in 1936-37. But neither the steady growth of the industry nor its present magnitude is an index of its prosperity. Opinion among manufacturers is unanimo~~us~~ at the wide expansion of

the market has brought little benefit to those engaged in the industry. The factory owners who gave evidence before us stated they were earning good profits up to the year 1927, that thereafter the prices of coir products began to fall, partly on account of the economic depression and partly on account of competition among the manufacturers; that consequently their profits began to dwindle and that, at the present moment, most of them are either working their factories at a loss or are making only nominal profits. We have not been able to ascertain the extent of the profits or the losses and the labour representatives, although they recognise that the industry is in a disorganised condition, do not admit that it is not in a position to give better wages to the workers. We are all agreed, however, that the profits have been falling in recent years, that at the present moment some factories are working at a loss and that some factory owners do not even know whether they are earning profits or incurring losses. One thing is perfectly evident, that, owing to the chaotic conditions in the industry, it is not reaping the advantages to which its well-nigh monopolistic position entitles it. This is a state of affairs which brings no benefits to the employers, the workers, or the State. The prosperity of the industry is of vital importance to the labourers as their wages and earnings depend primarily on the capacity of the industry to earn profits. When profits decline, it will have an immediate effect on wages, which alone are capable of immediate re-adjustment; and no industry can survive continuous loss. It will eventually collapse and bring unemployment and distress to the labourers in the wake of its ruin. It is primarily from the stand point of the interests of the workers that we are concerned; in this enquiry with the rehabilitation of this industry.

The ruin of the industry will also cause serious loss to the State. The industry now occupies a unique position in the State, being the single largest factory industry in Travancore. Apart from the employment that it gives to thousands of labourers (estimated at 25 to 30 thousand), its economic value to the State is immense. But, equally, a losing industry is an economic loss to the State as it means that it is exporting its capital resources.

#### *Causes of the Decline in Prosperity.*

The present unfortunate plight of the industry has to be ascribed chiefly to be unchecked and ruinous competition among the producers who, for the sake of securing business, keep on lowering prices and even sell their goods below cost price. From 1927, there has been a large influx of shippers and manufacturers (non-shippers) into the trade. The number

of shippers is now considerably in excess of the ability of the industry to support them. There are over a hundred registered shippers and, obviously, if the business was distributed equally among them, each would secure only 1 p. c., but in actual fact there are some shippers who individually has as much as 15 per cent of the business, with the result that several others are securing only a very small fractional part of 1 per cent or no business at all. Obviously such shippers cannot prosper themselves. Their business is so insignificant that they cannot obtain the service of reputable agents to represent them in the buying centres. Their agents can find a sale for the goods only by cutting prices. They do not care at what prices they sell or whether the shippers make a profit or not. They sell a few bundles a month; their commission is negligible; and after struggling for a few months, they give up their agency and other agents of the same category take their place with the same result. One such agent offering goods at ridiculously low prices depresses the prices of all other shippers' goods. Then there are certain agents who order goods but refuse to accept them on some pretext or other. Such goods are thrown on the market and are sold at such prices as they will fetch.

Both these classes of agents are doing a disservice to the industry. Besides the reduction of prices caused by the operation of undesirable agents in the foreign markets, there is also acute internal competition among the manufacturers, both those who are shippers as well as those who are not. This happens in the following manner. Firm A, a firm of shippers in Alleppey, sends samples and quotations to a buyer in England. This buyer who is in touch with other manufacturing shippers enquires of the latter whether they can produce goods at cheaper prices. Firms B, C, and D quote lower prices, of which the quotation of the firm D is the lowest. The buyer intimates this rate to the original firm A and asks if it can supply at the rate quoted by D. Firm A is thereupon obliged either to lower its price to the level quoted by D or lose the order. Often it prefers the former course. We are told that this practice of cutting prices prevails to a large extent. Everybody condemns the practice, but in the keen struggle for existence, nobody is able to renounce it.

Among the manufacturers who are not shippers also there is unchecked competition. There is a larger number of such factories, most of them outside Alleppey. They receive orders for goods from the shipping firms in Alleppey. A firm in Alleppey receives an order, say, for 1000 cwts. of a particular kind of mat. It does not make the goods itself as it is more profitable to get it done in the district factories. So it

circulates the order to some of these factories and calls for quotations and the factory which offers the lowest price gets the order. It has been stated in evidence that sometimes these district factory owners, in their anxiety to secure business in order to keep themselves going, execute orders below cost price. Probably they expect to make profits from other sources; but those firms however, whose sole business is the mats and matting manufacture and who refuse to do business at a loss suffer and have eventually to wind up their business and clear out. The unprofitable concerns struggle on for some time and then they are also obliged to shut down. But so long as they last they do incalculable harm to the industry.

Again, in recent years a large number of men without adequate financial resources or experience of business has come into the industry. They started business on borrowed capital which they obtained on inadequate security, at heavy rates of interest. They live on their borrowings and are compelled to carry on business in order to satisfy their financiers that they are continuing to trade. These men owing to their unbusiness-like methods, come into acute competition with the more reputable manufacturers. They have no cash to purchase yarn and so buy it on credit. They fix very low rates of wages and even these are not paid at regular intervals or in full at any time. They maintain rice and provision shops, tea shops and, in some instances, even barber shops. A running account is kept with the labourers who receive, on account, 'chits' to these shops. Only a small portion of the wages is given in cash. In other words, the labourer is given enough to keep him alive and his account is seldom completely settled, and very often the poor labourer does not know what is due to him. These irregularities were rampant among certain factory owners before the last general strike of the workers. The strike brought about some improvement in regard to the payment of wages. But the practice of paying them at long and irregular intervals is a feature still prevalent to a considerable extent in the industry. This class of manufacturers have generally but a poor knowledge of the business. They have no notion whether they are trading at a profit or at a loss, since they do not maintain regular accounts and never prepare annual balance sheets and profit and loss accounts. Manufacturers of this class do a great deal of harm to the industry by their cut-throat competition and irregular practices.

Another unhealthy development in the industry in recent years was emphasised by several witnesses. It was pointed out that there was considerable waste in the industry

both in effort and in money. Thousands of new patterns are produced every year where hundreds would suffice. A very large sum of money is annually spent in preparing and sending out thousands of samples, where with better co-ordination a much smaller number would have been ample. In the printing of mats and matting, thousands of patterns are produced, of which only a small fraction is taken up. Most firms doing this business maintain a separate establishment for the preparation of stencils, many of which are used only a few times and then discarded. It was estimated that not less than Rs. 1 lakh was lost to the industry annually by the preparation of superfluous samples, superfluous patterns or stencils—a loss which could be avoided by proper organization.

We were also told that some manufacturers regularly resort to very reprehensible practices such as trading in different names, pirating of samples, shipping goods below samples and so on. Of course, no names were mentioned, but no one denied the existence of such malpractices.

In the above paragraphs we have described the present disorganised condition of the mats and matting industry in Travancore. The picture is a depressing one, but no one who has studied the subject carefully will deny that it is a true one. The question now is, 'What is the way out?' Are we to allow matters to take their own course, hoping that the fittest will survive? A policy of *laissez-faire* will, it seems to us, be disastrous. For if competition is allowed to work out its baneful effects without let or hindrance, the fittest will not survive; but all will go under. Suppose there are only two firms in the mats and matting industry and they carry on a relentless competition between themselves, both of them are as much likely to get ruined in the process as it is likely for one of them to survive. The conception that free competition in business is the law of nature has been abandoned long ago in all industrially advanced countries, where various industries, when faced with extinction by unbridled competition, have saved themselves by amalgamation or by organisation of the industry on co-operative basis. The tea and rubber restriction schemes are instances in point. In both these industries, disaster was averted by the adoption of schemes for controlling production and distribution, the State lending its support to the schemes by enacting the necessary legislation. The urgent need of the hour for the mats and matting industry is the inauguration of a scheme of control with the help and co-operation of the Government.

This question has been engaging the earnest attention of the manufacturers for some time past. A scheme for the



establishment of a Board of Control was prepared by Mr. Haydon of Messrs. William Goodacre & Sons Ltd., and it was referred to a "Rationalization Committee" consisting of 3 European and 5 Indian manufacturers. At a meeting of the Committee held on March 13th 1939, the scheme was approved by the committee with certain alterations, additions and amendments and it was decided to recommend it as modified to a general meeting of the manufacturers to be held shortly afterwards. This meeting was held on the 12th April 1939, with an attendance of 6 European and 9 Indian manufacturing shippers. The discussion at the meeting disclosed the existence of a sharp cleavage of opinion about the scheme between the European shippers and the majority of the Indian shippers. The latter expressed their apprehension that the acceptance of the scheme would endanger their interests by placing them completely at the mercy of the Europeans who already held a dominating position in the industry. They had an alternative scheme which was placed before the meeting. After some discussion, the meeting appointed a committee to examine both the schemes and select from them those points on which there was general agreement for further consideration by all interests concerned. Copies of the two schemes have been supplied to the Board for consideration. (*Vide* Appendices III & IV). They are summarised below and the points of agreement and difference between them indicated.

*Scheme Prepared by the Indian Manufacturers and Shippers.*

This is in the form of a draft bill to be passed into law by the Travancore Legislature. In the "statement of objects and reasons" prefixed to the Bill, the main object of the Bill is defined to be "to restrict the opening of further factories and the coming in of new factors". It is stated that "the Bill does not propose to standardise the qualities or wages or prices or to insist upon 'Regulation' or 'Trade Marks' at this stage as the Legislature can deal with them later when necessity arises. Restriction of the number of shippers is the immediate remedy suggested for overcoming the present unhealthy competition". To serve this object it is proposed to restrict by legislation the manufacture and export of coir mats and matting to those who are already engaged in the trade. They are to be granted licenses to continue business in the same category in which they do business now.

Those engaged in the industry are divided into four classes, viz.:-

(1) *Manufacturer-shippers*. These are persons or firms who are carrying on the business of coir manufacture and

who have shipped mats and matting during the twelve months ending June 1939, whether or not in conjunction with any other business.

(3) *Factors.* A factor is defined as a person or company who is not himself a manufacturer or consumer of coir mats and mattings, but who buys goods from a manufacturer in Travancore and resells or ships them.

(3) *Manufacturers.* A person or company who owns more than ten looms and manufactures coir mats and mattings, but does not make shipments is called a manufacturer.

(4) *Cottage Manufacturers.* A cottage manufacturer is defined as a manufacturer of coir mats and mattings who is not a shipper and who owns not more than five looms and does not employ power but employs only members of his own family.

Note:— Persons who have more than 5, but less than 10 looms are not included in any of the four classes. (This might be an oversight.)

All the above classes of persons who are now engaged in the trade should obtain licenses within 90 days of the Act coming into force, if they wish to continue in the business. They are entitled to get licenses; but if they fail to do so, they have to go out of the trade. There is absolute prohibition against new entrants into the business, (except as cottage manufacturers) but the existing manufacturer-shippers and manufacturers are permitted to expand their business under certain conditions and subject to a limit of 10 per cent of the number of existing looms every year. A manufacturer who owns not less than 50 looms can become a manufacturer-shipper. Similarly, a factor or cottage manufacturer can buy the factory and other rights of a manufacturer-shipper or manufacturer in which case his original license will be cancelled and a new license granted according to the purchase right.

This license control is to be exercised by a committee selected by the license holders and approved by Government, the first committee which is to function for the first four months being wholly nominated by Government. The committee is to consist of 11 persons, 6 representing manufacturer-shippers, of whom two shall be Europeans and four Indians, 3 representing manufacturers and one each representing Cottage manufacturers and factors.

The more important powers of the committee are the following. The committee will have power:

- (1) to issue, suspend or cancel licenses to manufacturer-shippers, manufacturers, cottage manufacturers and factors,

- (2) to exercise such control and supervision over factors as provided in the Act.
- (3) to obtain information from factories, shippers or factors regarding production, shipment, equipment and other particulars required as per the Act.
- (4) to enforce observance by all concerned of the provisions of the Act and the rules and bye-laws framed thereunder from time to time and, in default, to take steps to suspend or cancel the license.

In order to obtain a license, a manufacturer-shipper should have not less than 25 looms, a manufacturer not less than 10 looms and a cottage manufacturer not less than 5 looms. A factor should have made shipments during the preceding twelve months. Manufacturer-shippers, manufacturers and factors will have to satisfy the committee, if and when required to do so, that they are earning a minimum gross profit of 5 per cent. It is also laid down that manufacturer-shippers and factors shall make shipments only on definite orders and that manufacturers shall not sell or export goods outside Travancore.

*Mr. Haydon's Scheme.*

This scheme is much wider in scope. It is claimed for it that it will rationalize the entire industry in the interests of all who are engaged in it, viz., the manufacturers, the consumers and the workers, by checking unhealthy competition, reducing waste and preventing irregularities and malpractices.

The Act can of course apply only to Travancore, but provision is made for manufacturing shippers outside Travancore becoming members of the Board of control, so that the Act may operate effectively in the whole of the mats and matting industry in South India.

A Board is to be established with statutory powers to exercise control over the industry. All the manufacturing shippers in Travancore must be members of the Board, but the membership is open also to manufacturing shippers who have no offices in Travancore. All the rules and regulations under the Act will be binding on all the members including those having offices outside Travancore.

Those engaged in the industry are divided into the same 4 classes as in the draft Bill of the Indian shippers, viz., manufacturing shippers, factors, manufacturers and cottage manufacturers and the definitions are the same except that a cottage manufacturer can possess up to 10 looms (instead of 5 looms, as in the Indian shippers' scheme). The membership

of the Board of Control is open only to the manufacturing shippers. All shipments from Travancore (or despatches through land and backwater routes) shall be subject to license by the Board.

The more important of the powers of the Board are given below. The Board will have power:—

(a) To control qualities etc., and to ensure that goods conform to the Board's standard (if and when adopted). The goods shall:

1. Bear the Board's registered trade mark after passing for shipment by a competent authority appointed by the Board, and
2. Be sold under the Board's standard form of contract.

(b) To bring into force standard forms of buying and selling contracts.

(c) To standardise weights and measures and qualities of raw materials in so far as is necessary for the needs of the mats and matting industry.

(d) To eliminate adulteration of yarn by spinners and others.

(e) To standardise wages according to the districts in which factories are situated and rates fair to the labourers, to the manufacturer and to the consumer.

(f) To eliminate wasteful practices,

(g) To protect members' designs and processes.

(h) To maintain contact with labour and recognised labour unions.

(i) To encourage amalgamation of existing businesses and any other step calculated to eliminate wasteful overhead charges and unreasonable competition.

(j) To take steps to ensure that all shipments are made under shippers' own shipping marks, and/or buyers' recognised marks, which shall be registered with the Board.

(k) To secure legislation ensuring payment of wages in cash and weekly at all factories and to co-operate in taking steps to prevent evasions of the Factories Act or any other labour legislation.

(l) To govern the issue of new qualities and designs at regulated periods and in quantities adjusted to the reasonable progressive needs of the trade.

(m) To provide the appointment of official arbitrators in the world's markets.

(n) To confine sales of members of the Control Board to buyers who confine their purchases to the members of the

Control Board and/or to grant special facilities and prices to buyers who confine their purchases to the members of the Board.

(g) To issue licenses to or to withhold from such persons who, not already manufacturers, are desirous of becoming manufacturers and who shall satisfy the Board that they are reasonably equipped financially and otherwise to become manufacturers. Cottage manufacturers are exempted from the necessity of holding a license.

(r) To negotiate with the distributing agents of the industry in the United Kingdom and/or other distributing centres for the formation of an association, of distributors for the rational organisation and development of sales and the general welfare of the industry.

The Board will also be empowered to formulate schemes for the general benefit of the industry, such as technical and scientific research, market investigations, publicity and similar methods of increasing consumption, the establishment, registration and licensing of standard trade marks, the examination, grading and certification of goods etc.

Only firms and persons who have, during the preceding twelve months, both manufactured and shipped goods will be eligible for membership of the Board and to make shipments, after the scheme comes into operation.

Provision is made for new firms or persons becoming manufacturing shippers, if they satisfy the following conditions:

- (1) They shall possess a factory containing at least 70 looms;
- (2) Satisfy the Board as to their financial ability; and
- (3) Deposit with the Board a sum of not less than Rs. 50 for each loom possessed, subject to a maximum of Rs. 10,000.

It is noted that such permission shall not be given for a period to be decided, as the number of looms now available far exceed the requirements of the industry.

Factor-shippers who have operated in the past twelve months as such will be permitted to continue as factors, provided they deposit Rs. 3,000 with the Board and undertake to abide by the Board's rules in all respects. New factor-shippers will be permitted to enter the business, provided they deposit Rs. 5,000 and undertake to submit themselves to the Board's rules.

No restriction is found in the draft scheme against new manufacturers (who are not shippers) starting business.

The Board is to be empowered to impose penalties in case of infringement of rules and regulations, but provision is made for appeal and arbitration. Penalties may take the form of fines (or suspension of license in default), suspension of licenses or a combination of the two.

The voting power of the members will be proportionate to the volume of their average annual shipments for a period of 3 or 5 years. A 3 to 1 majority is prescribed for passing any rule, regulation or scheme. In other matters, the ordinary rule of majority will apply.

The control exercised by the Board and the business of the Board will be entrusted to a committee elected by the members of the Board. The committee is to consist of ten members including the President, of which 5 shall be Europeans and 5 Indians.

It will be noted that while both the schemes aim at establishing control in the industry, they differ widely in scope and methods.

The most outstanding difference is in the scope of the two schemes. The only control proposed to be exercised by the Indian shippers' scheme consists in the licensing of the existing manufacturing shippers, factors, manufacturers and cottage manufacturers. No new firm or person will be permitted to start business (except as cottage manufacturers) but the first licensees can increase their business subject to certain conditions and limitations. Once licensees are taken out, the licensees are at liberty to do their business without interference or control, the only conditions they are called upon to satisfy the licensing committee being that goods should not be shipped except on definite orders and that all licensees (except cottage manufacturers) should satisfy the Committee, when called upon to do so, that they are earning a minimum of 5 per cent. gross profits.

Mr. Haydon's scheme seeks to establish a more stringent control over the whole industry including the manufacturing, selling and distribution sides. It provides for taking measures to control qualities and designs, to standardise wages, to put down malpractices, etc., or, in other words, to organise the industry in such manner that (according to the promoters of the scheme) the maximum benefits will accrue to the manufacturers, the consumers and the workers. New manufacturing shippers and factors are permitted to come into the business, provided they satisfy certain exacting conditions. Outside competition is to be minimised by attracting shippers outside the State to become members of the Board. In the Indian shipper's scheme, the licensing committee consists of 11 members of which only 2 will be Europeans and voting is on a

purely numerical basis irrespective of the volume of business of the members. In Mr. Haydon's scheme the executive committee of the Board is to consist of 10 members of which 5 shall be Europeans and 5 Indians. The voting right of the Board members will be proportionate to the annual average of their shipments. There is no rule prescribing a minimum gross profit.

*Objections raised by the Indian manufacturers and shippers to Mr. Haydon's scheme.*

When Mr. Haydon's scheme was discussed at a meeting of the manufacturers on 12th April 1939, Mr. P. N. Nair of the Kerala Coir Manufacturing Co., voiced some of the objections of the Indian shippers to the scheme. The chief criticisms were directed against clauses 2 (a), 2 (p), 2 (r) and 13.

Clause 2 (a) empowers the Control Board to control qualities. Mr. Nair objected to this on the ground that this would lead to standardisation of qualities and consequently of prices which would be detrimental to the interests of Indian shippers.

Mr. M. L. Janardhana Pillai, in a letter to Mr. Pollard of Messrs. William Goodacre & Sons Ltd., dated 14th April 1939, stated the reasons for this objection.

These were :—

(1) "Indians do not want others in the trade, whether Europeans or Indians, to expose each other's secrets regarding qualities and patterns, especially when it is realised that certain European firms had published in Floor Covering Trade Journals in New York and London damaging statements about the Indians who are in the trade".

(2) "It was pointed out that, while in the Indian firms and in the European firms, the Industry is run entirely by Indian labour and Indian staff, the European firms have been advertising in western countries that their products are superior, as they are manufactured in European factories".

(3) "There is great danger to Indian firms if they show their qualities to others in the trade who may be members of the control Board. Not only that, this ultimately will mean the standardisation of prices which none wants".

Clause 2 (p) & 2 (r) are as follows :—

Clause 2 (p) "to confine sales of members of the Control Board to buyers who confine purchases to members of the Control Board and to grant special facilities to buyers who confine their purchases to members of the Board. Purchases by members of the Control Board to be confined to those who confine their sales to the members of the Board. Members of the Control Board may sell to or buy from members of the Board."

The Clause is intended to protect the Travancore shippers from the competition of producers outside the State who are not members of the Board.

Clause (r)—“to negotiate with distributing agencies of the industry in the United Kingdom and other distributing centres for the formation of an association of distributors for the rational organization and development of sales and the general welfare of the industry”.

The object is evidently to weed out unsound agents from foreign markets. We have already remarked that one of the factors which have weakened the position of the industry is the operation of petty and unreliable agents in the distributing centres.

The grounds on which these clauses were objected to do not appear to have been fully stated at the meeting. The Indian shippers evidently consider that their interests would be better served if their freedom in sales, purchases and the appointment of agents is not curtailed.

*Clause 13.* This deals with the constitution of the managing committee of the Board. On the committee, which consists of ten members, equal representation of Europeans and Indians is provided.

The Indian shippers considered that their representation on the committee was insufficient taking into account the number of Indians in the industry.

The objections of the Indian manufacturers and shippers to Mr. Haydon's scheme disclose the existence of a strong feeling on their part of distrust of their European brothers in the industry. What they fear is that the control scheme (whether it is so intended or not) will perpetuate the domination which the Europeans now enjoy in the industry and that they will use it for freezing out their Indian competitors. Mr. M. L. Janardhana Pillai's letter which we have quoted above makes this clear. Some years ago, the industry was virtually the monopoly of a few European firms. It is only within the last two decades that the Indians have gone into the business and their present share of it is about 50 per cent of the entire trade. Along with this expansion, there have been certain unwholesome developments, but the Indian manufacturers fear that, in attempting to eradicate the evils, even those Indians who conduct the industry on sound lines will be affected prejudicially. Even today the European firms occupy a commanding position in the industry. It is contended that in competing with the Indians, they enjoy certain special advantages. They have got their head offices in the United Kingdom. The London and Alleppey offices work in close co-operation and exchange detailed information about the industry constantly. The London offices



have full information about the state of affairs in the manufacturing centres, how yarn prices are going, how factories are working, how they are financially, what stocks are on hand, what orders are coming in what shipments are being sent to other markets, what designs are being made and so on. The Alleppey firm is also kept informed from day to-day of the state of demand, the extent of stock and the movement of prices. Financially the European firms enjoy a vastly superior position. They have larger resources and their better credit enables them to raise funds from banks on easier terms without difficulty. On occasion, the Alleppey firms can obtain funds from their head offices. Their D/P drafts on London are retired promptly and the Alleppey firms are replenished with funds as quickly as they spend. Some of the Europeans, being also steamer agents, naturally enjoy certain facilities in the matter of shipping which the Indians cannot hope to get, as conditions are at present.

The above are probably some of the reasons which have made the Indians to view unfavourably the scheme prepared by Mr. Haydon and sponsored largely by the European firms. One or two Indian witnesses stated in their evidence that they can hold their own with the European firms but the general feeling among them appears to be that they will be driven to the wall, if they participate in a control scheme so drastic in its nature.

The Board does not feel called upon to discuss the reasonableness or otherwise of the attitude of the Indian manufacturers and shippers. Whatever the reasons, we have to admit the undeniable fact that there is lack of mutual confidence and trust between the European and Indian sections of the industry. We do not say that it is all on the side of the Indians. The European firms also seem to entertain the suspicion that, unless their interests are protected by regulations and rules, the Indians may utilise their numerical strength on the Board to drive them out of the trade.

When this sort of distrust and suspicion prevails among the persons engaged in the industry, it is futile to expect joint action on their part to deal with the problems affecting the industry. Government also cannot be expected to legislate to protect an industry which is divided against itself. The first requisite, therefore, is to create an atmosphere which would make co-operation possible. Each party should not hug its own scheme as the final word of wisdom. They will do well to realise the fact that unbridled competition is driving the industry to the rocks from which it can be saved only by State protection and that such protection is out of the question so long as the leading manufacturers and shippers do not put up

a joint scheme before the Government. It may also be remembered that any scheme, to entitle it to Government support, should effectively deal with the whole problem and should be calculated to establish the industry on a sound footing and set it on the road to progress and prosperity. At the same time, there should be adequate safeguards in the scheme to protect the interests of labour.

It will not be out of place here, if we express our views regarding the type of scheme which we would advocate.

The chief criticism which we have to offer on the Indian shippers' scheme is that it is not likely to produce any substantial benefit to the industry. While it endeavours to establish a monopoly in favour of the present participants in the industry, it does not make any attempt to eradicate existing evils such as ruinous price-cutting, wasteful expenditure on patterns and samples, irregular practices like pirating, trading in different names and so on. It proceeds on the basis that the present manufacturers should be left to carry on their business in their own way without let or hindrance. It is not apparent how a system of licensing of existing factories will *by itself* bring about any beneficial result when the licensees are left free to fight among themselves. Even the attempt to restrict the business to the present factory owners will prove unavailing as restriction in Travancore will cause new factories to spring up outside the State where the licensing system does not obtain. Consequently, the growing competition of outside firms will undermine the security of the trade in Travancore. The only control which the system imposes on production and export is that the shippers should export goods only on definite orders. This is more or less the case at present and a condition to that effect is not going to improve matters. Another condition which has to be observed by the licensee is that he should make a minimum profit of 5 per cent. This condition will be ineffectual, as a gross profit of 5 per cent is utterly inadequate, if the object is that no one engaged in the business should trade at a loss.

Again, the scheme does not pay any attention to the interests of the workers. The licensing committee is not empowered to negotiate with Labour Associations, to secure the observance of the Factory Laws or to co-operate with schemes for the improvement of the conditions of labour. There is nothing in the scheme which will help to enhance the reputation of the Travancore products in the markets of the world and nothing to get rid of the petty and unreliable agents who are now a serious menace to the industry. The scheme is described as a 'first step' but we are doubtful whether, even as a first step, it will serve the purpose for which it is intended.

Mr. Haydon's scheme has for its object the complete rationalization of the industry. The Board which is to be appointed will exercise control over production and export,

It claims to check unwholesome competition, to eliminate wasteful expenditure and to put down malpractices. The interests of labour are not left out. It will co-operate with labour unions, take steps to standardise wages and secure better conditions for the workers.

There are, however, certain aspects of the scheme which have evoked apprehension in the minds of the Indian manufacturers.

We have seen that their chief objection is to standardization of qualities. So much controversy has been raised on this subject that it is necessary to explain what is meant by standardization of qualities. "Standardization" is the term employed to denote a system of maintaining an average quality or average degree of excellence. With variable material such as hand-spun yarn, variation in the finished article is inevitable and a standardization policy aims at keeping the variations within fixed limits. These limits are applied to quality and twist of yarn, weight, warp count and weft count in the case of matting, and in the case of pile fabrics (mats), they are applied to pile height in addition. Close supervision of yarn sorting, weight of warps, weft count on looms and final weight is the general method of standardizing and finally the product is graded as "standard", or "below standard", on a final inspection before shipment. Other points which require close supervision are the general appearance of the product, general neatness in weaving, correct reproduction of shades of dyed colour, as well as the maintenance of good natural colour of yarn in undyed articles. With regard to mats, smoothness of brush is one of the criteria of quality standard.

After standardization of qualities is made, the production will be graded according to quality and standard sample of the various grades maintained and used for classifying under the various grades.

Now it may be mentioned that some form of "standardization" or maintenance of certain standards of quality exists to a greater or less degree in all well conducted factories at present. The manufacturing shippers offer certain qualities of goods to the buyers and send the samples for approval and they invariably aim at making goods closely approximating the approved samples. If they send inferior articles, they lose the confidence of their buyers who will refuse to deal with them afterwards. Every shipper is anxious to guard against such a contingency and he follows standardization methods to some extent for his very existence' sake. "Standardization" in Mr. Haydon's scheme, however, goes much farther than this. Its object is to fix qualities in grades and

see that all manufactured articles fall into one or other of the standard grades. There will then be practical uniformity within the same grade, whoever produces it. This may ultimately mean uniformity of prices for the same grade of articles.

To the Indian shippers, particularly to those who manufacture the cheaper qualities of goods, this appears to be a leap in the dark. They cannot now gauge what its repercussions will be; but they have a misgiving that it might strangle them out of existence.

We have carefully considered the whole question. In our opinion a rationalization scheme which does not include standardization of qualities as its *ultimate objective* will not be worth pursuing. We do not however advocate its immediate introduction. Some of the European shippers are also not sanguine as to its immediate feasibility. But feasible or not, we feel, that owing to the lack of confidence and trust between the European and Indian shippers, the time is not ripe for taking this important step. We are confident that when the control scheme has worked for some time, the present distrust and suspicion will disappear and this final step in 'Rationalization' can be taken with the united assent of the manufacturing shippers.

We wish, however, to observe that we are definitely of opinion that the control scheme should include the setting up of a machinery to guarantee that shipments correspond to the qualities approved by the buyers.

Another criticism of Mr. Haydon's scheme that we have to offer is that, while the scheme allows new entrants into the industry under certain rigid conditions, it makes no provision whatever for those who are already in the industry to expand their business, except by amalgamation. The reason alleged is that the existing plant capacity is far in excess of the requirements of the trade. This position has to be reconsidered in view of the fact that the restriction will place the smaller manufacturers at a disadvantage. It is not also apparent to us why no restriction is laid down against the establishment of new factories by persons who are manufacturers but not shippers. It has been found that competition among such people also tends to lower prices. The Indian shippers' scheme does not permit any new manufacturer whether shipper or not coming into the business after the licensing scheme is brought into force.

The power of licensing shipments will vest in a committee of the Board. This was objected to by some witnesses on the ground that it was highly inexpedient to allow competitors to grant or refuse licenses. It may be considered whether it will

be not practicable to entrust the duty of licensing shipments to one who is not a manufacturing-shipper, preferably an officer of Government, who may be assisted in this work by an experienced manufacturer or a small body of assessors.

One last point about the constitution of the managing committee of the Control Board. We consider that the clause laying down that the voting strength of the Board members shall be proportionate to the volume of shipments has some justification, as it appears to be necessary for the protection of the interests of the large shippers, European as well as Indian, who are numerically few. But the claim is made on behalf of the European firms who are only about half a dozen that they should have the same representation on the committee as the Indian shippers who number about one hundred. In our opinion, it will be worthwhile to arrive at a compromise on this point, as such a step would go far to remove the distrust that now seems to exist that the scheme is designed to drive the Indians out of the business.

Taking all the above aspects into consideration we think that Mr. Haydon's scheme may be taken as a basis for the formulation of a revised scheme which should be acceptable to the majority of the shippers and manufacturers.

In his evidence before the Board on 19th April 1939, Mr. M. L. Janardhana Pillai stated that he was in general agreement with Mr. Haydon's scheme except in regard to some of the details. In the light of this very helpful attitude on the part of one of the leading Indian manufacturers, we are hopeful that there is every prospect for such a scheme being prepared and put through.

We, therefore, suggest that the committee that was set up at the meeting of the manufacturers held on 12th April 1939 to examine both the Indian shippers' scheme and Mr. Haydon's scheme should proceed with its work and examine both schemes in the light of the criticisms offered and place before another meeting of those engaged in the industry, a revised scheme that may be acceptable to the majority of the interests concerned.

## ACKNOWLEDGMENTS.

Before we conclude, we wish to express our sincere gratitude to all who answered our Questionnaire and gave evidence before us. We are under deep obligations to the Travancore Chamber of Commerce, the Alleppey Chamber of Commerce and the Coir Factory Workers' Unions for the valuable assistance they rendered to us in our enquiry. It gives us great pleasure to express our thanks to Mr. Haydon, who was a member of the Board until the 1st April 1939, for unreservedly placing at our disposal his wide knowledge and experience of the industry.

In particular, we would place on record our obligations to our Secretary, Mr. M. O. Varghese, for the zealous and efficient manner in which he carried out his responsibilities, to Mr. N. Parameswaran Pillai, the Statistician, and the staff of Investigators, for the laborious work they did in collecting and compiling the statistical returns and to the office staff for their loyal and whole-hearted co-operation.

Sd.	K. George,	<i>Chairman.</i>
..	H. Smith,	<i>Member.</i>
..	N. Sankara Mannar,	"
..	P. N. Krishna Pillai	"
..	V. K. Achuthan,	"

## SUMMARY OF PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS.

### CHAPTER I.

#### A General View of the Mats and Matting Industry.

##### 1. *Production and Export.*

There has been a phenomenal increase in the production and export of coir mattings during the post-war period. The increase under exports of mats is not so striking, as in the case of mattings, but is, nevertheless, very marked.

##### 2. *Spread of the Industry.*

The most striking feature in the development of the industry subsequent to the end of the war is the establishment of a large number of factories outside Alleppey, all along the coastal strip of the backwater area, from Arur in the north to Kadakkavur in the south.

##### 3. *Cost of Yarn in Alleppey and the Districts.*

So far as the cost of the principal raw material (coir yarn) is concerned, the Alleppey and the district factories are practically on the same footing.

##### 4. *Cottage Industry Defined.*

"Cottage industry", in the mats and matting industry should satisfy the following conditions:—

- (i) No more than five looms should be employed in the same premises;
- (ii) The work should be carried on by a single individual and the members of his family with little or no hired labour.

##### 5. *Over-production.*

There are too many factories, too much plant and too much labour in the industry, with the result that there is tremendous competition, dwindling profits, wage cuts and unemployment.

##### 6. *A Serious Crisis.*

The industry is faced with a serious crisis and it can be saved from its present plight only by the adoption of measures which will control unhealthy competition and enable it to earn profits.

## CHAPTER II.

## Recruitment and Employment.

7. *Excessive Labour Supply.*

Labour supply has far out-run the demand for it and the industry is not now in a position to employ all workmen regularly or for the maximum number of hours prescribed in the Factories Act.

8. *Control of Labour Supply.*

- (i) It is high time to impose some kind of control on the indiscriminate flow of labour into the industry.
- (ii) All the labourers who are in the industry at present or were in it till recently should be required to hold licenses issued on a nominal fee.
- (iii) No unlicensed worker should be allowed to work in the factories and no more licenses should be issued for the next five years, unless there is a demand for increased labour supply from a duly constituted organisation of factory owners.

9. *Regularity of Employment.*

- (i) It is better to give regular employment, as far as possible, to a definite number of workers, rather than partial employment to a larger number.
- (ii) Each factory should maintain a register of permanent workers and a waiting list of substitute workers. The latter should be given preference whenever vacancies occur or additional labour is required.
- (iii) The introduction of an element of permanence in the status of the workers will pave the way for the removal of a great deal of discontent that exists among the workers at the present time.
- (iv) In any scheme of control of labour supply, it would be necessary to secure the co-operation of the Labour Unions.

10. *Moopans' Remuneration.*

The remuneration of the moopans should not be by means of deduction from the wage rates of the workers.

11. *Contract System.*

- (i) Items of work carried out through the engagement of contractors should be reduced to the lowest possible extent.



- (ii) Wherever contract work is found to be unavoidable, the following conditions should be laid down:—
- (a) The management should assume the responsibility for securing fair and reasonable conditions of work for contract labour;
  - (b) Until the Trade Boards Act comes into force, the management should fix a minimum wage for the workers;
  - (c) The management should exercise adequate supervision of the payment of wages;
  - (d) There should be a right of appeal to the management by all contractors' employees on all subjects, including wrongful dismissal.

### CHAPTER III.

#### Wages.

#### 12. *Time Wage.*

- (i) The introduction of a time wage does not seem to us to be practicable before the whole industry is organized on better and sounder lines.
- (ii) The Board does not feel justified in recommending that the piece work system which has come into vogue throughout the industry should be interfered with at the present time, at any rate, not before the various other improvements that are urgently called for are brought about.

#### 13. *Standardization of Wage Rates.*

- (i) Wide disparities in wages paid to workers employed in similar types of work are a potential source of danger to peace in the industry.
- (ii) One essential step towards the proper organization of the industry is the removal of the striking disparities in wage rates which cannot be accounted for on a rational basis.
- (iii) A standardization of wage rates may have to be preceded by an attempt at a standardization of grades, methods and processes.
- (iv) The standardization of wage rates will necessarily involve some form of minimum wage fixation.
- (v) The rates should be standardized according to districts or centres of the industry.

- (vi) It may be practicable to classify the workers according to age and skill, with a different rate per hour to apply to each class and actual piece work rates may be fixed at a figure which would produce an amount not less than the hourly rates fixed by a wage fixing machinery.
- (vii) Standardization of wage rates will have to be accomplished by the co-operation of the employers and the workers, with the assistance of a wage fixing machinery which should be constituted on a statutory basis and function on the lines of the British Trade Boards.
- (viii) As immediate action is necessary in regard to standardization of wage rates, the Board recommends the appointment, as early as possible, of a special committee, to deal with the matter, the committee consisting of an equal number of representatives of employers and workers with an independent Chairman.

#### CHAPTER IV.

##### Payment of Wages.

##### 14. *Payment of Wages in Kind.*

- (i) The practice of paying the whole or part of the wages of the workers in kind, in the form of rice, provision etc., from the shops kept by the factory owners or by their relatives or dependents prevails to an appreciable extent in the industry.
- (ii) So far as the Board has been able to ascertain, most of the factories of standing and respectability in Alleppey pay wages in cash. The system of payment in kind exists mostly in the factories working in the country side. There are some factories in Alleppey also which pay wages in kind.
- (iii) The system of payment of wages in kind is open to gross abuses.
- (iv) The loss that labour sustains by getting the wages in kind is variously estimated as ranging from 12½ per cent. to 25 per cent.
- (v) The system of payment of wages in kind should be abolished by statute.

15. *Payment of Wages, at Irregular Intervals.*

- (i) Most of the small factories, particularly those in the districts, pay wages at long and irregular intervals.
- (ii) The well-conducted factories pay wages once every week.
- (iii) The regular payment of wages in cash at periods not longer than a fortnight should be made obligatory by law.

16. *Fines*

- (i) The enquiry did not disclose any wide prevalence of the practice of levying heavy or unjust fines on the workers.
- (ii) Deductions from wages made on account of damage to or loss of goods should be distinguished from fines.
- (iii) Provision should be made regulating the imposition of fines and making other deductions from wages; *e. g.*,
  - (a) Fines should not be imposed arbitrarily, but only in respect of such acts or omissions as are specified previously by rules and before a fine is imposed the defaulter should be given an opportunity for showing cause against the fine;
  - (b) There should be a maximum limit of fine in a wage period in relation to the amount of wages earned by the worker—say one chuckram in the rupee.
  - (c) No subordinate should have the power to impose a fine.
  - (d) Cases which call for the imposition of a fine should be reported to the management or to a responsible officer of the factory and any fine imposed by such officer should be subject to confirmation by the management.
  - (e) No subordinate concerned with the imposition of a fine should have an interest in the amount to be recovered.
  - (f) All fines recovered from wages should be applied only to purposes beneficial to the employees as a whole.
  - (g) As regards deductions on account of damage or loss, the recovery should not exceed the value of the article damaged or lost.

- (h) If an article is damaged, its entire cost should not be recovered, but only the amount of loss sustained by the employer.
- (i) Before ordering a deduction, the person charged with the neglect or default should be given an opportunity to show cause against the deduction.

#### 17. Exactions.

- (i) Various kinds of unjust and illegal exactions are made from the workers by the moopans and other subordinates who are entrusted with the supervision of labour in the factories.
- (ii) It is the duty of the factory owners to put down with a strong hand all unjust exactions from the workers made by their subordinates.
- (iii) The Coir Factory Workers' Unions should take disciplinary action against any member who is convicted of having offered a bribe for getting a personal advantage.
- (iv) All the exactions complained of are the outcome of the power and influence of the moopans and only a curtailment of this power and influence can improve the situation.
- (v) The moopan should not be left to himself in the engagement and dismissal of labour.
- (vi) In the larger factories, the power of engagement and dismissal of labour should be vested in a superior officer who will be directly responsible to the general manager. Where it is not possible to entrust this duty to a special officer, the employer himself or the manager of the factory, should retain complete control of engagement and dismissals.
- (vii) The allotment of work by moopans should be supervised.
- (viii) The moopans should have no hand in the disbursement of wages.
- (ix) Wages should be paid by the office staff with the help of the work and attendance rolls prepared by the moopans.
- (x) No moopan should have the power to inflict punishments.
- (xi) If he recommends the punishment of a worker, the person concerned should be given an opportunity to show cause against the punishment.

- (xii) Complaints of malpractices should be investigated unless *prima facie* frivolous or malicious.
- (xiii) The special officer or manager or proprietor of a factory should be easily accessible to the workers and should be ready to hear their complaints and remedy their grievances, if found to be genuine.
- (xiv) Special care should be taken to see that the complainants are not persecuted subsequently.
- (xv) Any moopan or other subordinate against whom a malpractice is proved should be dealt with severely.
- (xvi) In the case of bribery, both the man who offered the bribe and the man who received it should be dismissed summarily.
- (xvii) Notices in Malayalam should be put up in conspicuous places in the factory warning that any one found guilty of offering or accepting a bribe or of other acts of misdemeanour will be severely punished.

#### 18. *Dharmavu.*

'Dharmavu' is 'an unjust deduction from wages. The practice should be given up entirely.

#### 19. *Payment of Wages Act.*

A law on the lines of the Payment of Wages Act (No. IV of 1926) of British India, should be enacted in the State. The main provisions of the proposed Act are given.

### CHAPTER V.

#### Wage Rates and Earnings.

##### 20. *Comparison of Rates.*

- (i) An accurate comparison of the present rates of wages and earnings with those of 1925 and since is all but impossible.
- (ii) Generally speaking, rates have been reduced by 20 to 40 per cent. during the period 1925 to 1939.

##### 21. *Standard of Living.*

- (i) The standard of living of the workers in the district factories is appreciably lower than the standard of those who work in the factories in Alleppey.
- (ii) The average standard of living of the workers in the industry is not satisfactory. Their conditions call for improvement.

##### 22. *Profits of the Industry.*

- (i) The industry had been making good profits up to the year 1927; but at present, it is not making adequate profits.

- (ii) Some factories are now working at a loss.
- (iii) Some factories are working on a narrow margin of profits.
- (iv) Many factories do not know whether they are working at a profit or not and may never know it till they close down, as is shown by the number of those who drop out of the business yearly.
- (v) The claim for 10 per cent. net profits seems to the Board to be rather excessive at the present time; but in the case of small Indian factories whose capital investments are small, a fairly high rate of net profit might be justifiable.

#### 23. Rates and Earnings.

- (i) From the stand point of labour, the whole trouble is not so much about rates as about earnings.
- (ii) Even at the present rates, it is possible, in the bigger factories, for an average worker, if he has full time work for 26 days in the month, to make a minimum of Rs. 12 and a maximum of Rs. 40 per mensem.
- (iii) The average earnings of the labourers are low. The low per capita earning is due mainly to the lack of regular work and the excessive supply of labour.

#### 24. The Fundamental Problem.

The fundamental problem is how to find full-time employment for 26 days in the month for a volume of labour just sufficient for the actual requirements of the industry.

#### 25. An All-round Improvement.

If the influx of labour into the industry is stopped and the whole industry is organized and controlled on the lines of the Board's recommendations and the various irregularities and exactions are eradicated, a very marked improvement will be brought about in the profits of the industry and consequently in the real wages and earnings of the workers and in their standard of living.

#### 26. Confirmation of the Temporary Increase :

- (i) The one-anna in the rupee increase with the factory owners undertook to pay as a temporary measure, at the conclusion of the general strike, should be made permanent. It should be made incumbent on all employers and should also apply to the sorting, re-hanking and baling workers in the firms exporting coir yarn.

- (ii) In recommending the confirmation of the one-anna increase, the Board trusts that both parties will agree to the maintenance of the existing rates, pending the standardization of wages.

27. *An Immediate Increase in Rates.*

On the question of an immediate increase in the rates of wages in the existing circumstances, the Board regret they are unable to make an agreed recommendation. But they feel confident that a substantial and, at the same time, permanent improvement in the real wages of the workers will be brought about when measures are adopted implementing their recommendations on such fundamental questions as standardization of wages, limitation of labour supply, payment of wages, rationalization of the industry etc.

CHAPTER VI.

Health and Welfare.

28. *Stencilling.*

- (i) Government should direct the medical officers in Alleppey to investigate whether the workers engaged in stencilling suffer any permanent injury to their health. They should obtain clinical records of the cases of stencillers who come under their treatment and follow up the cases for a number of years. Reliable results can be obtained only if the investigations extend over a long period of time. A beginning should be made as soon as possible.
- (ii) The Research Department of the University may be asked to find out whether the dyes used in stencilling contain any injurious substance and, if so, what antidotes should be used to ward off the effect of the poison. They should also try to find out a process by which the dyes can be completely washed off from the hands.
- (iii) The use of gloves may be tried as an experiment, if the workers in any factory ask for them.
- (iv) Ample facilities should be given by the factory owners to the stencil workers to clean their hands with soap and water, before they leave the factory every evening.

29. *Shearing.*

The process of shearing mats by machinery may prove injurious to health, because the flying particles of coir dust are likely to affect the lungs of the operatives. Every shearing machine in use should be compulsorily equipped with a dust extracting plant.

30. *Supply of Drinking Water.*

- (i) When the Alleppey water supply is completed, taps should be laid in every factory to provide an adequate supply of drinking water to their workers.
- (ii) Every district factory should have a well attached to it which should be reserved for the purpose of providing drinking water and be carefully protected from contamination.
- (iii) Drinking water for the factory workers should be drawn and kept in clean earthen-ware pots at the expense of the employers.

31. *Latrines.*

- (i) The practice of having the open spaces around the factories to serve as latrines and urinals is highly insanitary and should be put a stop to.
- (ii) Latrine accommodation separately for men and women should be provided in every factory.
- (iii) Sufficient number of latrines and urinals should be provided in every factory and should be kept in a clean and sanitary condition.

32. *Ventilation.*

- (i) The complaint that the workers have to work under heated zinc sheet roofs is not of much moment.
- (ii) Ventilation in the district factories is exceptionally good. The town factories are at a disadvantage in this respect, but the situation is not so serious as to call for any drastic remedy immediately.
- (iii) In some factories there is much avoidable congestion. There is no justification for the congestion in the district factories. In the town factories, the problem of space is more serious. Congestion can be remedied without much expense.

33. *Sunday Work.*

- (i) The complaint that the workers are often compelled to work on Sundays is true.
- (ii) All factories should be closed entirely on one day in the week, preferably Sunday.

34. *Industrial Relations.*

- (i) In the interests of the employers as well as the workers, closer personal relations should be established between them.
- (ii) There is unfortunately a growing tendency among both parties to consider that the interests of the employers and the workers are irreconcilable.



It is high time, in the interests of peace and prosperity in the industry that this deplorable tendency should be strenuously combated.

- (iii) Labour welfare work should be undertaken in co-operation between the employers and the workers.
- (iv) The present indifferent attitude of the employers towards welfare schemes should be changed into one of practical sympathy.
- (v) The Coir Factory Workers' Unions should initiate useful schemes for the welfare of the workers.

35. *The Function of the State and the Municipality.*

- (i) The State and the Municipality should come forward to improve the condition of the workers. Ordinarily their function will be to support and stimulate local effort.
- (ii) They may open maternity and child welfare centres in localities where the labour population lives.
- (iii) Better provision can be made for medical relief by the opening of rural dispensaries.
- (iv) Public libraries and reading rooms may be started.
- (v) They should also make liberal grants in support of schemes which serve to promote the material and moral welfare of the workers.

36. *Maternity Benefits.*

- (i) The question of providing maternity benefits cannot be tackled without duly considering the employment of women in other industries also.
- (ii) Government should bestow their attention, as early as possible, on the question of enacting a maternity benefit law after due consultations with all interests concerned.

37. *Schools for Factory Children.*

The need for schools for factory children can be met to some extent by voluntary effort, with the practical sympathy and co-operation of the employers.

38. *Scheme of Unemployment Insurance.*

It is not practicable to introduce any scheme of unemployment insurance in the State at present. It will be desirable to be guided by the experience of the working of the schemes of unemployment insurance proposed to be introduced in some of the British Indian Provinces.

39. *Labour Organisation.*

- (i) Employers in general are prepared to welcome and recognise properly organised Labour Unions and

- to investigate and rectify any genuine grievance brought to their notice.
- (ii) The Board considers that full co-operation between the unions and the employers is necessary.
  - (iii) It is not to be expected, particularly in Indian conditions, that all the workers or even a majority of the workers in an industry will ever enroll themselves formally as members of a Union. A fair proportion of them, sufficiently well-organized and capable of representing the views and interests of all, is all that is usually required for recognition.
  - (iv) The Labour Unions should spare no pains to instil into the minds of the rank and file that sense of discipline and correct conduct which are so essential for the strength and solidarity of any association working for the common interests of large numbers of people.
  - (v) Every possible effort should be made to make the workers realize that the better ordering and prosperity of the industry should be as much their concern as that of their employers.
  - (vi) They should actively co-operate with the employers and the Government in any steps that may be taken for the organization of the industry.
  - (vii) The Board particularly emphasises that it is absolutely necessary that a calm and peaceful atmosphere should prevail in the industry to enable the Government to adopt the measures so urgently required to improve the conditions in the industry.

## CHAPTER VII.

### Administration and Statistics.

#### 40. *Enforcement of the Factories Act:*

- (i) The remedy for the unsatisfactory working conditions in some of the factories lies in the strict enforcement of the provisions of the Factories Act.
- (ii) Government should avail themselves of the statutory power conferred on them by Section 5 of the Factories Act and declare all mats and matting factories, where ten or more workers are employed as 'factories' for the purpose of the Act, with a view to improve the conditions of labour in these factories.

- (iii) Efficient arrangements should be made to see that the provisions of the Act are observed by the factory owners.
- (iv) The health and safety of labour depend to a large extent on the regularity and efficiency of the inspection of the factories.
- (v) Considering the increasing importance of labour questions in the State, the creation of a separate organization for the administration of the labour laws is necessary. The main features of the organization are the following :—
  - (a) The State should be divided into three Factory Districts and one Inspector should be appointed for each district.
  - (b) A Chief Inspector (Labour Commissioner) should be appointed as the central authority to direct and co-ordinate the work of the Inspectors.
  - (c) The Labour Commissioner should be advisor to Government in labour matters. He should have charge of the administration of all labour laws. He may be the chief conciliator for all major labour disputes. A labour Statistical bureau should be opened in his office. The inspector may be conciliation officer for minor labour disputes in the districts.
  - (d) The Labour Commissioner should have the status and pay of a major Head of Department and the Inspectors of Factories may be given the rank and pay of Assistant Division Peishkars.

#### 41. *Compilation of Statistics.*

- (i) It is highly necessary in the interests of labour, the employers and the industry in general that reliable statistics should be collected, maintained and published by an impartial authority. It will also be a very valuable help to Government in the formulation of labour policy and in the prompt adoption of remedial measures.
- (ii) The office of the Labour Commissioner should be responsible for the compilation of statistics. The first attempt should be directed towards the compilation of cost of living index numbers.

## CHAPTER VIII.

## Control of the Industry.

42. *Decline in Prosperity.*

- (i) The profits of the industry have been falling in recent years. At the present moment some factories are working only at nominal profits, some are working at a loss and some factory owners do not even know whether they are earning profits or incurring losses.
- (ii) Owing to the chaotic conditions in the industry, it is not reaping the advantages to which its well-nigh monopolistic position entitles it.
- (iii) The present unfortunate plight of the industry has to be ascribed chiefly to the unchecked and ruinous competition among the producers who, for the sake of securing business, keep on lowering prices and even sell their goods below cost price.
- (iv) The number of shippers is now considerably in excess of the ability of the industry to support them.
- (v) The operations of undesirable agents in the foreign markets also bring down the prices of the goods.
- (vi) There is acute internal competition with mutual price cutting among the manufacturers. Everybody condemns the practice but nobody is able to renounce it.
- (vii) Those firms whose sole business is the mats and matting manufacture and who refuse to do business below costs suffer and have eventually to wind up their business. The unprofitable concerns struggle on for some time and then they are also obliged to shut down. So long as they last, they do incalculable harm to the industry.
- (viii) In recent years, a large number of men without adequate financial resources or experience of business has come into the industry. This class of manufacturers do a great deal of harm to the industry by their cut-throat competition and irregular practices.
- (ix) There is considerable waste in the industry, both in effort and in money, on account of the preparation of superfluous samples and patterns or stencils.

- (x) Some manufacturers resort to very reprehensible practices such as trading in different names, pirating of samples, shipping goods below samples and so on.

43. *The Need for Control of the Industry.*

A policy of *laissez-faire* will be disastrous. If competition is allowed to work out its baneful effects, without let or hindrance, all will go under. The urgent need of the hour for the mats and matting industry is the inauguration of a scheme of control with the help and co-operation of the Government.

44. *Two Control Schemes.*

- (i) The scheme prepared by the Indian manufactures is analysed.
- (ii) The scheme prepared by Mr. N. G. Haydon is analysed.
- (iii) A comparative study of the two schemes is made.

45. *Need for Co-operation in the Industry.*

- (i) When distrust and suspicion prevails among those engaged in the industry, it is futile to expect joint action on their part to deal with the problems affecting the industry.
- (ii) Government cannot be expected to protect an industry which is divided against itself.
- (iii) The first requisite is to create an atmosphere which would make co-operation possible.
- (iv) State protection is out of the question, so long as the leading manufacturers and shippers do not put up a joint scheme before the Government.
- (v) Any scheme, to entitle it to Government support, should effectively deal with the whole problem and be calculated to establish the industry on a sound footing and set it on the road to progress and prosperity and should also provide adequate safeguards to protect the interests of labour.

46. *A Critical Examination.*

Some of the salient features of the two schemes are critically examined.

47. *Standardisation of Qualities.*

- (i) The chief elements in the standardization of qualities are indicated.
- (ii) A rationalization scheme which does not include standardization of qualities as its *ultimate objective* will not be worth pursuing.

- (iii) The immediate introduction of standardization of qualities is not advocated, as, on account of the lack of confidence and trust between the European and Indian shippers, the time is not ripe for taking this important step.
  - (iv) The Board feels confident that, when the control scheme has worked for some time, the present distrust and suspicion will disappear and the final step of standardization of qualities can be taken with the united assent of the manufacturers and shippers.
  - (v) The control scheme should include the setting up of a machinery to guarantee that shipments correspond to the qualities approved by the buyers.
  - (vi) It may be considered whether it will not be practicable to entrust the duty of licensing shipments to one who is not a manufacturing shipper, preferably an officer of Government who may be assisted by an experienced manufacturer or a small body of assessors.
48. *Constitution of the Control Board.*
- (i) The claim that the voting strength of the Board members shall be proportionate to the volume of shipments has some justification, as it appears to be necessary for the protection of the interests of the large shippers, European as well as Indian, who are numerically few.
  - (ii) It will be worth while to arrive at a compromise on the question of European and Indian representation on the Board of Control.
49. *Mr. Haydon's Scheme—a Basis.*
- (i) Mr. Haydon's scheme may be taken as a basis for the formulation of a revised scheme which should be acceptable to the majority of shippers and manufacturers.
  - (ii) The Board is hopeful that there is every prospect for such a scheme being prepared and put through.
50. *A Revised Scheme.*

The Committee that was set up at the meeting of the manufacturers held on the 12th April 1939, should proceed with its work and produce a revised scheme, acceptable to the majority of the interests concerned.

## APPENDIX I

### Board of Conciliation of Labour Disputes in the Mats and Matting Industry.

#### QUESTIONNAIRE.

##### Note:

i. Information will be elicited at the sittings generally on the lines of this questionnaire, which cannot be taken as exhaustive. It will facilitate the work of the Board, if written statements are furnished in advance to reach the Secretary, at Alleppey, before the 1st March 1939.

ii. If you are not in a position to furnish general information, please give the particulars relating to the factory or factories you own or control, or in which you work.

iii. The term 'factory' is used here, not as defined in the Travancore Factories Act, but as understood in ordinary parlance—all premises where the mats and matting industry is carried on.

iv. In case the answers are furnished by the owner or manager of a factory, please mention the name and location of the factory at the top of the answers and affix the signature of the owner or manager at the end.

#### PART I.

1. What are the usual rates of interest paid by manufacturers and shippers for securing finance for :—

- (a) "block" capital,
- (b) current expenses?

2. What do you consider to be the reasonable profits of an industrial undertaking, considering the monetary conditions prevailing here?

3. Are you making such profits at the present time?

4. If the industry is not making profits, what do you consider are the reasons therefor?

5. Do you consider that the profits earned by the industry have or should have any bearing on the wages earned by the workers? What should be the considerations taken into account in fixing the wages of the workers?

6. Are there any 'factors' (*i. e.*, those who are not manufacturers, but merely exporters) in the coir mats and matting industry? Is a factor a desirable or undesirable distributor? Give reasons.

7. Do you agree with the following suggestions made by the Travancore Labour Association? :—

- (a) That there are too many shippers in the mats and matting business;
- (b) that many of the shippers are unsuited in various ways to manage a manufacturing business satisfactorily;

- (c) that a shipper should, before starting business, deposit a substantial sum (Rs. 5,000) with Government or some body approved by Government, as guarantee of his financial stability and on which unpaid wages should be a first charge in case of insolvency.
8. How many sq. feet of mats and sq. yards of matting have you purchased from other manufacturers during the last three years? State the average price per sq. ft. and per sq. yd. Are these prices lower or higher than those you would have incurred, had you manufactured the goods yourself? And to what extent per cent?
9. Do you approve of legislation being introduced for the following objects:—
- (i) Fixation of wages by the Institution of Wage Boards, like those under the Trade Boards Act in England;
  - (ii) Payment of wages, similar to the Act in British India;
  - (iii) Maternity benefit;
  - (iv) Unemployment insurance?
10. What advantages has a town factory over a country factory and vice versa?

## PART II.

11. On what basis is the rate for piece work fixed?
12. Are any variations made in piece rates due to intricacies of manufacture, design etc.,?
13. Are workers aware of the rates to which they are entitled? Is a notice board, showing the rates, put up in each department?
14. When fines are imposed, are the workers concerned informed of the matter then and there?
15. What are the processes or classes of work for which payments are made not directly but through intermediaries such as *moopans*?
16. Is any branch of work in your factory undertaken by contractors? If so, who fixes and pays the wages?
17. What are the functions of a *moopan*? Is he merely to supervise the work or also charged with the responsibilities of providing the necessary workmen under his control?
18. Do you pay all your *moopans*? If any is not paid by you, how is he remunerated?
19. Are you aware of any practice of *moopans* levying any regular contribution from workers as a *mamool*, at a certain



rate per loom, or otherwise and/or occasional contributions for special purposes? Has this practice existed at any time? If so, what steps have you taken to put a stop to it and what results?

20. Please describe in detail the system of recruitment and supervision of labour in the coir factories. What steps are taken by employers to verify the reports of the supervising staff regarding the work and conduct of the workers? Are workers given any opportunity to explain their position before dismissal or the imposition of any other punishment?

21. (a) What items of work are given on contract?

(b) Is the employment and dismissal of labour and payment of wages by contractor subject to control by employer?

(c) Are you aware of any abuses connected with the contract system?

22. How are complaints made against the supervising staff by workers, individually or collectively, dealt with by the management?

23. Can you suggest means for combating bribery or other forms of corruption, if any, on the part of supervising staff in the matter of recruitment, supervision, punishment by fines, suspension, etc.?

24. Are you aware of employers requiring the gratuitous services of workmen in their factories? Can you cite specific instances? Are workers penalised for not rendering such service? If so, in what way?

25. Are workers paid any bonus? If so, are such payments regularly expected by the workers? Was any bonus given and discontinued so as to affect the real wages of workers? Are any other employees of factories paid bonuses?

26. Are you aware of the prevalence of a system of payment of wages in kind in any centre where the coir mats and matting industry is carried on? Is the system resorted to in any factory within the municipal limits of Alleppey or outside? If so, what is the effect of such practice on wages as a whole?

27. Have you in the past, at any time, paid wages other than in cash? What is your practice at present?

28. Have you at all times paid wages weekly? If not, at what intervals do you pay wages?

29. What is the extent of your wage debts of more than one month's standing?

### PART III.

30. Do you find any variation in the cost and the standard of living of the workers in the factories in your locality since 1929?

31. Do you think the prevailing rates of wages in the mats and matting industry, in your locality sufficient to enable workers to maintain working efficiency and a reasonable standard of living? If not, what adjustments do you consider should be made? Please support your answer with facts and figures?

32. Do you consider a minimum rate of wages may be prescribed for all or any classes of work in the factories in the industry? If so, on what basis would you fix the minima for the different classes of work and what minima rates do you suggest for the various classes of work? Do you think the rate should vary district by district? What machinery for fixing wages do you suggest?

33. What do you think would be the effect of fixing minimum wages, if it has the result of an all round increase, in the matter of migration of outside labour into Alleppey or the migration of the industry from Alleppey to places where labour is cheaper? How would you combat these reactions?

34. Is the coir mats and matting industry as at present organised, in a position to employ labour regularly, and for maximum number of hours prescribed in the Factories Act? If not, why? And what means would you suggest for providing regular full time work?

35. Do workers in coir factories in the municipal limits of Alleppey take up work in the industry situated outside on lower rates of wages, when they are not able to find employment in the town?

36. Can the Labour Union prevent such conduct on the part of members of the union? How can they similarly prevent labourers who are not members of the Union?

37. Are you in favour of the enactment of a Minimum Wages Act for the whole coir mats and matting industry in Travancore. Would you extend it to other industries?

38. It is possible to enact a Minimum Wages Act under the existing industrial organisation? If not, what are your reasons? What measures would you propose to facilitate the introduction and satisfactory working of such legislation?

39. Have you any proposals to place the coir mats and matting industry on a better footing with a view to improving the condition of workers and owners of factories?

#### PART IV.

40. Prior to the Factories Act, what were the hours of work in your establishment? What are they now?

41. How many hours a week do workers on daily wages work.

42. To what extent do regulations regarding hours of work bind piece workers ?

43. Do operatives in the factories arrive punctually and work regularly when there is sufficient employment ?

44. Do they absent themselves from the factories,  
(a) with permission, or  
(b) without permission ?

45. When there is not sufficient work to keep all plant occupied, is there a practice of retaining certain workers always, or of giving a rotation of work, so as to ensure that as many as possible receive partial employment ? Please state the practice in your factory ?

46. What do you think are the advantages or disadvantages of the above two methods to :—  
(a) employers, and  
(b) operatives ?

47. Are there periods when no looms or only some looms are working ? What are the causes of looms standing idle ?

48. Do you pay any extra allowance for night work ? If so, how much ?

49. Do you, on occasions, work in shifts ? In which case, do you pay anything extra for night work and if so, how much ?

50. Do you give a holiday, one day in seven ? Can this be proved from your books ?

51. Is there, in your factory, a practice of paying a bonus for regular attendance or good turn-out ? If the practice has been discontinued, please state why ? Is the practice available in other industries ?

#### PART V.

52. Are arrangements in factories in regard to health and sanitation of workers satisfactory now ? Have you applied the provisions of the Factories Act to all your premises, whether they come under the Factories Act or not ?

53. It is stated in the Memorandum submitted by the Travancore Labour Association (now registered as the Travancore Coir Factory Worker's Union) that certain classes of work in the coir factories affect the health and safety of workers and involve risk of life. What are your views and, if the statement be true, what remedies would you suggest ?

54. Are accidents frequent ? Please give a classified list of accidents which have occurred in your factory during the past three years, stating their nature and cause. State also whether any assistance or compensation has been given in such cases,

If so, does this depend upon whether the accident was unavoidable or whether it was the result of carelessness or disobedience?

55. Are the provisions made in factories to prevent accidents satisfactory? If not what are your suggestions?

56. Are babes brought to your premises by parents? If so, what provision do you make for their accommodation?

57. Has the Travancore Coir Factory Workers' Union or any other labour association undertaken any "welfare" schemes for labourers? If so, please describe them.

58. What is your attitude towards welfare schemes? Have you individually or jointly with others made any effort towards the amelioration of the condition of the workers? Have you contributed to the funds of the Travancore Coir Factory Workers' Union?

#### PART VI.

59. Describe briefly, the general industrial relation in the industry. How are strikes occasioned? How are disputes settled? To what extent is there influence from non-workers which result in friction between workmen and employers? Has the intervention of non-workers, at any time, brought about better relationship between employers and workmen?

60. Have you had any strike of your employees during the last 10 years? How did the dispute arise? How was it settled?

61. Was there any strike which was wholly or partially due to causes other than industrial disputes?

62. Is the Travancore Labour Association (Travancore Coir Factory Workers' Union) or any other Labour Union in Travancore sufficiently well organised to resist influence from "outsiders"? Do they concentrate their attention on the improvement of industrial relations?

63. Do you think that the Travancore Coir Factory Workers' Union is sufficiently strong and effective? If not, what suggestions have you to make to render the Union stronger and more effective?

64. How many of the workmen employed in the coir mats and matting industry are members of your Labour Union with their names, addresses and occupation entered in your register?

(The offices of the Labour Unions are requested to supply this and the next information.)

65. How were the funds of your Union or Association, from the very inception, expended during the past 5 years? What balance remains? What is the weekly or monthly collection?

66. Is there any Employers' Association in Alleppey or elsewhere in Travancore connected with the coir mats and matting industry?

67. Have you recognised the Travancore Coir Factory Workers' Union in your area? If not, state reasons.

68. Has the Travancore Labour Association, the Travancore Coir Factory Workers' Union or any other labour organisation ever approached you at any time concerning labour disputes or complaints in your factory? What response did you make on such occasions?

#### PART VII.

69. If your premises are outside Alleppey, what do you pay for transport to Alleppey:

per roll basis 4/4,  
per dozen basis No. 3 size, and  
per candy of yarn?

70. How do you dispose of your goods:

(a) by local sales,  
(b) by shipments?

If by local sales, to whom do you sell?

71. Do you employ one or two weavers per 4/4 matting loom?

72. What are your trading debts of more than three months' standing?

73. Do you maintain proper books? Are they regularly audited and by whom?

74. Have you during the past ten years paid income-tax? If not, have you ever been called upon to submit income-tax returns?

75. Do you pay cash for your yarn on delivery?

76. Are you in favour of enhancing the tariff on coir yarn? State your reasons for or against.

77. Give a typical list of prices secured now for six popular lines and also the prices for the same in 1929. (These may be referred to as A, B, C, D, E & F to avoid identification.)

78. Have you any other suggestions for the establishment of satisfactory industrial relations in the coir mats and matting industry?

## SPECIAL QUESTIONNAIRE.

Addressed to the Travancore Chamber of Commerce and  
the Alleppey Chamber of Commerce.

1. Can you give a brief history of the establishment and growth of the coir mats and matting industry in Travancore with special reference to the following points:—

(a) When and where was the first factory started in Travancore?

(b) Which were the principal markets for the products of the industry in the early stages?

(c) What changes have taken place during the period of the growth of the industry in foreign countries importing our coir products?

(d) What are the main features of the industry after the Great War?

2. Which countries are our present principal buyers?

3. Are you aware of any foreign countries where coir mats and mattings are manufactured? If so, give details.

4. Is there any mats and matting manufacturing industry in Cochin and other centres on the Malabar Coast? If so, what is the size of the industry in those centres?

5. Do you find any special characteristics which mark the growth of the coir mats and matting industry in Travancore during the past ten years? If so, what are they?

6. Can power be employed in weaving mats and matting?

7. If power is not employed, can you give reasons therefor?

8. Are there any factors (*i. e.*, those who are not manufacturers, but merely exporters) in the coir mats and matting industry? Is a factor a desirable or undesirable distributor? Give reasons.

9. Do you agree with the following suggestions made by the Travancore Labour Association (now registered as the Travancore Coir Factory Workers' Union)?

(a) that there are too many shippers in the mats and matting business;

(b) that many of the shippers are unsuited in various ways to manage a manufacturing business satisfactorily; and

(c) that a shipper should before starting business deposit a substantial sum (Rs. 5,000) with Government or some body approved by Government, as guarantee of his financial stability and on which unpaid wages should be a first charge in case of insolvency?

10. What are the usual rates of interest paid by manufacturers and shippers for securing finance for :

- (a) "block" capital,
- (b) current expenses?

11. What do you consider to be the reasonable profits for an industrial undertaking, considering the monetary conditions prevailing here?

12. Do you consider all or any of the manufacturers are making such profits at the present time?

13. If the industry is not making reasonable profits, what do you consider are the reasons therefor?

14. Do you consider that the profits earned by the industry have or should have any bearing on the wages earned by the workers? What should be the considerations taken into account in fixing the wages of the workers?

15. Please supply particulars of the total shipments of mats, matings and coir yarn for the past ten years from the West Coast and state the number of shippers involved each year and the countries to which the shipments were made.

16. Please give a list of exporters who, during the same period, have dropped out of business each year and a list of new exporters who have come into the business each year.

17. Do you approve of legislation being introduced for the following objects :-

- (i) fixation of wages by the institution of Wage Boards, like those under the Trade Boards Act in England;
- (ii) payment of Wages, similar to the Act in British India;
- (iii) Maternity benefit; and
- (iv) Unemployment insurance?

18. Are you in favour of Government constituting a Labour Department to administer, *inter alia*, all labour and kindred social legislation?

19. Are you in favour of the extension of the Travancore Factories Act to the whole of the coir mats and matting industry?

20. Are you in favour of the maintenance of cost of living index numbers?

## APPENDIX III.

A SCHEME FOR A BOARD OF CONTROL FOR THE  
MATS AND MATTING INDUSTRY.*(Prepared by Mr. N. G. Haydon)*

Subject to certain alterations, additions and amendments made  
by the meeting of the Rationalization Committee held  
at the Travancore Chamber of Commerce  
on the 13th March 1939.\*

1. With a view to better organisation and greater efficiency of the Coir Mats and Matting Industry in South India and the development of the export and internal trade on sound lines, the Government of Travancore should be approached to authorise the appointment of a Control Board consisting of all manufacturing shippers—the Board to have statutory powers. Whilst the Board will consist of manufacturing-shippers who manufacture in Travancore primarily, all of whom must be members, it is desirable to encourage to join the Board manufacturing-shippers who have no offices in Travancore and provision should be made therefor. Membership of the Board and compliance with Rules, Regulations and By-laws must be binding on members at all their branches whether within Travancore or beyond Travancore borders.

There should be no entrance fee or monthly subscription. The Board should be given statutory powers to levy a fee on all shippers sufficient to meet the expenses of administration, which fee shall be graduated according to the volume of each shipper's shipment.

2. The Board shall be given statutory powers to enable it to fulfil any or all of the objects set forth below and for this purpose all shipments from Travancore (or despatches through land and back water routes) shall be subject to license by the Board.

(a) To control qualities etc., and to ensure that goods conform to the Board's standards (*if and when adopted*). The goods shall:—

(i) Bear the Board's registered mark after passing by a competent authority appointed by the Board, and

(ii) Be sold under the Board's standard form of contract (*when adopted*)

(b) To bring into force standard form of buying and selling contracts.

\*The alterations, additions and amendments made by the Rationalization Committee are indicated in italics in the text.



(c) To standardise weights and measures and qualities of raw materials in so far as is necessary for the needs of the coir mats and matting industry.

(d) To eliminate adulteration of yarns by spinners and others and to encourage fair dealings.

(e) To standardise wages according to the district in which factories are situated and rates at levels fair to the labourer, to the manufacturer and to the consumer.

(f) To eliminate wasteful practices.

(g) To protect members' designs and processes.

(h) To maintain contact with labour and recognised labour unions.

(i) To encourage amalgamation of existing businesses and any other steps calculated to eliminate wasteful overhead charges and unreasonable competition.

(j) To take steps to ensure that all shipments are made under shippers' own shipping marks, and/ or buyers' recognised marks, which shall be registered with the Board.

(k) To devise suitable means for the disposal of salvaged cargo and goods below standard.

(l) To secure legislation ensuring payment of wages in cash and weekly at all factories and to co-operate in taking steps to preclude evasions of the Factories Act, or any other labour legislation.

(m) To do all such other things as may enhance the reputation of members and their products and encourage sales in all markets at prices which show a reasonable return to the manufacturing-shipper.

(n) To govern the issue of new qualities and designs at regulated periods and in quantities adjusted to the reasonable progressive needs of the trade.

(o) To provide for appointment of official arbitrators in the worlds' markets.

(p) To confine sales of members of the Control Board to buyers who confine their purchases to members of the Control Board and / or to grant special facilities and prices to buyers who confine their purchases to the members of the Board. Powers to confine purchases of members of the Board to those who confine sales to members of the Board. Notwithstanding this, members of the Control Board may sell to or buy from other members of the Control Board.

(q) To issue licenses to or to withhold from such persons who, not already manufacturers, are desirous of becoming manufacturers and who shall satisfy the Board that they are reasonably equipped financially and otherwise to become manufacturers.

*In view of the fact that plant capacity already exists equaling double the quantity of highest shipments ever made in any year, such licenses should be withheld for a period to be decided. Cottage manufacturers, notwithstanding, should be exempted from the necessity of holding a license.*

*(f) To negotiate with the distributing agencies of the industry in the United Kingdom and/or in the other distributing centres for the formation of an Association of Distributors, for the rational organisation and development of sales and the general welfare of the industry.*

3. The Board composed as it will be of all manufacturing-shippers should control the industry, the safeguard of individual members should lie in the voting majority required to pass any rule, regulation or bye-law, or to bring into force any scheme of control or marketing, and in the right of appeal to independent arbitrators appointed by the Board. Provision should be made for arbitration fees.

4. Schemes which the Control Board would be empowered to formulate and, if approved by the Board, to assist financially, should be for any one or more of the following purposes:—

- (1) Technical or scientific research.
- (2) Market investigation and research.
- (3) Publicity and similar methods of increasing consumption.
- (4) The collection and distribution of statistical and other information.
- (5) The establishment, registration and licensing of standard trade marks.
- (6) The examination, grading and certification of goods.

(7) *The Committee of the Control Board should be empowered to negotiate, on behalf of manufacturing-shippers in Travancore, agreements with producers and/or distributors in other industries or in other countries. Such schemes would have to be approved by a general meeting of the control Board before coming into operation. The operation of such agreements shall be subject to the provision that:—*

This is not an alteration in the original scheme but only a re-arrangement of paragraphs, paragraph 11 thereby becoming paragraph 7 and paragraphs 12 forward have been renumbered.

(a) The powers of the Control Board under this paragraph should be limited to schemes for the general benefit of the manufacturing industry or for safeguarding or expanding the internal or export trade generally.

(b) The provisions of any general scheme and the amount of the levy on shipments to finance it should be approved by the Board in general meeting, before the levy is imposed.

5. In order to carry out its functions properly the Board should keep registers of manufacturing-shippers as defined in the Bill.

6. In order to satisfy itself that schemes submitted to it are not likely to injure the interests of any section or adversely to affect the export trade, and in view of its responsibility for supervising schemes in operation, the Committee of the Board should have power if necessary to obtain information from all firms and persons coming within the scope of the Bill with regard to productive capacity, output, deliveries, wages and attendance registers. Provision should be made enforcing secrecy on Committee and staff.

7. The Committee of the Board should set up from among its members, but with power to co-opt persons with suitable special knowledge a development Sub-Committee, to examine or formulate, in the light of representations from registered members, or as the result of the market research undertaken by the Board, plans for developing the export and internal trade, and to make recommendations to the Board for this purpose.

8. For the purpose of this Bill, the Control Board will consist of all manufacturing-shippers of coir mats and mattings.

Scope of Bill.

**Coir Weaving**—means the manufacture of woven fabrics with or without pile from any yarns commonly used in coir weaving factories—coir, sisal, aloe, jute, etc., or a mixture of any of these, including the preparation of warp and weft for the loom, the examination and bundling of such fabrics and operations incidental to the said manufacture, preparation, examination or bundling.

**Coir Weaving Mill**—means any premises used or appropriated for use, by way of trade for coir-weaving—not less than 10 looms.

**A Coir Manufacturing-shipper**—means a person carrying on the business of a coir weaving mill, who regularly ships and has shipped during the preceding 12 months coir mats and matting whether or not in conjunction with any other business.

**A Factory Shipper**—means a person or company who is not himself a manufacturer nor a consumer of coir mats and mattings but who buys goods from a manufacturer and resells them.

**A Manufacturer**—means a person or company who manufactures coir mats and mattings but does not himself make shipments.

**A Cottage Manufacturer**—means a manufacturer of coir mats and mattings who is not a shipper and who owns not more than 10 looms.

9. All firms and persons, who have during the past 12 months both manufactured and shipped coir mats and matings have to be registered in the Control Board's register and such persons shall be eligible for membership and to make shipments hereafter.

Notwithstanding the foregoing, it shall be permissible for any firm desiring to become a *manufacturing*-shipper, after the passing of the Act, to do so by purchasing the goodwill and rights of existing businesses.

Provision should be made that new firms desirous of becoming *manufacturing*-shippers without acquiring existing businesses should be permitted so to do, providing they satisfy the following conditions:—

(1) Shall possess a factory containing at least 75 workable looms.

(2) Shall satisfy the Board that they possess sufficient liquid capital to finance the said business.

(3) Shall deposit with the Board a sum not less than Rs. 50 for each loom possessed with a maximum of Rs. 10,000 (or unencumbered securities to that value). Such sum to be invested as a trust fund with the Imperial Bank of India—such deposit should be interest bearing at the Imperial Bank rate; should form a guarantee fund to meet penalties, if any are incurred.

(4) *Notwithstanding the foregoing, it shall be permissible for factor-shippers who have during the preceding 12 months operated as factors and shippers to continue such operations provided they deposit with the Board a sum not less than Rs. 2,000 and shall subject themselves to the rules of the Board in all respects.*

*It shall also be permissible for new factor-shippers to enter the business provided they deposit with the Board a sum of not less than Rs. 5000 and satisfy the Board that they are in all respects suitable parties to act in the capacity as factor-shippers, and will subject themselves to the rules of the Board in all respects. The amount so deposited to be funded similarly to the amount mentioned in the foregoing paragraph. [9. (3)]*

(5) Such firms should apply to the Board for sanction to become shippers (which shall not be unreasonably withheld). Applicant to have the right to appeal to Government against an adverse decision of the Board.

(a) Every registered firm or person should be obliged to furnish the Control Board with such information as it may reasonably require for registration purposes.

(b) The Board should periodically and not less than once a year, satisfy itself that all registered firms

and persons are carrying on business in accordance with the definitions and regulations provided in the Bill, and should have power to remove any firm or person from the register if these conditions are not complied with.

10. Each member's voting powers for all purposes should be proportionate to the annual average of his shipments for the past 3 or 5 years as may be decided and a majority of 3 to 1 votes should be required to pass any rule, regulation, scheme, or byelaw. Elections should be by majority voting without "3 to 1" restriction.

11. Provision to be made for determining whether an infringement of a rule, regulation, byelaw or scheme has taken place, and if so, the penalties to be imposed, with the right of appeal. Penalties may take the form of fines, or in default, suspension of licenses, or any combination of the foregoing.

Similar provisions to be made with regard to general schemes, for which the Control Board would decide whether an infringement has taken place, and if so, impose a penalty, with a right of appeal.

12. The Government to fix an appointed day, not more than three months after date of enactment. The Control Board to remain in existence for four years from the appointed day.

13. The Committee should consist of *ten* members including the President and shall consist of *five* members of Indian birth and *five* of European birth.

14. The control exercised by the Board and the business of the Board shall be vested in a Committee who in addition to the powers and authorities by these presents or otherwise expressly conferred upon them may exercise all such powers and do all such acts and things as may be exercised or done by the Board and are not hereby or by statutory law expressly directed or required to be exercised or done by the Board in General Meeting, but subject nevertheless to the provisions of any statutory law and of these presents and to any regulations from time to time made by extraordinary resolution of the Board provided that no regulation so made shall invalidate any prior act of the Committee which would have been valid, if such regulations had not been made.

Without prejudice to the general powers conferred by the last preceding article, and the other powers conferred by these

presents, it is hereby expressly declared that the Committee shall have the following powers:—

(a) To appoint any sub-committee of the members of the Committee or of the members of the Board including individuals from outside and such sub-committee may be permanent or temporary or for special purposes as the Committee may determine.

(b) To delegate, subject to such conditions as they think fit, any of their powers to sub-committees and to make, vary and repeal byelaws or rules for the regulation of the proceedings of sub-committees.

(c) To make, vary and repeal byelaws or rules for the regulation of the business of the Board, or any department or section of the Board, provided such alterations are confirmed at the next general meeting of the Board.

(d) To enter into arrangement, upon such terms and subject to such conditions as the Committee may deem desirable, for working in conjunction with any board organised for the protection or better development of any branch of trade or commerce that might have a direct or indirect bearing on the coir products shipping industry of India, that may apply to be allowed to work in conjunction with the Board, provided the objects for which such Board is or shall be formed are not inconsistent with the objects of the Board as defined in the enabling Bill.

## APPENDIX IV.

A SCHEME FOR THE CONTROL OF THE MATS AND  
MATTING INDUSTRY, PREPARED BY THE  
INDIAN MANUFACTURERS AND SHIPPERS  
AND EMBODIED IN A DRAFT BILL.

*Draft of the Travancore Coir Mats and Matting Control Bill***Objects and Reasons.**

The coir mats and matting industry of Travancore is the most important industry in the State. The particular variety of coir yarn used in the manufacture is almost a special monopoly of Travancore. However, this trade is being badly spoiled by unhealthy and destructive competition.

The main object of the present Bill is therefore to restrict the opening of further factories and the coming in of new factors. The Bill does not propose to standardise the qualities, or wages, or prices or insist upon 'registrations' or 'trade marks' at this stage, as the Legislature can deal with them later when necessity arises. Restriction of the number of shippers is the immediate remedy suggested for overcoming the present unhealthy competition.

Provision has been made for grant of licenses to all those who are at present engaged in the trade in the same category in which they trade now.

**Preamble.**

Whereas it is expedient and necessary in view of the present plight of the coir mats and matting industry of Travancore to provide for the control of the manufacture and export of coir mats and matting and for certain connected matters, it is hereby enacted as follows :

**PART I.****Preliminary.**

- I. i. This Act may be called the Travancore Coir Mats and Matting Control Act.
- ii. It extends to the whole of Travancore.
- iii. It shall come into force on such date as our Government may appoint in that behalf by notification in our Government Gazette and thereafter remain in force up to the 31st December, 1945, and for such further period as may be specified by our Government after conducting a thorough

investigation in regard to the working of the Act and in consultation with the license-holders from time to time by notification in our Government Gazette.

- II. In this Act unless there is anything repugnant to the subject or context,
- (a) 'Committee' means the person or body of persons elected by the license-holders and approved by our Government by notification in our Government Gazette.
  - (b) 'Factory' means any buildings, shed or premises constructed for the purpose of manufacturing with hand or power looms, coir mats, mattings with or without using jute, wool, and aloe yarn along with coir yarn and or fibre in the manufacture, and preparation of warp and weft and for carrying on allied operations in the process of manufacture of coir goods.
  - (c) 'Owner' means proprietor and/or manager of a factory and also includes an agent of the owner.
  - (d) 'Prescribed' means prescribed by rules made by our Government under this Act.
  - (e) 'Manufacturer-shipper' means a person or firm carrying on the business of a coir factory and who has shipped mats and matting during the twelve months ending June 1939, whether or not in conjunction with any other business.
  - (f) A 'factor' means a person or company who is not himself a manufacturer nor a consumer of coir mats and matting but who buys goods from a manufacturer in Travancore and resells or ships them.
  - (g) A 'Manufacturer' means a person or company who owns more than ten looms and who manufactures coir mats and matting but does not himself make shipments.
  - (h) A 'cottage-manufacturer' means a manufacturer of coir mats and matting and who is not a shipper and who owns not more than five looms and does not employ power and who only employs members of his own family.
  - (i) 'Family' means parents, wife and children, brothers and/or sisters, sisters' husbands and brothers' wives.



## PART II.

*Manufacturer-shippers, manufacturers, factors, and cottage manufacturers now in the trade to be granted licenses.*

- III. Within 90 days from the date of this Act coming into force, all manufacturer-shippers, manufacturers, cottage manufacturers and factors who are already in the trade should apply to the Committee and obtain licenses in accordance with their respective trades, and the licenses so granted shall provide such full particulars as per the rules that might be framed by our Government from time to time under this Act in consultation with and the approval of the Committee elected by the license-holders. All existing manufacturer-shippers, manufactures, factors and cottage manufacturers shall be granted licenses.

*Government to appoint the first Committee.*

- IV. The Government shall constitute the first Committee to administer this Act and to perform all functions and duties conferred on the Committee under the provisions of the Act, which Committee shall function only for a period of four months by which period the Committee elected by the license-holders shall take over its duties and responsibilities.

*Powers of the Committee*

- V. The Committee shall have powers:—
- (a) To make necessary rules, regulations and bye-laws for the conduct of business in Committee meetings.
  - (b) To issue, suspend or cancel licenses to manufacturer-shippers, manufacturers, cottage manufacturers and factors.
  - (c) To prescribe forms of returns and registers, etc., to be maintained by the factories and manufacturers and factors and also specify the period or periods for the submission of such statements and returns as may be required for the purposes of this Act.
  - (d) To exercise such control and supervision over factories as provided in the Act.
  - (e) To appoint officers for the discharge of duties specified in the Act for purposes of inspection of factories collection of statistics or other information necessary for the guidance of the Committee as may be required for the purpose of this Act and fix their remuneration.

- (f) To fix and levy fees for the issue of licenses.
- (g) To appoint the necessary staff for the office of the Committee and fix their remuneration.
- (h) To call for and obtain information from factories, shippers or factors regarding production, shipment, equipment and other particulars required as per this Act.
- (i) To enforce observance, by all concerned, of the provisions of this Act and other rules and byelaws that may be framed thereunder from time to time and in default to take steps to suspend or cancel the license as provided under sub-clause (b) above.

*Registry of Licenses with Customs.*

- VI. Any license granted under this Act shall be registered with the Customs in Travancore before shipment of coir mats and matting is effected; and no shipment shall be allowed unless on such registry.

*License-holders' Rights.*

- VII. (a) All manufacturer-shippers and manufacturers can increase their looms subject to the following conditions only:—
- (i) Every manufacturer-shipper or manufacturer desiring to increase the number of his looms must apply to and satisfy the Committee by furnishing facts and figures that he has immediate need for more looms and obtain necessary sanction.
  - (ii) Any such increase in the number of looms can be sanctioned by the Committee as per Clause (i) above only once in a year provided, however, that such increase does not exceed 10 per cent. of the number of looms already owned or possessed by the applicant.
- (b) It shall be permissible for a manufacturer to become a manufacturer-shipper by obtaining a fresh license to that effect, provided that:
- (i) he possesses not less than 50 workable looms and other equipments necessary, and
  - (ii) he satisfies the Committee that he has the necessary finance and knowledge to deal in foreign business.
- (c) A factor shall not open any factory but can purchase the factory and other rights of a manufacturer or manufacturer-shipper already holding a license and shall then only become a manufacturer-shipper, in which case his license as a factor shall be cancelled.

- (d) A cottage manufacturer shall not increase his looms over five but may buy the factory and other rights of a manufacturer or manufacturer-shipper already holding a license, in which case his original license shall be cancelled and he will be given a new license according to his purchase rights.

*Right of Appeal to Government.*

- VIII. On all decisions of the Committee in regard to granting, suspending or cancelling a license, the party concerned may appeal to our Government within sixty days from the date of receipt of the Committee's order and our Government may, on such appeal, cancel, modify or suspend any order of the Committee.

*Inspection of Committee's Records.*

- IX. The records of the Committee shall be open to inspection at all business hours by any officer authorized in this behalf by our Government.

*Constitution of the Committee.*

- X. The Committee shall consist of eleven persons, six representing manufacturer-shippers of whom two shall be Europeans and the rest shall be Indians, three representing manufacturers, one representing cottage manufacturers and one representing factors.

*Licenses.*

- XI. License shall be granted only on the following conditions :—

*Manufacturer-shipper.*

- (a) i. He shall have a factory and a minimum number of mats and matting looms—not less than 25 looms.  
 ii. He shall ship goods only on definite orders.  
 iii. He shall satisfy the Committee if and when required to do so, that he is receiving in his prices a minimum gross profit of 5 per cent.

*Factor.*

- (b) i. He shall ship goods only on definite orders.  
 ii. He should have made shipments during the preceding twelve months.  
 iii. He shall satisfy the Committee, if and when required to do so, that he is receiving in his business a minimum gross profit of 5 per cent.

(c) *Manufacturer.*

- (i) A manufacturer shall possess more than ten looms.
- (ii) He shall not be entitled to sell goods outside Travancore or make any shipments out of Travancore by sea or by rail or by backwater.
- (iii) He shall satisfy the Committee, if and when required to do so, that he is getting in his prices a minimum gross profit of 5 per cent.

(d) *Cottage Manufacturer.*

A cottage manufacturer shall not possess more than five looms.

XII. *Restrictions on new Factories and Factors.*

- (a) All those who desire to enter into this industry after the commencement of this Act can only do so by buying the rights of existing manufacturer-shippers or manufacturers and not as factors.
  - (b) No person except those who are in the trade already and who possess licenses in accordance with the category in which they are placed shall be permitted to erect any new factory and carry on trade in mats and matting so long as this Act is in force. But a cottage manufacturer shall be granted license at all times provided he possesses only the prescribed number of looms, namely, five and not more. In case the cottage manufacturer increases the number of his looms to more than five, his license shall be cancelled.
-

**PART III**  
**STATISTICS.**

CONTENTS (Part III)

PARAGRAPH.	PAGE.
1. Introductory	201
2. Scope of the enquiry	...
3. Collection of data	202
4. Size and constitution of families	204
5. Workers and dependents	212
6. Women and children workers	214
7. Distribution of families according to number of factory workers	215
8. Literacy	216
9. Age distribution	217
10. Marital condition	218
11. Earnings	220
12. Average monthly income	221
13. Earnings of women and children	223
14. Distribution of families according to monthly income	224
15. General expenditure	...
16. Expenditure on food	226
17. Expenditure on different food commodities	228
18. House rent	231
19. Miscellaneous expenditure	...
20. Savings	232
21. Debts	...
22. General living conditions	233
APPENDIX.	
Cost of living investigation schedule	234

## PART III.

### Report of the Enquiry into the Family Budgets of the Workers in the Mats and Matting Industry.

#### 1. *Introduction.*

Ever since the publication of the Report of the Royal Commission on Labour in India, in 1924, increasing attention has been bestowed, by various Provincial Governments, on enquiries into the family budgets of industrial workers. Bombay took the lead in the matter and its example is being closely followed by other Governments in India.

The object of family budget enquiries is to obtain statistical information regarding the standard of living of a given class of the community by collecting and analysing data relating to the earnings of the families comprising the particular class, the manner in which their income is expended and the extent to which it is sufficient to meet their needs.

Unless such information is available, adequate measures for the improvement of the living and working conditions of the class of the community cannot be devised. In the case of industrial workers in particular, enquiries of the kind will help to gauge how far their standard of living is consistent with the prosperity of the industry itself. Further, family budget enquiries are of special value in the ascertainment of the relative importance of the expenditure on various commodities ordinarily consumed; such as articles of food, fuel, clothing etc. This information is a fundamental requisite in computing cost of living indices which are generally used by employers in the adjustment of wages.

At the very commencement of their work, the Board felt that the lack of statistical information on the standard of living of the workers was a very great handicap in the attempt to arrive at useful conclusions regarding the questions referred to them. They, therefore, proposed to conduct an enquiry into the family budgets of about 1,500 workers in 7 centres of the industry and the Government readily sanctioned the proposal.

#### 2. *Scope of the Enquiry.*

It is estimated that there are about 27,000 workers employed in the coir factories of the State and that about 18,000 families are supported by the industry. The workers are unevenly distributed over an area stretching from Arur in

the north to Kadakkavur in the South. Evidently it was not practicable to include each and every family in the enquiry, nor was it necessary. By confining attention to a selected number of families, sufficiently large and representative, reliable results regarding the general class of workers' families could be obtained. It was therefore arranged to confine the enquiry to about 1500 families in 7 centres of the industry.

There are two well recognised methods of selecting families for inclusion in enquiries of this kind, one being the method of random sampling and the other, the method of purposive selection or representative sampling. The method of random sampling involves the selection at random, say one in  $n$  number of families, and practically such randomness could be assumed by preparing a list of all the labourers and ticking off every  $n$ th name and studying the details of all such families. This method with slight modifications was adopted in Madras, where a list of the labourers was prepared, arranged according to their income or earning in one month and every  $n$ th man selected. The method of purposive selection pre-supposes some general knowledge of the existing conditions. Keeping in view that the object of the enquiry was primarily the ascertainment of the standard of living and the relative importance of the various items of expenditure, for the purpose of working out cost of living indices, it was decided to adopt the method of purposive selection in this enquiry. Hence certain typical centres of the industry were selected and all the families in any one block of such areas were studied. Seven centres were so selected, *viz.*, Alleppey, Punnapra, Kanjikuzhi, Muhamma, Shertallay, Kuthiathode and Paravoor, (Paravoor representing the tract from Quilon to Kadakkavoor). In some cases it was found to be necessary to select two or more blocks in the same centre and to combine their results, to get a representative selection pertaining to the centre itself.

The schedule adopted for recording information was the same as the one recommended by the Royal Commission and used in Madras, but with certain modifications, to suit local conditions. The form of the schedule is printed as Appendix I to this part of the Report.

### 3. Collection of Data.

A Statistician and 7 Investigators were appointed to conduct the enquiry and to tabulate the results. The collection and tabulation of data were finished in 3 months. Alleppey being the most important centre, it was finished off first and then the work in the other six centres was carried out simultaneously. In the beginning progress was slow; but as experience was gained, each Investigator was able to record the



details of particulars relating 5 or 6 families each day. All possible care was bestowed on the selection of each area and careful reconnoitring was necessary before the final selections could be made. It is inevitable that in such enquiries numerous errors would creep in, sometimes inadvertently and sometimes by deliberate mis-statement. The Investigators were, therefore, trained to be wary in their methods of approach in individual cases and to correct any observed tendency in the wrong directions, such as understatement of income and overstatement of expenditure, commonly observed in such enquiries. This task required tact and imagination on the part of the Investigators. Here it may be observed that on account of the timely propaganda done by the Coir Factory Workers' Unions in the various centres of the industry, the labourers and the members of their families were generally helpful and ready to supply the information called for. The absence of the labourers from home during day time made it necessary for much of the work being confined to the mornings and evenings.

On the whole, 1423 schedules were filled up; but 14 of them had to be rejected as defective; and so, there were the particulars of 1409 families to be consolidated and studied. Their distribution is shown in the following table:—

TABLE No. I.

<i>Distribution of Families.</i>		<i>Percentage.</i>
Alleppey	515	36.5
Punnappra	138	9.8
Kanjikuzhi	201	14.3
Muhamma	154	10.9
Shertallay	186	13.2
Kuthiathode	95	6.7
Paravoor	120	8.6
	<hr/> 1409	<hr/> 100.0

It could not be ascertained what proportion of the total number of labourers' families residing in each centre has been brought under the enquiry. It would be impossible to get this information without conducting a regular census; but the number of families for each centre is certainly representative of the centre itself. Care has also been taken to give each centre its due importance, so that the general average may be taken to be reliable. As a matter of fact, mathematical precision is not necessary in apportioning the 'weights' to each centre in selecting the number of families.

The tabulation of the results was done after each schedule was carefully scrutinized. The families in each centre were kept in separate groups and were sorted out according to total income per mensem, as below Rs. 5, Rs. 5-10, Rs. 10-15, etc., Rs. 40 and above. The families in each income group were again sorted into groups of defined size, *viz.*, 2 members, 3 members, etc. The totals of income, expenditure etc., were worked out for each of the sub-groups which were differentiated from one another in regard to income and size. This detailed process was necessary, because the standard of living has a very close relation to the income as well as to the size of the family. The utmost care was exercised to avoid numerical errors and the work was completed in one month.

In the following sections, the data collected are analysed under various heads, such as size and constitution of family, literacy, marital condition, age distribution, earnings, general expenditure on food, house-rent and miscellaneous items, savings and debts and general conditions of the families.

In the analysis and study of the data collected, we have kept in view the practical requirements of employers and labour organisations in gauging the standard and cost of living of workers in the attempt at the adjustment of wage levels.

#### 4. *Size and Constitution of Families.*

The standard of living of a family has a direct relation not only to the income of the family but also to its size. Families with relatively large incomes may live in hard circumstances, merely because the size of the family is large. In a study of standard of living, the differences in incomes as well as the sizes of the families have to be taken into account. It has been already stated that the primary groups into which the families have been classified are groups of income and, in addition, the families have been classified according to groups of size as well. We shall first consider the average size, the distribution of the families according to size and the nature of the constitution of the families.

TABLE No. 2.

*Distribution of families in each centre according to size.*

No. of persons per family.	Number of families in centre.							Percent- age of families to total in all centres.	
	Alleppey.	Punna- pra.	Kanji- kuzhi.	Muha- mma.	Sherta- llay.	Kuthia- thode.	Paravoer.		All centres.
2	32	4	4	6	2	7	7	62	4.40
3	61	20	35	17	23	11	15	182	12.92
4	89	21	29	35	24	16	14	228	16.18
5	94	19	36	37	37	12	30	255	18.10
6	82	29	38	32	39	18	22	260	18.45
7	58	21	23	13	27	14	13	169	12.00
8	50	9	19	9	16	10	11	124	8.80
9	21	7	8	6	8	3	5	58	4.12
10	9	4	6	4	5	4	2	34	2.41
11	10	2	2	5	4	..	1	24	1.70
12	2	..	1	..	1	..	..	4	.28
13	3	..	..	..	..	..	..	3	.21
14 and above.	4	2	..	..	..	..	..	6	.43
Total of sizes.	515	138	201	154	186	95	120	1409	100.00

From the above table, it will be observed that families with 6 members occur more often than any other size and that nearly 50 per cent. of the families have 4 to 6 members, considering all centres together. The proportion of families with more than 12 members is not considerable. If we define families with 2 to 4 members as small-sized, 5 to 7 as medium and the rest as large, it will be observed from the following table that medium sized families preponderate in all centres..

TABLE No. 3.

*Percentage of small, medium and large size families in each centre.*

Centre	Percentage of families of size.			
	Small.	Medium.	Large.	All sizes.
Alleppey.	35.34	45.43	19.23	100.00
Tunnappra.	32.61	50.00	17.39	100.00
Kanjikuzhi.	33.83	48.26	17.91	108.00
Muhamma.	37.66	46.75	15.59	100.00
Ehertalbay.	26.34	55.38	18.28	100.00
Kutbiathode.	35.78	46.32	17.90	100.00
Paravoor.	30.00	54.17	15.83	100.00
All centres.	33.50	48.55	17.95	100.00

In considering the average size of families in each centre, it has to be remembered that even though two families may be of the same size, the consuming capacity of the families may differ, because of the differences in age and sex constitution of the families. It is, therefore, usual for purposes of comparison of the consuming capacity of different families to work out the number of equivalent adult males per family, on the assumption that, in point of consuming capacity, one woman is equivalent to .83 of a man, one child of 10 to 14 years of age as equivalent to .83 of a man, one child of 6 to 10 years, as equivalent to .70 of a man and a child below 6 as equivalent to .50 of a man. This scale of ratios is known as the "Lusk" scale and it has been adopted in the Madras studies of working class families. In this enquiry also, the same scale is used in converting the number of members of a family into the number of equivalent adult males. This point has to be particularly borne in mind, when families of different groups are compared in respect of their nutritional standards.

TABLE No. 4.

Showing the average No. of men, women, boys and girls per family, the average size and the total No. of equivalent adult males.

Centre.	No. of families.	Total Number of					All persons.
		Men.	Women.	Boys.	Girls.		
Alleppey	515	952	903	510	517	2882	
Punnapra	138	257	258	127	152	794	
Kanjikuzhi	201	376	332	197	211	1116	
Muhamma	154	273	263	141	165	842	
Shertallay	186	354	345	187	197	1083	
Kuthiathode	95	182	162	81	99	524	
Paravoor	120	222	214	120	96	652	
All centres	1409	2616	2477	1363	1437	7893	

Centre.	Average per family of					No. of equivalent adult males, per family.
	Men.	Women.	Boys.	Girls.	All persons.	
Alleppey	1.85	1.75	.99	1.00	5.59	4.62
Punnapra	1.86	1.87	.92	1.10	5.75	4.78
Kanjikuzhi	1.87	1.65	.98	1.05	5.55	4.61
Muhamma	1.77	1.71	.92	1.07	5.47	4.50
Shertallay	1.90	1.85	1.01	1.06	5.82	4.81
Kuthiathode	1.92	1.71	.85	1.04	5.52	4.59
Paravoor	1.85	1.79	1.00	.84	5.43	4.54
All centres	1.86	1.76	.97	1.01	5.60	4.64

From the above statement, it will be seen that, considering all the 1409 families together, each family has on the average 5.60 members, but only 4.64 equivalent adult males. The size of families appears to be largest in Shertallay, consisting of 5.82 members and 4.81 equivalent adult males. A mere reference to size without considering the age and sex constitution of the families will be misleading. Each family

has, on the average, 1.86 men, 1.76 women, .97 boys and 1.01 girls. Among adults, males preponderate and among children, females preponderate.

It will also be seen from the same table that out of 7893 persons comprised by the enquiry, 3979 were males and 3914 females, giving a ratio of 98.36 females for every 100 males. It would be interesting to note that the last census showed practically the same figures, 98.7 females to 100 males of the general population.

TABLE No. 5.

*Showing proportion of females to 100 males among adults, children, and all persons in each centre.*

Centre.	Proportion of females to 100 males of		
	Adults.	Children.	All persons.
Alleppey	94.85	101.37	97.12
Punnapra	100.39	119.68	106.77
Kanjikuzhi	88.29	107.11	94.76
Muhamma	96.34	117.02	103.38
Sherthally	97.45	105.35	100.18
Kuthiathode	89.01	122.22	99.24
Paravoor	96.89	80.00	9.64
All centres	94.69	105.42	98.86

The above table shows among adults 94.69 females to 100 males and among children (below 14), 105.42 females to 100 males. In Punnapra, there is a general preponderance of females.

We shall now consider the average size of families, for groups of families of defined income and study whether the size of the family has any relation to income and also whether the proportion of females to males has any relation to income.

TABLE No. 6.

Showing the number of men, women, boys, girls etc., per family in groups of income, the average size, and the equivalent number of adult males.

Income.	Number.				
	No. of families.	Men.	Women.	Boys.	Girls.
Below Rs. 5	7	3	8	5	2
Rs. 5-10	342	425	504	271	286
Rs. 10-15	501	816	937	458	511
Rs. 15-20	318	642	595	345	384
Rs. 20-25	131	354	268	156	128
Rs. 25-30	65	212	143	69	75
Rs. 30-35	21	73	56	27	21
Rs. 35-40	14	52	39	20	21
Rs. 40 and above	10	39	27	12	9
All families	1409	2616	2477	1363	1437

Income.	Average per family of.						No. of equivalent adult males.
	All persons.	Men.	Women.	Boys.	Girls.	All persons	
Below Rs. 5	18	43	1.14	.71	.29	2.57	2.10
Rs. 5-10	1486	1.24	1.47	.79	.84	4.34	3.53
Rs. 10-15	2622	1.63	1.67	.91	1.02	5.23	4.29
Rs. 15-20	1966	2.02	1.87	1.08	1.21	6.18	5.13
Rs. 20-25	906	2.70	2.02	1.20	.98	6.90	5.84
Rs. 25-30	499	3.26	2.20	1.06	1.15	7.67	6.57
Rs. 30-35	177	3.48	2.67	1.29	1.00	8.43	7.22
Rs. 35-40	132	3.71	2.79	1.43	1.50	9.43	7.96
Rs. 40 and above	87	3.90	2.70	1.20	.90	8.70	7.39
All families	7893	1.86	1.76	.97	1.01	5.60	4.64

It is observed that in families of higher incomes, the average size is also larger. It is generally the larger size of families that contributes to higher incomes. It will be seen later, too, that, on the average, there are more earners in larger families.

TABLE No. 7.

*Showing the proportion of females to males among adults, children and all persons in families of specified income group.*

Proportion of females to 100 males of.			
Income group.	Adults.	Children.	All persons.
Below Rs. 5	266.67	40.00	125.00
5—10	118.59	105.53	113.81
10—15	102.67	111.57	105.81
15—20	92.67	111.80	99.19
20—25	75.71	82.05	77.65
25—30	67.45	108.69	77.68
30—35	75.71	77.78	77.00
35—40	75.00	105.00	83.33
40 above	69.23	75.00	70.59
All families.	94.69	105.42	98.26

As we consider families in higher income groups, it is found that the proportion of females is far less than those for families in low income groups. It is not only the large size, but also the preponderance of males that contributes to the increase in the incomes of families.



TABLE No. 3.

Showing the average number of men, women, boys, girls and the equivalent number of adult males in families of different size groups.

Size of family,	Total number of					
	No. of Families.	Men.	Women.	Boys.	Girls.	All persons.
2 members	62	55	63	5	3	124
3 "	182	212	224	59	51	546
4 "	228	326	319	131	136	912
5 "	255	408	421	218	238	1275
6 "	260	502	488	274	316	1560
7 "	169	378	328	288	259	1183
8 "	124	320	284	192	196	992
9 "	58	170	152	99	100	522
10 "	34	111	89	72	68	340
11 "	24	75	79	52	58	264
12 "	4	17	13	10	8	48
13 "	3	16	9	8	6	39
14 and above	6	28	27	10	23	88
Total	1409	3616	2477	1362	1437	7893

Size of family.	Average per family of					
	Men.	Women.	Boys.	Girls.	All persons.	Equivalent No. of adult males.
2 members	0.85	1.02	0.08	0.05	2.00	1.80
3 "	1.17	1.23	0.38	0.28	3.00	2.68
4 "	1.43	1.37	0.63	0.60	4.00	3.35
5 "	1.60	1.65	0.84	0.91	5.00	4.12
6 "	1.93	1.80	1.05	1.22	6.00	4.95
7 "	2.24	1.94	1.41	1.41	7.00	5.74
8 "	2.58	2.29	1.55	1.58	8.00	6.58
9 "	2.93	2.64	1.71	1.72	9.00	7.43
10 "	3.26	2.62	2.12	2.00	10.00	8.16
11 "	3.13	3.29	2.17	2.41	11.00	8.90
12 "	4.25	3.25	2.50	2.00	12.00	9.81
13 "	5.33	3.00	2.67	2.00	13.00	11.21
14 and above.	4.67	4.50	1.67	3.83	14.67	12.12
Total	1.88	1.76	0.97	1.01	5.60	4.64

TABLE No. 9.  
Size of family.\*

Income group.	Small			Medium.		
	No. of families.	No. of members	Average size.	No. of families.	No. of members.	Average size.
Below Rs. 15	400	1325	3.31	381	2196	5.76
„ Rs. 15—30	76	250	3.57	292	1757	6.01
„ Rs. 30 and above.	2	7	3.50	11	65	5.90
All groups	472	1582	3.55	684	4018	5.87

Income group.	Large.			All sizes.		
	No. of families.	No. of members.	Average size.	No. of families.	No. of members.	Average size.
Below Rs. 15	69	605	8.77	850	4126	4.85
„ Rs. 15—30	152	1364	8.97	514	3371	6.56
„ Rs. 30 and above.	32	324	10.12	45	396	8.80
All groups	253	2293	9.06	1409	7893	5.60

\* Small—2, 3 or 4 members.  
Medium—5, 6 or 7 do.  
Large—8 and above do.

##### 5. Workers and Dependents.

We have so far considered the classification of the members of families according as they are adults or children. Now we shall consider what proportion of the total members of families consists of factory workers, what proportion is engaged in other work and what proportion constitutes dependents. It is assumed that each family has only one chief earner and that he or she is a factory worker.

Earners are classified under the following 3 groups :—

- (1) Chief earners.
- (2) Factory workers other than the chief earners.
- (3) Persons following occupations other than factory work.

All the rest are considered dependents and consist mainly of children. The majority of men and grown up boys come under groups (1) and (2), and of the women, the majority come under group (3) specified above. Of the 7893 persons, 2130 are factory workers, (the number of heads of families being 1409), and 1765 persons do work not connected with coir factories,

TABLE No. 10.

Showing the number of factory workers and persons following other occupations in each centre.

Centre.	No. of families	No. of factory workers.	No. of other workers.	No. of dependents.	Average per family of:		
					Factory workers	Other workers.	Dependents
Alleppey	515	869	280	1733	1.69	.54	3.36
Punnappra	138	193	273	328	1.40	1.97	2.38
Kanjikuzhi	201	277	279	560	1.38	1.39	2.78
Mohamma	154	215	274	353	1.40	1.78	2.29
Shertallay	186	249	332	507	1.34	1.78	2.70
Kuthiathode	95	150	158	216	1.58	1.66	2.28
Paravoor	120	177	169	306	1.47	1.41	2.55
All centres	1409	2130	1755	3998	1.51	1.25	2.84

Each family has, on the average, 1.51 factory workers and 1.25 other workers. The average number of factory workers per family is largest in Alleppey and smallest in Shertallay. The other workers are mainly women and, except in Alleppey, they are engaged in coir yarn spinning. The smallness of the average number of other workers in Alleppey is presumably due to the fact that there are greater facilities for women and children to do factory work in that centre of the industry.

TABLE No. 11.

Showing the number of factory workers, other workers and dependents in groups of families of specified income.

Income group.	No. of families	No. of factory workers.	No. of other workers.	No. of dependents.	Average per family of.		
					Factory workers.	Other workers.	Dependents.
Below							
Rs. 5	7	7	3	8	1.00	.43	1.14
5-10	542	378	353	755	1.11	1.03	2.20
10-15	501	662	624	1316	1.32	1.24	2.67
15-20	318	522	461	983	1.64	1.45	3.09
20-25	131	267	186	452	2.04	1.42	3.44
25-30	65	157	94	248	2.42	1.45	3.80
30-35	21	61	22	94	2.91	1.05	4.47
35-40	14	41	16	75	2.93	1.14	5.36
40 & etc.	10	35	6	46	3.50	.60	4.60
Total	1409	2130	1755	3998	1.51	1.25	2.84

The average number of factory workers as well as dependents is higher in the larger income groups; but in the case of the other workers, the average per family is higher in the income group Rupees 15 to 30 per mensem.

TABLE No. 12.

*Showing the number of factory workers, other workers and dependents in groups of families of specified size.*

Size of families.	No. of families.	Number of			Average per family of		
		Factory workers.	Other workers.	Dependents.	Factory workers.	Other workers.	Dependents.
2	62	68	24	32	1.10	.39	1.51
3	192	218	128	200	1.20	.70	1.10
4	228	298	198	416	1.31	.87	1.82
5	255	348	288	446	1.34	1.12	2.54
6	260	408	378	774	1.57	1.45	2.98
7	169	281	262	640	1.66	1.55	3.79
8	124	232	218	642	1.87	1.76	4.87
9	58	118	137	272	1.94	2.88	4.70
10	54	79	72	189	2.32	2.12	6.86
11	24	54	29	181	2.26	8.21	7.84
12	4	9	12	37	2.25	8.00	6.75
13	3	13	2	24	4.33	.67	8.00
14	6	14	13	55	2.33	3.16	9.13
above							
All.	1409	2130	1765	8998	1.51	1.95	2.84

There is a progressive increase in the number of factory workers per family, as the size of the family increases, except in the last group, where there is a fall. But the number of families with 12, 13, 14 or more members is so small that variations in the averages of these groups should not be taken to have any special significance.

#### 6. Women and Children Workers.

In regard to the women and children working in the factories, the only comprehensive method of tackling the question would be by collecting statistics from the factories themselves. The present discussion is confined to the results of the samples collected; but how far the samples would be representative of the whole labour population in this particular respect cannot be ascertained with any degree of accuracy.

TABLE No. 13.

Showing the number of chief earners, other factory workers or persons following other occupations who are women boys or girls.

Centre.	Total No. of chief earners in factory work.	Chief earners			Total No. of other factory workers.
		Women.	Boys.	Girls.	
Alleppey	515	60	..	..	554
Punnapra	138	..	..	..	59
Kanjikuzhi	201	1	..	..	76
Muhamma	154	1	..	..	61
Sherthallay	186	..	..	..	68
Kuthiathode	95	1	..	..	55
Paravoor	120	5	..	..	57
All centres	1409	68	..	..	721

Centre.	Other factory workers.			Total No. of other workers.	Other workers.		
	Women.	Boys.	Girls.		Women.	Boys.	Girls.
Alleppey	90	20	7	280	150	1	13
Punnapra	..	5	..	273	221	..	28
Kanjikuzhi	4	7	..	279	231	..	18
Muhamma	1	8	..	274	221	4	14
Sherthallay	8	10	..	332	256	..	34
Kuthiathode	1	4	2	158	228	1	10
Paravoor	22	1	..	169	102	4	13
All centres	121	65	9	1765	1809	10	130

It is seen that of the 1409 chief earners only 68 or 4.8 per cent, are women and 60 of them are in Alleppey, where they form 11.7 per cent. of the 515 chief earners. So also out of the 2130 total factory workers, only 189 (68 chief earners plus 121 others) are women and 150 (60 chief earners plus 90 others) of them are in Alleppey. Thus women are employed in considerable numbers only in Alleppey. Among the chief earners, there are no boys or girls and out of the 2130 factory workers, only 55 are boys and 9 girls. But out of the 1765 persons following other occupations, 1309 are women, 130 girls and 10 boys. These women are mostly engaged in spinning coir yarn or in other odd jobs. It will be seen later, that their employment in such work is not in any degree substantially remunerative. The percentage of children to the total factory workers is not appreciable.

7. *Distribution of Families According to the Number of Factory Workers in each Family.*

TABLE No. 14.

*Showing the number of families in each centre having 1, 2, 3 or 4 and more earners, (factory workers.)*

Centre.	Total No. of families	No. of families with 1 earner.	No. of families with 2 earners.	No. of families with 3 earners.	No. of families with 4 or more earners.
Alleppey ...	515	275	154	65	21
Punnapra ...	138	94	33	6	5
Kanjikuzhi ...	201	138	52	9	2
Muhamma ...	154	99	49	4	2
Shertallay ...	186	135	44	5	2
Kuthiathode ...	95	56	26	11	2
Paravoor ...	120	80	28	9	3
All families ...	1409	877	386	109	37

Out of the 1409 families, 877 (62 per cent.) have only one earner each and 386 (27 per cent.) have 2 earners each, 109 (8 per cent.) have three earners and only 37 families (3 per cent.) have 4 earners or more each.

#### 8. Literacy.

For obvious reasons, children below 6 years of age have been excluded from all groups in working out percentages of literates.

TABLE No. 15.

*Showing the number and percentage of literates in each centre for all members, excluding children below 6 years.*

Centre.	Total No. of persons.	No. of persons 6 years and above.	Number of literates.	Percentage literate.
Alleppey ...	2882	2442	985	40.7
Punnapra ...	794	689	308	44.7
Kanjikuzhy ...	1116	966	308	31.9
Muhamma ...	842	720	173	24.0
Shertallay ...	1033	980	333	35.8
Kuthiathode ...	524	482	158	32.8
Paravoor ...	652	573	214	37.3
All centres ...	7898	6772	2489	36.8

Out of the 6772 persons, 6 years of age and above, 2489 or 36·8 per cent. are literate. The corresponding figure for the general population according to the census of 1931 was 28·9 per cent. The comparison is favourable to labourers, but we do not know how far general literacy has advanced in the period following the last census. Alleppey and Punnappa show the highest literacy and Muhamma the lowest.

TABLE No. 16.

*Showing the number and percentage of coir factory workers literate in each centre.*

Centre.	No. of Chief earners.	No. literate.	Percentage.	No. of other factory workers.	No. literate.	Percentage.
Alleppey. ...	615	301	58·4	354	208	58·7
Punnappa ...	138	118	85·5	55	39	70·9
Kanjikuzhi ...	201	138	68·7	76	45	59·2
Muhamma ...	154	94	61·0	61	28	45·9
Sherattalay ...	136	153	82·3	63	41	65·1
Kuthiathode ...	95	70	73·7	55	40	72·7
Paravoor ...	120	93	77·5	57	29	50·9
All centres ...	1409	967	68·6	721	430	59·6

- In general 68·6 per cent of the 1409 chief earners and 59·6 per cent of the 721 other factory workers are literate. Considering the 2130 factory workers as a whole, it is observed that 1397 or 65·6 per cent are literate, whereas for the total number of persons comprised by the enquiry the literacy figure is 36·8 per cent. Among the other workers and dependents 1092 out of 4642 persons (6 years and above) are observed to be literate. *i. e.*, 23·5 per cent. Thus literacy among coir factory workers is comparatively high.

#### 9. Age Distribution.

The age distribution of any population is a characteristic which is affected by the birth rate, the death rate at various ages, and also the balance left over after migration. Significant differences are often observed in the age distribution of persons following different occupations, some engaging children predominantly, other requiring the services of aged people only, but in the majority of occupations, only persons of prime ages are in demand. A change in the age distribution of a population may indicate a change in any of the rates specified above, *viz.*, birth rate, death rate, and migration rate.

TABLE No. 17.

Showing the number of persons in different age groups among the 7893 persons comprised by the enquiry and the percentage in each group for chief earners, other factory workers, etc., for all centres together.

Age group.	Chief earners.		Other factory workers.		Other workers and dependents.		Total No. of persons.	
	Male.	Female.	Male.	Female.	Male.	Female.	Male.	Female.
0-9	...	...	..	..	889	962	889	962
10-19	107	3	289	40	540	910	986	95
20-29	579	13	247	28	131	706	957	74
30-39	409	19	43	33	73	344	625	39
40-49	189	21	6	16	93	339	298	37
50-59	35	12	5	8	152	250	192	27
60-69	12	...	1	5	169	205	182	21
All groups	1341	68	591	130	2047	3716	3979	591

Age group.	Percentage of chief earners in each group.		Percentage of other factory workers.		Percentage of other workers and dependents.		Percentage of all persons in each group.	
	Male.	Female.	Male.	Female.	Male.	Female.	Male.	Female.
0-9	..	..	..	..	43.4	25.9	22.3	24
10-19	8.0	4.4	48.9	30.8	26.4	24.5	23.6	24
20-29	43.2	19.1	41.8	21.5	6.4	19.9	24.9	19
30-39	30.5	27.9	7.3	25.4	3.6	9.3	13.2	10
40-49	14.8	30.9	1.0	12.3	4.5	9.1	7.5	9
50-59	2.6	17.7	.8	6.2	7.4	6.7	4.8	6
60-69	.9	..	.2	3.8	8.3	5.5	4.6	5
All groups	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

From the above table, it is found that among the male chief earners 73.7 per cent. fall in the age group 20-40 and among other factory workers, more than 90 per cent. are below 30 years of age.

#### 10. Marital Condition.

The following three tables show the number and percentage of single, married or widowed persons, among the chief earners, other factory workers and other workers and dependents in each centre.



TABLE No. 17.

Showing the number of persons in different age groups among the 7893 persons comprised by the enquiry and the percentage in each group for chief earners, other factory workers, other workers, etc., for all centres together.

Age group.	Chief earners.		Other factory workers.		Other workers and dependents.		Total No. of persons.	
	Male.	Female.	Male.	Female.	Male.	Female.	Male.	Female.
0-9	...	...	..	..	889	962	889	962
10-19	107	3	289	46	540	910	936	953
20-29	579	13	247	28	131	706	957	747
30-39	469	19	43	35	73	344	625	396
40-49	199	21	6	16	93	339	298	376
50-59	35	12	5	8	152	250	192	270
60-69	12	...	1	5	169	205	182	210
All groups	1341	68	591	130	2047	3716	3979	3914

Age group.	Percentage of chief earners in each group.		Percentage of other factory workers.		Percentage of other workers and dependents.		Percentage of all persons in each group.	
	Male.	Female.	Male.	Female.	Male.	Female.	Male.	Female.
0-9	..	..	..	..	43.4	25.9	22.3	24.6
10-19	8.0	4.4	48.9	30.8	26.4	24.5	23.6	24.3
20-29	43.2	19.1	41.8	21.5	6.4	19.0	24.0	18.1
30-39	30.5	27.9	7.3	25.4	3.6	9.3	13.2	10.1
40-49	14.8	30.9	1.0	12.3	4.5	9.1	7.5	9.6
50-59	2.6	17.7	.8	6.2	7.4	6.7	4.8	6.9
60-69	.9	..	.2	3.8	8.3	5.5	4.6	5.4
All groups	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

From the above table, it is found that among the male chief earners 73.7 per cent. fall in the age group 20-40 and among other factory workers, more than 90 per cent. are below 30 years of age.

#### 10. Marital Condition.

The following three tables show the number and percentages of single, married or widowed persons, among the chief earners, other factory workers and other workers and dependents in each centre.

TABLE No. 18

*Marital condition of chief earners:*

Centre.	Number.				Percentage		
	Chief earners.	Single.	Married.	Widow-ed.	Single.	Married.	Widow-ed.
Illeppey	515	102	368	45	19.8	71.5	8.7
Punnappra	188	46	99	3	24.3	64.5	2.2
Kanjikuzhi	201	80	115	6	39.8	57.2	3.0
Muhamma	154	49	103	2	31.8	66.9	1.3
Shertalloy	186	80	105	1	43.0	56.5	.5
Kuthiathode	98	34	59	3	35.8	62.1	2.1
Paravoor	120	49	67	4	40.9	55.8	3.4
All centres	1409	440	906	63	31.2	64.3	4.5

TABLE No. 19.

*Marital condition of other factory workers.*

Centre.	Incom. all sort.	Number.				Percentage.		
		Chief earners.	Single.	Married.	Widow-ed.	Single.	Married.	Widow-ed.
		280	117	7	65.6	33.0	2.0	
		48	7	..	37.2	12.8	0.0	
		61	13	2	30.3	17.1	2.6	
		58	3	..	95.1	4.9	..	
Alleppey	16	8	48	12	3	26.2	19.0	4.8
Punnappra	14	12	..	..	..	..	..	
Kanjikuzhi	11	26	47	7	1	35.5	12.7	1.8
Muhamma	12	14	..	..	..	..	..	
Shertalloy	11	3	38	17	2	63.1	29.8	7.1
Kuthiathode	14	13	..	..	..	..	..	
Paravoor	18	9	..	..	..	..	..	
All centres	14	17	28	176	17	73.2	24.4	2.4

TABLE No. 20.

*Marital condition of the workers and dependents.*

Centre.	No. of persons.	Number			Percentage		
		Single	Married	Widowed	Single	Married	Widowed
Alleppey .	2013	1210	598	205	59.9	29.8	10.3
Punnappra .	601	343	184	74	57.0	30.6	12.4
Kanjikuzhi .	839	172	273	94	56.3	32.5	11.2
Muhamma .	627	232	222	123	44.9	35.4	19.7
Sherthalee .	834	461	263	110	55.3	31.5	13.2
Kuthiathode .	374	203	134	37	54.3	35.8	9.9
Paravoor .	475	281	146	48	59.1	30.7	10.2
All centres .	5763	3252	1820	691	56.4	31.7	11.9

The above three tables show that out of the 1409 chief earners employed in factories, 31 per cent. are single, 64 per cent. married and the rest widowed. Of these 721 factory workers, not being chief earners, 73 per cent. are single, 24 per cent. married and the rest widowed. Among the other workers and dependents, being mostly women and children, 56 per cent. are single, 32 per cent. married and the rest widowed. The highest percentage of married persons is among the chief earners and the highest percentage of unmarried persons is among other factory workers.

#### 11. *Earnings.\**

Sources of income are classified under the following three main heads:—

- (1) Factory labour.
- (2) Other occupations.
- (3) All other sources.

Here it may be observed that the information collected refers to the period after the general strike. It is doubtful whether this period can be considered normal for the purpose of an enquiry of this kind. But, there was no alternative, as information in respect of a more remote period could not be elicited without introducing a considerable margin of error.

\* 1. Unless otherwise stated, all figures relating to income and expenditure are per family, per mensem.

2. The amounts are given in Travancore currency.

TABLE No. 21.

Showing the number of families in each centre distributed according to percentage of total income earned from factories.

Centres	Percentage of earnings from factories to total income.						Total No. of families.
	Below 50 per cent.	50 to 60 per cent.	60 to 70 per cent.	70 to 80 per cent.	80 to 90 per cent.	Above 90 per cent.	
Alleppey	29	35	42	53	90	256	515
Punnappra	13	14	21	28	36	36	138
Kanjikuzhi	22	21	41	60	43	74	201
Muhamma	8	21	40	49	59	7	154
Shertallay	17	12	31	59	54	13	186
Kuthiathode	8	13	16	21	31	4	95
Paravoor	27	25	23	16	16	2	120
All centres	144	141	214	286	299	325	1409

From the above table, it will be seen that in Alleppey 256 out of 515 families get more than 90 per cent. of their income from factory labour, while in Paravoor, 37 out of 120 families get less than 50 per cent. from the same source. In general, only about 10 per cent. of families record below 50 per cent. incomes from the factories. 910 out of 1409 or 64.6 per cent. families get more than 70 per cent. of their incomes from factories.

#### 12. Average Monthly Income.

The average income from all sources per family for all centres together is worked out to be Rs. 14 chs. 17 c. 12 per mensem. Of this, Rs. 10 chs. 20 c. 9 is earned by factory labour, Rs. 2 chs. 13 c. 9 from other occupations and Re. 1 ch. 11 c. 10 from land or other sources.

TABLE No. 22.

Showing the average income from various sources in each centre.

Centre.	Income from all sources.			Income from factories.			Income from other occupations.			Income from all other sources.			Number of families studied.
	Rs.	chs.	c.	Rs.	chs.	c.	Rs.	chs.	c.	Rs.	chs.	c.	
Alleppey	16	8	2	13	16	5	2	0	2	0	19	11	515
Punnappra	14	12	6	10	8	13	2	26	8	1	5	1	138
Kanjikuzhi	11	26	4	8	4	8	2	8	1	1	13	11	201
Muhamma	12	14	3	8	16	1	2	12	0	1	14	2	154
Shertallay	11	3	15	7	27	11	2	9	9	0	22	11	186
Kuthiathode	14	13	7	10	11	6	2	10	13	1	19	4	95
Paravoor	18	9	3	10	12	3	4	8	13	3	16	3	120
All centres	14	17	12	10	20	9	2	13	9	1	11	10	1409

The above table shows that the income from factory labour, per family, is highest in Alleppey and lowest in Sertallay, while the income from all other sources is highest in the area comprised by Quilon, Paravoor, and Kadakkavoor and lowest in Alleppey. The income from factories form 73.3 per cent. of the total income and that from other occupations contribute 17.0 per cent, the remaining 9.7 per cent being from other sources.

How far the income from factories differ from centre to centre as a result of irregularity of employment cannot be inferred from the present enquiry and for this, statistics have to be collected from the factories. The statements made by the workers themselves regarding the number of days per week for which employment is obtained will only roughly indicate this. The following table shows the number of days per week for which the chief earners (per centre) obtain work.

TABLE No. 23.

*Showing the percentage distribution of chief earners according to the number of days of employment per week.*

No. of days employed.	Alleppey.	Punnasra	Kanji-kuzhi.	Muhamma.	Sertally.	Kuthiathode.	Paravoor.	All centres.
1	4	..	..	..	..	..	..	0.2
2	1.2	..	2.0	6	6	..	..	0.9
3	11.5	9.4	7.4	3.2	9.7	2.1	3.3	8.3
4	31.1	30.4	32.8	12.5	48.6	13.7	28.3	30.2
5	27.6	31.9	47.8	59.7	29.7	57.9	51.1	38.3
6	22.4	26.1	9.5	22.6	11.4	25.3	17.3	19.3
7	5.8	2.2	5	2.2	..	1.0	..	2.6
All families	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

It is observed for all centres together that 38.3 per cent. of the chief earners get employment for 5 days a week, 30.2 per cent. for 4 days, and 19.3 per cent. for 6 days, thus making 87.8 per cent. getting work from 4 to 6 days per week.

TABLE No. 24.

Showing the average monthly earnings of a factory worker and the total income per equivalent adult male in each centre.

Centre.	Average income from factory			Average No. of factory workers.			Average per factory worker.			Average income from all sources.			Average No. of equivalent adult males.			Average total income per equivalent adult male.		
	Rs.	ch.	a.				Rs.	ch.	a.	Rs.	ch.	a.				Rs.	ch.	a.
Alleppey	13	16	5	1.69	8	1	1	16	8	2	4.62	3	14	11				
Ponnappa	10	8	13	1.40	7	10	4	14	12	6	4.78	3	0	9				
Kanjikuzhi	8	4	8	1.38	5	2	9	11	26	3	4.61	2	16	9				
Muhamma	8	16	1	1.40	6	8	3	12	14	3	4.50	2	1	13				
Shertalloy	7	27	11	1.34	5	26	14	11	3	15	4.81	2	8	13				
Kuthiathode	10	11	6	1.58	6	16	6	14	13	7	4.59	3	4	4				
Paravoor	10	12	3	1.47	7	2	12	18	9	3	4.54	4	1	1				
All centres	10	20	9	1.51	7	3	0	14	17	12	4.64	3	4	5				

The above table shows that even though the average income from factory work per family is Rs. 10-20-9, the average earning of a single worker is Rs. 7-3-0. Considering the income from all sources, the average income available per equivalent adult male is Rs. 3-4-5. The average earning of a labourer is highest in Alleppey and lowest in Shertalloy.

### 13. Earnings of Women and Children.

The following table shows the proportion of the income from factories and the income from other occupations earned by men, women and children.

TABLE No. 25.

Showing the proportion of income earned by men, women and children.

Centre.	Income from factory			Percent earned by men.		Percent earned by women & children.		Income from other occupations			Percent earned by men.		Percent earned by women & children.	
	Rs.	ch.	a.					Rs.	ch.	a.				
Alleppey	13	16	5	68.7	12.0	2	0	2	0	2	78.3	21.7		
Ponnappa	10	8	13	100.0	0.0	2	26	8	31.5	68.5				
Kanjikuzhi	8	4	8	98.2	1.2	2	8	1	26.1	73.9				
Muhamma	8	16	1	96.6	3.4	2	12	0	18.4	81.6				
Shertalloy	7	27	11	98.3	1.7	2	9	9	26.2	73.8				
Kuthiathode	10	11	6	97.2	2.8	2	10	3	54.1	45.9				
Paravoor	10	12	3	90.0	10.0	4	8	13	39.5	60.5				
All centres	10	20	9	95.7	4.3	2	13	9	43.3	56.7				

Only in Alleppey and the Quilon area do women and children contribute materially to the income from factories. But, in regard to the income from other work, they are the chief contributors.

14. *Distribution of Families According to their Monthly Income.*

Even more important than the average monthly incomes which we have been considering so far, is the distribution of the families according to income, because only this will give us an idea as to the proportion of workers earning below, above, or between specified limits of income.

TABLE No. 20

*Showing the distribution of the families in each centre according to income.*

MONTHLY INCOME FROM ALL SOURCES IN RS.										
Centre.	Below 5.	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40 & above.	All income groups
Alleppey	4	81	163	128	67	35	16	12	9	515
Punnappa	..	26	52	38	18	3	1	..	..	138
Kanjikuzhi	3	87	69	26	10	3	2	1	..	201
Muhamma	..	43	77	29	2	2	1	..	..	154
Sherthallay	..	84	75	24	3	..	..	..	..	186
Kuthiathode	..	14	43	24	9	5	..	..	..	95
Paravoor	..	7	22	49	22	17	1	1	1	120
All centres	7	342	501	318	131	65	21	14	10	409

It will be seen from the above table that Alleppey shows the widest variations in range and in all cases except Sherthallay and Paravoor, the largest number of families come under the group Rs. 10-15. In Sherthallay, the greater number of families earn Rs. 5 to 10 and in Paravoor, Rs. 15 to 20. In general, out of the 1409 families from all centres, 819 or 58.1 per cent. earn Rs. 10 to 20, while only 45 families or 3.2 per cent. earn more than Rs. 30. The uniform and steady variation in the number of families from group to group suggests that, if there were deliberate understatements of income, the errors have been, for the most part, eliminated by the grouping.

15. *General Expenditure.\**

In order to obtain an idea of the real standard of living of any section of the population, we have to find out the sum-total of the value of all the articles consumed and of all the facilities provided for the welfare of the people. The greater the number of economic wants satisfied, the higher the standard of life. As already stated the income of the family

\* 1. Unless otherwise stated, all figures relating to income and expenditure are per family, per mensem.  
2. The amounts are given in Travancore currency.

will give some idea of the standard of life; but even more important is expenditure, being the total of the amounts spent on different articles of food, fuel, clothing, housing and other miscellaneous items. In eliciting information under this head, it was observed that many had a tendency to state their requirements, rather than their present actual expenditure. This tendency was corrected, wherever observed; nevertheless a slight element of over-statement of expenditure has to be taken for granted.

We have brought expenditure of all kinds under 5 primary groups. The average expenditure per family for all centres together works out at Rs. 16 chs. 23 c. 9, as against an income of Rs. 14 ch. 17 c. 12, thus leaving a deficit of Rs. 2 ch. 5 c. 13. This deficit is probably mainly due to the fact that the enquiry was conducted in the period following a general strike, when conditions of employment had not quite returned to normal. Partly it may also be due to a slight overstatement of expenditure. However, at the time of the enquiry, conditions must have been hard up and the need for a higher income must have been keenly felt. It may be assumed that the proportions of the expenditure on various items would not have altered materially during this period when compared to those of some time past; for changes in these proportions would indicate a real change in the standard of living.

TABLE No. 27.

*Showing the average expenditure on different groups of items and the proportion of the expenditure on each group of items for all centres together.*

Group of items	Average expenditure per family			Percentage of total expenditure.
	Rs.	chs.	c.	
Food	12	8	12	73.11
Fuel	0	24	5	5.16
Clothing	1	2	11	6.38
Housing	1	12	12	8.63
Miscellaneous	1	3	11	6.72
	16	23	9	100.00

The second column gives the weights required for the computation of cost of living indices (to maintain the existing standard of living) as variations in the prices of commodities occur in future, and the total expenditure as well as the expenditure on the several items rise and fall with changing prices.



TABLE No. 28.

Showing the average income compared with the average expenditure, at the time of the enquiry.

Centre.	Average Expenditure	Average Income.	Surplus or deficit
	Rs. ch. c.	Rs. ch. c.	Rs. ch. c.
Alleppey	20 5 5	16 8 2	-(3 25 3)
Punnappa	17 0 1	14 12 6	-(2 15 11)
Kanjikuzhy	14 8 12	11 26 4	-(2 5 8)
Muhamama	14 3 0	12 14 3	-(1 16 13)
Shertallay	12 0 5	11 8 15	-(0 24 6)
Kuthiathode	15 16 0	14 13 7	-(1 2 9)
Paravoor	18 21 0	18 9 3	-(0 11 13)
All centres	16 23 9	14 17 12	-(2 5 13)

The above table shows a deficit in all centres of the industry, the highest in Alleppey and the lowest in the Quilon area. This shows the situation at the time of the enquiry and it cannot continue for long, without the necessary adjustments being made in income or expenditure. It will be shown in a later para that the families have regularly run into debt during and after the strike.

Generally the proportion of the expenditure on food is considered a good index of the standard of life, unless the family is so exceptionally poor. A comparison of the figures in the next table shows that, in general, Alleppey and the Quilon area have a higher standard of life than the other centres. The percentages calculated in the earlier part of the table supply the weights required for the calculation of cost of living indices with varying prices, for each centre.

#### 16. Expenditure on Food.

It has already been seen that out of the general family expenditure almost 73.11 per cent. is spent on food. This is evidently an index of the low standard of life of the labourers. In general, it may be stated that as the percentage of expenditure on food increases, the standard of living decreases.

TABLE No. 29.

*Showing the average monthly expenditure on various classes of items, and the percentage of total expenditure on each, for the different centres.*

Average monthly expenditure on :

Centre.	Food.		Fuel.		Clothing.		Housing.		Misc.		All items.					
	Rs.	ch. c.	Rs.	ch. c.	Rs.	ch. c.	Rs.	ch. c.	Rs.	ch. c.	Rs.	ch. c.				
Alleppey	14	12	1	13	1	5	1	16	1	14	4	20	5	5		
Punnappra	12	27	0	22	1	1	1	4	1	0	6	17	0	1		
Kanjikuzhy	10	3	0	9	1	5	1	10	1	2	2	14	3	12		
Muhamma	10	17	0	13	0	23	1	12	0	20	11	14	3	5		
Shertalloy	9	6	0	9	0	22	5	0	26	1	0	12	0	5		
Kuthiathode	12	0	0	13	0	22	4	1	15	1	0	15	16	0		
Paravoor	13	8	0	24	1	6	4	2	8	5	1	6	8	18	21	10
All centres	12	8	0	24	1	2	1	12	1	8	11	16	23	9		

\* Housing includes house rent and household requisites such as utensils etc.

\* Percentage of expenditure on :

Centre.	Food.		Fuel.		Clothing.		Housing.		Misc.		All items.	
	Rs.	ch. c.	Rs.	ch. c.	Rs.	ch. c.	Rs.	ch. c.	Rs.	ch. c.	Rs.	ch. c.
Alleppey	71	48	7	29	5	95	7	81	7	47	100	00
Punnappra	76	27	4	67	6	21	6	89	5	97	100	00
Kanjikuzhy	71	75	2	48	8	41	9	76	7	60	100	00
Muhamma	75	17	3	31	6	01	10	28	5	23	100	00
Shertalloy	76	81	2	82	6	80	7	74	5	83	100	00
Kuthiathode	77	15	3	00	5	25	9	88	4	72	100	00
Paravoor	70	80	4	73	6	72	11	29	7	48	100	00
All centres	73	11	5	16	6	38	8	63	6	72	100	00

TABLE No. 80.

Showing the average expenditure on food compared to total expenditure.

Centre.	Average total expenditure.	Average expenditure on food.	Percentage spent on food.	Expenditure per equivalent adult male.	
				Food.	All items.
	Rs. ch. c.	Rs. ch. c.		Rs. ch. c.	Rs. ch. c.
Alleppey	20 5 5	14 12 2	71.48	3 3 8	4 10 6
Ponnapra	17 0 1	12 27 2	78.27	2 19 4	3 15 10
Kanjikuzhy	14 3 12	10 3 11	71.55	2 5 9	3 1 14
Muhamma	14 3 5	10 17 3	76.17	2 10 1	3 0 14
Sherfally	12 0 5	9 16 13	76.81	2 0 0	2 18 15
Kuthiathode	15 16 0	12 4 6	77.15	2 17 3	3 11 0
Paravoor	18 21 10	13 8 2	70.80	2 25 15	4 3 12
All centres	16 23 9	12 8 12	73.11	2 18 5	3 17 10

Among the different centres, Sherfally is the poorest in respect of the amount spent on food per adult male, being only Rs. 2 per mensem, while in Alleppey the corresponding figure is Rs. 3 chs. 3 c. 9. Kanjikuzhi, Muhamma and Sherfally have also recorded low expenditure on food. Hence the standard of life in these centres is lower than that of Alleppey and the Quilon area. For all centres considered together, it is observed that the average expenditure on all items per equivalent adult male is a little more than 3½ chs. per day and the amount spent on food a little more than 2½ chs. per day.

#### 17. Expenditure on Different Food Commodities.

It has already been shown that the average amount spent on food per family of 5.60 members (4.64 equivalent adult males) is Rs. 12-8-12 or nearly 344½ chs. and this forms about 73 per cent of the total expenditure which is Rs. 16-23-9 or about 471½ chs. per family, per mensem. As regards the distribution of food costs on various items, only the more important items are considered here.

(i) *Rice*. This item takes up the bulk of the expenditure on food, viz. 44.5 per cent. Mill cleaned rice is consumed invariably. For all centres together, the average amount

spent on rice per family is 153½ chs. But the amounts spent on rice vary as shown below :—

Centre.	Chs.
Alleppey	165½
Punnapra	162½
Kanjikuzhy	135
Muhamma	184½
Shertallay	123½
Kuthiathode	158
Paravoor	185
All centres	153½

The variations noted from centre to centre have to be partly accounted for on the following grounds. First, the difference in the price of rice from centre to centre and secondly, the part that refreshments (inferior tea) plays in the food of the labourers who spend the whole day away from home. This fact is clear from the expenditure on refreshments. For instance, Shertallay which spends least on rice, spends appreciably more on refreshments. Paravoor which spends the highest amount on rice, spends least on refreshments.

(ii) *Refreshments.* About 47 chs. are spent on this item. It is the characteristic expenditure of the factory workers. The amount accounts for 13.8 per cent. of the expenditure on food and 10 per cent. of the total expenditure. The following table shows the amounts spent on refreshments in different centres.

Centre.	Chs.
Alleppey	49
Punnapra	59½
Kanjikuzhy	38
Muhamma	84½
Shertallay	51½
Kuthiathode	61½
Paravoor	35
All centres	47

(iii) *Fish.* The next item in the order of importance is fish on which the amount spent per mensem is about 23½ chs. or slightly more than 12 cash a day. This is the general average. The variations from centre to centre are given below :—

Centre.	Chs.
Alleppey	31½
Punnapra	24½
Kanjikuzhy	16
Muhamma	18½
Shertallay	15½
Kuthiathode	19
Paravoor	24½
All centres	23½

The amount spent on fish constitutes 6·8 per cent. of the total expenditure on food and 5 per cent. of the expenditure on all items.

(iv) *Tapioca*. The next important item consumed by the labourers is tapioca on which the average amount spent is chs. 13 per mensem or a little less than  $\frac{1}{2}$  ch. per day. For  $\frac{1}{2}$  ch. about a pound of tapioca could be obtained in all the centres at the time of the enquiry. The amount spent on tapioca constitutes about 3·8 per cent. of the expenditure on food and 2·8 per cent. of the expenditure on all items. The expenditure under this item in the various centres is given below :—

<i>Centre.</i>	<i>Chs.</i>
Alleppey	13 $\frac{1}{2}$
Punnapra	14
Kanjikuzhy	22 $\frac{1}{2}$
Muhamma	18
Shertallay	10 $\frac{1}{2}$
Kuthiathode	9
Paravoor	12 $\frac{3}{4}$
<hr/>	<hr/>
All centres.	13

From the statements of the expenditure on the four chief food commodities, it is seen that 68·8 per cent. of the total expenditure on food is spent on rice, refreshments fish and tapioca. Grains other than rice and dhall are used very rarely at all. So also meat which, in very small quantities, is used only in Alleppey. The average for meat, for all centres, is less than 2 chs. per family, per mensem.

(v) *Coconut*. The next item, in the order of importance, is coconut. The average amount spent on coconut is 12 $\frac{3}{4}$  chs. per family. The expenditure on this item in the various centres is shown below :—

<i>Centre.</i>	<i>Chs.</i>
Alleppey	15
Punnapra	12 $\frac{1}{2}$
Kanjikuzhy	9
Muhamma	10 $\frac{1}{2}$
Shertallay	6 $\frac{1}{2}$
Kuthiathode	14
Paravoor	19 $\frac{1}{2}$
<hr/>	<hr/>
All centres	12 $\frac{3}{4}$ .

The percentage of expenditure on coconut to the expenditure on food is 3·7 and to the total expenditure on all items 2·7.

(vi) *Other food commodities.* The following table shows the proportions of other items comprised under food commodities:—

TABLE No. 31.

Items.	Percentage of expenditure on food.	Percentage of total expenditure.
Chillies	2.4	1.7
Salt	2.0	1.4
Vegetables	2.9	1.9
Sugar and jaggery	2.9	1.9
Oils	3.9	2.8
Tobacco and beedi	3.8	2.8
Betel	3.3	2.4
Liquor	1.7	1.2
Milk, condiments, tea, coffee, ghee, potatoes, grains.	3.3	2.4

#### 18. *House Rent.*

House rent is really ground rent. In the level sandy tract, the labourers put up small sheds, among the coconut trees. According to the size of the plot occupied, they pay rent varying from Rs. 3 to 3½ chs. per mensem. In the large majority of cases, they pay the rent in services, for instance, watering the coconut trees in the hot season. Taking all the centres into consideration, the average rent paid per family is 25 chs. 4 cash. The percentage of families paying rent in money is 23, paying in services 34.7 and owning houses 42.3.

#### 19. *Miscellaneous Expenditure.*

The following are the main items included under miscellaneous expenditure:—Education, services of dhoby and barber, medical charges, travelling expenses, religious observances, amusements, trade union subscriptions, provident fund contributions, repayment of debt, remittance to dependents etc. These are not primary requisites like food, clothing, housing etc., which cannot be reduced below a certain level. But these can be cut short, dispensed with altogether or increased according to one's income.

Considering all centres together, it is found that 30.8 per cent. families meet expenditure on education, 23.9 per cent. on medical charges, 23.9 per cent. on amusements, 54.3 per cent. on trade union subscriptions, 12.5 per cent. on repayment of debts and 100.0 per cent. on the services of the dhoby and the barber. Travelling, religious observances and remittances to

dependents are of no consequence. In Shertallay 96.8 per cent. of the families subscribe to trade union funds. The Quilomara spends the highest percentage on education and Alleppey, the highest on amusements.

TABLE No. 32.

Showing average expenditure on miscellaneous items per family spending and per family of all families.

Items	Per family spending.			Per family of all families.		
	Rs.	ch.	c.	Rs.	ch.	c.
Education	0	8	8	0	6	9
Services	0	15	12	0	15	12
Medical charges	0	13	2	0	3	2
Amusements	0	5	13	0	1	6
Trade union	0	3	15	0	2	1
Repayment of debt.	0	18	9	0	2	5

## 20. Savings.

Of the 1409 families studied, only 15 families were recorded as having savings, the average yearly savings per family (having savings) being Rs. 36-chs. 11-c. 7.

## 21. Debts.

As stated already, the enquiry has had to be conducted shortly after the general strike during which a large number of families must have run into debt. For the most part, they owed debts to shopkeepers for provisions purchased on credit.

TABLE No. 33.

Showing the number and percentage of families in debt and the average debt of indebted families.

Centres	No. of families	No. of families in debt.	Percentage of families in debt.	Average debt per family of indebted families.		
				Rs.	ch.	c.
Alleppey	515	466	90.4	39	5	13
Punnappra	138	136	98.6	32	4	8
Kanjikushy	201	161	80.1	63	2	8
Mohamm	154	142	92.2	49	2	13
Shertallay	186	176	94.6	12	10	5
Kuthathodu	95	74	77.8	25	25	8
Paravoor	120	97	80.8	35	3	8
All centres	1409	1252	88.9	59	10	0

From the above table, it is seen that, of the different centres, Kanjikuzhi is the most heavily indebted and Shertallay the least. Among the 1409 families considered, 1252 were in debt, *i. e.*, 88.9 per cent. The average debt per indebted family is Rs. 39 chs. 10 c. 0, and the average debt of the 1409 families is Rs. 34 chs. 27 c. 11. Only 15 families have savings and 145 families, *i. e.*, 10 per cent. of the total number, have balanced budgets.

#### 22. *General Living Conditions.*

Living conditions of working class people all along the coast present uniform features. The labourers live scattered throughout the coastal tract, though there is a tendency to congregate near the more important centres of the industry, like Alleppey and Shertallay. Nevertheless, it frequently happens that the labourers walk a distance of 6 to 7 miles between home and factory.

In the sandy tract, it is not possible to build strong houses or to maintain protected wells, without incurring considerable expenditure. Most of the families live in small sheds walled and thatched with coconut leaves. They are not always sufficient protection from sun, rain or wind. Only in the Quilon area, there are houses with mud and brick walls. The average number of rooms per house is 2 and the average floor area 235 sq. ft., giving slightly more than 40 sq. ft., per individual. The wells in Paravoor-Kadakkavoor are protected and supply good water, but in the sandy tract, water is obtained from tanks which are invariably unprotected and contain impure water. Overcrowding and insanitary conditions do not yet create special problems, because of the availability of plenty of open spaces. Nevertheless, the organised collective welfare of industrial workers has yet to be planned out. There are no special facilities of residence, education, recreation, medical aid, co-operative purchase and the like provided either by the employers or by the labour unions themselves.





**II. Particulars of occupation and income of earning members of the family.**

1	2	3	4	5	6	7		8		9	
						Rs.	Ch. C.	Rs.	Ch. C.	Rs.	Ch. C.
Serial No.	Name of wage earner.	Man, Woman, Boy or Girl.	No. of days of employment per week.	No. of days of unemployment per year.	Description of work.	Monthly wages.	Monthly overtime wages.	Monthly earnings from other sources.			
TOTAL.											

- Note**—1. Persons under 15 should be treated as boys or girls.  
 2. Under column 6, specify process of work, e. g., mat weaver, matting weaver, stenoiler, binder etc.  
 3. Under column 7, monthly wages should include all bonuses regularly paid for the work, but not overtime earnings which should be entered separately under column 8.  
 4. Under column 9, enter earnings derived otherwise than in the regular course of employment.

**III. Normal monthly expenditure of family on food.**

Article of food.	Quantity.		Cost per month.		Article of food.	Quantity.		Cost per month.	
	Weekly.	Monthly.	Rs.	Ch. C.		Weekly.	Monthly.	Rs.	Ch. C.
Rice					Other Condi- ments				
Other grains					Oils (gingelly C. N. etc.)				
Dhall					Ghee				
Potatoes					Sugar				
Onions					Jaggery				
Vegetables					Coffee				
Tapioca					Tea				
Fish					Refreshments				
Meat					Others				
Cocunut					Betel and arecanuts				
Milk					Tobacco (chewing, smoking)				
Salt					Liquor				
Chillies									
Tamarind									

Total monthly expenditure on food.

- NOTE**—1. State whether the rice consumed is boiled, husked, or mill polished,  
 2. Specify other grains consumed.

## IV. Normal monthly expenditure of family on fuel and lighting

Particulars.	Quantity.		Monthly expenditure.			Remarks.
	Weekly.	Monthly.	Rs.	Ch.	C.	
Firewood						
Charcoal						
Kerosene oil						
Matches						
Others						

Total monthly expenditure on fuel and lighting.

## V. Normal monthly expenditure of family on clothing.

Articles of clothing	No. bought for males per year.	No. bought for females per year.	Cost per year.			Average cost per month			Remarks
			Rs.	Ch.	C.	Rs.	Ch.	C.	
Mundu (specify quality)									
Thorthu									
Meristhu									
Pudava									
Shirt, jacket or blouse									
Coat									
Foot-wear									
Head-dress									

Total monthly expenditure on clothing

## VI. Other items of expenditure.

Particulars.	Monthly expenditure.		
	Rs.	Ch.	P.
House rent			
Household requisites, e. g. vessels, soaps, thatching and fencing etc.			
Miscellaneous expenditure :			
Education			
Services (dhoby, barber etc.)			
Travelling to and from factory			
Medical charges			
Religious observances, feasts, festivals etc.			
Amusements, recreations etc.			
Payment to provident fund, trade unions etc.			
Repayment of debt.			
Remittance to dependents living elsewhere.			
Total monthly expenditure on other items.			

## VII. Net results.

Particulars.	Amount.			Remarks.
	Rs.	Ch.	P.	
Total monthly income				
Total monthly expenditure				
Difference between monthly income and expenditure				
Savings, (in a year) and how invested				
Debt, if any, from whom and on what security. Specify rate of interest.				

*VIII. Housing conditions.*

Structure (flimsy, strong, thatched, tiled etc.)

Surroundings (clean, unclean, crowded, spacious etc.)

Approximate area of floor space (sq. ft.)

Number of rooms

Water supply (protected, unprotected, scarce, plenty, pure, impure etc.)

Latrine (movable, pit, open etc.)

*Signature of Investigator*

*Date*

---

G. O. R. O. C. No. 1730 of 38/Devpt., dated, Trivandrum,  
28th November 1938.

Labour conditions in Factory industries in Alleppey have been engaging the attention of Government for some time past. In the meanwhile, in their letter dated the 23rd February 1938, Messrs. William Goodacre and Sons brought to the notice of Government the possibility of a general strike at Alleppey under the auspices of the Travancore Labour Association as a means of ventilating their grievances and a Government enquiry was suggested with reference to the allegations made by the Labour Association. Government accordingly directed Mr. Chandy, then District Magistrate at Quilon, to conduct an enquiry into the grievances alleged by the factory labourers. The District Magistrate conducted the necessary enquiries, received an elaborate memorandum from the Labour Association enumerating their grievances and suggesting remedies and also replies thereto from the principal employers like the Travancore and Alleppey Chambers of Commerce and finally submitted his report on the 14th September 1938.

2. As a result of this preliminary enquiry, Government were satisfied of the necessity for appointing a committee to enquire into the labour conditions prevailing in the Factories at Alleppey. They accordingly appointed a Committee of enquiry to consist of Mr. K. N. Govindan, the present District Magistrate, Quilon, and two representatives each of the employers and labourers.

3. The Trade Disputes Act, V of 1114, has since come into force with effect from the 25th October 1938, and Government feel that it would be the most effective and appropriate procedure to order a full judicial enquiry into the matter under the provisions of this Act by a Board of Conciliation as contemplated in Section 3 (b) of the Act. Government are therefore pleased to appoint a Board of Conciliation under Section 6 (2) of the Act consisting of Mr. K. George, Land Revenue and Income Tax Commissioner on special duty, as Chairman and the following four members:—

(1) Mr. N. G. Haydon, nominated by the Travancore Chamber of Commerce to represent the employers.

(2) Mr. N. Sankara Mannar, nominated by the Alleppey Chamber of Commerce to represent employers.

(3) Mr. P. N. Krishna Pillai, nominated by the Travancore Coir Factory Workers' Union to represent labourers.

(4) Mr. V. K. Achuthan, nominated by the Travancore Coir Factory Workers' Union to represent labourers.

4. The Board will enquire into the labour conditions prevailing in the factories at Alleppey with particular reference to the following and other points mentioned in the memorandum presented by the Travancore Labour Association to the District Magistrate, Quilon, in connection with the enquiry conducted by him *viz*:

- (1) Standardisation of wages;
- (2) The question of payment in kind *viz.*, the truck system;
- (3) Imposing restrictions on the establishment of factories with a view to avoid mushroom factories with no capital springing up and prejudicially affecting both employers and labourers; and submit a report to Government, with suitable recommendations for the removal of the grievances of labourers, on the lines indicated in Section 7 of the Trade Disputes Act as expeditiously as possible.

5. It is hoped that both the employers and the labourers will heartily co-operate with the Board and bring its work to a successful conclusion. The Government desire to reiterate that they attach the greatest importance to the speedy settlement of this question, especially in view of their programme of industrialisation which cannot but be based on harmonious co-operation between capital and labour.

(By order)

M. K. NILAKANTA AIFAR,

*Ag. Chief Secretary to Government.*

To

- (1) Mr. K. George, Land Revenue and Income Tax Commissioner on special duty, and Chairman, Board of Conciliation of the Alleppey Labour Disputes.
- (2) Mr. N. G. Haydon, President, Travancore Chamber of Commerce.
- (3) Mr. N. Sankara Mannar, Honorary Secretary, Alleppey Chamber of Commerce.
- (4) Mr. P. N. Krishna Pillai, President, Travancore Coir Factory Workers' Union.
- (5) Mr. Y. K. Achuthan, Ag. General Secretary, Travancore Coir Factory Workers' Union.
- (6) The Financial Secretary to Government.
- (7) The Account Officer.
- (8) The Gazette.
- (9) The Press Room.

REPORT  
OF THE  
DEBT RELIEF ENQUIRY  
COMMITTEE  
TRAVANCORE



TRIVANDRUM :  
PRINTED BY THE SUPERINTENDANT, GOVERNMENT PRESS,  
1939



$X_9(J):G:(Z_2 Z_2 Z_2) \cdot N_2 \dagger$

99

**REPORT**  
**OF**  
**THE DEBT RELIEF ENQUIRY COMMITTEE**

---

**CONTENTS**

1. Introductory.
2. Terms of Reference.
3. The Dividing Line.
4. Proposals for Relief.
5. Agency for Administration of the Relief measures.
6. Travancore Credit Bank.
7. Control of Future Debts.  
Summary of Recommendations.  
Supplementary Note by Mr. K. V. Joseph.  
Supplementary Note by Mr. N. Narayana Kurup.  
Dissenting Note by Messrs. M. K. Ananthasiva Iyer,  
Mohammed Jaffar Hassan Sait and  
N. Venkitchalam Iyer.  
Dissenting Note by Mr. M. Ramachandra Rao.

**APPENDIX.**

- I. Copy of G. O., B. O. C. No. 1238/39/Rev.,  
dated 11th July 1939.
  - II. Questionnaire.
  - III. Note by Mr. T. Kumara Pillai.
-

**REPORT**  
**OF**  
**THE DEBT RELIEF ENQUIRY COMMITTEE**

**CHAPTER I**  
**INTRODUCTORY**

The Agricultural Debt Redemption Committee of 1935 recommended the establishment of Debt Conciliation Boards, the prevention as far as possible of the coercive sale of agriculturists' lands during the period of depression and the control of the rates of interest on loans with retrospective effect in certain cases. They also suggested that the scope of work of the State Land Mortgage Bank should be widened to enable the Bank to render adequate service in the general scheme of debt relief. As a first step in implementing the recommendations of the Committee, the Agriculturists' Relief Act III of 1112 was passed. Seven Conciliation Boards were established under the Act in different parts of the State in 1112 and an additional Board was constituted in the beginning of 1113. Functioning as a separate Department of Government under the control and supervision of a Chief Conciliation Officer, these eight boards have been engaged for over two years in the work of conciliating debts on a voluntary basis. Till the end of Chingom 1115, the Boards received 7514 applications covering a total debt of Rs. 1,17,31,546. Of these, conciliation was effected and agreements actually executed in 789 cases, covering a total debt of Rs. 11,41,599. This resulted in a reduction of the debts by Rs. 2,44,290. The total expenditure incurred by Government for the purpose amounted to Rs. 1,27,531.

2. Government sought to give effect to the other recommendation of the Committee regarding the provision of financial facilities by the establishment of the Travancore Credit Bank. For this purpose, the Travancore Credit Bank Act IV of 1113 was passed. The bank was established in 1113. It is intended to help agriculturists and industrialists with loans for the development of agriculture and industries to be repaid in easy instalments. The new institution took up the business of the State Land Mortgage Bank which was dispensing long-term credit to agriculturists from 1107. But the new bank too has not been able to render substantial help to parties who have effected settlements at the instance of the Debt Conciliation Boards. Till the end of Thulam 1115, the bank received only ten applications for a total loan of Rs. 19,500 for the liquidation of debts conciliated by the Debt Conciliation Boards

and the applications have not yet passed the preliminary stage of investigation. It has not therefore been able to prove its capacity as an efficient factor in the solution of the problem of Rural Indebtedness.

3. It is generally felt that the relief measures provided by the above two enactments have proved inefficient to meet the actual requirements of the situation, the difficulties of which are being accentuated every day by the continued economic depression and the increasing burden of debt. Repeated representations from debtors have been made to the Government pressing the urgent need for providing more active and effective measures for debt relief.

4. Recently two private bills were introduced, one in the Sri Mulam Assembly and one in the Sri Chitra State Council to amend the Travancore Agriculturists' Relief Act III of 1112. The object of these two bills was mainly to make the Act more favourable to the debtor and to make the provisions for scaling down debts compulsory.

5. Government felt that these circumstances indicated a general desire for more effective steps being taken for the relief of indebtedness. It was also felt that a change in the law and method of conciliation was desirable. The enactments in force in some of the Provinces in British India and in some of the Indian States have adopted compulsory provisions for reducing debts. Besides, the existing Act has caused appreciable discontent on account of its limited scope. The economic depression has adversely affected all classes of people. Those engaged in trade and industries have suffered equally with the agriculturists and it is urged that they too deserve help in being relieved of the burden of debt which has been aggravated by the depression. Further, the fact that many agriculturists follow trade and small industries as subsidiary occupations and that many traders and industrialists are agriculturists as well, makes the problem of agriculturists' relief very complicated. The Act of 1112 has been difficult to work because of the very common combination in practice of these three occupations in the same person or family.

6. What has been done in other parts of India cannot be merely copied here. Travancore has some peculiar features one of which is the circumstance that many of the creditors are also debtors and that there is no community in the State engaged exclusively in the profession of money-lending. Government therefore considered that the question as to the direction in which, and the extent to which, the existing law requires modification should be properly examined.

7. Accordingly they decided to appoint a Committee, "to go into the whole question of indebtedness, with special reference to Agricultural and Industrial debts in the State and the proper mode of dealing with them and to report to Government their conclusions, *inter alia*, regarding the extent to which compulsion may be resorted to in scaling down and settling the existing debts and the legal procedure to achieve the

end" and "to forward their suggestions for keeping down the abnormal growth in the volume of future debts that may be incurred by the Agriculturists and small industrialists in the State".

*Personnel of the Committee.*

8. The Committee was appointed by G. O. D. Dis. No. J228/39/Rev., dated 11th July 1939 (*vide* Appendix No. 1) with the following personnel :—

1. M. R. Ry. Dewan Bahadur Rajyasevadhurandhara  
V. S. Subrahmania Iyer Avl., Ret red. Dewan of  
Travancore *Chairman.*
2. Mr. K. V. Joseph, Pottankulam, Kanjirappally.
3. M. R. Ry. K. C. Karunakaran Avl., B. A., B. Com. (Birm.)  
Member, Sri Mulam Assembly.
4. " S. Krishna Pillai Avl., B. A., B. L., Legal  
Remembrancer to Government.
5. " T. Kumara Pillai Avl., Kalkulam.
6. " Rao Bahadur Rajyasevaniratha N. Kunjan Pillai,  
Avl., M. A., B. Sc., Ph. D., Retired Chief  
Secretary to Government.
7. " Kottoor Kunjukrishna Pillai Avl., B. A., B. L.,  
Advocate, Member, Sri Chitra State Council.
8. " C. O. Madhavan Avl., B. A., B. L., Retired Chief  
Secretary to Government.
9. " N. Narayana Kurup Avl., B. A., B. L., Advocate,  
Member, Sri Mulam Assembly.
10. " Kainikkara M. Padmanabha Pillai Avl., B. A., L.T.,  
Member, Sri Mulam Assembly, General Manager  
and Inspector of N. S. S. Schools.
11. " M. Ramachandra Rao Avl., B. A., Land Revenue  
and Income Tax Commissioner.
12. " N. Venkitachalam Iyer Avl., B. A., B. L.,  
Advocate, Alleppey.

9. After the Committee had started work, the Government in G. O. R. O. C. No. 3624/39/Rev., dated 24-8-39 communicated to the Chairman, the nomination of the following gentlemen as additional members of the Committee.

1. Mr. Jacob Cheriyan of the Palai Central Bank, to represent the Private Banks.
2. Mr. Mohammed Jaffar Hassan Sait, Alleppey, to represent Commerce.
3. M. R. Ry. T. T. Kesavan Sastri Avl., to represent the backward communities.
4. A representative of the Credit Bank to represent the Bank on the Committee.

10. In G. O. R. O. C. No. 3624/39/Rev. dated 22-9-39 Government informed the Chairman that M. R. Ry. M. K. Ananthasiva Iyer, Ayl., Director of the Travancore Credit Bank and Member, Sri Chitra State Council had been nominated to represent the Credit Bank on the Committee.

11. During the last sitting of the Committee, news was received that one of our esteemed Colleagues, Rao Bahadur Rajyasevanirathu Dr. N. Kunjan Pillai suddenly passed away at Madras on 21-11-1939. The members assembled next day and as a mark of respect, adjourned that day's meeting. Dr. Kunjan Pillai was with us during the whole course of our deliberations and took a very helpful part in formulating our conclusions. But we have been to our great sorrow denied his valuable help in the preparation of our final report.

12. The following staff was sanctioned for the Committee in G. O. R. O. C. No. 3787/39/Rev. dated 25th of July 1939.

One Secretary,  
One Clerk,  
One Stenographer Typist,  
One Malayalam Stenographer,  
Three Peons.

Mr. G. R. Pillai, B. A., B. L., H. D. C. (Manchester) who was appointed Secretary, joined duty the next day and the office of the Committee began to function from that date.

*Period of the Committee.*

13. The G. O. constituting the Committee had directed that the report should be submitted within two months. But the office of the Committee began to function only fifteen days after the date of the G. O. The Committee held its preliminary meeting on the 5th of August. Three of the additional members nominated by Government joined the Committee only on the 11th of September. Mr. Ananthasiva Iyer was able to join the Committee only a month after that date. Thus it was possible for the full Committee to meet only after the period sanctioned by the original G. O., had already elapsed. Though the Committee held long and continuous sittings, it was felt, even before that, that it would not be able to complete its deliberations and prepare its report within the time fixed by the G. O. The Government was therefore requested to extend the time and the Government by G. O., D. Dis. No. 1793, 39/Rev., dated 27th September 1939 and G. O., R. O. C. No 5733 39/Rev., dated 19th November 1939 sanctioned the extension of the period first to the end of Thulam and then to the end of Vrischigom 1115/15th December 1939.

*Meetings.*

14. At its preliminary meeting on 5th August 1939, the Committee decided, after a general discussion on the scope of the enquiry, that

questionnaire should be prepared reducing the subject matter of the enquiry to fixed issues. A Sub Committee was appointed consisting of Messrs. Kottoor Kunjukrishna Pillai and T. Kumara Pillai to draft a questionnaire with the assistance of the Secretary. Copies of the draft questionnaire were circulated among the members before the next meeting (*Vide* Appendix No. II). The question whether the taking of fresh evidence, either by issuing a public questionnaire and collecting answers or by examining witnesses was necessary, was discussed at the first meeting. The questions formulated in the questionnaire were discussed one by one and the Committee resolved that in view of the reports of previous Committees which have dealt with allied questions and in view of the vast amount of other literature available on the subject, there was no necessity for the collection of fresh evidence.

15 The Committee held on the whole six sittings and was in session for 34 days. In spite of the large membership of the Committee, and the presence of prominent representatives of many busy professions in its composition, the meetings of the Committee were, with rare exceptions, fully attended.

#### *Representations.*

16. During the sittings of the Committee, the Chairman and members of the Committee received several written representations from individuals and associations containing suggestions and recommendations. The Government too forwarded certain petitions on the subject received by them subsequent to the formation of the Committee. All these representations were duly considered during the discussions of the Committee.

#### *Statistics.*

17. We did not think it necessary to collect fresh statistics. The figures available from the reports of previous Committees that have dealt with allied subjects were adopted. The report of the Banking Enquiry Committee of 1930 and the Report of the Census of 1931 estimated the agricultural debt of the State to be something between twenty and twenty five crores of Rupees. The volume of industrial, trade and other kinds of debts has never been assessed. Consistently, however, with the comprehensive scope of this enquiry and the limited time at our disposal, we could not think of launching on a programme of elaborate collection of statistics with regard to them. Moreover, we felt that a definite assessment of the quantum of debt was not very material to the purpose of the enquiry, as heavy indebtedness is an admitted fact and what is urgently needed is a workable scheme of relief. Some of the provisions of the Agriculturists' Relief Act III of 1112 were due to expire by the end of Dhanu 1115 and any relieving legislation to be helpful had to be prompt. We therefore decided to content ourselves with the existing data and base our conclusions on them,

*Submission of Report.*

18. We have to preface this report with the statement that the conclusions recorded in it have not the unanimous support of all the members. There is difference of opinion with regard to many of them and they represent only the view of the majority.

We have appended to the report the draft of a bill implementing the concrete recommendations contained in the report.

*Acknowledgments.*

19. We have great pleasure in recording our high appreciation of the good work done by our Secretary, Mr. G. R. Pillai. He was of very great help to us in our deliberations as well as in the preparation of the report. His intimate knowledge of the working of the Co-operative Societies in the state and of the economic situation in the villages, which was of the greatest use to us, deserves special mention.

The Clerk, Mr. M. G. Achuthan Nair, B. Com. has had at times practically to see to the running of the office and the conduct of the correspondence himself and he has acquitted himself creditably. All the members of the staff did their work earnestly and willingly even when during the last few weeks they had to work almost night and day. We wish also to record specially our appreciation of the good and intelligent work of Mr. S. Ramasubramonia Iyer, the Stenographer, whose services were lent to us during our actual sittings and during the preparation of our Report.

---



## CHAPTER II.

### Terms of Reference and Scope of the Enquiry.

20. The terms of reference to the Committee are :—

“to go into the whole question of indebtedness, with special reference to Agricultural and Industrial debts and the proper mode of dealing with the same and to report to Government regarding the extent to which compulsion may be resorted to in scaling down and settling the existing debts and the legal procedure to achieve the end”.

The Committee has also been requested “to forward their suggestions for keeping down the abnormal growth in the volume of future debts that may be incurred by the agriculturists and small industrialists in the State.”

21. These terms are much wider in scope than those of the previous Committee appointed in 1935. The enquiry at that time was confined to the investigation of agricultural indebtedness. That Committee was definitely asked to exclude commercial and other kinds of debts from the ambit of its enquiry. But the terms of reference to this Committee embrace the whole question of indebtedness. The Committee has also been asked to suggest means for the control of future debts. Thus the G. O., on the face of it, covers the whole Debt-Problem in the State.

22. There was some difference of opinion on this point. It was suggested that, in view of the following passage in the G. O. *viz.*,

“the enactments now in force in British India and in several of the Indian States recognise and give effect to the element of compulsion in conciliation, but the extent to which compulsion is justifiable or expedient is a debatable point”;

what was required of the Committee was to consider and report on the extent of compulsion that may be introduced into the methods of debt reduction, the extent of debt relief being maintained as in the existing Act. After some discussion, however, it was decided that the G. O. must be taken to have imposed no restriction on the Committee either as to the class of debtors to be relieved or the extent of the relief measures necessary. The G. O., vested the Committee with wide powers to go comprehensively into the whole question of indebtedness and suggest means of relief.

23. The restricted scope of Act III of 1112 is generally believed to be one of the main reasons for its failure to achieve its object. The unprecedented fall in the price-level of agricultural commodities and the abiding depression have affected all classes of people irrespective of their status and source of income. The most important and striking

characteristic of our economic life is the great preponderance of agriculture over other occupations and the dependence of industry and commerce on this main occupation. The real burden of indebtedness of whatever class of debtors finally converts itself into a charge on land and results in the sale of landed property. The exclusive benefits imparted to agriculturists by the previous legislation have adversely affected the interests of industries and commerce in the country, as it is difficult on account of the mixture of occupations already mentioned, to deal with people in isolated groups in Travancore. A compartmental treatment of agricultural debts is therefore neither feasible nor desirable. Further, one of the chief difficulties in the work of the debt Conciliation Boards, set up by the existing Act, was the application of the definition of the term, "Agriculturist". It was not unusual for people with but the slightest pretention of relationship with land to claim and secure the benefits of the Act. As a matter of fact, the percentage of the purely non-agricultural population in the State is rather small.

24. It is also noticeable that the tendency of debt-legislation in British India since 1935 has been towards extending the relief afforded by such laws to a larger class of people. The Royal Commission on labour recommended the liberalising of debt-legislation by making it include the debtor classes among industrial labourers. Legislation has been resorted to, to protect industrial workers in the Central Provinces. (Act V of 1936)

We have therefore decided that any relief measures that might be suggested should be available not to agriculturists alone but to all debtors in the State.

25. The object of the enquiry being the affording of relief to individual debtors, it is necessary to have a clarification of the legal term "Person", so as to indicate definitely the entities to be included within the scope of the enquiry.

26. The definition of "Person" in the General Clauses Act II of 1972 is as follows:—

"Person" shall include any company or association or body of persons whether incorporated or not".

Consistently with the object of the enquiry, certain categories of person included in the above definition have to be kept out. After a long discussion, we decided to exclude from the category of debtors Religious and Charitable Institutions and Incorporated Companies, except as regards their liabilities arising out of Chitty transactions.

27. We have decided that all classes of debts should be included within the scope of our enquiry. Two important questions, however, still remain for consideration. (1) whether there should be any restriction as to the pecuniary status of the person to whom debt-relief should

be available and (2) whether there should be a maximum limit fixed as to the total indebtedness of a person to whom relief measures should apply.

28. As regards the first question, it is urged that, in Madras and Cochin, a restriction has been imposed and that we should follow that example. The Madras and Cochin Acts for Agriculturists' relief exclude from their operation persons having an income above a particular figure from other sources. The limit is determined, for instance, by the payment of income-tax or profession-tax or house-tax above a particular amount. To understand the purpose and effect of such exclusion we have to remember that those Acts are designed to benefit only agriculturists. In determining who are agriculturists, people having more than limited incomes from other sources are excluded by the definition of agriculturists. In the case of persons who come within the definition, we do not find any distinction made, on the ground of owning much or little land, of deriving much or little income from land or of paying much or little land-tax. It will therefore be a misreading and misunderstanding of their provisions to take them as countenancing any such distinction.

29. In Act III of 1112, the scope of which like the Madras and Cochin Acts was confined to relief of agriculturists, we find analogous provisions to define agriculturists. But among agriculturists themselves no distinction is made between big agriculturists and small agriculturists. As we have decided to extend the application of relief measures to all classes of people and not to confine it to agriculturists alone, no provision for determining those who are or are not agriculturists is necessary. Among the classes for whom relief is intended, we do not find distinction on account of the debtors general financial status made anywhere and we do not think that we should make an innovation that would create an invidious distinction. The main ground on which the claim for relief is based is the sudden and abnormal increase in the burden of debt due to the steep fall in prices. This increase equally affects the small man and the big man and makes it necessary to relieve both from the inequitable burden.

30. The second question is whether any maximum limit should be fixed for the indebtedness of a person who can claim relief. We do not find any such restriction except in Bombay and the Central Provinces where the upper limit is fixed at Rs. 25,000. Many reasons are urged for the acceptance by us of a similar restriction. The upper limit suggested here is Rs. 5,000 or 6,000.

31. The main ground urged is that as real relief of the debtor requires means to be found for discharging his debt and as, in the last resort, the Government may have to finance the agency that does it, the possible commitment on that account should be kept within manageable

limits. It is said that if big debts are included, the total amount of debts to be dealt with would be beyond possibility of redemption.

If we study the statistics on the subject, we shall find that such a restriction is not likely to make any serious difference. From the figures given in the Census Report of 1931 at pages 484-485, it will be seen that the proportion of debtors whose total debts exceed Rs. 5,000 is only 1.25 per cent. Their exclusion will not affect appreciably the number of debtors brought within the scope of the relief measures. Nor would it exclude more than a small portion of the total volume of debt. The only tangible result would be the creation of a sense of frustration and grievance in the minds of those excluded.

It must also be remembered that there are several ways in which relief may be granted to the debtor, short of finding money to discharge his debt. Reduction in the rate of interest and the concession to re-pay the debt in instalments spread out over a number of years are substantial advantages of which there can be no justification to deprive the man with the burden of a big debt.

32. Another reason given for accepting the restriction is that the man who owes a big debt must be a man with large resources and would ordinarily be able to pay his debts in full. In the first place, where a big debt remains long unpaid the resources though large are likely to be found inadequate to meet the whole of the debt-charge. In the second place, the reason for relief being proposed to debtors is not merely their incapacity to pay. That, no doubt, is one of the reasons but the more appealing reason is that the economic depression has had the effect of doubling and in some cases trebling the burden of debt and that in fairness and equity the person who for no fault of his is crushed under such an abnormal burden should be given some relief. This reason, as we have already remarked, applies as much to the man who owes a big debt as to him who owes a small debt.

We must also remember that in Travancore there is no exclusively creditor class. The person who is burdened with heavy debt may also have a number of small debts owing to him. The restriction suggested would have the effect of cutting down his assets and leaving his debts intact, a contingency that should, as far as possible, be avoided.

It must have been for reasons such as these that Act III of 1112 avoided making any such distinction. Among the debts of agriculturists, it makes no discrimination between big debts and small debts. We too do not think it necessary or fair to accept any such restriction.

33. We have therefore decided not to exclude any debtor from relief on account of his pecuniary status or on account of his being heavily indebted.

34. Some creditors and some kinds of debts have, however, to be excluded. We have practically adopted the exception clause in Act III of 1112 and decided that the following debts should be excluded :

1. Any debt or other liability due to Government.
2. Any public revenue due on land as defined in the Revenue Recovery Act or any tax, cess, or payment due to any Municipality or Village Panchayat or other local authority.
3. Any liability in respect of maintenance whether under decree of Court or otherwise.
4. Any liability arising out of a breach of trust.
5. Any wages due to an agricultural or rural labourer.
6. Any debt due to Sri Pandaravagai.
7. Any debt due to Sri Padom.
8. Any debt arising out of any transaction, of the nature of a lease including a Kanapattom transaction falling within the purview of the Travancore Jenmi and Kudiyan Act of 1071 and any rent, melvaram, or such other dues to any Edavagai under the Travancore Edavagai Act.
9. Any debt due to any Bank established by letters patent or special charter or under any special statute of British India or Travancore, or the United Kingdom.

## CHAPTER III

### The Dividing Line.

35. The great slump which commenced in 1929 disturbed the economic equilibrium of all countries and the problem of debt came out in bold relief as a consequence. Attempts have been made by legislation in many countries of the World to restore the economic order to pre-depression levels by relieving the grinding burden of debt of the agriculturists. The fall in prices, especially of agricultural products, was the most prominent symptom of the depression. The direct consequence of this was the sudden increase in the burden of the agriculturist's debt. A debt incurred at a time when the price of his products stood at a particular level became doubly heavy when the price fell fifty per cent. As a matter of fact, the fall in some cases was to a third of the previous price. Such abnormal and sudden increase in the burden of debt has not occurred in debts incurred after the depression had well set in and the main fall in prices had already taken place. It is therefore necessary for giving reasonable relief, to make a distinction between debts incurred before the depression and those incurred after the depression. The Agricultural Debt Redemption Committee of 1935 was definitely asked to examine the question whether such a distinction should not be made. That Committee felt the need for the distinction and as the steep fall in prices started in 1105\* adopted that year for the Dividing Line.

36. The Madras Agriculturists' Relief Act of 1938 however drew the line at 1st October 1932. This date is supported by a note on the date of the depression prepared by Dr. P. J. Thomas, University Professor of Economics, Madras, which stated that the date of the depression should be determined by a study of the prices of staple commodities between 1929 and 1932. We therefore decided to re-examine the question and for the purpose scrutinised the average prices of our staple articles of agricultural produce and of land for the last ten years.

37. The figures are given on the next page.

*Average prices of staple Agricultural Commodities.*

Commodities.	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38	1938-39
	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114
Copra											
Rs. per Candy of 654 lbs.	95	76	58	69	61	37	45	62½	71½	49½	42½
Pepper											
Rs. per Candy of 6 Cwts.	500	250	170	205	156	138	166	111	108	97½	91½
Ginger.											
Rs. per Cwt.	35	30	20	11	9	11	28	37	47½	26½	10½
Turmeric.											
Rs. per Cwt.	16	15	8	9	9	9	14	13	10½	10½	10½
Paddy (Kuttanad)											
Cbs. per standard para	21	18	16	12	12	10	12½	12½	12½	12½	13
Paddy (Nanjnad)											
Cbs. per standard para	29	23	18	17	16	13	16	13½	12½	14½	14½

38. The variation in the value of land during the last ten years may be seen from the Registration Statistics given below :—

Year.	Average value of	Average value of
	Wet land per Acre. Rs.	Garden land per Acre. Rs.
1104	649	415
1105	778	400
1106	693	407
1107	590	395
1108	654	441
1109	441	327
1110	359	336
1111	347	286
1112	385	267
1113	419	316

39. We also examined the interest rates of the Imperial Bank of India during the years 1930 to 1933. A table of the rates is given at Page 178 of the Agricultural Debt Redemption Committee's Report and is reproduced below :—

<i>Imperial Bank Rates.</i>		
20-11-1930	4/1106	6 per cent.
15-1-1931	5/1106	7 "
28-5-1931	9/1106	6 "
6-8-1931	12/1106	7 "
22-9-1931	1/1107	8 "
14-1-1932	5/1107	7 "
25-2-1932	6/1107	6 "
28-4-1932	8/1107	5 "
7-7-1932	11/1107	4 "
6-2-1933	6/1108	3½ "

The fact that the Imperial Bank found it necessary to reduce the rate from 8 per cent. to 4 per cent. in the course of the year 1107 was a reflex of the variation in the purchasing power of money. On a close examination of the statistics given above, we feel that it is necessary to balance various factors in fixing the line of demarcation. The fall in prices that began in 1105 continued in a steep line to the end of 1106. Though the depression thus started in 1105, its effects began to be felt only in 1106 and became acute only in 1107. Before it could affect in practice the relation between debtor and creditor and impress them with the need for a reduction in the rate of interest consequent on the fall in the income of the producer, the idea had to sink into their minds that the depression was not a mere casually passing phenomenon but had come to stay. This can be taken to have happened only by the



end of 1106. In the words of Dr. P. J. Thomas, "the dispersion of prices was least in 1932 (1107) not only for food grains but also for commercial crops and this indicates that they were all more or less at the same level in relation to the prices in the lean year (which in fact is the pre-depression year). Further the effects of price-fall are not immediately felt; there is a time lag. On the whole, therefore, it would be best to take 1932 as the Dividing Line."

40. We are therefore of opinion that debts for purpose of relief have to be classified into those incurred before 1-1-1107 and those incurred after that date.

---

## CHAPTER IV

### Proposals for Relief.

41. Laws have been made in many countries to lighten the heavy burden of indebtedness. Measures of relief were promulgated on the assumption that a re-appraisal of values was necessary on the basis of the difference in the purchasing power of money. Two different methods were evolved for the purpose—voluntary and compulsory. In India, the voluntary system was in favour during the earlier part of the working of the debt relief schemes. Legislation passed during that period took the shape of the establishment of Debt Conciliation Boards. The object of these Boards was to scale down debts by persuading the creditor and the debtor to come to an amicable settlement.

42. The Government of the Central Provinces was the first to concert measures in this direction. In 1932, it drew up a scheme of debt conciliation and legislative sanction was obtained for it early in 1933. Since then almost all Provinces in India have set up Debt Conciliation Boards with slight variations to suit local conditions.

43. The Agricultural Debt Redemption Committee which was constituted in Travancore at about this time to suggest relief measures for the agriculturists in the light of British Indian Legislation, naturally recommended the constitution of similar Conciliation Boards here also. The Travancore Agriculturists' Relief Act III of 1112 was accordingly passed.

44. This Act provided for the establishment of Debt Conciliation Boards to effect amicable settlements between debtors and creditors. A Conciliation Board had to propose an equitable adjustment of debts in the light of the general economic conditions and the financial position of each debtor. If the debtor and his creditors agreed to the adjustment proposed, the agreement would be reduced to writing and given the force of a decree. If the parties did not agree to the conciliation proposed, they were not to be bound by it and were quite free to pursue the usual remedies open to them. To this extent therefore, the conciliation, though it might involve the scaling down of the debts, was purely voluntary. The Board, however, had the power to record a certificate stating what, in its opinion, would have been a reasonable adjustment of the debts. This certificate and the attitude of the parties with respect to the conciliation proposed might be taken into consideration by a court before which a suit was filed for the recovery of the debts and the Court might, in its discretion, disallow costs and future interest from the date of the certificate to the date of the decree. It may be suggested that this was, in a sense, compulsion to accept conciliation. But the compulsory element was so weak that it had practically no effect.

45. Certain temporary provisions for giving relief to agriculturists were also made in the Act. They were to remain in operation only for a period of three years from the commencement of the Act. The Court executing a decree against an agriculturist was empowered to order that the decree-amount should be recovered only in instalments not exceeding twenty-four in any case. If any instalment was defaulted, that instalment alone would ordinarily be allowed to be recovered, while if three consecutive instalments were defaulted, the entire sum due would become immediately recoverable in a lump.

46. The rate of interest was also regulated for a period of three years. On debts existing on the date of the commencement of the Act, no future interest exceeding 6 per cent. was allowed. Interest accrued due prior to the date of the Act was not interfered with. On debts arising after the date of the Act, the maximum interest that could be realised was 6 per cent. for secured debts and 9 per cent. for unsecured debts, while in the case of decree debts, it was always 6 per cent. On future paddy loans, interest was not to exceed 9 per cent. per annum.

47. The relief afforded by this Act, however, soon proved to be inadequate to meet the actual requirements of the situation created by the continued economic depression. The provisions regarding voluntary conciliation of debts and payment in instalments were found in-effective in actual working. Both creditors and debtors were apprehensive that practically nothing could be achieved under the Act, as the consent of all parties appearing before the Board was necessary for an agreement. It was the considered view of the Conciliation Officers that the condition that all parties must agree to any scheme of conciliation made conciliation practically impossible. No doubt, there was the power of certification. But this provision did not operate as a sufficient deterrent to creditors unreasonably withholding their consent. It was not incumbent on the Board to grant certificates in such cases. In the absence of agreement, the Board had the option either to grant a certificate or to dismiss the conciliation application. Even if the Board granted a certificate, the Civil Court was not under the Act bound to impose any penalty on the recalcitrant party. This discretion vested in the Civil Courts was very rarely exercised in favour of the debtors. The absence of any provision for avoiding transfers by debtors of their property during the pendency of conciliation proceedings and until satisfaction of the agreement registered in pursuance thereof also worked as a serious handicap.

48. In the result, it became evident that the Conciliation Boards, as constituted by the Act, were not of real help to the debtors and that no system of relief based on mutual agreements could help the party who was in a disadvantageous position. Left to themselves, the creditors

would rarely consent to a reduction of their dues. This is not a peculiar feature of our State. Wherever it has been tried, voluntary conciliation has mostly broken down. Almost every agricultural country in the world has found it necessary during the depression to adopt some compulsory measure to relieve the debtors.

49. The trend of legislation in British India too has recently turned towards compulsion. The Madras Government passed a Debt Relief Act in 1938 accepting the principle of compulsion. The Government of the Central Provinces followed suit. There, too, an Act was passed by which the former voluntary method of scaling down debts was replaced by the compulsory method. Provision was made to establish Debt Relief Courts whose duty was to reduce interest and principal in accordance with certain definite principles laid down in the Act. The Bombay Legislature has just passed a law affording relief to the agriculturists by scaling down debts compulsorily. The neighbouring State of Cochin too has recently passed a law for the relief of the agriculturist debtor embodying the principle of compulsion in scaling down debts.

50. We gave our most anxious consideration to the question whether compulsion should be exercised in securing the reduction of any debt. It is not desirable to infringe the principle that a contract freely made should be considered binding on the parties to it—on the person who undertakes the burden of it equally with the person securing rights under it. The theory of the Sanctity of Contracts is one that should not be lightly discarded or weakened. The evils of such a course are patent to-day in the international field and Legislatures and Governments should be careful to avoid it.

51. But, in its application, exceptions and relaxations have to be made where special circumstances imperatively demand them. This has always been recognised. All usury laws are instances of this. In Travancore, more than a century ago, the law fixed the maximum rates of interest that could be realised, whatever might be the contract rates.

52. The persistent economic depression that has lain heavily on us during the last ten years has produced such an abnormal state of affairs that in order to save society from greater evils, it has been recognised in almost all countries, that deliberate measures have to be taken to reduce the crushing burden of debt which mainly the actual producers of wealth have to bear. If a party to a contract deserves in any circumstances to be relieved from the extreme hardships caused by it, the present is such a crisis. We think that it is necessary to afford relief to the debtor in the peculiar economic conditions now prevailing in the

world for which neither the creditor nor the debtor can be held responsible. Reasonable relief which would not be unfair to either party should be provided.

53. It is generally contended that the acceptance of the principle of compulsory scaling down of debts would upset the credit machinery of the State. This, it is said, would affect the agriculturist, the trader and the industrialist who have mostly to depend for their business on borrowed capital. It cannot be denied that a substantial restriction of credit would result. That is said to have been the immediate result of the Madras Act. "The Act has from all accounts we have had, resulted in the restriction of rural credit". (Professor K. C. Ramakrishnan of the Madras University, Page 93 of the Indian Co-operative Review-January-March 1939) "Facts have proved that there is a shrinkage of credit supplied by money-lenders". (Dr. B. V. Narayanaswamy Naidu in the Indian Journal of Economics April 1939 Page 551.) Naturally the first reaction of the person who has money to invest or lend would be to avoid subjecting himself to the risk of such legislation in future. He would try to preserve his capital even at the risk of not earning any interest on it. This, however, is a state of mind which is not likely to last long and it may be anticipated that in a few years, the capitalist would find his fund gradually diminishing by consumption and would again start to make profit by lending it out. The other alternative is that the capitalist, big or small, would invest his money in Government Savings Banks or bonds, thereby providing the Government with money for financing business. This is an aspect that we shall deal with later on. Here we would only say that provisions for scaling down existing debts should be supplemented by provisions for future credit to the workers.

54. It is also feared, and not without reason, that the compulsory reduction of debts will make borrowers reckless in the hope that agitation would always bring about legislation easing the burden of debt. If by the nature and frequency of debt legislation such an idea was likely to be encouraged, the result would certainly be deplorable. Any material benefit that debtors might occasionally derive therefrom would be more than counter-balanced by the moral deterioration caused by the systematic disregard of the pledged word. That is a contingency that Governments and Legislatures have to provide against. It must be made plain beyond any doubt that mere agitation by the debtors for the purpose would not result in legislation relieving them from the obligation to carry out their contracts. Nothing but an abnormal change in the economic conditions forming the basis of all contracts should induce any such legislation. So long, however, as all parties realise that such legislation is in the nature of an extraordinary emergency measure

to meet abnormal, and almost catastrophic conditions, it will not cause any real harm.

55. The possible effect on credit or contractual stability cannot, however, be allowed to stand in the way of debt relief measures at this juncture. As a matter of fact, credit even to-day is paralysed, it is already frozen. Little money has been forthcoming during the last three or four years and most old loans have merely been renewed. There has already been a perceptible contraction of credit and as long as the irreducible burden of debt remains with the consequential incapacity to borrow, credit cannot be restored. There is thus an urgent call for the liquefaction of credit. The relief measures are really intended to achieve that end. The lightening of the debt burden would infuse fresh life into the paralysed loans and promote payments.

56. In determining the nature and extent of the relief to be proposed, we think that some distinction should be made between debts incurred before 1st Chingom 1107 and those incurred after that date. There is certainly a difference between them. Debts incurred before 1107 must have been incurred with the full hope that they could be repaid. The depression and the fall in prices intervened and the debts must have remained open and become a big burden with accumulated interest. So much so, the outstandings are more indices of the inability of the borrower to repay than of intentional protraction. As the paying capacity of the debtors and the value of the debts have considerably altered as a result of the advent of the economic depression, greater relief has to be afforded in the case of debts incurred before 1st Chingom 1107. We have already stated why we draw the line of demarcation at that date.

57 This raises the question as to what, in a series of transactions culminating in the transaction relied on by the creditor, should be treated as the basic transaction with reference to which the relieving provisions should be worked out. It is a common practice for a creditor, when the interest due to him is in arrears, to merge the first transaction in a renewed one in which the total of the original principal and the accumulated interest is treated as principal. This process is sometimes successively repeated. So too in the case of running accounts of a customer with a trader, outstandings are treated in the same way. Periodically, the accounts are settled, the balance is struck and the total of the principal and the interest then remaining due is entered over the signature of the debtor. This settled account then becomes the starting point of the further dealings between the parties, interest being charged thereafter on the total thus acknowledged. The dealings often continue over many such settlements. In both these cases, the debtor in effect successively agrees to the accumulated interest being added to the principal, and itself earning interest thereafter. Though purporting

to charge only simple interest they amount practically to transactions where compound interest is realised. Should these intervening transactions be left alone, the last transaction being taken at its face value, or should the amount actually paid by the debtor to the creditor alone be treated as constituting the principal, all subsequent ostensible additions to it made really out of accumulated interest being dealt with only as interest? In many cases, the process of renewals is found to have increased the burden very heavily. It may be urged that where the parties, instead of staging a payment of interest and a loan back of that amount also, have deliberately and *bona fide* made an adjustment, it would be unfair to cancel that adjustment and put the creditor in the position of one who has not realised the interest. This is apt to put him at a serious disadvantage because of the legal restrictions as to the maximum amount that can be realised as accumulated interest and of subsequent lowering, if any, by fresh legislation of the rate of interest legally chargeable. If the adjustment had not been agreed to, the creditor might then and there have taken steps to realise the arrears of interest and nothing further would have been heard of it.

58. There is no doubt some force in this contention. But the whole trouble at present is that because debts contracted long ago have been allowed to drag on, their burden has become unbearable and unless the burden is lightened, the debtor will collapse with no chance of recovery. We have decided therefore that it is necessary to work back to the original transaction and apply the relieving provisions to it. At the same time, we think that there should be some reasonable limit to this tracing back and have fixed certain dates as the backward limits for the process.

#### Decrees.

59. The question then arises whether the principles contained in the above decisions should be applied to decrees. This is a question upon which there is great difference of opinion. It is often strenuously contended that even if some interference with the rate of interest to be charged, the time allowed for payment and the amount of the principal debt were to be tolerated, once the debt has been transformed into a decree, it should be held immutable and the sanctity attaching to a decree passed by a court of law should not be violated. In this view, a debtor would be outside the range of any relief once a decree has been obtained on his debt.

60. As we had to remark in dealing with the Sanctity of Contracts, the theory of sanctity is a valuable one that should not be lightly attacked. But if in the interests of society as a whole, it is found necessary to relieve parties to certain contracts from the full burden of the obligation arising from them, it will not be fair or just to deny that relief on what

in many cases, is the accident of a decree having been secured on a contract. On the other hand, the relief may in fact, be more needed and more deserved in the latter case; for, it is not unlikely that the party who has rushed to court at the earliest possible time and secured a decree may often have done so as he had not sufficient sympathy with the party liable under the contract to give him any extension of time to discharge his obligation. The person who was more fair or more kind-hearted and refrained from rushing into court would not be able to show a decree for his claim. It is difficult to appreciate the sanctity of the decree in such a case, resulting in an advantage to an unsympathetic creditor and refusing much needed relief to a suffering debtor. The grounds on which relief is proposed are economical and where those grounds are found to exist, any difference in the speed with which the intervention of a court was sought should not be allowed to affect the nature or extent of the relief. We therefore think that as the relationship of debtor and creditor has not been finally terminated, as long, that is, as a decree, if obtained, has not been fully discharged and struck off the file, the debt should be capable of being dealt with under the legal provisions, if any, for the lightening of the burden of debt.

61. In few of the Indian Provinces and States, where legislation has been resorted to, to relieve agricultural debtors have decrees been given any special treatment. Even the Agricultural Debt Redemption Committee of 1935 accepted the position that there was nothing wrong in re-opening some decrees. "All our recommendations regarding conciliation, instalment payment and regulation of execution sales should also apply to chitty debts and decrees obtained on chitty transactions ....." (Page 80, Agricultural Debt Redemption Committee's Report.)

62. We are, therefore, not making any revolutionary innovation in accepting this principle. It was pointed out during the discussion on this topic that the number of decrees that might have to be re-opened in consequence of this decision would be very large and that might devolve very heavy work on the courts. That is a circumstance that has to be taken note of. But the increase in work would be temporary and the additional expenditure that would be entailed by strengthening the personnel of the judiciary for the purpose should not be grudged. Any amount spent would be more than compensated by the economic revival that would result from the prompt lifting of the heavy burden of accumulated debt from the shoulders of the classes engaged in the actual production and distribution of wealth. We would therefore recommend that all decrees which remain in force wholly or partly should be brought within the operation of the relief provisions



63. We are also of opinion that the mere fact of a debtor's property having been sold in execution of a decree should not take the transaction out of reach of the relieving provisions of law. The sale becomes complete and *pro tanto* extinguishes the debt, only when it has been confirmed. We do not propose that confirmed sales should ordinarily be re-opened. But, until confirmation, a sale should be treated only as an attempt to realise the debt. If for any reason the sale happens to be set aside, the attempt fails and the debt cannot be deemed to have been discharged. Till confirmation, therefore, the validity of the sale should depend upon the debtor's actual liability to pay the amount for which the property has been sold. For determining that question we hold that an unconfirmed sale may be re-opened.

64. Having thus indicated the general lines on which we propose measures to relieve the debtor, we shall take up the question of relief under the several heads of interest, renewals and successive settled accounts, principal, pending suits, decrees and court sales.

#### *Interest.*

65. Legislation to control rates of interest is not new to Travancore. For nearly a century the law against usury has been in force here. The first law was Regulation I of 1010. It fixed the maximum rate realisable at 12 per cent. simple interest per annum and as accumulated arrears of interest, it allowed only an amount equal to half the principal to be claimed. Except for the present abnormal conditions, therefore, there would have been little need for interfering between the creditor and his debtor as regards past transactions. Only adjustment of the rate of future interest in the light of the fall in prices would have been necessary. We considered the provisions in the recent Madras Act regarding interest. One of the drastic provisions is the wiping off of the debt itself in cases where twice the amount of the principal has been paid as interest during the whole period the transaction has continued. Longstanding debts, even if the interest was not charged at an exorbitant rate, are thus liable to be wiped off. This provision is sought to be supported on the principle of *Damdapat* found in the Hindu Smrithies. As has however been pointed out by critics, that principle merely limits the amount of accumulated arrears of interest claimable at a time.

To wipe off in this most unexpected manner the principal debt itself which neither party had any idea would cease to exist, would be a serious hardship. It would be very unfair and often ruinous to the creditor.

The hardship can be easily appreciated, if, for instance, the case is considered of a young Hindu Widow investing the lump sum allotted for her maintenance, or of the guardian of an infant investing the minor's

money. Such investments are usually made in the form of hypothecation deeds renewed when necessary to avoid limitation. In these cases the investment may have been outstanding for several years at the till now normal rate of twelve per cent. per annum with the result that the provisions of Clause 2 Section 8 of the Madras Act would, by one stroke of the pen, wipe off the investment, leaving the widow and the minor adrift. It is as a grudging and partial recognition of such difficulties that an exception to the Section has been provided by Clause (h) of Section - excluding from the operation of the Act, debts not exceeding Rs. 300 due to a woman, who has no other property. This is a halting exception grossly inadequate to meet the mischief that the main provision would work.

We have not thought it desirable, therefore, to adopt that provision of the Madras Act.

66. The only relief that can reasonably be claimed is a reduction in the rate of interest consequent on the fall in prices and the value of the product of labour and the return from reproductive investment. The return from agricultural land, for instance, was, as everyone would concede, not more than three per cent. per annum during the depression period. Act III of 1112 reduced the maximum rate of twelve per cent interest fixed in the earlier law *viz.*, Regulation I of 1010 A. D. to six per cent per annum for secured debts and nine per cent per annum for unsecured debts subsequent to the Act. But to be of substantial help to the debtor crushed under the weight of accumulated arrears of interest, even that rate has to be considered too high. We think that in the case of pre-depression debts, *i. e.*, debts incurred before 1-1-1107, interest should be calculated at four and a half per cent per annum till date of discharge. The retrospective effect thus given to the provision reducing the rate of interest should, however, not be availed of to credit any interest already paid or appropriated in excess of the amount claimable on that basis, towards the principal amount due and reduce it to that extent. Any excess amount already paid and appropriated as interest can be adjusted to the fullest possible extent against interest remaining due but not against principal.

67. We do not think that conditions have changed so much since 1107 as to make it desirable to allow a high rate of interest even on loans advanced after 1-1-1107. But there is the difference that the borrower undertook to pay a higher rate of interest than what, he himself must have known, would be possible for him to pay. Contracts were entered into with open eyes with a consciousness of the persistence of the economic depression. Though there can thus be little justification for the plea that the burden of the debt has been increased by any unexpected change, we feel that there existed a factor of necessity which

might have compelled the borrower to agree to terms which even at the time he did not hope to be able to fulfil. Such borrowers too need some protection. On an examination of the price statistics of commodities, it is seen that there has been a progressive decline in the price level. The Agriculturists' Relief Act III of 1112 reduced the rate of interest on transactions after 1105 to 6 per cent. But this does not appear to have practically helped the borrowers. Interest still continued to accumulate. This is pointed to as a circumstance proving the uselessness of reducing the rate of interest. But is that the right inference? Is not the fact that the interest burden has remained the same, if it has not become heavier, just the reason for recommending its reduction? What has been classed as 'post-depression period' is to some extent, only a continuation of the period of depression, though the pace of the depression has become slower. There has not in fact been any the least favourable change in the economic life of the people. It is therefore necessary to extend the concession of the same rate of interest *viz.*,  $4\frac{1}{2}$  per cent. per annum to the post-depression debts also.

68. But this rate should be applied only to secured debts. There is in practice a marked difference in the interest charged between secured and unsecured debts, the rate being invariably higher for the latter. A rate of 6 per cent. for unsecured debts may therefore be fixed. We therefore decide that on debts incurred between 1-1-1107 and the commencement of the proposed Act, interest till the date of discharge should be calculated at  $4\frac{1}{2}$  per cent. per annum on secured debts and 6 per cent. on unsecured debts. Credit should be given for all sums paid towards interest and only such amount as is found outstanding, if any, on account of interest thus calculated is to be deemed payable, together with the principal sum or such portion of it as is due. Any part of a debt which is found to be a renewal of a prior debt should be deemed to be a debt contracted on the date of the prior transaction and if that was prior to 1-1-1107, it should be dealt with according to the provisions applicable to that category of debts.

#### *Renewals and Running Accounts.*

69. We have already said that in order to give appreciable relief to the debtor, renewed documents and settled accounts should be re-opened and the accumulated interest reduced, though the parties however have agreed to treat it as part of the principal debt. A limit, however, has to be set to the process of tracing back the principal debt.

70. Here too, we make a distinction between pre-depression and post-depression debts. But we would fix the line of demarcation between them at the date when the depression actually began, for though the debtor was not aware at the time that the depression which had then started had come to stay, its effect on him started from that

date. Therefore we decide that in the case of transactions that started before 1105 the last transaction before 1-1-1105 shall be deemed to be the original transaction and in other cases the first transaction shall be treated as the original transaction for the application of the relief provisions.

71. Notwithstanding the provisions of Section 31 of the Civil Procedure Code, in no case shall, arrears of interest remaining due after scaling down under the relief provisions, be payable except to the extent of half the principal.

*Principal.*

72. The reliefs so far suggested would give little help to the honest and punctual debtor who, though with great difficulty, had paid interest regularly. It is necessary to give him also some relief. That can be done if some reduction of the principal debt is also effected. Moreover the reduction in the rates of interest goes only a small way towards relief. To take the case of an agriculturist debtor, for example, the fall in the price of his products has, apart from the interest payable, in many cases doubled the burden of the original debt itself. An honest debtor crushed under its weight is entitled to some help. It is generally conceded—and this is the trend of the evidence collected by the previous Committee—that most creditors would be willing to take something less than what they are entitled to in law, if it is paid promptly. We think that a chance should be afforded to the honest debtor to get some benefit if he succeeds in making a fairly prompt payment.

73. The Devadhar Committee recommended in 1935 that the amount of debt for repayment may be compounded at 65 per cent of the total debt inclusive of interest. The Agricultural Debt Redemption Committee also suggested the scaling down of debts by 25 per cent. The Agriculturists' Relief Act III of 1112 incorporated the suggestion in the methods of conciliation suggested in Section 15 (b). Such a provision has also been made in the Central Provinces and Berar Relief of Indebtedness Act XIV of 1939. We are therefore making a proposal for reducing the principal by a small percentage graded according to the time taken for repayment.

74. In the case of debts incurred before 1-1-1107, we think that a reduction of twenty per cent in the principal will not be unfair to either party. This reduction will be conditional on the creditor being able to get the reduced amount within a reasonable time. We think that a period of fifteen months after the relief provisions come into operation, would be a fair interval for the debtor to get together the amount. That would give him a clear period of a year after the application to a court for relief, if that becomes necessary. In case longer time is taken

the reduction should be less. We do not, however, think that there should be many such gradings. We think that a reduction of twenty per cent in favour of those who pay within fifteen months and of ten per cent in favour of those who pay in instalments within five years of the Relief Act coming into operation is all that need be provided.

75. One serious complaint of the creditors is that there are debtors who do not pay their debts because they are unwilling, and not because they are unable, to pay. The above provision will act as a stimulus and inducement for prompt payment in the case of those who can possibly find the means therefor.

76. The concession of this reduction should be limited to debts incurred in the pre-depression period and to those who repay their debts at least within five years of the date on which the proposed legislation comes into force. We are not for reducing the principal in other cases. The only concession that we are prepared to recommend for those who do not avail themselves of the above provisions and want a longer period for the payment of their debts is to be allowed to repay their debts in instalments.

77. A debt incurred in the pre-depression period must already be a very old transaction. In allowing payment of it in instalments to begin after the proposed legislation implementing our recommendations, it is necessary to ensure that the total period is not very long. Ordinarily the time allowed for repayment should not exceed twelve years from the due date. But in the case of debts before 1107 such a restriction would result in very little additional time being granted. We therefore propose that for payment of such debts, a period of 8 years should be allowed after the Relief Act comes into effect. Even that would give even the latest transaction dealt with *i. e.*, one that took place just before 1-1-1107, about 17 years for repayment of the debt. Again, rather than leave it to the discretion of Courts, we would also definitely provide that the instalments should be half-yearly. Any debtor may thus claim to be allowed to repay his debt in half-yearly instalments not exceeding sixteen in all.

78. At this stage, it is necessary to remember that in Travancore, as the G. O., constituting this Committee itself says, there is no separate money-lending class and that many are both creditors and debtors. Many a loan represents not the systematic attempt of a capitalist to extort exorbitant interest from a needy borrower but the casual investment by a small earner of a lump sum scraped together in the course of years. The investment very often is intended to cover the cost of some ceremony or event anticipated at a future date such as the marriage of a daughter or the setting up of a son in business on his return from training for it. In such cases, it would be unfair, nay a mockery,

to offer repayment, virtually in dribblets. But once it is found necessary to give time a sort of compromise is all that is possible. We think that the creditor must be able to get an appreciable portion of the debt practically in a lump, say within the first year. That would enable him to meet his anticipated need though not in the style originally contemplated by him. We have therefore provided that when half-yearly payments are allowed, the amount of the first two instalments must cover one fourth of the total debt or Rs. 5,000, whichever is less. This provision will not apply to debts the normal instalments of which exceed Rs. 2,500 each. We also think that no instalment should be less than Rs. ten.

*Usufructuary mortgages.*

79. We accept the view of the Agricultural Debt Redemption Committee in regarding mortgage and leaseback transactions as hypothecations. We therefore recommend the retention of Section 38 of Act III of 1112 as a permanent provision of law. Any claim for rent under such a lease-back transaction, whether it has matured into a decree or not should be treated only as a claim for interest under the hypothecation deed.

80. The question however remains whether a debtor who has executed a usufructuary mortgage is entitled to the benefit of our relief provisions. In such a transaction no question of reducing the rate of interest arises because the profits derivable from the property were adjusted in a lump towards the interest as a whole. Further the fall in prices must have reduced the mortgagee's profit as well. But a usufructuary mortgagee in Travancore has the right not merely to foreclose if the mortgage amount is not repaid but is entitled to proceed against the other assets of the mortgagor to realise that amount. At the time of the transaction the parties must certainly have found the property sufficiently valuable to cover the debt fully. In fact, the mortgage amount would invariably be much less than the price of the property. As a consequence of the depression and the fall in the price of land, it is often found now that the property may not fetch a price equal to the amount of the mortgage debt. When the mortgagee proceeds not only against the property mortgaged but against all the properties of the debtor just like any other creditor, is the debtor to have the reliefs which we are allowing to an ordinary debtor or is he liable to have the whole amount of the debt immediately realised as against him? We think that he should be entitled to claim as much of the reliefs as would apply to the transaction. He should be entitled to claim the concession of instalment payments and if the transaction is one dating from before 1-1-1107, to the reduction in principal allowed in case of prompt payments.

81. Where, however, the demand is not by the mortgagee for his money but by the mortgagor himself for the recovery of his property terminating its possession by the mortgagee, he should not ask for any such concession. He must act according to the general law of mortgages and deposit the whole mortgage amount before claiming to determine the transaction and recover possession of the property.

*Pending Suits.*

82. The application of the relief provisions to a pending suit presents no difficulty. The claim made in the suit has to be revalued and recalculated under these provisions and the suit proceeded with on that basis.

*Decrees.*

83. We have already decided that decrees which have not been executed at all or which have only been partially discharged should be subject to the operation of the relief-provisions. In either case, the amount due under the transaction which has matured into a decree should be determined by the application of the relief-provisions above laid down and the amount thus arrived at should be substituted for the amount fixed originally in the decree. The provisions as to the scaling down of the debts will however not apply to the costs decreed or incurred in execution or any expense incurred in protecting the property by a mortgagee or other person lawfully in possession of it.

84. Any payments or adjustments made towards the discharge of the decree-debt should be deducted out of the new decree amount and the decree should thereafter be executed only for such balance of that amount as may be found due. If it is found that the whole of the newly fixed decree amount or more has been thus paid or adjusted, the decree should be struck off. To any balance remaining due, all the relief provisions as to the reduction of principal, future rate of interest and payment in instalments should be held to apply.

*Court sales of immovable property.*

85. We have already said that no confirmed sales should ordinarily be re-opened. But where a sale has not been confirmed, the relief provisions should on the application of the judgment-debtor or any subsequent encumbrancer of the property be applied to the decree in execution of which the sale took place; and if it is found that on the date of the sale the amount due under the decree as scaled down was less than the amount for which the property was sold, the sale should be set aside. When that is done, there are certain equities that have to be maintained. We propose that, in such a case, the decree-holder along with such other decree-holders of the judgment-debtor as on the date of the sale had validly claimed rateable

distribution should have a charge, subject to previous charges, if any, existing on the date of the sale, on the property sold for the amount actually due to him under the decree as scaled down. If the purchaser in the court-sale was a stranger he, too, should have a charge on the property for the purchase money deposited by him or such part of it as is not refunded to him on the cancellation of the sale, such charge being prior to that of the decree-holder mentioned above.

86. Since the constitution of this Committee, there have been persistent complaints that creditors have been making strenuous efforts to execute decrees speedily and that many sales of immovable property are taking place since then. There were proposals in the Committee itself to recommend to Government measures for the immediate stay of all executions pending the deliberations of this Committee and any action that might be taken on the report that the Committee may submit to Government. We were not in favour of such a step. At the same time, to counteract the alleged speeding up of coercive measures in the execution of decrees, we have decided that court sales taking place subsequent to 1-12-1114—approximately the time when the Committee was constituted—should be dealt with differently from other sales. The court-sales after that date even though confirmed should, we think, be liable to be re-opened like un-confirmed sales. The haste with which proceedings are alleged to be pushed through because of the constitution of this Committee would then not unduly help the creditor or prejudice the debtor.

87. There are certain classes of creditors in whose cases the relief-provisions that we have recommended should not be applied in to, Banks, co-operative societies, chitty foremen, lenders of paddy and traders, in our opinion, require some special treatment.

*Debts due to Banks.*

88. Banks occupy a some-what peculiar position. They depend altogether upon credit. They are debtors almost to the same extent that they are creditors. The money which they lend out is money which has been left with them by others who can claim repayment either whenever they choose or after the lapse of a short fixed period. As a debtor a bank is in a worse position than any other debtor. For, it cannot with impunity postpone payment of a debt even by a single day without losing its credit and virtually ceasing to exist. Banks therefore do not wish as debtors to be brought within the operation of the relieving provisions proposed by us.

89. What should be their position as creditors? Mr. Jacob Cheriyan, the representative of Banks on our Committee, claimed that banks should be completely excluded from the purview of our enquiry. The claim amounts to this—that banks should have the right as before, of realising their dues with interest at the agreed rate, subject only to



the restrictions imposed by the already existing Statutes. A bank's debtors will not be entitled to the benefit of the reduction in the rate of interest proposed by us or of the provisions for repayment in instalments or in short of any of the relieving provisions we are recommending. He also pointed out that this was, in Travancore, a period of crisis for banks. Many banks have collapsed. Faith in banks generally is much weakened and even now the rush on banks has not stopped. To cripple their resources at such a time would be very disadvantageous and sometimes ruinous to them. It has also to be remembered that the provisions, with their retrospective operation, would work great hardship upon banks which have conducted their operations during all these years on the assumption of the steady value of their assets. On that basis they would have paid cesses and taxes and declared and paid dividends. To reduce those assets by a new law would be depriving them of the equivalents for the payments already made by them. He also pointed out that similar legislation elsewhere has either excluded banks or provided special treatment for them:

90. Dealing with this last point, first, we find that in the recent Cochin Legislation (Act XVIII of 1114) banks are not excluded. In the recent Madras Act No. IV of 1938 too, banks have not been excluded, though certain transactions of banks are taken out of the scope of the Act. In Travancore, during the boom period, banks sprang up like mushrooms. At the end of 1114, there were 221 of them. Many of them were run on anything but proper scientific lines. The only object they kept before them was the netting of depositors and shareholders. This was done by offering high rates of interest to depositors and declaring high dividends not justified by the financial condition of the banks. Most of them had no satisfactory "reserve fund". When the banking crisis came, naturally, many of them could not continue and have had to go into liquidation. We do not think that there is any need to treat banks which have ceased to function in any way different from other creditors. Nor do we think that even among banks that continue to do business, any special concession should be given except with regard to transactions which are not unworthy of a good bank. Transactions carrying such high rates of interest as are usually associated not with banks but with professional money-lenders, do not, in our view, deserve any special consideration. After a careful and anxious consideration of both sides of the problem, we have decided to exclude not certain particular banks or classes of banks but certain transactions of banks. In the Madras Act, the exclusion from the operation of the scaling down provisions is only of transactions on which interest is not charged at more than 9 per cent. per annum (Section 10 (iii) of Madras Act IV of 1938). We think that a similar provision is all that can reasonably be claimed for the protection of banking concerns doing business in Travancore.

91. It was suggested that all scheduled banks, *i. e.*, banks which are recognised by the Reserve Bank of India, should be totally excluded from the operation of our proposals. A scheduled bank differs from other banks in having a share capital not falling below a prescribed minimum and having a deposit with the Reserve Bank of a percentage of its funds. It is said that there is a guarantee of greater stability in the case of such banks. The fate of the Travancore National and Quilon Bank detracts, to a great extent, from that claim. Besides, our proposals are based not so much upon the stability or otherwise of a bank as upon the reasonableness or otherwise of the burden of its loans upon borrowers. The rate of interest charged is, with us, the main consideration. As the same bank often charges interest at different rates on different transactions, we have decided to follow the Madras provision and exclude transactions that charge interest at a reasonable rate. The provision, therefore, that we propose, is that such transactions of banks as carry a rate of interest not higher than 9 per cent. per annum should be altogether exempted from the application of any of the relief measures. But transactions carrying a higher rate of interest than 9 per cent. per annum will come within their operation. Having regard to the peculiar nature of banking business we, however, propose that the calculation of interest in the latter cases should be, not at the general rate we have laid down but at 9 per cent. per annum simple interest. The above provisions will apply without distinction to all banks except those excluded in paragraph 34 of this report.

*Debts due to Co-operative Societies.*

92. The Agricultural Debt Redemption Committee recommended that members of Co-operative Societies should not altogether be excluded from the benefit of the debt relief measures available to the rest of the agriculturists, but considered it inexpedient that their general proposals for relief should as such apply to debts due to Co-operative Societies. They thought that the Registrar's control over the societies should not be weakened in any way and they therefore provided for the institution of special Debt Conciliation Boards for Co-operative Societies, preferably on the recommendation of the Registrar. In Act III of 1112, however, these recommendations were not implemented. It excluded co-operative societies altogether from the scope of the provisions for conciliation purposes.

93. In support of such exclusion, it may be urged that Co-operative Societies and financing banks are invested with wide powers of scaling down debts due from members and reducing the rates of interest and also for helping the clearance of prior debts by means of long-term loans. It may also be noted that Co-operative Societies have been excluded in Madras and Cochin.

94. The main argument in favour of such exclusion is that co-operative societies which are still in their infancy should not have their

finances crippled by their realisable assets being compulsorily reduced. In the words of Mr. Rajagopalachari, the ex-Premier of Madras, it will be 'unfair and suicidal' to excuse agriculturists from paying their debts to Co-operative Societies, "as Co-operators are, in principle only borrowing from among members and it will not be right to treat them as an outside body. In fact, one of us, Mr. Ramachandra Rao, the Registrar of Co-operative Societies, is, for these reasons, against debts due to Co-operative Societies being brought within the scope of the relief measures that may be recommended by this Committee. The question of necessary relief to their debtors should, according to him, be left to the General Bodies of the Societies themselves under the control, if necessary, of the Registrar.

95. We are not satisfied, however, about the efficacy of leaving relief to debtors to the goodwill of these societies, while creditors generally are subjected to legal compulsion in that respect. The power to grant concessions to debtors is not peculiar to Co-operative Societies. Every creditor may, if he chooses, reduce the interest due to him or even the principal. What is wanting is the will to do so and experience has shown that Co-operative Societies are not, as a rule, more inclined to be generous in that respect than the average creditor, so that compulsion becomes as necessary in their case as in the case of other creditors. It would not create more bad blood between societies and members. "It would provide an opportunity for writing off the bad debts of societies which had made reckless advances in the boom period and even after depression set in. From the point of view of the debtor, too, it would be better to deal with his whole debt". (Prof. K. C. Ramakrishnan, University of Madras, at Page 99 of the Indian Co-operative Review, March 1939).

96. There does not appear to be much point in denying to the individual debtor of a Co-operative Society the relief which he would have been entitled to if he was outside the co-operative fold. There is no gainsaying the fact that it is as a result of the easy and facile credit that Co-operative Societies offered that many of the members of Co-operative Societies have become immersed in debt. The volume of debt due to Co-operative Societies has substantially increased the burden of indebtedness among the rural population. In fact, persons who owe money to Co-operative Societies are in some cases worse sufferers than other debtors on account of the special penalties enforced by Co-operative Societies against defaulting debtors.

The rates of interest prescribed are rather high and, calculated with the penal interest levied in cases of default, the interest would often work up to the unconscionable rate of 15½ per cent per annum. Though the conditions of the original loan might have been favourable

and beneficial to the punctual repayer, the number of people that could get any advantage from them is very limited on account of the economic conditions prevailing during the last decade tending to make almost every borrower a defaulter.

97. We have, therefore, come to the conclusion that all the relief provisions we have proposed regarding scaling down of debts should apply also to Co-operative Societies and Co-operative Banks. The only special concession that we think they should have on account of their peculiar position is that the maximum rate of interest realisable shall be 9 per cent simple interest per annum instead of the general rate fixed by us. The practice of levying penal interest on Co-operative transactions should be absolutely prohibited.

98. The provisions already proposed relating to the re-opening of court sales should be extended to revenue sales conducted for the recovery of amounts due to Co-operative Societies.

#### *Chitty Debts.*

99. Till recently the chitty as an institution for the investment of small savings and a source of credit for a class of long term loans repayable in instalments was a useful rural institution. The development of banking business has practically dislodged the chitty from that position. What benefit the small investor or borrower got from the chitty was very costly. In some cases chitty transactions worked out at an enormous rate of interest against the bidder of the chitty. The Banking Enquiry Committee and the Agricultural Debt Redemption Committee have suggested the desirability, as urged before them by witnesses, of prohibiting altogether the future flotation of chitties. In spite, however, of the growing distrust of chitties, the banks began to conduct chitties and chitties thus became, as it were, urbanised. Needy people continued to patronise chitties as a speedy means of raising money. The feat of the ultimate consequences to the unwise subscriber bidding the chitty at an impossibly high discount was not strong enough to deter him in the hour of need. Prized subscribers defaulting to pay future subscription became the rule instead of the exception. This resulted in the ruin of the foreman who could not, naturally, himself afford to pay amounts which subscribers were expected to contribute, as well as of the defaulting subscribers themselves on account of the penal provisions to which they were subject under the chitty scheme.

100. A substantial portion of the total indebtedness in the State consists of chitty debts. The finding of the Agricultural Debt Redemption Committee is that they constitute 17 per cent. of the total debts.

101. By the nature of a chitty scheme, the foreman and the subscribers are, in one sense, debtors. The foreman is a debtor to a defaulting non-prized subscriber to the extent of the subscription actually

paid in, and to a prized subscriber to the extent of the prize amount. He has promptly to pay up the bid amount whether all the subscribers punctually pay their subscriptions to him or not. This he has to do regularly till the end of the chitty. He has further to meet the contingencies of the defaults made both by the prized subscribers and by the non-prized subscribers. It is not rare, especially since the depression set in, to find a foreman compelled to strain his resources to the utmost in order to discharge his obligations. He often borrows at a very high rate of interest. In many cases, his credit snaps and the chitty collapses. There are also not wanting instances of dishonest foremen who collect all the subscription they can and evade the payments that they have to make. On the other hand, the foreman is a creditor as regards the prized subscriber defaulting the payment of future subscriptions. Both these classes of debts—the debts of the foreman and the debts of the subscribers—have to be dealt with.

102. We do not think that there can be any justification for excluding these debts from the operation of the relief-provisions we are recommending. The very fact that the foreman are both creditors and debtors will make it equitable to apply the provisions both to the debts payable to them and to the debts payable by them.

103. It was suggested that chitties conducted by banks should be put on a different footing. But we do not find any need for such special treatment. Chitties are not the proper business of banks and debts arising out of their chitties may well be treated exactly like other chitty debts. Our conclusion is that all the relief-provisions should apply to all chitty debts whether due by the foreman or by a subscriber. On such debt falling due before the date of operation of the Act embodying the above provisions, the maximum interest chargeable shall however be at 6 per cent. per annum for secured as well as for unsecured debts.

104. In the case of chitties started or running after the date mentioned above, interest may be calculated at 6 per cent. for secured debts and 9 per cent. for unsecured debts on all amounts subsequently becoming due by or to the foreman. The penal provision usual in chitty *variolas* directing defaulters to pay all future subscriptions in a lump appears to be inequitable. We think that such a provision should not be enforced hereafter. The foreman should get only the amount of each defaulted instalment as it falls due with interest thereon from that date.

As suggested in the report of the Agricultural Debt Redemption Committee, the foreman may, after default, sue for each instalment separately or for all the future instalments together. In the latter case the decree should, however, direct that the amount due on each future instalment should be realisable only after the due date for that instalment.

*Paddy Loans.*

105. Paddy loans are a special feature of Kuttanad cultivation. They form the chief means of financing agriculture there. They are common also in the Muvattupuzha Taluk. In these places agricultural labourers are paid their wages in paddy. Other services also are remunerated in kind. This is evidently the survival of a time-honoured system when money was scarce and barter economy was prevalent. In spite of the fact that money has come into greater circulation, payment in kind is resorted to wherever possible even now. For a Kuttanad agriculturist, a certain amount of paddy is therefore an essential requisite for carrying on his cultivation. This accounts for the large number of paddy loans among the cultivators of that area.

106. The Agricultural Debt Redemption Committee found that with the exception of 10 to 15 per cent. of the cultivators, all the Kuttanad agriculturists are indebted and that paddy loans formed a substantial portion of their debts.

107. The rate of interest allowed by custom and by law on paddy loans is higher than that on money loans. That is the only complaint that a debtor can possibly have with regard to paddy loans. The effect of the fall in the price of paddy has been rather an advantage to the debtor, for he has to repay paddy which now is not worth half its value in the pre-depression period. If he pays it back in money, he has to pay less money than the price he would have had to pay for the paddy he borrowed at the time of the loan. Our colleagues, Messrs. Ananthasiva Iyer and Venkitachalam Iyer themselves creditors in paddy transactions explained the peculiar features of paddy loans. They said that the creditors were really doing a great service to the agriculturists often encouraging cultivation by adhering to the usual custom of loaning out paddy even at times when they could have made greater profit, by selling the paddy at high prices. There is also the circumstance that the creditor who stores paddy for lending has certain special difficulties and losses to meet. Some of them are enumerated below :—

1. The Creditor has to incur expenses and losses for the stocking and preserving of large quantities of paddy for being loaned out to the debtor to meet his seasonal requirements;
2. A certain proportion of the paddy stocked shrinks on account of driage and some of it gets spoiled by keeping.
3. Rats do considerable havoc on the paddy stocked.

108. The Agricultural Debt Redemption Committee considered all these points and thought that if interest was reduced to one half of the contract rate or 6 per cent., whichever was higher, and the debt was discharged within one year from the date of Act III of 1112; or if the amount of paddy outstanding as principal at the last settled transaction was converted into money at the market rate prevailing at

the date of conversion; and if future paddy loans too were treated as money loans on that basis, the hardships connected with paddy loans would be minimised. The Agriculturists' Relief Act provided that the rate of interest on past paddy transactions should not be calculated at any rate exceeding 6 per cent. per annum and on future transactions at any rate exceeding 9 per cent. per annum. This provision does not appear to have materially helped the borrowers of paddy as the depression has crippled their resources and consequently left them unable to find even a small balance after bare maintenance to pay off at least the interest on these transactions. The creditors were also dissatisfied with this provision as the calculation of interest from the actual date of the loan to the actual date of repayment affected them adversely, as paddy can be loaned out only once a year on whatever date it is actually measured out and has to be stored at the expense of the creditor till then. Though the loan is for the cultivation season, the interest is usually and, quite rightly in the circumstances, calculated for the whole year. The change from this practice is said, therefore, to be unfair and unjust to the lender.

109. On a careful consideration of these points, we have come to the conclusion that the proposals made by the Agricultural Debt Redemption Committee are not really helpful. In many cases the provision for transmutation of the paddy into money would be distinctly disadvantageous to the borrower as the loan was usually taken when the price of paddy was high and repaid during the harvest season when the price was low. We think that in fairness to both parties, the old system of repayment in kind should be retained. This would save these paddy transactions from the effects of fluctuation in the value of money and the consequent economic repercussions. The provision for repayment in kind makes it unnecessary to make any recommendation regarding the principal amounts due under paddy transactions. As, however, the prevailing rates of interest on such transactions are high and heavy arrears of interest have accumulated, we think that some reduction in the rate of interest is necessary. But in view of the peculiar nature of paddy transactions, we would fix the maximum at 6 per cent. per annum on past transactions whether the debts are secured or unsecured. As for future transactions, we do not propose to make any distinction between paddy loans and money loans. It should be understood that where a loan has been taken for the cultivation season and interest has been agreed as payable for the whole year, the latter agreement should be enforceable.

#### *Trade Debts.*

110. Debt legislation in other parts of India being confined to agriculturists, the obligation arising from trade transactions did not come within their purview. The Travancore Agriculturists' Relief Act III of 1112 excluded trade debts from its general provisions but included them for purposes of conciliation, an agriculturist being

entitled to claim the benefits of conciliation in respect also of debts incurred by him for purposes of trade. Many of the articles consumed in our country have to come from outside, and as the law passed here will not affect outside creditors, our wholesale merchants directly importing goods would be obliged to pay the whole amount due from them. They supply goods to smaller merchants and they in turn to retail merchants, mostly on credit. The ability of the wholesale merchant to pay foreign suppliers in Bombay, Karachi, Rangoon, Cochin or elsewhere depends upon his ability to realise the price of the goods supplied by him to the smaller merchants who in turn have to get their dues from the retail traders. Merchants are like banks, both creditors and debtors. If the chain is snapped anywhere, the whole system will, it is said, be dislocated. For these reasons, Mr. Mohammed Jaffar Hassan Sait, the Trade representative on our Committee, urged that we should not do anything that would adversely affect the course of trade and that we should leave trade-debts alone as most other legislation in India has done. We have also received representations from a meeting of merchants at Alleppey to the same effect.

111. Though the effect of the legislation we propose would cause some inconvenience to the actual importer of goods from outside, we have not much choice in the matter. The consumer has been, and cannot but be, brought within the ambit of the relief provisions and the retail trader can realise his dues from him only subject to their operation. The immediate question then is whether that retail trader is to get any relief or whether he is to be obliged to pay the merchant above him in the scale the whole debt without any reduction, in spite of himself being allowed to realise only less from his customers. Ultimately it resolves itself into a choice between loss to the wholesale merchant and loss to the retail trader. The former will on the average, be better able to bear it than the latter. The loss too will be only a small proportion. It has however to be ensured that the relief measures do not affect the actual turn-over now. We do not propose to make them applicable except, as to the rate of interest, to accounts still running. Dues under dead accounts, that is to say, trade dealings, that have ceased altogether, are really merely old debts and we do not see any harm in treating them like other debts.

112. We have therefore decided that trade debts should also be brought within the operation of the relief provisions we have recommended. But as in the case of banks, we are in favour of allowing a higher rate of interest for trade debts. We fix the maximum realisable at 9 per cent per annum. And in order to protect current dealings as stated above from becoming frozen, we decide that as regards dealings which have continued or arisen after 1-1-1112, the provision as to repayment of debts in instalments should not apply. Subject to these reservations, all the relief measures we have already proposed will apply to trade debts also.



## CHAPTER V.

### Agency For The Administration Of The Relief Measures.

113. The short-comings of the Agriculturists' Relief Act III of 1112 have been pointed out in the previous chapter. They contributed to the virtual failure of the Conciliation Boards. The very meagre output of work of the conciliation boards by itself proved their limited capacity for relieving indebtedness.

114. The following is the statement showing the results of the working of the Boards.

(See overleaf)

*Statement showing the working of the Conciliation Boards in Travancore  
from 2-11-1112 to 31-1-1115.*

Name of Board.	1		2		3		4		5	6					
	Applications filed.		Applications disposed.		Agreements executed.		Certificates issued.		Value of claims compounded.	Total receipts on account of					
	No.	Amount. Rs.	No.	Amount. Rs.	No.	Amount. Rs.	No.	Amount. Rs.	Amount. Rs.	Court Fees.			Petition and Vakalat Fees.		
										Rs.	Ch.	C.	Rs.	Ch.	C.
1. Chief Conciliation Board, Kottayam .	633	1432332	506	1043175	64	96335	56	56275	195366	805	14	0	719	1	0
2. Conciliation Board, Nagercoil .	769	1159747	698	121478	51	78038	47	79089	88890	622	0	0	1475	18	0
3. Conciliation Board, Trivandrum .	1027	1448172	794	1108687	92	31240	189	250584	39011	895	0	0	2112	7	0
4. Do. Quilon .	1446	1708813	1081	1238096	391	366940	8	7230	460447	3688	14	0	2357	22	0
5. Do. Mavelikara .	634	544565	435	473784	66	42741	13	9292	49012	688	0	0	1094	20	0
6. Do. Thiruvalla .	1538	2138368	1318	1866788	100	195151	157	190535	220091	1667	0	0	2300	10	0
7. Do. Alleppey .	744	1702459	691	1628088	72	111681	104	217850	134882	1171	14	0	1702	6	0
8. Do. Alwaye .	753	1597799	660	1438096	12	10183	186	568856	13911	666	0	0	922	26	0
Total..	7514	11731546	6188	9918198	798	927309	760	1,67681	1141600	10203	14	0	12684	21	0

Statement—(contd.)

Name of Board.	Total receipts on account of									Total expenditure on account of											
	Process Fees.			Copying Fees.			Miscellaneous Receipts.			Salary.			Establishment.			Contingency.			Travelling Allowance.		
	Rs.	Ch.	C.	Rs.	Ch.	C.	Rs.	Ch.	C.	Rs.	Ch.	C.	Rs.	Ch.	C.	Rs.	Ch.	C.	Rs.	Ch.	C.
1. Chief Conciliation Board, Kottayam	1030	19	0	219	27	8	9	8	0	13206	12	10	9536	17	12	3710	7	15	1112	0	12
2. Conciliation Board, Nagercoil	1288	0	0	776	11	0	0	4	0	9100	0	0	6813	2	7	724	13	11	59	10	8
3. Conciliation Board, Trivandrum	1792	27	0	292	9	0	28	2	0	6631	8	2	6724	24	12	1085	18	1	24	19	3
4. Conciliation Board, Quilon	2703	14	0	239	3	8	..	..	..	8618	0	0	6477	1	5	846	3	0	10	4	8
5. Do. Mavelikara	1466	4	0	68	0	8	..	..	..	3250	0	0	8126	26	11	364	22	9	69	0	0
6. Do. Thiruvella	1907	14	0	367	19	0	..	..	..	7500	0	0	6916	24	7	1205	25	0	31	15	8
7. Do. Alleppey	1497	17	0	483	8	0	7	0	0	7553	4	16	7083	5	15	932	6	1	32	2	8
8. Do. Alwaye	1490	8	0	485	20	0	0	4	0	7289	11	2	6883	19	7	574	25	12	38	26	4
Total.	13176	19	0	2932	14	8	44	18	0	63148	8	13	53262	10	2	9744	10	1	1377	23	3

115. Government themselves were convinced that Conciliation Boards as they were constituted under the Act could not settle the debts of the agriculturists.

116. We have now proposed that debts should be compulsorily scaled down on certain definite lines prescribed in a statute. There is no further need therefore for an agency to persuade parties to settle their debt transactions amicably. The law providing for reduction of debts has to be applied to individual cases arising, just like any other law. The courts would be the proper agency for that work. There is also the further fact that we have proposed to apply the relief provisions to pending suits and to decrees pending execution. Dislocation of the work of courts would ensue if a separate agency were entrusted with that work. We are therefore of the opinion that the working out of the relief provisions should be done by the Civil Courts themselves. It would, no doubt, be necessary to strengthen the judiciary for a few years to enable it to deal promptly with the proceedings for applying the new law. To leave the existing courts to cope with the new work which must be very heavy, along with their usual work would never afford the prompt relief to the debtors and speedy payment to the creditors, which alone would fully secure the benefits anticipated from the compulsory measures we have recommended. We trust that the Government would promptly take the necessary measures and complete the relief work in a short period of two or three years so as to create a healthier financial atmosphere in the state as early as possible.

117. We would provide that all applications to the court to apply the relief provisions to existing debts whether they have matured into decrees or not, should be made within 90 days of the coming into force of the proposed Act. The debtor should have the right to make such an application even when there has been no suit on the debt. One of the main defects in the British Indian enactments of the kind, pointed out by critics, is the absence of a provision enabling a debtor to start the proceedings. He is the party who would be directly benefited by the application of the relief provisions and should certainly have the right to ask for it. We therefore recommend that such an application regarding a debt which has not already become the subject of a suit, should be registered as a plaint and dealt with as such. If it affects immovable property, registration fee should be paid on it as if it were a plaint regarding such immovable property.

118. When a decree has been passed and has to be re-opened for the purpose of revaluation of the claim of the creditor in accordance with the relief-provisions now proposed, the application therefor should be treated as an application for an amendment of the decree and the decree should be amended in accordance with the order that may be passed on the application.

119. In order to enable the court to deal effectively with the application, it should contain the complete history of the transaction and a specific prayer as to the particular mode of relief which the applicant wants the court to administer.

120. It has been suggested by the Agricultural Debt Redemption Committee that when a debtor is prepared to place all his properties at the disposal of the court for the payment of his debts and it is found that they are insufficient to meet them in full and leave a sufficient surplus for his maintenance, a percentage of the property should be allotted to him free of all liabilities for his maintenance and the rest alone utilised for the payment of the debts *pro rata*. We think that in the abnormal circumstances that have resulted in the wide-spread inability of the debtors to meet their liabilities, the suggestion is worthy of acceptance. A definite percentage in all cases, however, is unsuitable. A debtor who has much property and more debt is likely to be left very rich at the expense of his creditors. It is therefore necessary to fix a maximum for the allotment for the debtor's maintenance and we fix it at Rs. 5000. Having regard to the general standard of life, even among the middle classes, no person who is not able to pay his debts in full need be allowed more than that amount. We therefore propose that in such cases, a provision in cash or property of the value of Rs. 5000 or 25 per cent. of the assets of the debtor, whichever is less, should be set apart, free of all liabilities, for the subsistence of the debtor and his family. To enable the debtor to get this concession, he should apply to the court for administration of his property for the discharge of his debts offering unconditionally to leave all his property at the disposal of the court for distribution among his creditors.

121. We know how owners of even small bits of land in our country cling to them with a tenacity which is often pathetic, buoyed up by hopes which are patently fantastic and unrealisable. We cannot encourage such unreasonable expectations which would ultimately be ruinous to the parties themselves and increase the volume of work of the courts later. In order to discourage such a mentality, we would offer advantages to the reasonable debtor which the unreasonably optimistic debtor would not get. The latter, if he chooses to apply for it, will be allowed the concession of payment of his debt in instalments. It should, however, be made clear that he cannot recklessly play fast and loose in the matter. Having asked for and got the concession once, he should not after defaulting certain instalments, when threatened with the consequences of the default, claim to be allotted the subsistence allowance under the above provision, leaving his creditors to get what they can out of the balance of his assets. In his case, we would reduce the subsistence allowance to the equivalent of Rs. 3,000 or 15 per cent,

of his assets, whichever is less. In allotting properties for subsistence the courts should, wherever possible, include the debtor's dwelling house in the allotment.

122. Provision has also to be made for another contingency. Where a debtor, who has secured the concession of instalment payments of his debt, defaults payment of the instalments prescribed, he himself may be more interested in holding possession of his properties as long as possible than in leaving them to the Court for administration and getting his subsistence allotment. To prevent his being able to do that, the creditor too should, if he chooses, be given the right in the case, to apply to the court for the administration of the debtor's property in accordance with the above provisions.

123. Where there is a dispute between the parties as to the amount of the debt, the time taken by the court in settling that dispute should not work hardship either on the debtor or the creditor. The debtor should not lose the benefit of prompt payment nor should the creditor without being paid anything for a long time have to forego the prescribed percentage of his debt. We think it therefore necessary to provide that when the benefit of a reduction of the principal by 20 per cent. is claimed in the application and there is any dispute as to the amount that will be actually due on scaling down under the relief provisions and the court is satisfied that the dispute is not likely to be finally settled within 90 days of the date of application to the court, the court should pass within that period a preliminary order settling in a summary manner the approximate amount due. The debtor should pay this approximate amount within 15 months from the date of the coming into operation of the proposed enactment. If the final decision of the court is that a larger amount is due, the difference shall be paid either within fifteen months from the date of the coming into operation of the proposed Act or within three months from the date of such final decision whichever will give the debtor longer time for payment.

124. The other concession proposed is the provision to pay the debt in instalments. We think that the maximum period to be covered by the instalments and the frequency of the instalments should be definitely fixed and not left to the discretion of the courts. As already stated, we have fixed them at eight years and sixteen half-yearly instalments for debts before 1-1-1107. For debts after that date, we would allow twenty instalments and a total period of ten years. In order to ensure regular payment of the instalments, it is necessary to impose a penalty on default. The Agriculturists Relief Act III of 1112 has provided that, on default of three consecutive instalments, the creditor would be entitled to realise in a lump the whole of the debt remaining due. We would recommend the retention of this provision.

125. It is also necessary that a debtor who gets the concession of instalment payments should have no chance of disposing of his property pending such payments. We would adopt the principle underlying the provisions of Section 33 of Act III of 1112. Every debtor applying for the concession of instalment payments should offer all his properties or as much of them, as the court finds sufficient, as security for the whole amount of the debt due. If the application is allowed, a charge would *ipso facto* be created on the properties constituting the security as from the date of the application and would continue to subsist until the debt is fully discharged.

126. When the debtor has no property at all or not sufficient property to offer as security to cover the whole debt, the court, if it is satisfied that he has *bona fide* provided as good security or surety as he is capable of providing, shall grant him the concession of instalment payments and such security or surety shall then stand charged with the debt from the date of the application till the debt is fully discharged.

---

## CHAPTER VI.

### Travancore Credit Bank.

127. No scheme for the relief of indebtedness can be really helpful unless it is supplemented by adequate provision for the discharge of the scaled down debts. The very object of the scaling down of a debt is to enable the debtor to pay it off within a reasonable time. It is obvious that if the creditors are able to obtain actual payment, the scaling down of debt will not be felt as a great hardship. Unfortunately, the debtors are rarely in a position to pay cash or its equivalent even at the reduced figure. It is here that a financing agency has to step in.

128. One of the most valuable criticisms made of the debt relief legislation in British India is that *pari passu* with such legislation there is no provision made to enable the agriculturist to repay his scaled down debts. The absence of such a provision not only makes the provisions for relief purely theoretical but makes the scaling down itself meaningless. They only serve to irritate the creditor and tantalise the debtor. The creditor feels that he is being robbed and the debtor finds that the hopes he had entertained of becoming free from his debts were but vain imaginings.

129. The crux of all debt relief arrangements is the provision of an effective mode of redemption of the compounded debt. This became evident in the working of the Agriculturists' Relief Act III of 1912. The Conciliation Officers found that the absence of proper financing agencies to lend money to the debtors to clear off the scaled down debts made conciliation almost a sham. The Chief Conciliation Officer has stated —

“The importance of suitable credit agencies to advance money to pay off the conciliated debts cannot be over-emphasised because experience has shown that the one form of settlement that appeals most to the creditor is the offer of cash payment, though it is much less than the amount actually due to him. Neither the offer to pay in instalments nor the offer to convey portions of the debtor's properties which are the modes of conciliation generally adopted now, holds out much attraction to creditors because most of them do not care to have immovable properties at all and because they know from bitter experience that the debtors are not likely to act up to the agreements to pay in instalments. Many of the creditor's for example, Chitty foremen, bankers etc., are themselves debtors and they can ill-afford to wait for the period covered by the instalments.”



130. The Agricultural Debt Redemption Committee of 1935 recognised the importance of a financing institution to pay off the conciliated debts. At that time, a state-owned and State-managed Land Mortgage Bank was functioning in Trivandrum. The bank was a department of Government. The valuation of the properties offered as securities for loans and the scrutiny of the debtors' title to them were done by officers of the Government. It was financed entirely by Government. It used to grant loans for the liquidation of prior debts charged on agricultural land in the possession of the borrower. That bank was established by Government as an 'initial step' in affording facilities for the agriculturists of the State to get long-term credit (Vide G. O. F. L. 1940 dated 15th December 1931 constituting the Bank). In the course of the working of the bank, it was revealed that there were inordinate delays in the issuing of loans consequent mainly on the long time taken for the submission by the local officers in the various parts of the State of reports about the sufficiency of the security offered. There was also a feeling that the capital at the disposal of the bank was not sufficient to admit of expansion in response to the demands likely to be made on it.

131. The Agricultural Debt Redemption Committee felt that the restricted scope and inevitable delays of the State Land Mortgage Bank would not permit that institution to render adequate service in a general scheme of debt relief. They were of the view that the Land Mortgage Bank should be reconstituted so that it might be made an effective instrument for liquidating debts as conciliated by the Debt Conciliation Boards. For that purpose they recommended that the bank should be provided with adequate funds to meet the large demands that might be made on it and that debentures might be issued to the creditors to the extent of conciliated amounts, provided the security offered by the debtors was adequate for the purpose.

132. With a view to making conciliation popular, they suggested that in advancing loans from the Land Mortgage Bank, preference should be given to applications for loans for the purpose of liquidating debts settled by the Debt Conciliation Boards. They recommended that the Bank should be converted into a share-holders' bank with the Government as a substantial share-holder having effective control over its management. They also suggested certain modifications to be effected in the method of its working. They further recommended that in order to ensure adequate funds for its working it should be empowered to issue debenture bonds guaranteed by the Government.

133. Government had already in the G. O., constituting the State Land Mortgage Bank stated that they would be 'glad to hand over the whole concern to a suitable private agency'. In response to that Committee's recommendation, therefore, the Government abolished the State

Land Mortgage Bank and by Act IV of 1113 constituted the Credit Bank as a share-holders' bank under the effective supervision of the Government and with power to absorb the Land Mortgage Bank which then ceased to exist as such. It took over the assets and liabilities of the Land Mortgage Bank and automatically, therefore, the loans that had been issued by the Land Mortgage Bank with the securities attaching to them. It was hoped that the services of the new bank would be availed of more widely by agriculturist-debtors taking advantage of the work of the Conciliation Boards. But the hope has not been realised. The total number of applications for loans to pay off compounded debts received by the bank till the end of Thulam 1115, was only ten, and their value only Rs. 19,500. None of even those applications had till then passed the stage of investigation.

134. It is obvious that in order to make the bank popular with debtors, some radical changes have to be effected in the methods of its working. We understand, that there will be no obstacle to the Bank's issuing debenture bonds for a fairly large amount with the guarantee of the Government. It should, therefore be possible to make it really helpful to the people in their attempt to escape from the slough of debt in which they are now floundering.

135. After long and careful consideration of the problem, we make the following suggestions for consideration and adoption by the Government and the Credit Bank.

1. The bank does not now issue any loan below Rs. 200. We think that this limit has the effect of denying the utility of the bank to a considerable portion of the debtor class. 61 per cent of the debtors in the State owe less than Rs. 200 according to the Census Report of 1931. In this connection we should not lose sight of the fact that the sources of credit which, though costly, were available to the villager, have now run dry. We think that the minimum should be lowered to Rs. 100 so that the bank may be of help to a greater number of people among the poorer classes.

2. The bank has now fixed the rate of interest for loans at 5 per cent. per annum where the amount of the loan is not less than Rs. 20,000 and at 5½ per cent. per annum where the amount of the loan is less than Rs. 20,000. Having regard to the general fall in the rates of interest, we would suggest a uniform rate of 5 per cent. per annum. Though the charging of a higher rate of interest on small loans is usual and may have good reasons behind it, in view of the present condition of the comparatively small debtor, it is desirable that the difference should be removed.

3. There is a rule now that the bank may take steps to recover the whole amount of the debt due if payments of interest or instalments have

been in arrears for over 4 months. Mr. Ananthasiva Iyer, who represents the Bank on our Committee, stated that though the rule was there, it was not being strictly enforced and that more time was allowed to the debtor to make up his default. We think that without inconvenience to the bank, the rule may be modified so as to postpone the right to realise the whole debt in a lump till after the next instalment and then too only on the contingency that the defaulted instalment with interest still remained unpaid.

4. We think that the proportion of 50 per cent. of the value of the security as the maximum of the loan to be issued errs too much on the cautious side. In other agricultural countries, the maximum loan has in the case of long-term credit institutions been fixed variously from two-thirds to three-fourths of the value of the security offered. A statement showing the maximum proportion of the value of the security advanced as loan in some foreign countries, agricultural conditions of which are similar to those of Travancore is given below :—

1. State Savings Bank of Victoria—Not more than  $\frac{2}{3}$  of the value of the property.
2. State Bank of South Australia—Up to  $\frac{3}{4}$  of the borrower's interest in the property.
3. Rural Bank of New South Wales— $\frac{2}{3}$  of the Bank's valuation of the property.
4. Agricultural Bank of Tasmania—70 per cent. of the capital value of the free-hold land as fixed by the Board.
5. Agricultural Bank of Queensland— $\frac{2}{3}$  of the cost of the security
6. Land and Agricultural Bank of—  
South Africa —60 per cent. of the fair value of the property.
7. State Advances Corporation, New Zealand — $\frac{2}{3}$  of the value of the land.
8. Farm Credit Administration, United States of America] —72 per cent. of the appraised value of the farm improvements and personal property mortgaged.

The Credit Bank representative on our Committee urged that the securities of the bank should always be unimpeachable and marketable at the shortest notice. Even the contingency of the bank having to take over properties in lieu of money would, he says, be undesirable. We agree with him but we are convinced that there will not be any real risk in raising the proportion from 50 per cent. to 60 per cent. and we suggest that the rule be altered accordingly.

5. It is the practice in the bank now to insist upon the payment by every applicant for a loan, of a fee of 2 per cent, on the amount of the loan applied for and a sum of Rs. 10 irrespective of that amount. The fee charged goes to meet the cost of valuation, and scrutiny of the title deeds of the property offered as security. The lump sum charge at the flat rate of Rs. 10 per application, we understand, is mainly spent in taking an encumbrance certificate regarding such property from the Sub-Registrar's office concerned. As the rule now stands, even a person who applies for a loan of Rs. 100 has to pay Rs. 10 with the application. The bank is not to blame for this state of affairs as the fee to be paid for an encumbrance certificate is a fixed amount whatever may be the value of the property involved. As the object of the relief measures we have proposed is the speedy removal of the debt-incubus and as many of the debtors are poor persons with comparatively small amounts as their debts and the only source of credit for most of them in future may be the Credit Bank, we would suggest that where the loan applied for is below Rs. 2,000 no lump sum charge at all should be made. For amounts above Rs. 2,000, the present charge may be retained. We would also recommend that the Government should direct encumbrance certificates to be granted free of charge to the Credit Bank when the loan applications for which the certificates are wanted are for amounts below Rs. 2,000 and reduce the fee to a nominal figure in other cases. This is not by any means asking too much, for the only payment required from the applicant for a loan from the Land Mortgage Bank was a fee of one per cent. There was no lump sum payment at all. Out of the fee, only a sum of eight annas was paid to the staff of the Sub-Registrar's office for the work they did in preparing an encumbrance certificate. In Madras too, the practice is to issue free certificates to Land Mortgage Banks.

In the mean time we would suggest that the Credit Bank should grade the payment as below *i. e.*,

For applications up to Rs. 500	...	Rs. 3
For Rs. 500 to Rs. 1,000	...	Rs. 5
Over Rs. 1,000	...	Rs. 10

Unless the lump sum payment required to be made on applications is reduced as we have suggested above, the poorer classes of debtors will find it almost impossible to avail themselves of the help of the Credit Bank.

6. One important feature of the present working of the Credit Bank which practically precludes debtors from approaching it for loans is the inordinate delay in disposing of applications for loans. This was noticed by the Agricultural Debt Redemption Committee in the working of the Land Mortgage Bank. This delay is mainly due to the fact

that the valuation of the property offered as security and the investigation of its actual possession, have now to be conducted by the Tahsildar. It is not surprising that such a busy officer, whose regular revenue work leaves him little surplus time, should put off doing this item of extra work thrust upon him as long as he possibly can. At the same time, we have to state that at least at the initial stages of the work of a bank like this, it may not be safe to leave such important and vital work as the scrutiny of the security offered, to casual or non-official agency over which sufficient and continuous control cannot be exercised. We would suggest that the Government should depute some responsible officers wherever necessary as full time valuers of the security offered to the Credit Bank. Though not at first, later when the work of the bank increases, it would be possible to meet the cost of their employment on this special work out of the fees charged by the bank on loan applications.

The examination of title deeds also takes too much time now. When and where necessary, additional legal advisors paid either by the month or by the job should be employed to speed up that work. Unless the delay that takes place at present is radically reduced, the bank will not be of real help to debtors. We have in our proposals offered certain special advantages to debtors making prompt payments and the Credit Bank should so re-organize its working as to be of help to debtors desirous of reaping that benefit.

7. The debt problem is acute all over the State and help has to be rendered, especially to the small man, in every Division, in every Taluk and in every Village. The fact that the bank is in Trivandrum and has no branch anywhere is a great handicap to the mofussil debtor wishing to get his help. He cannot afford to run up frequently to Trivandrum to get information as to the progress of his application or to take the various steps that may be necessary, to bring it to fruition. It is necessary therefore to have branches in all important towns in the State. To start with, we would suggest that branches may be opened in the six stations where there are District Courts. The question of opening more branches may await the result of the working of these main branches.

8. As an institution for financing debtors we can now think only of the Credit Bank. We expect that applications for loans from those whose debts may get scaled down under the proposals we have made will be so numerous that it may be difficult for the Credit Bank to help them all. If such a difficulty arises, we would suggest that as help is more urgently required in the case of the comparatively small debtor than in the case of a big debtor who may be able to find other sources of credit, the bank should give preference to applicants the total of whose debts as scaled down does not exceed Rs. 5,000.

## CHAPTER VII.

### Control of Future Debts.

136. We have been asked to suggest measures for the prevention of the growth of future indebtedness. Control of future debts is a necessary corollary to the measures for the relief of existing indebtedness. The proposals for relief of the debtor will not have any real effect unless they are accompanied by other measures to prevent him from falling into further debt. The object of the relief methods obviously is, "to put the debtor on his legs, to start him on a new career, to enable him to do his work more cheerfully, to assure him a fair return on his labour and to create an interest in life for him". (Indian Journal of Economics, April 1939, page 524.) This requires a concentrated effort in the absence of which it is almost certain that the debtor will once again relapse into a state of indebtedness.

137. The remedy lies in enabling the worker to increase production and training him in the art of better living. Unless a comprehensive approach to the problem of economic life is made and its several aspects dealt with, simultaneously and vigorously, success is unlikely.

138. Indebtedness is largely the result of chronic poverty, and the large majority of the debtors are unable to balance their budgets with their slender incomes. The Banking Enquiry Committee, for instance, found that the economic position of the average ryot is far from satisfactory and in the case of many, a very low standard of living is the rule. The majority of families do not earn enough to maintain themselves even in minimum comfort. The statistics collected by that Committee showed that there were many families with as low a total income from all sources as Rs. 53 a year, while the budget of a family of five providing only for absolute necessities showed a minimum requirement of Rs. 144 a year. As nearly ninety per cent of the population is dependent on agriculture and as the position of the small industrialist is more or less the same as that of the small agriculturist, the urgent need of the moment is the improvement of agriculture so as to make it a profitable occupation and the encouragement of small industries to enable the worker to buy his raw materials cheap and to market his finished products for a fair price.

139. The worker in Travancore as elsewhere depends on borrowed capital. The agriculturist has generally to take loans for the purchase of live-stock, agricultural implements, manure etc. He has also to borrow for the subsistence of himself and his family until his crop is ready for harvest. The position of the small industrialist is the same. For purchase of raw materials, and for subsistence until the finished product is made and sold, he too depends upon borrowed capital.

140. We shall presently deal with the problem of future credit for the purchaser. As every debt, even where it is incurred for productiv

purposes, becomes an intolerable burden by the accumulation of arrears of interest, it is necessary to prescribe such a rate of interest for the future as will enable the average borrower to pay interest regularly. The rate, to be reasonable, must bear a more or less constant relation to the price of commodities because the latter determines the return on the productive investment of capital. That would be a "natural rate of interest, *i. e.*, a rate of interest which if adhered to would keep the economic system in equilibrium, which secures a definite exchange relation between products and resources." (Wicksell Lectures, Vol. II, quoted in Indian Journal of Economics April 1939 page 504.)

141. Taking into consideration such prices, the condition of the money market and the rate of interest charged and paid by the chief banking institutions in India, we have decided that the maximum rates at which interest should be realisable, on future transactions should be fixed at 6 per cent per annum simple interest on secured debts and 9 per cent per annum simple interest on unsecured debts. These are the rates fixed by Act III of 1112 for future transactions. The basis for the rates being the general economic condition and the condition of the money market at the time, we think it desirable to provide a ready means of adjusting the rates according to changing conditions. We think that, as the Madras Act IV of 1938 has done, power should be reserved to the Government to alter, from time to time, by notification in the Government Gazette, the rates now prescribed.

#### Sources of Credit.

##### *Chitties.*

142. One of the sources of credit for the villager till recently was the chitty and as we have already noticed, it is an institution that is not yet dead. It has come to be looked upon with more and more disfavour. At its door is laid, the responsibility for a large part of the debt burden of the villager and the peasant. There have been suggestions that the institution should not be allowed to continue and that the starting of new chitties should be prohibited by law. As long as it was a village institution, it was serving a necessary purpose. But by becoming urbanised in recent times, it has become almost wholly an instrument for leading the poor man into paths of speculation and extravagance. The Chitties Act III of 1094 which was designed to prevent impecunious, reckless and dishonest foremen from exploiting the institution for their profit at the expense of the subscribers has not succeeded in its object. The provisions which require adequate security being furnished by the foreman of a chitty, the discharge by the foreman of the liabilities arising at one instalment of a chitty before he is allowed to conduct the next instalment, to mention only two of the beneficent provisions of the Act, are easily evaded by most foremen. It is by no means the

fault of the Act. It is due to the easy-going nature and the unbusiness-like habits of many of the people. But the fact is there. It is also a serious drawback that the chitties Act does not apply to chitties below Rs. 100. This loophole is exploited by the chitty foreman who starts a number of small chitties instead of one big chitty which would require registration. If the institution cannot be mended, it will be better to end it. We understand, however, that the amendment of the Chitties Act is under consideration and that proposals for the registration of chitties even for small amounts, for regulation of the foreman's commission and the security to be given by him and for enhancement of the duties and responsibilities of the trustees are being considered. We trust that the amendments would provide sufficient safeguards for the proper conduct of chitties. We therefore do not wish to make a recommendation for the prohibition of chitties. We would however suggest that among the changes contemplated, some provision should be made to minimise the chances of the ruinous under-bidding of chitties by needy subscribers. For instance, a graded maximum percentage of reduction by way of discount during three or four stages into which the whole course of the chitty scheme should be divided may be prescribed.

143. If properly controlled, the institution has before it at least some more years of useful life. New ways and means have to be found for the small periodical investments by the villager and for easily obtainable long term loans to him before the chitty as an institution can be safely relegated to the past. This will take time and till then, chitties shorn of the bad and disreputable traits that they have acquired in course of time can do good service in the scheme of village economy.

144. The other sources of credit that have been available in the past to the worker are commercial banks, individual money lenders and agricultural and industrial loans from Government.

145. The *Joint Stock Banks* are not by their nature capable of supplying long-term credit to the producer. They have to maintain the liquidity of their assets. A great bulk of their resources represents deposits repayable on demand or at short notice. They may however be able to finance cultivation and help in marketing crops by making short-term advances against a season's crops. But at present the conditions of the few banks that still carry on, does not justify the anticipation of the extension of their work in that direction.

146. Though there is no exclusive money-lending class in Travancore, the agriculturists and the industrialists were able to get loans from their neighbours. Often they were helped with loans by the traders who secured in return the option of purchasing the produce. It would very often not be on terms advantageous to the borrower that such



loans were issued. In many cases, their terms were hard on the worker. The Banking Enquiry Committee Report says (at page 58 para 71) "The petty money-lender on whom the cultivator often depends for timely assistance is able to dictate terms. He is also generally a dealer in produce and the natural result is that he gets back the loan usually in kind at lower than the current price, the cultivator thereby sustaining a double loss. Through his indebtedness to some one or other, the cultivator has perforce to sell his produce soon after the harvest. Thus he is not able to wait and realise the best price which he could under favourable circumstances." In future, it will be more difficult to get such loans even on these disadvantageous terms, as the individual money-lender is likely on account of the difficulty of realising the debts, to limit his business. That has been found in British India to be one of the immediate effects of debt-relief legislation.

147. *Loans from Government* Government loans which are directly made to agriculturists and industrialists can only be limited in extent. The official formalities that have necessarily to be followed make the issue of loans tardy and often beyond the capacity of the average villager to avail of. In the result, even the amounts earmarked by Government for such loans are not fully spent. For instance, out of a lakh of rupees allotted for agricultural loans in 1914, only Rs. 58,859 could be utilised for the purpose during the year. In any case, this is a very limited source of credit and will not meet the need for credit to any substantial extent.

148. These considerations bring us back to the Credit Bank as the main source of future credit. The recommendations that we have already made, if carried out, will, we trust, enable that bank to provide the credit necessary for financing agriculture and industries.

149. *Co-operative Societies.* One very important factor that has to be taken note of in dealing with the problem of improving the condition of the average agriculturist and small industrialist is that to-day their products have to compete with articles produced *en masse* and by machinery. Mass production greatly reduces the cost of production, and the small producer cannot successfully compete in the world market unless some means is found whereby the disadvantages of small scale production as compared with mass production can be removed. The advantages, for instance, of the cheapness which purchase of raw materials, manure, etc., in bulk ensures, and of a fair price for the finished products which marketing on a large scale secures, must be made available to the small producer. The only way in which this can be done is by co-operation among agriculturists and small industrialists which, by combination will make their work partake of the nature of mass production. Co-operative production and co-operative distribution become essential for the welfare of the village farmer and the cottage industrialist.

150. This is a time when our co-operative societies have fallen into bad odour and there is wide-spread fear that the co-operative movement has collapsed.

151. The latest available statistics show that there are 1704 working societies on the register. Of these 1591 societies are agricultural societies. Credit societies have been classified by the Co-operative Department as under :—

A. Model	..	33
B. Good	...	114
C. Average	...	802
D. Hopeless	...	642

The societies classified as C and D number 1444. These societies are either not working properly or are on the verge of liquidation. The total membership of all societies is 2,06,699 and the total working capital Rs. 84,58,447. There is a total paid up capital of Rs. 33,71,343 and a total Reserve Fund of Rs. 10,85,679. It is not possible to state the exact portion of this share capital which represents real savings as mostly the share capital is represented only by a part of the loans granted to members. The total of the loans outstanding against members amounts to 65.73 lakhs of rupees. Of this a sum of Rs. 40.3 lakhs is overdue. The societies which are still considered to be working have lost all their vitality and are rapidly heading towards extinction.

152. The co-operative Society in Travancore has been always a society of borrowers. The rich and the thrifty have kept away from it. The result is that it has come to be treated merely as a ready instrument for raising loans. The members joined the movement without understanding what it stands for and what liabilities they may ultimately be called upon to bear. When later, owing to the agricultural depression and the slump in prices and other unforeseen circumstances, difficulties arose, the movement fell into disrepute. Societies which had continued in a state of inaction ever since their original borrowed funds were given out in loans, ceased to be of any use to their members. The latter therefore did not care to pay their dues and resorted to other sources for further loans. Once the societies had, through want of funds, ceased to issue fresh loans, their members lost all interest in them. The only thing the societies could do thereafter was to put all possible pressure on the members to recover the dues from them. Defaulters were harassed in many ways and had all sorts of penalties enforced against them. This being the position of most societies the very word Co-operation has almost come to be hated in villages.

153. This however, we think is a passing phase of the movement. To reach adequate help to the small agriculturist and the small industrialist the only effective agency is the co-operative society. That the co-operative movement has been misunderstood and mismanaged in the past

is not a sufficient reason for discarding it. What is required is that earnest and sustained efforts should be made to reorganise the societies and place them on a proper footing. We cannot do without them. The Agricultural Credit Department of the Reserve Bank of India says :

“ An agency which satisfied the requisite conditions for agricultural finance is the Co-operative Society and it has been so recognised in almost all agricultural countries. However much the co-operative movement may have fallen short of what was expected from it in India, we feel that further effort should be made to render it capable of discharging in the best manner the function of supplying credit to the small agriculturists and we have no hesitation in saying that if credit facilities to the Indian Agriculturists are to be improved, the co-operative movement must be reconstructed and revitalized, so as to serve not only as an effective credit agency but as a motive power for the improvement of agriculture from every point of view.”  
(Page 7 Statutory Report).

154. In the past, societies have been registered without any reference to the needs of the locality where they arise. This has resulted in a haphazard distribution of societies in the State. In a small Kara of 3 or 4 sq. miles, there are sometimes 5 to 10 societies, while in some others, there are none. For instance, in the taluks of Shencottah Thovala, Thodupuzha, Pathanapuram, and Kottarakara, the number of societies is disproportionately small. In some other taluks in the Central and Northern divisions there is a society for every one and a half sq. miles and for a population of about 2000. Such indiscriminate registration of societies without any definite programme or plan, has contributed not a little to the present undesirable state of affairs. The working capital with which many societies started was too small. Their collective credit was limited and they could inspire little confidence among the public. A careful and efficient management on a self-sufficient basis was impossible and very soon they had to stop work. We think that arrangements should be made for the amalgamation of many of the small societies in each pakuthi into one comprehensive institution. Recently the Reserve Bank also has been popularising the idea of one society for a group of villages within a radius of a few miles. Ordinarily there must not be more than one society in each pakuthy with about 10,000 inhabitants, bigger pakuthies of course being allowed to have more societies according to the need. Such an amalgamation would reduce the number of rural societies to about 500. The time and energy that may have to be spent on this objective will not be wasted. The societies would emerge in a consolidated and strengthened form with sufficient vitality to do useful and continued work.

155. Another factor in our opinion that has been responsible for the unpopularity and failure of the societies is the nature of the liability of their members. Of the 1704 societies in the State, 1364 are of unlimited liability. The unlimited liability of the members has been found, in practice, to be a great disadvantage. Persons whose wealth and position would secure credit for societies of which they become members are found unwilling to risk their all for the benefit of their needy neighbours. The result is that most societies have as members only those who are in need of borrowing. Most of the members are debtors to the societies even for the share capital. On the correct theory of co-operation—"each for all and all for each"—unlimited liability may be all right. But we are nowhere near the millennium when that spirit will be found actuating the average man. Everywhere in India the difficulty has been felt "It has been proved" says Dewan Bahadur K. V. Brahma "that the unlimited liability principle, which is our guide in forming credit societies in villages, is unsuited to Indian conditions and that the same should be replaced by some other principles". (Indian Co-operative Review Vol. V, page 3). The Committee on co-operation which recently sat at Madras has just decided in favour of modifying the present law, that makes it obligatory to constitute rural societies on an unlimited, liability basis. If desirable persons should be induced to join the co-operative movement, that change is necessary. After all, the extent of a member's liability "is not a matter of principle but of expediency". (C. R. Cahill).

156. Reorganised societies, if they should continue in good condition have to be properly and efficiently managed. Hitherto societies have been managed by honorary workers. For many reasons continuous earnest work which is essential for the success of the societies, can rarely be expected from an honorary manager. The very idea that he is, by his undertaking the work, placing the society under an obligation, vitiates his attitude to the society and the attitude of the members towards him. His sense of responsibility is weakened and the members unconsciously avoid all criticism of the management. This is a vicious circle that has to be broken. The society must feel that it has a right to expect and extract strenuous work from the manager and the latter should feel it his duty to put forth his best efforts to work the society successfully, a duty which could be enforced if and when needed. The Royal Commission on Agriculture emphasise this position and say, "We therefore strongly recommend that every effort should be made to build up such a paid staff in all the Provinces." (Report of the Royal Commission on Agriculture at page 431). The majority of the defalcations by secretaries and other officials of primary societies have to be attributed mainly to the provision in their bye-laws which insists on honorary services, Honorary service has to be substituted

by paid service. The management of each society should be entrusted to a single competent person under the Committee. He should be guaranteed security of tenure and should be paid from the funds of the society. With the bigger size of societies reconstituted as proposed above, it would be possible for each society to have a paid officer.

157. In future, the possibility of loans falling into arrears must be prevented. We would suggest that societies should take up marketing work as an adjunct to their lending business. Lending must itself be better controlled in future. No loan should be made unless the society is satisfied that it is to be utilised directly or indirectly for some reproductive work. The borrower should agree that the crop or the finished product of his work should be sold or disposed of only through the agency of the society that gives him the loan. Besides ensuring repayment, this would also be a first step in the creation of Central marketing societies that will have ultimately to undertake wholesale marketing.

158. We shall now deal with the important problem of the finance of the societies. As the whole of the working capital of most societies is now locked up in loans, they are not in a position to supply necessary credit to their members for their current needs. No doubt there are 21 taluk banks and one central bank for financing these primary societies. But the taluk banks with rare exceptions are in no way better than the primary societies. The resources of the central bank too are rather crippled. Under the circumstances the only method by which short-term finance can be ensured to the agriculturist and the small industrialist in the State is by a short-term section of the Travancore Credit Bank being constituted to help the actual worker with loans through co-operative societies. If the existing co-operative banks can be reconstituted in an efficient workable form, the Credit Bank may finance them so as to enable them to issue loans to the actual workers.

#### General Suggestions for the Development of Agriculture, Cottage Industries and Trade.

*Agriculture*.—Improvement of agriculture depends to a great extent on the provision of increased facilities for irrigation. In South Travancore with the completion of the Pechipara Dam, an impression gained ground that the irrigation tanks which had from time immemorial, existed for the storage of water, were no longer necessary and many of those tanks were converted into paddy lands. In recent years, it has been found that that policy was wrong and a scheme for the restoration of the tanks has been adopted and is being worked out. The co-operation of the people is being secured by the appointment of non-official boards and committees to advise the Public Works Department in the work. The rainfall in the catchment area of the Pechipara

reservoir has been decreasing and the general idea appears to be that it is due to the disafforestation and bringing under tillage of adjoining areas. The problem should be investigated and whatever remedial measures are possible should be taken to prevent such a costly and useful scheme as the Pechipara irrigation scheme, from becoming progressively unprofitable.

160. Some years ago a Minor Irrigation Committee was appointed to survey and report upon the facilities that existed for irrigation in areas which were not served by the major irrigation scheme.

One of our Colleagues Mr. T. Kumara Pillai prepared and placed before us a memorandum on the subject which we have considered. (*vide* Appendix III).

The report submitted by the Minor Irrigation Committee contains some very useful recommendations which if carried out would greatly improve the condition of agriculture in those areas.

161. We also considered the Report on Inland Navigation submitted by Mr. John Kuriyan when he was Executive Engineer. It contains many valuable recommendations the carrying out of which will serve the needs both of irrigation and of cheap transport, in the northern Taluks of the State. Some of the main recommendations appear to have been put by because at that time there were under the consideration of the Government proposals for the construction of certain railway lines in those areas. As those proposals have not materialised, we would suggest that the recommendations should be further considered by the Government and as far as possible carried out.

162. One of the standing grievances of the agriculturists is the burden of the land tax. It was suggested that we should recommend a remission of 50 per cent. of the land tax for a period of 5 years. We do not think that such a general measure is either necessary or advisable now. The general average level of land tax in the State cannot be said to be unduly high. But there are certain areas where the rate is abnormally high. In some areas in Nanjinad, we understand that the land tax works out at between Rs. 26 and 28 per acre. Some relief may be required in such extreme cases. It was also urged by Mr. T. Kumara Pillai that in the Southern Taluks, the tax on certain grades of land has, contrary to the Settlement Proclamation, been assessed at the rate applicable to higher grades. These are cases which require special treatment. But the existence of such cases cannot justify a recommendation for a general reduction or remission of land tax.

163. Another grievance of agriculturists which we think requires to be alleviated is about the working of the rules for the remission of land

tax in cases of failure of crops. The benefit of remission is not now available in all parts of the State nor to owners of all lands. We would suggest that the rules should be so revised as to make their benefit available to sufferers in all parts of the State, to cultivators of garden lands as well as of paddy lands, where the crop on the land fails or the trees on which the tax has been assessed are destroyed *en masse* as for instance, in the case of cocoanut gardens affected by the cocoanut pest.

164. *Excessive Sub-Division of Land.* One of the reasons for cultivation becoming too costly to be profitable is that land has become sub-divided into such small bits that their cultivation separately is practically economic waste. In agriculture there is what may be called the minimum limit of an economic unit, below which separate cultivation, is wasteful, instead of being profitable. We have not collected any evidence on that point and cannot, therefore, definitely fix that unit for different parts of the State and for different classes of land. The Banking Enquiry Committee made a survey of a few villages. In the village of Thazhakudi for instance, 43 per cent of holdings were less than 1 acre in extent and 74 per cent below 3 acres in extent. Though the Census of 1931 did not deal with the problem in detail, the report says that about 38 per cent of holdings in the State are below 1 acre, and about 10 per cent are below half an acre, in extent. More than 87 per cent are less than 5 acres and 95 per cent are below 10 acres in extent. The Census Report suggests that an economic holding should be at least 10 acres. The Banking Enquiry Committee found that in the Nanjinad Villages surveyed by them a ryot, owning and cultivating 2 or 3 acres of paddy land, could live in reasonable comfort. Either way, the majority of holdings in the State are uneconomic in extent. Unless separate cultivation of uneconomic units is discouraged and some means found for the consolidation, for purposes of cultivation, of adjacent holdings in larger blocks, in these days of competition with articles produced by mass-production methods, agriculture in the State cannot become a profitable occupation. Voluntary co-operation is one way of achieving the object. But it has to be admitted that where it has been tried, it has not been very successful. In the Central Provinces (Act VIII of 1928) in the Punjab (Act IV of 1936) and in Baroda (Act XXVII of 1933), laws have been passed for compulsory consolidation of fragmented holdings. Our difficulty is, no doubt, subdivision more than fragmentation. But the remedy is similar if not the same. We would suggest that a systematic survey be made for ascertaining the economic unit and when co-operative societies have been reorganised and put into proper working order and have been able to secure the confidence of the people, some element of compulsion to

consolidate uneconomic holdings under the co-operative method may be introduced.

165. *Cottage Industries*: There is a large variety of cottage industries that are being pursued in several parts of the State. But it is deplorable that no survey of such industries has hitherto been made. We tried to get some information from the Director of Industries as to their nature, the localities where they are carried on, and the number of persons or families engaged in them. The reply we received was that "in regard to cottage industries reliable information is not available. No literature on the subject is also available." We would suggest that a survey of small industries should be undertaken at once and a definite plan for their development should be made and carried out within a short period.

166. The help urgently needed by the worker is the supply of the necessary credit and the provision of facilities for the cheap purchase of raw materials and efficient methods of marketing. At present he is in the clutches of the middleman who supplies him with the minimum funds absolutely necessary, perhaps supplies raw materials at a very high price, and takes over his finished product at a price far below the market price. He collects the articles from a number of workers and makes enormous profits by their sale. The creation of efficient co-operative societies to take up the work now done by the rapacious middleman is the only way in which the worker can be ensured a reasonable return for his work.

167. One main defect in our cottage industry system is that the industries have fallen into certain traditional grooves, and cannot, and do not try to come out of them. In spite of revolutionary changes in fashion, our workers continue producing old-fashioned goods which nobody now wants. When it is found that there is no demand for the articles, no attempt is made to adjust the production to the demand but the industry is allowed to die out. We cannot blame the workers for it; for they lack the knowledge of the world and of the altered demand and the scientific training necessary to switch the production on to new designs that are in demand. We think that the Industries Department, should take up the work and give necessary directions to the workers to adjust their production to the present-day demand.

168. *The Saving Habit*. Our farmers and small industrialists must be induced to build up a reserve which they could fall back upon in times of need. They must be trained in habits of thrift. Chitties at one time provided the villager with a means of investing small savings periodically. But they mostly do just the opposite now, affording a means of extravagance to the villager. We expect that with the re-organisation of co-operative societies, the mentality of the villager will



change for the better. To provide him with a means of investing his small savings, we would suggest that at least one Anchal Office in every Pakuthi must have a savings bank department attached to it.

169. *Trade.* It is urged that the establishment of licensed warehouses would be a great help to exporters as well as to producers of goods. It will serve to raise credit during marketing by supplying an additional support to sound credit in the warehouse warrant. The Banking Enquiry Committee and the Economic Depression Enquiry Committee have recommended that such warehouses should be established. This would necessitate the passing of an act for the creation of Licensed Warehouses and for including warehouse warrants in the definition of Negotiable Instruments. We would suggest the desirability of passing such an Act.

170. There is a complaint among our traders who directly import goods from outside India and supply goods directly to countries outside that there are no adequate exchange facilities in the State. Mr. K. C. Karunakaran who voiced this complaint stated that the establishment of an Exchange Bank had been recommended by the Banking Enquiry Committee so long ago as 1930. The Imperial Bank of India, though the restriction against its doing exchange business has now been removed, is very conservative in this line of business and does it only within very narrow limits. We would suggest that the Government should consider the desirability of facilitating exchange transactions of our traders by arranging for the establishment at Alleppey of a branch of a good Exchange Bank.

171. *The Labourers Case.* Mr. Kesavan Sastri the representative on our Committee of the backward classes brought to our notice the difficulties of the agricultural labourers, especially in Kuttanad. They have regular work only for a few months in the year. To tide over the rest of the year they take advance payments from cultivators agreeing to work them off by their labour in the next season. He said that sometimes, this arrangement placed them completely in the power of the lender who was thus able to fix whatever wages he pleased for the next season's labour. Mr. Sastri urged that some measures should be suggested to help them out of the situation. When the matter was discussed it was found, and Mr. Sastri himself had to concede it, that very often the labourer was more sinning than being sinned against. Having got the advance and used it up he strived often to evade the obligation of working it off. The latter cases were perhaps as numerous as those where the labourers were exploited by the employers. We do not think any direct interference would be helpful. We would however suggest that those labourers should be encouraged to join co-operative societies and to get open and systematic help through them.

Earnest efforts should also be made to provide them with subsidiary occupations.

- Sd. V. S. Subramonia Aiyar (*Chairman*).  
 „ M. K. Ananthasiva Iyer—Subject to note of dissent.  
 „ Jacob Cheriyan.  
 „ K. V. Joseph.  
 „ K. C. Karunakaran.  
 „ T. T. Kesavan Sastri.  
 „ S. Krishna Pillai.  
 „ T. Kumara Pillai.  
 „ Kottoor Kunjukrishna Pillai.  
 „ C. O. Madhavan.  
 „ Mohammed Jaffar Hassan Sait—Subject to dissenting  
 note.  
 „ N. Narayana Kurup—Subject to the supplementary note.  
 „ Kainikkara M. Padmanabha Pillai.  
 „ M. Ramachandra Rao—Subject to dissenting note.  
 „ N. Venkitachalam Iyer—Subject to dissenting note.

## SUMMARY OF RECOMMENDATIONS.

A summary of the recommendations is given below.

### CHAPTER II.

<i>Serial No.</i>	<i>Para No.</i>	
1	24	The relief measures should be available to all debtors in the State.
2	26	Religious and charitable institutions and incorporated companies except as regards their liabilities, arising out of chitty transactions are excluded from the category of debtors.
3	27	All classes of debts are included for purposes of relief.
4	33	No debtor is excluded from relief on account of his pecuniary status or on account of his being heavily indebted.
5	34	The following debts are excluded from the application of the relief measures :— (1) Any debt or other liability due to Government. (2) Any public revenue due on land as defined in the Revenue Recovery Act or any tax, cess or payment due to any Municipality, or Village Panchayat or other local authority. (3) Any liability in respect of maintenance whether under decree of court or otherwise. (4) Any liability arising out of a breach of trust. (5) Any wages due to agricultural or rural labourer. (6) Any debt due to Sri Pandaravagai. (7) Any debt due to Sri Padom. (8) Any debt arising out of any transaction of the nature of a lease including a Kanapattem transaction falling within the purview of the Travancore Jenmi and Kudiyam Act of 1071 and any rent, melvaram or such other dues to any Edavagai under the Travancore Edavagai Act. (9) Any debt due to any Bank established by letters patent or special charter or under any special statute of British India or Travancore or the United Kingdom.

### CHAPTER III.

6	35	It is necessary for giving reasonable relief to make a distinction between debts before the depression and those incurred after the depression.
7	40	For purposes of relief debts are classified into those incurred before 1-1-1907 and those incurred after that date.

### CHAPTER IV.

8	50	The theory of the Sanctity of Contracts is one that should not be lightly discarded or weakened.
9	51	But exceptions and relaxations have to be made where special circumstances imperatively demand them.

*Serial Para No.*  
*No.*

- 10 54. The present abnormal change in the economic conditions deserves special treatment.
- 11 56. As the paying capacity of the debtors and the value of the debts have considerably altered as a result of the advent of the economic depression, greater relief has to be afforded in the case of debts incurred before 1-1-1107.
- 12 57. In the case of pre-depression debts, that is, debts incurred before 1-1-1107, interest should be calculated at 4½ per cent. per annum till date of discharge.
- 13 „ Any excess amount already paid and appropriated as interest can be adjusted to the fullest possible extent against the interest remaining due, but not against principal.
14. 68. On debts incurred between 1-1-1107 and the commencement of the proposed Act interest till the date of discharge should be calculated at 4½ per cent. per annum on secured debts and 6 per cent. per annum on unsecured debts.
- 15 „ Credit should be given for all sums paid towards interest and only such amount as is found outstanding, if any, on account of interest thus calculated is to be deemed payable together with the principal sum or such portion of it as is due.
- 16 „ Any part of a debt which is found to be a renewal of a prior debt should be deemed to be a debt contracted on the date of the prior transaction and if that was prior to 1-1-1107, it should be dealt with according to the provisions applicable to that category of debts.
- 17 69. Renewed documents and settled accounts should be re-opened and accumulated interest reduced, though the parties might have agreed to treat it as part of the principal debt.
- 18 70. The line of demarcation in this case has to be drawn at the commencement of the depression.
- 19 70. In the case of transactions that started before 1105, the last transaction before 1-1-1105 shall be deemed to be the original transaction and in other cases the first transaction shall be treated as the original transaction for the application of the relief provisions.
- 20 71. Notwithstanding the provisions of Section 31 of the Civil procedure Code, in no case shall arrears of interest remaining due after scaling down under the relief provisions be payable except to the extent of half the principal.
- 21 74. The principal amount due under a debt incurred before 1-1-1107 shall be reduced by 20 per cent. if it is

*Serial Para No.*  
*No.*

- repaid within 15 months from the date of the proposed Act and by 10 per cent. if repaid within 5 years in 10 half yearly instalments.
- 22 77 Debts in respect of which the debtor has not been able to claim the concessions of the above provision may be repaid in half-yearly instalments not exceeding 16 in all.
- 23 78 When half yearly payments are allowed, the amount of the first two instalments must cover one-fourth of the total debt or Rs. 5,000 whichever is less. This provision will not apply to debts the normal instalments of which exceed Rs. 2,500 each. No instalment should be less than Rs. 10.
- 24 79 Section 38 of Act III of 1112 may be retained as a permanent provision of Law.
- 25 80 If a usufructuary mortgagee sues for the recovery of the mortgage money, the mortgagor will be entitled to claim the concession of instalment payments and if the transaction is one dating from before 1-1-1107 to the reduction in principal allowed in case of prompt payments.
- 26 81 The mortgagor seeking to redeem the mortgaged property on payment of the mortgage amount will not be entitled to the benefit of any of these concessions.
- 27 82 The claim made in pending suits has to be revalued and recalculated under these provisions.
- 28 83 Decrees which have not been executed at all or which have only been partially discharged should be subject to the operation of these relief provisions.
- 29 83 The provisions as to the scaling down of debts will not apply to the costs decreed or incurred in execution or any expense incurred in protecting the property by a mortgagee or any other persons lawfully in possession of the same.
- 30 84 Any payments or adjustments made towards the discharge of the decree debt should be deducted out of the new decree amount and the decree should be executed only for such balance of that amount as may be found due.
- 31 „ If it is found that the whole of the newly fixed decree amount or more has been paid or adjusted, the decree should be struck off. To any balance remaining due all the relief provisions will apply.
- 32 85 Where a sale has not been confirmed, the relief provisions should on the application of the judgment-debtor or any subsequent encumbrancer of the property be applied to the decree in execution of which a sale took place.

Serial No.	Para No.	
33	..	If on the date of the sale the amount due under the decree as scaled down was less than the amount for which the property was sold, the sale should be set aside.
34	..	In such a case, the decree-holder along with such other decree-holders of the judgment-debtor as on the date of the sale had validly claimed rateable distribution should have a charge subject to previous charges if any existing on the date of the sale, on the property sold for the amount actually due to him under the decree as scaled down.
35	..	If the purchaser in the court-sale was a stranger, he too should have a charge on the property for the purchase money deposited by him or such part of it as is not refunded on the cancellation of the sale, such charge being prior to that of decree-holder mentioned above.
36	86	Court sales taking place subsequent to 1-12-1114, even though confirmed, shall be liable to be re-opened like unconfirmed sales.
37	88	Banks as debtors are not brought within the operation of the relieving provisions.
38	90	The relief provisions will not apply to debts due to banks under transactions on which interest is not charged at more than 9 per cent. per annum.
39	90	The relief provisions will apply to transactions of Bank on which interest at more than nine per cent is charged—with the modification that interest shall be calculated at nine per cent per annum simple interest.
40	91	The above provisions will apply without distinction to all banks except those excluded in Para 84 of this report.
41	97	All the relief provisions should apply to Co-operative Societies and Co-operative Banks.
42	..	The maximum rate of interest realisable on Co-operative transactions shall be nine per cent simple interest per annum.
43	..	The practice of levying penal interest on Co-operative transactions should be absolutely prohibited.
44	98	The provision regarding court sales shall apply also to revenue sales held in execution of awards of Co-operative Societies.
45	103	All the relief provisions should apply to all chitty debts whether due by the foreman or by the subscriber.
46	..	On such debt falling due before the date of the operation of the Act embodying the above provisions, the maximum interest chargeable shall be at six per cent per annum for both secured and unsecured debts.

*Serial Para No.*

- |    |     |  |
|----|-----|--|
| 47 | 104 | In the case of chitties started or running after the date of the Act, maximum interest to be charged should be at six per cent for secured debts and nine per cent for unsecured debts on all amounts due by or to the foreman.  |
| 48 | ,,  | The foreman will be entitled to get only the amount of each defaulted instalment as had fallen due with interest thereon from that date.   |
| 49 | ,,  | When default is made, the foreman may sue for each defaulted instalment after it falls due or for all the future instalments together. In the latter case, the decree should direct that the amount due on any future instalment should be realisable only after the due date for that instalment. |
| 50 | 109 | In the case of paddy loans, the old system of repayment in kind should be retained.  |
| 51 | ,,  | The maximum rate of interest chargeable on past transactions where the debts are secured or unsecured shall be six per cent.   |
| 52 | ,,  | No distinction is made as regards rate of interest between paddy loans and money loans for future transactions.  |
| 53 | ,,  | Any agreement that for paddy loans for the cultivation season, interest shall be chargeable for the whole year shall be enforceable.   |
| 54 | 112 | Past trade debts should be brought within the operation of the relief provisions.  |
| 55 | ,,  | The maximum rate of interest realisable for such debts shall be nine per cent per annum.   |
| 56 | ,,  | As regards trade debts which have continued or arisen after 1-1-1112 the provision as to repayment of debts in instalments should not apply.   |

## CHAPTER V.

- |    |     |  |
|----|-----|--|
| 57 | 116 | There is no further need for the Conciliation Boards constituted under Act III of 1112.  |
| 58 | ,,  | The ordinary Civil Courts would be the proper agency for the administration of relief measures.  |
| 59 | ,,  | It may be necessary to strengthen the judiciary for a few years to enable it to deal promptly with the proceedings under the new Act.                              |
| 60 | 117 | All applications to the court to apply the relief provisions to existing debts should be made within ninety days of the coming into operation of the proposed Act. |
| 61 | ,,  | The debtor should have the right to make such application even when there has been no suit on the debt.  |
| 62 | ,,  | The application by a debtor for relief under these provisions should be registered as a plaint and dealt with as such.   |

*Serial Para No.*

- | <i>Serial No.</i> | <i>Para No.</i> |   |
|-------------------|-----------------|---|
| 3                 | 117             | If it affects immovable property registration fee should be paid on it as if it were a plaint regarding such immovable property.  |
| 64                | 118             | An application for re-opening a decree for purposes of re-valuation of the claim of the creditor in accordance with the relief provisions should be treated as an application for an amendment of the decree and the decree should be amended in accordance with the order that may be passed on the application.   |
| 65                | 119             | The application should contain the complete history of the transaction and a specific prayer as to the particular mode of relief which the applicant wants the court to administer.   |
| 66                | 120             | A debtor whose liabilities exceed his assets may be allowed a provision in cash or property of the value of Rs. 5,000 or 25 per cent. of his assets whichever is less. This should be set apart free of all liabilities for the subsistence of himself and his family.  |
| 67                | „               | To enable the debtor to get this concession he should apply to court for administration of his property for the discharge of his debts offering unconditionally to leave all his property at the disposal of the court for distribution among his creditors.  |
| 68                | 121             | If the application is made by the debtor after getting the benefits of instalments and defaulting certain instalments, the portion allowed for subsistence allowance should be reduced to the equivalent of Rs. 3,000 or 15 per cent. of his assets whichever is less.  |
| 69                | „               | In allotting properties for subsistence, the court should, wherever possible, include the debtor's dwelling house in the allotment.   |
| 70                | 122             | Where a debtor, who has been granted the concession of instalment payments of his debts, defaults payments of the instalments prescribed, the creditor will have the right to apply to the court for the administration of the debtor's properties in accordance with the above provisions.   |
| 71                | 123             | When the benefit of a reduction of the principal is claimed in the application and there is any dispute as to the amount actually due on scaling down under the relief provisions and the court is satisfied that the dispute is not likely to be finally settled within 90 days of the date of application, the court should then pass within that period a preliminary order settling in a summary manner the approximate amount due. The debtor should pay this approximate amount within 15 months from the date of coming into operation of the proposed enactment. If the final decision of the court is that a large amount is due, the debt |



Serial Para No.  
No.

- shall be paid either within 15 months from the date of the Act or within three months from the date of such final decision whichever will give the debtor longer time for payment.
- 72 124 The maximum period of instalments that may be granted by the court for debts before 1-1-1107 shall be eight years covering sixteen half-yearly instalments and for debts after 1-1-1107, 5 to 10 years according to the discretion of the court.
- 73 „ On default of three consecutive instalments the creditor would be entitled to realise in a lump the whole of the debt remaining due.
- 74 125 Every debtor applying for the concession of instalment payments should offer all his property or as much of it as the court finds sufficient as security for the whole amount of the debt due.
- 75 126 When the debtor has no property at all or not sufficient property to offer as security to cover the whole debt, the court, if it is satisfied that he has *bona fide*, provided as good security as he is capable of providing, shall grant him the concession of instalment payments.

#### CHAPTER VI.

- 76 135 The minimum amount for loans granted by the Travancore Credit Bank should be lowered to Rs. 100.
- 77 „ Interest at a uniform rate of five per cent. per annum should be charged on all loans issued by the Credit Bank.
- 78 „ The rule that the bank may take steps to recover the whole amount of the debt due if payments of interest or instalments are in arrears for over four months may be modified so as to postpone the right to realise the whole debt in a lump till after the next instalment and then too only on the contingency that the defaulted instalment with interest still remains unpaid.
- 79 „ The proportion of 50 per cent. of the value of the security as the maximum of the loan to be issued may be raised to 60 per cent.
- 80 „ Where the loan applied for is below Rs. 2,000, no lump sum fee should be charged on the application—the fee now charged is Rs. 10 on every application.
- 81 „ For amounts above Rs. 2,000 the present fee may be retained.
- 82 „ To enable this to be done the Government should direct encumbrance certificates to be granted free of charge to the Credit Bank where they relate to applications for loans below Rs. 2,000 and reduce the fee to a nominal figure in other cases.

*Serial Para No.*

- 83 " Pending Government action the Credit Bank should immediately grade the fees chargeable as below :
- |                           |     |       |
|---------------------------|-----|-------|
| Application up to Rs. 500 | ... | Rs. 3 |
| From Rs. 500 to 1,000     | ... | Rs. 5 |
| Over Rs. 1,000            | ... | Rs 10 |
- 84 " Government should depute some responsible officer wherever necessary as full time valuator to value the security offered to the Credit Bank
- 85 " When and where necessary additional legal advisors paid either by the month or by the job should be employed to speed up the work of the examination of the title deeds.
- 86 " It is necessary to have branches of the Credit Bank in all important towns in the State. To begin with 6 branches may be opened at the District Court centres.
- 87 " The bank should give preference to applicants, the total of whose debts as scaled down does not exceed Rs. 5,000.
- CHAPTER VII.
- 88 141 The maximum rate at which interest may be realised on future transactions should be fixed at 6 per cent per annum simple interest on secured debts and 8 per cent per annum simple interest on unsecured debts.
- 89 " Power should be reserved to the Government to alter from time to time by notification in the Government Gazette the rates now prescribed.
- 90 142 Among the changes contemplated in the Chitty Act some provision should be made to minimise the chances of the ruinous under-bidding of chitties by needy subscribers.
- 91 143 Co-operative production and co-operative distribution are essential for the welfare of the village farmer and cottage industrialist.
- 92 153 To reach adequate help to the small agriculturist and the small industrialist the only effective agency is the Co-operative Society. Earnest and sustained efforts should be made to re-organise the societies and place them on a proper footing.
- 93 154 Arrangements should be made for the amalgamation of many of the small societies in each pakudy into one comprehensive institution.
- 94 " Ordinarily there must not be more than one society in each pakudy with about 10 thousand inhabitants.
- 95 155 The present law that makes the unlimited liability obligatory for agricultural co-operative societies must be modified.

## Serial Para No.

- | No. | Serial | Para No. | Text   |
|-----|--------|----------|--|
| 96  | 156    |          | Honorary services in co-operative societies should be substituted by paid services.  |
| 97  | 157    |          | Societies should take up marketing as an adjunct to their lending business. Lending must be better controlled in future.   |
| 98  | "      |          | A short-term loan section of the Credit Bank should be constituted to help co-operative societies with loans.  |
| 99  | 159    |          | The problem of the frequent failure of the Pechipara Reservoir should be investigated and whatever remedial measures are possible should be taken to prevent the Pechipara irrigation scheme from becoming unprofitable. |
| 100 | 160    |          | The recommendations of the Minor Irrigation Committee should be implemented.   |
| 101 | 161    |          | The recommendations in the report on Inland Navigation by Mr. John Kuriyan should be further considered by Government.   |
| 102 | 163    |          | The rules for remission of land tax should be so revised as to make their benefit available to sufferers in all parts of the State and to owners of garden lands as well as paddy lands.                                 |
| 103 | 164    |          | A systematic survey should be made for ascertaining the economic agricultural holding.   |
| 104 | "      |          | Some elements of compulsion to consolidate uneconomic holdings on the co-operative method may be introduced.   |
| 105 | 165    |          | A survey of small industries should be undertaken at once and a definite plan for their development should be made and carried out within a short period.  |
| 106 | 166    |          | Efficient co-operative societies should be created for the purchase of raw materials and for marketing of produce.   |
| 107 | 167    |          | The Industries Department should give necessary directions to the workers to adjust their production to the present day demands.   |
| 108 | 168    |          | At least one Anchal Office in every panchayath must have a Savings Bank department attached to it.   |
| 109 | 169    |          | An act may be passed for the creation of licensed warehouses and for including warehouse warrants in the definition of Negotiable Instruments.   |
| 110 | 170    |          | Government should consider the desirability of facilitating exchange transactions of our traders by arranging for the establishment at Alleppey of a branch of a good Exchange Bank.                                     |
| 111 | "      |          | Agricultural labourers should be encouraged to join co-operative societies and to get open and systematic help through them. Efforts should be made to provide them with subsidiary occupations.                         |

## THE TRAVANCORE DEBT RELIEF BILL, 1115.

Where as it is expedient to provide for the relief of indebtedness and to amend and consolidate the law relating to settlement of debts; It is hereby enacted as follows:—

### CHAPTER I.

#### Preliminary.

1. (1) This Act may be called the Travancore Debt Relief Act,  
Short title, extent 111  
and commencement. 4
- (2) It shall come into force on
- (3) It extends to the whole of Travancore.
2. In this Act, unless there is something repugnant in the subject or  
Definitions: context,—

- (i) "Bank" means a public company incorporated under any enactment relating to companies for the time being in force in Travancore, British India or an Indian State or the United Kingdom or incorporated by an Act of Parliament, or by Royal Charter or by Letters Patent and which company, on the date of the commencement of this Act, carries on the business of a banking company as defined in Section 341 of the Travancore Companies Act IX of 1114;
- (ii) "Chitty debt" means a debt due from a foreman to a subscriber or from a subscriber to the foreman in respect of a chitty registered under the Chitties Act III of 1094;
- (iii) "Co-operative Society" means a Co-operative Society registered or deemed to be registered under the Travancore Co-operative Societies Act, 1112;
- (iv) "Creditor" includes heirs, legal representatives and assigns;
- (v) "Debt" means any liability in cash or kind, whether secured or unsecured due from any person, whether payable under a decree or order of a Civil or Revenue Court or otherwise;
- (vi) "Debtor" means a person from whom a debt is owing and includes his heirs, successors and legal representatives;

- (vii) "Decree" includes an award made under Section 56 or an order passed under Section 51 of the Travancore Co-operative Societies Act, 1112, or the corresponding provisions of the Act repealed thereby;
  - (viii) "Interest" in relation to a debt includes any sum, however described, payable to the creditor in excess of the principal;
  - (ix) "Person" includes an undivided Hindu family, a Marumakkathayam tarwad or Thavazhi, but does not include, a charitable or religious institution;
  - (x) "Principal" includes accumulated interest if it has been converted into principal at any statement or settlement of accounts or by any contract prior to the first day of Chingom 1105 but not otherwise;
  - (xi) "Prescribed" means prescribed by rules made under this Act;
  - (xii) "Secured Debt" means a debt for which any property movable or immovable, is pledged or specifically hypothecated or in respect of which a charge or lien exists on such property;
  - (xiii) "Unsecured Debt" means a debt which is not a secured debt;
  - (xiv) "Usufructuary mortgage" means a mortgage where the mortgagor delivers possession or expressly or by implication binds himself to deliver possession of the mortgaged property to the mortgagee, and authorises him to retain such possession until payment of the mortgage money, and to receive the rents and profits accruing from the property, or any part of such rents and profits, and to appropriate the same in lieu of interest or in payment of the mortgage-money, or partly in lieu of interest and partly in payment of the mortgage money.
3. (1) Nothing in this Act shall affect—
- (a) any debt or other liability due to Our Government;
  - (b) any "Public Revenue due on land" as defined in the Revenue Recovery Act (I of 1068);
  - (c) any tax, cess, fees or other payment due to any Municipality or Village Panchayath or other local authority;
  - (d) any debt due to the Sri Pandaravagai or Sree Padom;
  - (e) any liability arising out of any transactions in the nature of a lease including a Kanapattom as defined in the Jenmi and Kudiyan Act (V of 1071) or any Michavarom or other dues due to an Edavagai by virtue of the provisions of the Travancore Edavagai Act (III of 1109);

- (f) any debt due to a bank established under Letters Patent or Royal Charter or any special enactment of Travancore, British India or the United Kingdom ;
  - (g) any liability arising out of a breach of trust ;
  - (h) any liability in respect of maintenance whether under decree of Court or otherwise ;
  - (i) any wages due to an agricultural or rural labourer ; and
  - (j) any debt except a chitty debt due from a body corporate other than a Co-operative Society.
- (2) Our Government may, notwithstanding anything contained in this Act exempt by Notification published in Our Government Gazette any institution or class of institutions under the direct control or management of Our Government from the operation of any or all of the provisions of this Act.

## CHAPTER II.

### Scaling down of debts and future rate of interest.

4. (1) Notwithstanding any law, custom, contract, decree or order of court to the contrary, all debts payable by a debtor at the commencement of this Act shall be scaled down in accordance with the provisions of this chapter.

(2) No sum in excess of the amount so scaled down shall be recoverable from him or from any land or interest in land belonging to him ; nor shall his property be liable to be attached and sold or proceeded against in any manner in the execution of any decree against him in so far as such decree is for an amount in excess of the sum as scaled down under this chapter.

5. Debts incurred before the first day of Chingom 1107 should be scaled down in the manner mentioned hereunder, namely: -

Interest shall be calculated up to the commencement of the Act at  $4\frac{1}{2}$  per cent per annum simple interest in the case of money debts and at 6 per cent per annum simple interest in the case of paddy debts or at such other lower rate as may be applicable to the debt under the law, custom, contract, decree or order governing the same and all sums paid towards interest shall be credited towards interest so calculated and only such amount, if any, as is found outstanding, not exceeding one-half of the principal in the case of money debts and the principal in the case of paddy debts, for interest thus calculated, shall be deemed payable together with the principal and all other sums in excess of such principal and interest shall be deemed to have been discharged :

Provided that in the case of debts due to or from co-operative societies interest shall be calculated at 9 per cent per annum simple

interest or at such other lower rate as may be applicable to the debt under the law, contract, custom, decree or order governing the same.

6. Debts incurred on or after the 1st day of Chingom 1107 shall be scaled down in the manner mentioned hereunder, namely :—

Interest shall be calculated up to the commencement of this Act at  $4\frac{1}{2}$  per cent per annum simple interest in the case of secured money debts and at 6 per cent per annum simple interest in the case of unsecured money debts and secured or unsecured paddy debts or at such other lower rate as may be applicable to the debt under the law, contract, custom, decree or order governing such debt, and all sums paid towards interest shall be credited towards interest so calculated and only such amount, if any, as is found outstanding, not exceeding one-half of the principal in the case of money debts and the principal in the case of paddy debts, for interest thus calculated shall be deemed payable together with the principal and all other sum in excess of such principal and interest shall be deemed to have been discharged :

Provided that in the case of debts due to or from co-operative societies interest shall be calculated at 9 per cent per annum simple interest or at such other lower rate as may be applicable to the debt under the law, contract, custom, decree or order governing the same.

7. If a debt or part of a debt is found to be a renewal of a prior debt it shall be deemed to be a debt contracted on the date on which the principal was advanced, and if such debt had been contracted prior to the 1st day of Chingom 1107, it shall be dealt with under the provisions of Section 5.

8. (1) Subject to the provisions of Section 9, nothing contained in this Act shall affect any liability in respect of any sum due to a bank, if the interest charged in respect of the liability does not exceed nine per cent per annum.

(2) When in respect of any such liability interest is charged at any rate exceeding nine per cent per annum, the provision of Section 5 or Section 6 as the case may be, shall apply as if for the words "four and a half per cent" and "six per cent" wherever they occur in the said sections the words "nine per cent" were substituted.

9. Notwithstanding anything contained in Section 8, the provisions of Section 5 or Section 6 as the case may be shall apply to a chitty debt due to or from a bank.

10. (1) Notwithstanding anything contained in this Act, in the case of any trade debt incurred on or after the 1st day of Chingom 1112 or continuing to run after that date, interest thereon shall be calculated at 9 per cent per annum simple interest or such other lower rate as may

be applicable under the law, contract, custom, decree or order governing such debt and the debtor shall not be entitled to claim repayment in instalments.

(2) Trade debt for purposes of this Section means any debt which represents the price of goods purchased for purposes of trade.

11. Except in the cases mentioned hereunder nothing contained in this Act shall affect any usufructuary mortgage by virtue of which the mortgagee is in possession of the mortgaged property and in which no rate of interest is stipulated.

*Exception.*—(1) Any transaction which purports to be a usufructuary mortgage but which is proved to have been intended to be only a hypothecation.

(2) A claim by the mortgagee whether arising under a decree or otherwise for recovery of the mortgage amount.

12. Nothing contained in Sections 5 to 11 shall be deemed to require the creditor to refund any sum which has been paid to him or to set off any sum paid towards interest even if it is in excess of the total interest due as calculated under this Act against any part of the principal or to increase the liability of a debtor to pay any sum in excess of the sum which would have been payable by him if this Act had not been passed.

13. Notwithstanding anything contained in any law, custom, contract, decree or order of Court,

- (a) no debt to which the provisions of Sections 5 to 11 apply shall carry future interest from the date of commencement of this Act at rates exceeding those specified for such debt for the period prior to the commencement of the Act;
- (b) no debt arising after the date of the commencement of this Act shall carry interest at any rate exceeding 6 per cent per annum if the debt be a secured debt or 9 per cent per annum if the debt be an unsecured debt;

Provided that in the case of decree debts interest in no case shall exceed 6 per cent per annum:

Provided further that Our Government may from time to time by Notification in Our Government Gazette alter the rates of interest fixed under this clause.

14. Where a debt includes any sum ordered to be paid as costs under any decree or order of Court or sums lawfully expended by a mortgagee or other person in order to preserve the property mortgaged, such sum or sums shall be recoverable in addition to the sum recoverable under Sections 5 to 11.



15. (1) When at the commencement of this Act a debt is payable under a decree, it shall be scaled down under the provisions of Sections 5 to 11, whichever is applicable thereto, on the application of the debtor or of the creditor or on the application of a member of a joint Hindu family or tarward if such decree is against such family or tarwad, and notwithstanding anything to the contrary in any law, such decree shall be amended accordingly :

Provided that all payments made or amounts recovered whether before or after the commencement of this Act shall first be applied in payment of all costs decreed to the creditor.

(2) An application under sub-section (1) shall be made within 90 days from the date of the commencement of this Act to the Court which passed the decree or to the officer prescribed if the debt is due to or from a Co-operative Society ;

(3) The provisions of Section 5 of the Limitation Act, 1100, shall apply to such applications ;

(4) An order under sub-section (1) shall be appealable to the Court or authority competent to hear appeals against the decisions of such Court or officer, as the case may be.

16. Every Court and every Revenue Officer executing a decree passed against a person entitled to the benefits of this Act, shall, on application, stay the proceedings until the Court which or officer who passed the decree has passed orders on an application made or to be made under Section 15 :

Provided that where within 60 days after the application for stay has been granted the debtor does not apply for relief under Section 15 or where an application has been so made and is rejected, the decree shall be executed as it stands, notwithstanding anything contained in this Act to the contrary.

17. (1) When in execution of any decree

(a) any sale of immovable property has taken place before the first day of Karkadagam 1114 but such sale has not been confirmed, or

(b) any sale of immovable property has taken place on or after the first day of Karkadagam 1114 and whether such sale has been confirmed or not,

then notwithstanding anything contained in the Limitation Act, 1100, or the Civil Procedure Code, 1100, or any other law for the time being in force, the debtor or any person interested in the immovable property may apply to such Court or prescribed authority within ninety days from the commencement of this Act to set aside the sale and

such Court or authority shall, if on scaling down the decree debt in accordance with the provisions of this Act, it is satisfied that the amount for which the sale has been affected is in excess of the amount found due on such scaling down, order the sale to be set aside and thereupon the sale shall be deemed to have not taken place at all :

Provided that no such order shall be made without notice to the creditor, the auction purchaser and other persons interested in such sale and without affording them an opportunity to be heard in the matter.

(2) Notwithstanding the generality of the provisions contained in sub-section (1), no sale shall be liable to be set aside if the sale proceeds have been rateably distributed under Section 59 of the Civil Procedure Code, 1100, or any other law relating to rateable distribution of assets.

18. Where a sale is set aside under the last preceding section, the purchaser, if a stranger, shall be entitled to an order for repayment of any purchase money paid by him against the person to whom it has been paid and shall also have a charge for the amount remaining unrealised therefor over the property sold which charge shall be prior to that under sub-section (2) :

Provided that no discount shall be payable in respect of any such sale and provided further where discount has been collected the Court shall direct the same to be refunded.

(2) The decree holder along with such other decree holders of the judgment-debtor as had validly claimed rateable distribution shall have a charge, subject to previous charges, if any, existing on the date of the sale on the property sold for the amount of the debt as scaled down under the provisions of this Act, which shall be enforceable in execution proceedings.

19. (1) If in the case of money debts to which Section 5 applies 80 per cent. of the principal and all interest payable under this Act is paid within 15 months, or

(b) 90 per cent. of the principal and all interest payable under this Act is paid within five years from the commencement of this Act the whole debt shall subject to the provisions of sub-sections 2 to 4, be deemed to be discharged.

(2) Payment under Clause (b) of sub-section (1) shall be made in instalments not exceeding ten, the first commencing within six months from the date of this Act and each of the remaining instalments within six months of the instalment immediately preceding.

(3) (a) No person who does not apply in accordance with the provisions contained in Section 21 or who having so applied does not

make the deposit in accordance with any order passed thereunder shall be entitled to the benefits of the provisions contained in sub-section (1).

(b) Where there is a dispute as to the amount payable by the depositor and such dispute is not likely to be finally settled, before the time when the deposit has to be made, the Court shall within that period pass a summary order, provisionally fixing the amount due from the debtor for purposes of sub-section (1) and (2).

Where under the final order a larger amount is payable the debtor shall deposit the difference either within the period fixed in sub-section (1) or within 3 months from the date of such final order whichever gives him the longer time for making the deposit.

(4) (a) Where a debtor who comes under sub-section (1) (a) has forfeited his claim under sub-section (3) the creditor shall be entitled to realise forthwith in a lump the whole debt as scaled down or such part of it as remains unpaid,

(b) Where a debtor who comes under sub-section (1) (b) forfeits his claim either by default in three consecutive instalments or by not paying the 90 per cent of the debt within the period of 5 years, the creditor shall on such forfeiture be entitled to realise forthwith in a lump the whole debt as scaled down or such part of it as remains due.

20. Any other debt to which this Act applies may be paid in half-yearly instalments not exceeding sixteen in the case of debts to which Section 5 applies and in the case of other debts in half-yearly instalments within a period to be fixed by the Court which shall not be less than five and more than 10 years :

Provided that no instalments shall be less than ten rupees ; and

Provided further that the first two instalments together shall not be less than twenty-five per cent of the total debt or Rs. 5,000 whichever is less, except where the normal instalments amount to more than Rs. 2,000 each.

21. (a) Where the right to pay a debt in instalments is claimed the debtor shall furnish security for the whole debt or such security as in the opinion of the Court he is capable of furnishing.

(b) Where payment is to be in instalments if default is made in the payment of any one instalment on the due date, only that instalment together with any interest that may accrue due thereon shall be realisable, but if default is made in the payment of three consecutive instalments, the whole debt shall be realisable forthwith.

22. (1) When at the commencement of this Act a debt is payable under a decree, and an application is made under Section 15, the applicant shall if he is desirous of securing the benefits of Section 19 or 20 include in the application a prayer for an order to that effect.

(2) When after the commencement of this Act a decree is passed, the Court shall on the application of any of the parties to the suit pass orders under Section 19 or 20 as the case may be.

(3) The debtor to whom sub-section (1) or sub-section (2) does not apply and who desires to secure the benefit of Section 19 or Section 20 shall within ninety days from the date of the commencement of this Act file an application for an order under Section 19 or Section 20, as the case may be and the Court shall in accordance with the provisions of sub-sections 2 to 4 of the Section next following decide by order the amount payable by the debtor under the provisions of this Act in discharge of his debt.

23. (1) Any debtor entitled to the benefits of the provisions of Sections 5 to 11, may apply to the Court having jurisdiction to entertain a suit for the recovery of the debt for an order determining the amount and manner of payment of the debt due from him at the commencement of this Act.

(2) Every such application shall be in writing and be signed by the applicant and verified in the manner prescribed by the Code of Civil Procedure, 1100, for signing and verifying plaints.

(3) Every such application shall contain the following particulars, namely:—

- (i) the place where he resides,
- (ii) the address of the creditor or creditors to whom debts is due.
- (iii) the names and address of all those who are interested in the property if the debt be a secured debt together with a clear specification of such property,
- (iv) a clear and concise statement of the details regarding the debt and the manner in which and the amount to which it has to be scaled down,
- (v) the manner in which he proposes to pay the debt, and
- (vi) other particulars if so prescribed.

(4) Every application shall be registered as a plaint and shall be disposed of as a plaint under the Civil Procedure Code.

The decree shall specify—

- (a) the amount of the scaled down debt;
- (b) the instalments and the amount of each of the instalments in which the debt has to be paid; and
- (c) the security accepted by the Court for the debt.

*Settlement of Debt.*

24. (1) Any debtor other than a body corporate who is unable to pay his debts under the foregoing provisions of this Act may present an application to the Court within whose jurisdiction he resides or ordinarily carries on business, for settlement in full of the liability owing from him.

(2) Every such application shall be in writing and shall be signed by the applicant and verified in the manner prescribed by the Code of Civil Procedure, 1100 for signing and verifying plaints.

(3) Every such application shall contain the following particulars, namely :—

- (a) the place where he resides and the place or places where he holds any property moveable or immoveable ;
- (b) the amount and other particulars of all claims against him together with the name, address and residence of his creditors ;
- (c) the amount and other particulars of all his property including claims due to him together with a specification of the value of such property and the place or places at which any such property is to be found and details of any mortgage, lien or charges thereon ;
- (d) a statement that he wants a fair settlement of his debts ;
- (e) a statement that he unconditionally leaves all his assets in the control of the court ; and
- (f) other particulars if so prescribed.

(4) The Court, for purposes of this section and Section 25 shall be the District Munsiff's Court, if the total of the debt does not exceed Rs. 2,000 and in all other cases the District Court.

25. (1) Any creditor to whom a debt is owing, may present an application for the settlement of any debt due to him if any debt in respect of which an order for payment in instalments under Section 21 has been obtained but owing to default the entire sum due thereon has become realisable.

(2) Every such application shall be in writing and shall be signed by the applicant and verified in the manner prescribed by the Code of Civil Procedure, 1100, for signing and verifying plaints.

(3) Every such application shall contain the following particulars, namely :—

- (a) the place where the debtor resides or holds immoveable property,
- (b) the amount and other particulars of claims against such debtor,
- (c) the statement that the debtor is unable to pay his debts and that such debtor has committed the default referred to in sub-section (1), and
- (d) other particulars if so prescribed.

26. (1) On receipt of an application under Section 25 or Section 26, the Court shall pass an order fixing a date for hearing the application ;

(2) Notice of such order shall be sent by registered Anchal or Post acknowledgment due as well as in such other manner if so prescribed to the debtor and the creditor.

(3) If the application is filed by a creditor the debtor on his appearance shall furnish the particulars mentioned in Section 24 and notice shall be sent to all creditors specified by him.

27. The Court shall determine the admissibility and amount of each such debt and shall for such purpose take all steps necessary for the determination of any question raised in the case. The procedure prescribed in the Travancore Insolvency Act shall *mutatis mutandis* be applicable to such proceedings.

28. The Court shall then settle the liabilities of the debtor in the manner mentioned hereunder, namely:—

(a) One-fourth of the entire assets not exceeding Rs. 5 000 in value shall be allotted to and given over to the debtor free of all encumbrances:

Provided however that if the debtor had originally applied for the benefits under Section 19 or 20 and had defaulted, the allotment for his subsistence shall be only 15 per cent of his assets not exceeding Rs. 3,000

Provided further that in such allotment the homestead in which the debtor lives shall wherever possible be allotted to his share;

(b) all the remaining assets shall be distributed and made over to the creditors in proportion to their debts:

Provided that secured creditors shall to the extent of 75 per cent. of their debts be paid in preference to unsecured creditors and only the balance of the assets shall be distributed alike amongst secured creditors for the balance of their debts and unsecured creditors.

29. All alienations made by the debtor during the pendency of an application under Section 25 or 27 shall be void as against every creditor to whom a debt is owing on the date of the presentation of the petition.

A Supplementary Note by  
Mr. K. V. Joseph.

In appending a note to the Report of the Committee I wish to state that, as far as they go, the recommendations contained in the Report and embodied in the Draft Bill, have my respectful support. The recommendations have been arrived at after exhaustive discussions and they offer relief to the individual citizen, whether he be an agriculturist, a trader or an industrialist, from the crushing burden of debt under which he has been groaning for years. However, as one who has been not only interested in this vital question but has also taken an active part in persuading the Government to take steps for the solution of the problem I feel that, in some respects, the Committee should have gone further.

2. The Committee has exempted certain classes of debts from the scope of the contemplated legislation. This list of exemptions should, on no account, be amplified, as any further restriction of its province, will be disastrous to the masses; and the power to be retained by Government to grant exemptions should seldom, if ever, be used at all.

3. The proposals of the Committee to prescribe different rates of interest to certain classes of debts involve a concession particularly to banks which in my view, is unnecessary and hardly deserved. Banks and the Chitties started and conducted by them have contributed not a little to the present deplorable state of affairs. I do most emphatically repudiate the claim put forth by the Bankers' representatives that the banks in this State and their invariable concomitants, the Chitties, have been carried on to do a service to the country or to the producing classes. Far from being animated by any such idealism, they were actuated merely by the money-making motives and self-aggrandisement of their promoters. Nothing in British India or the outside world can compare with the phenomenal and even unnatural growth of banks in Travancore. At one fell sweep, they exterminated all indigenous private credit agencies, with the result that this country was left without proper credit facilities for agriculturists. As a consequence, the so called joint stock banks stepped in to finance agriculturists, not with the laudable motive of supplying a need or doing a service to the country, but because they wanted business. A careful and impartial scrutiny and examination will reveal the true nature of the majority of the transactions of the bankers. It is a well known fact that the banks in Travancore commenced work with 24 per cent interest, when the law had fixed the highest rate at 12 per cent and, for years, they went on declaring 24 per cent dividends, when, even in the best of times, land would not yield more than 4 per cent. I am deeply convinced that the banks have done ruinous disservice to this country. In the circumstances, they cannot rightly and properly claim separate and preferential treatment.

I am, therefore, strongly of the view that all classes of debts and to whomsoever due, should be treated alike and that the same uniform rate of interest, not exceeding  $4\frac{1}{2}$  per cent, should apply to all debt transactions. All moneys paid in excess should be credited to the credit of the debtor.

4. The enormous burden of accumulated debt has become unbearable to the people of the country. This burden has arisen from the unnatural growth of banks and chitties and the practice of periodical renewals of debts, adding up principal and interest. I am strongly of opinion that the burden of debt can be lightened only by tracing all debt transactions to their original amount and by allowing nothing more than  $4\frac{1}{2}$  per cent simple interest and the whole amount never exceeding one-and-a-half times the original principal.

5. In regard to payment in instalments, the Committee has proposed that one-fourth of the debt amount should be paid as the first \* instalment and that for the payment of the balance the maximum number of 20 instalments may be allowed, extending over a period of 10 years. I feel this is taking away with one hand what is given by the other. The purpose of instalment payment is to make it easy for the debtor to pay. If the first instalment is to be one-fourth of the whole debt, it is, in the vast majority of cases, likely to be impossible for the debtors to pay the first instalment at all and thus they would be deprived of the benefits of the new legislation. I, therefore, urge that all instalments should be in equal amounts and should be spread over a period of 12 years, unless the debtor undertakes to pay up in a shorter period. Before leaving this point, I may mention that Mr. M. K. Anathasiva Iyer, one of our leading public men, having extensive credit transactions and a member of this Committee as well as of the previous one, has stated in his dissenting minute to the Report of the first committee that the creditors would be generally satisfied with 4 to 5 per cent interest and regular instalments spread over 25 to 30 years (See page 51 of the Report of the Agricultural Debt Redemption Committee.)

6. I find that an attempt is being made to persuade the Government that, as prices are showing a tendency to rise after the out-break of the present war, there is no need to push on with debt relief measures. It may be true that there is a slight improvement in the prices of coconut products; but this is mainly due to a temporary fall in the import of Ceylon products, owing to temporary shipping difficulties. The heavy rains of the last few weeks have also led to reduced supplies of copra and coconut oil and to a temporary increase in prices. But, there is no reason to expect a steady rise in prices. Nor does the present rise suffice to enable the producer to recoup all the losses he has sustained for several years past on account of drought, low yield, cocoanut disease

\* In the first two half yearly instalments together—*Chairman*.



and continued fall in prices. Rubber also has shown a tendency to look up; but we have, at the same time, to remember the uncertainties of shipping, the fluctuations of the rubber market, the increased cost of production and the weight of accumulated debt resting on the rubber grower. In regard to pepper, there is no hopeful sign of improving prices at all.

I do not deny that if the present tendency is steadily maintained, the producing classes will generally be in a better condition in about four or five years. Even so, there be an improvement in the capacity of the debtors to pay their debts in instalments. The greater is, therefore, the need for a wise and generous legislation, which would enable the debtors to take advantage of the rise in prices and pay off their debts in easy instalments. I hope that the Government would exercise imagination in an abundant measure and take hold of the present favourable moment to press forward with the relief legislation, rather than make it a reason to jettison the Committee's proposals.

7. I have also to stress another matter which I consider very urgent. Legislation based on the Committee's recommendations will take some time to materialize. In the intervening period, it is of the utmost importance to protect the people. It is absolutely necessary that a proclamation should be issued keeping in abeyance all further steps in cases pending in civil courts and enabling the debtors concerned, thereby to secure the benefits of the proposed measure. Otherwise, the creditors would so rush court proceedings and harass debtors that by the time the new legislation comes into force, the debtors would not be in a position to take advantage of benefits it would confer.

8. In the long history of our country, we can look back upon various epoch-making legislation boldly undertaken and promulgated by our Maharajas and Maharanis; for instance, the law of Limitation, control of interest, abolition of slave trade, and the recent never-to-be-forgotten Temple Entry Proclamation. At all times, there were detractors and oppositionists; but our gracious Rulers have courageously gone forward, seeking the well-being of the masses and undeterred by the opposition of reactionaries. I believe in the present final effort to roll away the crushing burden from the shoulders of the toiling millions of His Highness's subjects, the Government will take courage in both hands and go ahead with a piece of legislation which will at once be epoch-making in its reach and its effectiveness and a model to other States and the Provinces in India. Having acquainted myself rather extensively and intimately with the distress of the indebted population, I believe that they are anxiously looking to His Highness Our Gracious Maharaja and to Sir C. P. Ramaswamy Aiyar, our great Dewan, for relief in ample measure to be offered speedily to the toiling millions of His Highness's subjects.

9. Before I close, I feel I shall be failing in my duty if I do not state, with all my sense of responsibility, that, my close study of the problem of indebtedness in this country, extending over the last nearly ten years, has fully convinced me that, since the year 1105 M. E., the bankers, money-lenders and chitty foremen have been extremely harsh, unsympathetic and exacting in their dealings with the debtors. Properties worth many lakhs of money have been sold off in court auctions to satisfy decree debts which even in the decreed amounts bore but an inconsiderable proportion to the value of the properties alienated.

It is one of the saddest features of economic disorganisation of the country in recent times. I consider it a tragedy that our courts could not exercise the necessary measure of imagination and discretion, so as to secure a reasonable and equitable relation between debts and the values of properties sold in auction.

I brought this matter again and again to the notice of the Committee and urged that the Report should include a recommendation that all auction sales in satisfaction of decree debts whether confirmed or not, since 1105, should be set aside. I regret that, on account of the legal complications involved, the Committee has resiled from recommending what I consider to be the just and proper course of action. Nevertheless, I would urge on the Government and our legislators that no measure of debt relief would go to the root of the matter unless and until this be done.

10. I brought to the notice of the Committee concrete instances of unconcionable auction of properties in satisfaction of decree debts. I produced a party (Kalarikkan of Rani) whose properties amounting in value to Rs. 125,000 were sold off in court auction to satisfy a decree debt of about Rs. 6,000. of which the original principal borrowed in 1103 was but Rs. 3,000 and the entire properties have been automatically appropriated by the creditor himself.

I can boldly assert that there are hundreds of cases of such inequitable alienations of valuable properties. I urge that, in the interests of fairness, equity and humanity, an impartial enquiry should be conducted into such cases and I believe that the investigation of a fairly considerable number of them will suffice to convince the benign Government of the need to take the necessary steps to offer relief to those who have been thus deprived of their properties.

The following instances are typical of the numerous cases in which entire properties, valued at many thousands of rupees, have been sold off in court auctions to satisfy debts bearing no reasonable relation to the value of the properties sold:—

- |    |  |
|----|--|
| 1. | The auction sale of the properties of Kalarikkan, Ranni. |
| 2. | Do. Do. Peedikakkan, Manarkad, Kottayam.                 |
| 3. | Do. Do. Neeriyankal Joseph, Ponkunnain.                  |
| 4. | Do. Do. Ottathengunkal Devasya Mundakayam.               |

I would urge that at least in some typical cases like the above, the benign Government should institute an enquiry with a view to find out the true nature of the transactions and the extent of the ruin inflicted by the rigour of the ordinary law. Such an enquiry can be instituted through the Division Peishkars having jurisdiction in the localities concerned, with or without the assistance of one or two other respectable gentlemen. And I undertake to render all assistance in the conduct of such an enquiry.

11. Finally, I may be permitted to express my abiding sense of gratitude to the benign Government for their kindness in nominating me to the membership of the Committee and for the opportunity given me to express my views and to offer my suggestions on the problem of indebtedness which deeply affects the well-being of the millions of His Highness's subjects and on the equitable solution of which I have, in my own humble way, worked for the last ten years, with an unflinching confidence in the infinite sympathy and solicitude of His Highness's Government.

Trivandrum,  
29th November 1939.

Sd/K. V. JOSEPH.

## SUPPLEMENTARY NOTE.

BY

Mr. N. Narayana Kurup, B. A., B. L., M. L. A.

I wish to supplement the Report with the following points which according to me have not received sufficient consideration from the Committee, although on appropriate occasions I tried to draw the Committee's attention to them.

1. The pivot of all Debt Relief measures is the agriculturist. All debt relief measures in other parts of India and Act III of 1112 of Travancore are intended to relieve the agricultural indebtedness. Even after Act III of 1112 representations from agriculturists were made to Government that the provisions therein had not benefited them. Government also realised that those provisions in Act III of 1112 were not adequate enough to help the agriculturists and appointed the present Committee to go into the whole question of indebtedness in this State with special reference to the agricultural and industrial indebtedness. Consistent with the intention in the G. O. appointing the Committee it has proceeded on the principle of "Maximum relief to the agriculturists and qualified relief to other debtors." I wonder how then the Committee resolved to exclude from the reach of its recommendations all the debts arising out of any transaction of the nature of a lease including a Kanapatton transaction which is very prevalent in Central and North Travancore, if not throughout the State. Such lessees are the actual tillers of the soil, the real agriculturists. The proposed relief measures would work out as a real hardship to the actual ryot by restricting relief to absentee landlords.

2. If interest on such debts also is not reduced and the debts are not traced back to their original transactions and if instalments are not allowed as have been recommended to other debts in general, the small agricultural holdings and even the homesteads of such debtors will be sold away by their creditors. Even the little relief such debtors had from Act III of 1112 is taken away by the present recommendations.

3. Further the exclusion of such debts will deny relief to a big percentage of debtors. At my instance the Chairman has been kind enough to call for the statistics relating to the suits and decrees in respect of leases. The figures have not been obtained in full. But from the office I have been able to gather that there are 3872 suits to the value of Rs. 5, 96, 460 and 19, 752 pending decrees to the value of Rs. 22, 90, 434. This will show that at least 23, 624 debtors *i. e.* the real agriculturists will be excluded from any relief. This is not a small number which could be lightly ignored. I shall now try to illustrate the hardship that will be caused by the exclusion. Suppose A has obtained a decree in 1105 for three years' arrears of pottom of 300

parahs of paddy when the uniform price of paddy per parah was Re. 1. The interest at nine per cent on the amount from the date of suit to decree and then up to this together with principal will now amount to more than Rs. 600, equivalent to 1800 parahs of paddy now. According to the present recommendations the debtor has to pay only 600 parahs of paddy. If this concession given to the debtors on lease, they will be benefited and the debts will be paid off in easy instalments.

Therefore I am strongly of the view that debts on leases should be included within the ambit of relief measures.

4. The Committee has excluded the mortgagor in usufructory mortgages with actual possession from claiming any relief under the new provision. This is also not justifiable. Invariably it is the honest debtor who hands over possession of his property and it is not right to penalise him for his honesty. In many a case the usufructory mortgage will be the culmination of a series of transactions and sometimes decrees. The exclusion of the mortgagor from the ambit of proposed relief measures will work havoc and offer an unjustifiable advantage to many creditors who have taken mortgages with possession from several debtors after the commencement of the period of depression. It is therefore but fair and reasonable that the mortgagors also should be brought within the operation of the new legislation allowing them also to trace back their original principal and to calculate interest only as allowed by the new provisions till date of such mortgages and to charge that total amount alone as the mortgage amount for redemption of the property.

5. It is recommended that only four and a half per cent simple interest per annum shall be calculated on debts before 1-1-07 whether secured or unsecured, and four and a half per cent or six per cent on debts after 1-1-07 according as they are secured or unsecured and that interest paid in excess shall not be adjusted towards the principal. The injustice done by this recommendation to honest debtors who had paid a heavy interest regularly just to go on with their business day to day, was brought to the notice of the Committee and I suggested that all interest paid in excess of the rate allowed by the recommendation should be set off towards the principal on the respective date, on the ground that the creditor must have been getting interest for that excess also. On rejecting this suggestion I proposed that all interest according to the new provision shall be calculated on the date of the application of the debtor and all payments up to that date credited from the total sum of the principals and interest so calculated and that only the balance alone allowed to be realised. This method of crediting will not result in a serious or unjustifiable loss to the creditor and at the same time, even the honest debtors will get benefit for their payment in

depressed times. It may be argued that those who paid it, were capable of paying and they were not *ipso facto* affected by depression. But we found that depression had no partiality to any one and the payments therefore must have been made by the sale of property movable or immovable. Therefore I am strongly of opinion that all payments of the debtor should be set off towards the total amount found due to the creditor on a calculation as per the recommendations. If this is not done I am afraid that punctual payment of interest will become a losing game, resulting in a further serious set-back to the credit machinery in the future also.

6. In certain other recommendations in the Report, even though I have voted with the majority just to secure at least the minimum benefit, I think we have imposed severe conditions on the debtors whereby the privileges allowed will in fact be denied to them. For example we have recommended that by two half-yearly instalments out of 16 or 20 as the case may be, one-fourth of the amount must have been paid and the balance by the remaining instalments. This will seriously affect all debts below Rs. 6,000 and such debtors will not be able to pay the one-fourth unless they sell or pledge or hypothecate their property for discharging that portion. This would really force them to incur another debt for the discharge of this one-fourth portion. Instalment payments are granted in the hope that the debtor will be able to pay from the income from his property. It appears to be inequitable to lay down such hard and fast rule for the first two instalments and to distribute three-fourths over the remaining instalments. Hence such a restriction should not be made and the debtor should be allowed to pay each equal instalment as it falls due.

7. Again, the Committee has recommended instalment concessions to debtors with no property only on production of surety.\* It will be very difficult to get a surety to take the burden for the whole period for repayment i. e. 8 or 10 years. The condition of surety imposed in such cases will seriously handicap several classes or small debtors such as labourers, workmen, small-paid employees and so on, who will, in case their debts also are conciliated and instalments allowed, certainly pay their debts from the little remuneration they receive. This handicap will certainly be taken advantage of by their creditors who will harass them in more ways than one. These facts were also brought to the notice of the Committee. I think the condition of surety imposed in such cases is the unkindest cut of all. I am of opinion that debtors who have no property to offer as security and who are not able to get persons to stand as surety even must be given all the benefits under the new provisions. If the creditors are very unsympathetic with such class of debtors they may be allowed to have their pound of flesh if and when the debtors default one instalment.

\* It has been left to the discretion of the Court-Chairman.

8. Again in our Report we have excluded certain incorporated Banks from the operations of the new provisions completely. The Regulation III of 1112 had not done so. We have recommended that all transactions in such Banks working as such and charging only 9 per cent. simple interest per annum should be excluded, basing our decision on the Agricultural Debt Relief Acts of various British Indian Provinces. If those outside Banks can work under the British Indian provision outside Travancore, they have no reason to complain of such provisions in our State. If they are completely excluded several debtors will go without any benefit at all. Consistent therefore with our recommendations, for special considerations regarding all incorporated Banks it is only necessary to exclude all debts arising out of any transaction in any incorporated Bank working still as such, and charging not more than 9 per cent. simple interest per annum, but in the draft Bill a distinction is made between the Public and Private Limited Bank. The distinction sought to be imposed is a later thought. At the time of discussion the Committee had no idea of drawing such a distinction, to invite further criticism. If such Private Limited Banks are to be treated as individual creditors and they are to pay their debts to their creditors in full they may not be able to continue their business any longer. I am afraid the question has not been given a fair consideration.

9. The maximum rate of interest prescribed for Co-operative Societies *i. e.* 9 per cent. is rather high. Co-operative Societies do not require more than 1 per cent. margin to cover their working expenses. I think that a 6 per cent. rate would be reasonable for co-operative loans.

10. Though the recommendations of the Committee will considerably lessen the debt burden it is highly necessary to check the accumulation of future debts by some means or other. In the case of decree debts the decree-holders are allowed by Law to execute the decrees within three years or six years according as they are unsecured or secured debts. If the decree-holders are vigilant they can get by constant execution a portion of the debt or the whole within two or three years and the debtors will somehow or other pay them. Since the promulgation of Section 31 of the C. P. C. the decree-holders can get interest on accumulated interest before decree as well after the decree and a pending decree debt appears to be a more profitable transaction to them. Hence I think the slackness in execution is done purposely by the decree-holders. To avoid such slackness on the part of the decree-holders, resulting in accumulation of debts, some provision should be made in the existing Statute to the effect that an execution application should be continuously prosecuted, and if dismissed, shall be treated as a dismissal for ever unless the decree-holders come for execution again within thirty days from the date of dismissal, on sufficient grounds.

This is not a novel idea. The law does not allow a Plaintiff to continue his suit once dismissed, within three or six years according as it is on an unsecured or secured debt. Hence I suggest that the law may be amended on the lines suggested.

11. It is certain that these recommendations of the Committee will take some time to become an Act. By that time the decree-holders may be harassing the debtors by proceeding such as arrest and sale of property. Of course to prevent such a state of affairs the debtors will be paying something with very great difficulty. No doubt that payments towards what one owes is quite necessary and laudable. But that should not allow the creditor to have an undue advantage. The Report says that any amount of interest paid in excess allowed by the new provision will not be set off towards the principal. So much so if the decree-holders by their harassing processes are able to realise more money which may go in excess allowed by the provisions the debtor will not get credit to it, but if it is paid after the Regulation it may help the debtor to reduce his liability sanctioned by the new provisions. The provision to set aside the sale after 1-12-114 will not obviate the above contingency. Even if the sales are set aside in these cases the costs will be an additional burden on the debtors. One of our colleagues suggested to the Committee that it should recommend to Government to stay all execution proceedings and attachments of movables before judgment till the new Regulation comes into force. I also supported him, but the Committee did not think it worth while to consider the suggestion. I think the Committee ought to have recommended for a stay of execution of decrees and attachment of movables before judgment.

Sd./N. NARAYANA KURUP.



## DISSIDENTING NOTE.

BY

Mr. M. Ramachandra Rao.

A perusal of the above Report and the proposed Bill will show that the scope of the latter is very wide, in fact much wider than that of any other Act of a similar nature introduced in Cochin or in any British province. The proposed Act comprises all debts and all debtors. This will mean that irrespective of the nature and amount of any debt it will have to be brought under the operation of the Act. While in the Madras Act the debtors are limited only to agriculturists and even then excludes many of them, the proposed Act does not make any such distinction. Legislation should be equitable and if the debts are scaled some guarantee should be given to the creditor that the amount so reduced will be available to the money lender in a lump sum or in suitable instalments. In so far as the present Act is meant to comprise all debtors a maximum debt up to which alone the Act could operate is absolutely necessary to be fixed, as otherwise no suitable or workable arrangement could be made for repayment of the debts. I would therefore suggest that the maximum limit for the working of the Act be fixed to

(a) an aggregate debt of Rs. 5,000 or

(b) Ten thousand parahs of paddy.

The proposed Act provides for the re-opening of a Court Decree till the auction of the property has been confirmed. Though the Committee has referred to the practical difficulty which the Government will be put to if this proposal is accepted yet I am of opinion they have not sufficiently considered the gravity thereof. Decrees of Courts should in my opinion not be interfered with.

The Act also provides for the reduction of the principal debt by a certain percentage if the transaction is closed within a fixed time. While there could not be much objection to clip the amount of interest earned to any extent, I am of opinion that the principal is always a sacred amount and should not be cut down.

Banks and Co-operative Societies are brought under the operation of the Act. This should not be permitted. The representative of the private Banks made a strong case against this. There are only a very few Banks left in Travancore and even their functioning will be crippled if Banks are brought under the Act. Co-operative Societies are guided by special regulation and have not been brought under the Act in Madras and Cochin. It is not therefore desirable to adopt the suggestion in Travancore.

Similarly trade debts are brought under the operation of the Act. I need not say that the trade in Travancore will be very much crippled if this suggestion is adopted. It may also be pointed out that the Travancore Agriculturists Relief Act III of 1112 exclude debts from its general provisions and that no Debt legislation in any other part of India has included trade debts within its purview.

Sd./M. RAMACHANDRA RAO,

## DISSENTING NOTE

BY

Messrs. M. K. Anantha Siva Iyer

„ Mohamed Jaffer Hassan Sait

„ N. Venkitachala Iyer.

We regret we are unable to agree with the recommendations contained in the main report.

The main report assumes that the reliefs granted to the debtors by Act III of 1112 are extremely inadequate and what is required of the Committee by the G. O. appointing the Committee, is to suggest more drastic measures. We think there is no justification in this assumption. The G. O. only says that provisions regarding Conciliation in Act III of 1112 have been found to be unsatisfactory and the Committee might consider whether and to what extent the element of compulsion may be introduced. There is nothing to suggest that the other relief measures in the Act are considered inadequate.

Again, though, the G. O. says that the Committee might go into the whole question of indebtedness there is the restriction that it should be with special reference to Agricultural and small Industrial debts. This has been interpreted in the main report as directing the Committee to include all kinds of debt and debtors in the state, without any distinction or restriction within the purview of the proposed relief measures. We think this interpretation is too wide. As the main reason for embarking on Debt Relief legislation is the continued economic depression, and since that has primarily affected the agriculturists, such legislation has been restricted to agriculturists and agricultural debts alone in some provinces in British India and some of the Indian States where Debt Relief enactments have been passed. Economic depression is not a special feature in Travancore. Other States and other provinces are all equally, if not in a worse manner, affected by it. Still nowhere in the world has such legislation been thought of so as to affect all existing obligations in the land. The fundamental basis of relief being distress and inability to pay, any legislation which does not recognise that principle, but hastens to declare, that hereafter no man is bound to perform his obligation, or no decree of court shall be valid, has perforce to be unfair and even confiscatory. We think therefore, the scope of recommendations has mainly to be in respect of agricultural and small industrial debts.

We are unable to agree with the reasons given in the main report for the failure of Act III of 1112. It is not the restricted scope of the Act, but the lack of element of compulsion in conciliating the debts and also the absence of any provision to enforce prompt settlement and payment of the conciliated debts within a short time that have made the Act ineffective. It is not reasonable to compel a creditor to reduce his amount without compensating him either by a ready cash payment or by giving him property sufficient to cover the conciliated amount. If some provision could be made for this, there is no reason why the Act could not be successfully worked.

It is unique that the main report does not take into consideration the paying capacity of the debtor at all in the matter of giving reliefs. The previous A. D. R. Committee did consider this as an important factor and Act III of 1112 gave effect to it. All the British Indian enactments recognise this in some form or other. The argument generally advanced for granting relief to debtors is inability to pay due to fall in the price of commodities. This however could not apply to persons who get their income in money. Their income has appreciated in money value. If a Government servant or officer of a Company drawing a salary of Rs. 500 per mensem incurs a debt of Rs. 1,000, according to the main report he is to be given the same privileges for repayment as any small agriculturists debtor. Again, a person whose debt is very small compared to his assets and who is in a position to easily pay off the debt according to his contract, is to have the same benefits as a man immersed in debt. For instance, a man worth a lakh of rupees owes Rs. 2,000 to an agriculturist who is worth Rs. 5,000 according to the main report, the benefit is thrust upon the rich debtor at the expense of the poor creditor. There are numerous such instances. We think they are not persons who require any relief, and any benefit conferred on them would be unjustifiable. We are therefore definitely of the opinion that any recommendation regarding Debt Relief should be based on a consideration of the paying capacity of the debtor.

The main report does not define 'debtor'. It merely defines 'debt' and 'person'. Under the category of debt, all liabilities except dues to Government and some other institutions, are brought in. We think this definition is too wide. For the purpose of relief, 'debt' has to be restricted to mean 'agricultural debt' or 'small industrial debt'. It should not be made to apply to debts incurred for non-agricultural or non-industrial purposes.

Act III of 1112.  
Reasons for failure.

Paying capacity of  
the debtor to be an  
important factor.

Definition of  
'Debt' and 'Debtor'.

The term 'agriculturist' has been defined in a very restricted manner in the various Acts passed in some of the provinces in British India and some of the Indian States. By limiting the scope of those Acts, they intend to give relief only to cultivators in the field or small agriculturists without much extraneous income. In Madras, persons having an income over Rs. 600 per annum from sources other than agriculture or who pay any income-tax or who pay over B. Rs. 500 as land-tax are all excluded. Similar provisions are made in Cochin and Mysore also. In Bombay and Central Provinces, actual cultivators whose total debts do not exceed a certain limit alone are included.

The principle underlying these restrictions is to give relief only to those who are in need of it or who deserve it. Restricted scope of the enactments elsewhere. Speculators are excluded. Persons with fair income or those who are able to pay the debt in full are excluded. Need for restricting the amount. Another reason for imposing such restrictions is to see that the debts reduced by legislation are discharged with the help of some financing agency which cannot be expected to be able to finance all debtors irrespective of the amount of their debts.

We think that the above reasons hold good in Travancore also. Ordinarily we can't expect an agriculturist or small industrialist to incur very big sums by way of debt for agricultural or industrial purposes. The bigger debtors are all either speculators, big industrialists, or big planters. Speculators, planters etc., to be excluded. Persons who have lent money being in most cases themselves thrifty agriculturists, it is not fair to penalise them merely because their debtors happened to be extravagant or speculative. In the case of big industrialists, they have been earning large profits out of borrowed capital. In the case of planters too, since the inauguration of the restriction scheme in 1933, not only are they getting enhanced prices for their exportable tea or rubber, they are getting good prices for the balance of their production in India itself. So much so they are in every way under more favourable conditions than the ordinary agriculturist. Such persons, we think, could not be said to deserve or be in need of relief at the expense of the creditor.

Some restrictions have therefore to be imposed as to the nature of the debt and some limit has to be fixed regarding the amount of debt. Upper limit to be fixed at Rs. 5000. We find that 95.2 per cent. of the debtors in the State owe below Rs. 5000 and their total debt comes to 60.7 per cent. of the total debt in the State. (*Vide* page 127 of A. D. R. C. Report) As a matter of expediency and for effective practical working of the proposed relief measures, we are strongly of opinion that an upper limit of Rs. 5000 has to be

fixed and the term 'debtor' has to be defined so as to include only those persons whose total debts do not exceed that limit.

The main report excludes certain classes of debts from the purview of its recommendations. Besides those, we think the following classes of debts should also be excluded.

(a) *Usufructuary Mortgages or Otills.* Ordinarily the rate of interest in these transactions is very much lower than in the case of simple hypothecation bonds. The mortgagee in possession is to be satisfied with the income from the property in lieu of interest. With the fall in the prices of produce, the mortgagee is getting only a diminished income and consequently a very low rate of interest. To treat mortgage debt as any ordinary debt is not therefore justifiable. The Madras and Cochin Acts have excluded them.

(b) *Amounts due by way of consideration in sales and mortgages.* When the vendee or mortgagee enjoys another man's property without fully paying for it there is no justification to treat the balance on consideration due as an ordinary debt. The Cochin and Madras Acts exclude them also. We think it is only fair that they are excluded.

(c) *Debts due in kind.* This refers to paddy transactions. The fall in the price of paddy has very much affected the creditors adversely. The paddy lent at a time when the price was high is now returned in kind when the price is low. The creditor stands to suffer heavily by that and the debtor stands to gain. Again, interference with paddy transactions is bound to affect agriculturists very badly in Kuttanad and some other places. As the prevailing rates of interest on paddy viz., 10 per cent. to 12 per cent., are only very reasonable, we think, in the interests of agriculture, debts payable in kind may be left alone.

(d) *Persons whose assets do not exceed Rs. 3000.* Debts due to persons whose total assets do not exceed Rs. 3000, excluding their dwelling houses, wearing apparel, utensils, jewellery or such like personal belongings may be excluded. Such a provision has been made in Madras in the case of women. Even as debtors are sought to be protected, we think small creditors also deserve protection and therefore we recommend the above exclusion.

(e) *Trade debts.* In Act III of 1112 trade debts or debts incurred for the purpose of trade are excluded, except for purpose of conciliation. We think that in the interest of commerce, such debts also must be excluded.

In Chapter III of the main report the dividing line for classifying debts for the purpose of relief has been fixed at Rs. 1-1-1107 and accordingly debts incurred prior to that date and those incurred subsequently have to be differently treated. We think a further classification is necessary

regarding transactions subsequent to the passing of Act III of 1112. Since the passing of that Act, economic conditions have not very much changed, except they have become better with the general rise in the prices of all commodities. Persons, reposing confidence and faith on the statute, have entered into transactions with open eyes and with full knowledge of the existing conditions at reduced rates of interest as prescribed under that Act. It may not be fair at all to interfere with such transactions so as to reduce the amounts due to the creditor. We would therefore strongly urge that transactions entered into after the passing of Act III of 1112, be entirely excluded from the purview of the proposed relief measures.

Debts after Act III of 1112 to be excluded.

Relief proposals :-  
Reduction of interest before 1-1-1107 not justifiable.

The relief proposals mentioned in the main report in respect of transactions prior to 1107 are at once unreasonable and expropriatory. It is admitted in the main report that the depression became acute only from 1107. The Imperial Bank rate was 8 per cent in Chingom 1107. The debtor was certainly in a position to pay both principal and interest at the contract rate during the pre-depression period. Non-payment was entirely due to the default of the debtor. Accordingly the previous A. D. R. C. (which fixed 1-1-1105 as the dividing line instead of 1-1-1107) says "although relief cannot reasonably be claimed upto 1105, from that date relief is necessary. Up to 1105 the contract rate, subject to the statutory limit, should apply." (Page 65. A. D. R. C. Report). We think there is no justification for reducing any portion of the interest due up to 1-1-1107, much less any portion of the principal. We would therefore recommend that the aggregate amount due by way of principal and interest on 1-1-1107 may be taken as the principal for subsequent calculation.

The main report recommends only 4½ per cent interest from 1-1-1107 upto the date of the new proposed enactment and future interest at the same rate on transactions entered into before 1-1-1107. We think this rate is too low. The previous Committee thought that 6 per cent would be a reasonable rate 'fair enough both to the debtor and creditor.' That Committee also says, even that concessional rate should be available only to those who pay the interest within a fixed time. No individual or credit instruction would have been in a position to lend money below 6 per cent interest during the depression period. After anxious consideration of the then existing conditions, the previous Committee did not think it reasonable to reduce the rate of interest for any period prior to the passing of Act III of 1112. That Act has not also interfered with the contract rates up to the date on

Rate of interest for transactions before 1-1-1107.

which it was passed. It has also fixed 6 per cent for secured and 9 per cent for unsecured debts for a period of three years from the passing of that Act.

In fixing the rate of interest, we have necessarily to bear in mind that money lending business is always attended with risks, particularly in the case of individual creditors who freely advance money on personal security, mutual confidence and in many cases as friendly and neighbourly loans. A fair margin has always to be allowed for bad debts. Under the circumstances, we think that 6 per cent would be a fair and reasonable rate for the period from 1-1-1107.

Regarding post-depression debts, *i. e.*, transactions entered into after 1-1-1107, the main report recommends interest at 4½ per cent for secured and 6 per cent for unsecured debts till the date of the proposed enactment and future interest at the same rates. We think these rates are too low. The main report concedes that in respect of these transactions

“contracts were entered into with open eyes with a consciousness of the persistence of the economic depression.” Many of the creditors are agriculturists and they have advanced moneys during this period by selling their produce at the prevailing low prices. The previous Committee recommended 6 per cent interest for both secured and unsecured debts incurred during this period, provided payment was made within three years from the date of the enactment. This recommendation was not, however, accepted by the legislature and Act III of 1112 provided for the realisation of the interest at the contract rate up to the date of the enactment and also allowed future interest at 6 per cent for secured and 9 per cent for unsecured debts. In the case of Banks and Co-operative Societies, the main report recommends 9 per cent interest. Though individual creditors have been more useful to agriculturists their rates of interest have been disproportionately cut down. Though there can be no justification on principle for reducing the rate of interest on amounts advanced during the period of depression, as the depression continued and as the creditors are not being paid, some concession may be given. We suggest that 6 per cent for secured and 9 per cent for unsecured debts would be a fair rate.

Regarding debts incurred after the passing of Act III of 1112 we have already stated there is no justification at all for interfering with such transactions as the rates of interest fixed by the Act are fair and reasonable and people have merely acted under its provisions. We think the transactions entered into after 23-5-1112 should be left untouched.

Rate of interest to be 6 per cent from 1-1-1107.

Rate of interest. Regarding Post-depression debts to be 6 per cent for secured and 9 per cent for unsecured.

On transactions after Act III of 1115 Rate of interest not to be reduced.

The scaling down of the principal by 20 per cent. or 10 per cent., as the case may be, recommended in the main report is not sound in principle or justifiable in reason. There is a sacredness about the principal and if any part of it is touched every creditor is bound to feel that he is being expropriated. This will also considerably affect the credit machinery in the State. Act III of 11 '2 has no doubt affected credit to a great extent, but there was the consolation that the principal has not been interfered with. As laws governing interest rates have been in force in Travancore from very early times, it cannot be said that at any time the creditor would have received high rates of interest. Debts incurred during the pre-depression period which might have been easily repaid by the debtor but were not paid due to the debtors default are to be given the maximum concession as per the main report, at the heavy expense of the creditor. We think this is unreasonable and we are strongly of the view that in no event should the principal be touched.

When people have acquired valuable rights under the existing laws, it is only fair to expect that their rights should not be affected retrospectively by any new legislation. Though there were certain provisions in the previous Agriculturists' Relief Bill, as modified by the select Committee, giving retrospective effects, they were stoutly opposed by the then Law Member by saying "it would be expropriation, unrepentant, unalloyed, and unabashed, without even a show of compensation. No State, worth the name of the State, can accept such a law," and Act III of 11 '2 was accordingly passed without retrospective effect. We do not think that the general conditions have so far changed as to throw off this principle altogether and thereby cause great inconvenience and hardship to the creditor class as a whole. This might tend to wipe out the creditor from the society which might also mean wiping off credit from the land.

The main report, ignoring this statutory principle, recommends reopening of settled accounts and renewals of transaction. When parties have settled their accounts or obtained renewals, in many cases, after remissions made by the creditor, there is no reason why the amount in the renewed document should not be treated as the principal. Such settlements are allowed by the existing laws in the State on the faith of which many creditors have refrained from instituting suits and realising the amount through courts.

Even in the recent Cochin Act reopening of settled transactions is permitted only to a very limited extent. Section 10 of the Act provides, "Arrears of interest which have been included as principal in the subsisting document shall be treated as principal for purpose of Sec. 8 and 9. If they relate to any period till 1st Chingom 1107, but not

Scaling down of the principal unreasonable

No retrospective effect to be given.

Settled accounts not to be reopened.



otherwise." That Act also provides that any sum paid by the debtor shall not be liable to be adjusted towards any future interest or principal amount of the debt.

The right of appropriation by the creditor has been fully recognised and given effect to by the A. D. R. Committee. It says, "we are however against revising payments of interests already made and in respect of such payments would prohibit any re-adjustment at the reduced rate (Page 66). That Committee also says, "as regards amounts paid before the date of enactment, it should be open to the creditor to appropriate them for any interest at the contract rate, or as the case may be, at the rate fixed in the decree.

The A. D. R. Committee recommended reopening of renewed transactions and of settled accounts only in cases where interest has been realised more than 12 per cent. for money and 20 per cent. for paddy. Act III of 1112 provides for the reopening transactions only in case where there are reasonable grounds to suspect inequity such for example, that is tainted by fraud, misrepresentation, undue influence, coercion, mistake of fact or collusion.

We think that great hardships would result to the creditors by reopening settled transactions and so we recommend that such transactions should not be interfered with, except under circumstances mentioned in Section 14 of the Act III of 1112.

The main report recommends in respect of the pre-depression debts, that the latest renewal before 1-1-1105\* should be deemed to be the original transaction and in respect of the post-depression debts the earliest renewal after 1-1-1105 should be treated as the original transaction. It is difficult to see why for purposes of reopening settled transactions and renewals alone, the dividing line should be shifted to 1-1-1105, while for all other purposes it is fixed as 1-1-1107 except it be to do further harm to the creditor. Consistently with the view taken in the main report, it might have recommended 1-1-1107 as the limit for reopening of transactions also. By fixing the amount as per the latest renewal before 1-1-1105 as the principal the main report is not contemplating re-opening down to that date, but for several years prior to it. There are several hypothecation bonds of 1085 or 1090 which might have been renewed in 1104 or 1105 or during the subsequent years. According to the main report not more than one-half of the principal could be claimed as interest from the date of the original transaction up to the date of the new enactment. By adopting the recommendations in the main report very hard cases would arise.

Dividing line not to be shifted to 1-1-1115 for purpose of reopening.

*Illustration.* A hypothecation bond executed in 1092 for a sum of Rs. 1000 was renewed in 1104 for Rs. 1500. The hypothecatee would now be entitled to claim Rs. 2250. Another document of the same year and for the same amount was renewed in 1105. The hypothecatee in this case could now claim only Rs. 1500.

Such inequities might be minimised if the aggregate amount due on a particular date is treated as the principal. We have already recommended that this date ought to be 1-1-1107.

We are not in favour of re-opening of decrees. In Bombay and in Punjab, decrees have been totally excluded from the purview of Debt Legislation. Though the A. D. R. Committee of 1935 stated there was nothing wrong in re-opening decrees, our legislature did not think it either reasonable or expedient. Act III of 1112 does not provide for the re-opening of decrees except when the transaction is tainted by fraud etc. That Act only allows payment of decree amount in instalments under certain conditions at a reduced rate of interest. More than in the case of ordinary contracts, there is a particular sanctity attached to decrees of courts which ought not to be lightly interfered with.

Even supposing that sanctity attached to decrees may be violated, their re-opening would involve serious hardships and inconvenience. According to the main report all decrees now pending in execution and all decrees to be executed are to be re-opened, and fresh decrees to be passed. Already the decree-holder have spent a good amount for litigation and might have obtained the decree after severe contest for several years and that in more courts than one. He might also have spent various sums in executing the decree. He would invariably have been interrupted and delayed by several interlocutory applications by the debtor. Personal execution might have been stayed under the provisions of S. 37 of Act III of 1112 and in instalment payments allowed under Sec. 33, might have been defaulted. Proclamation and sale of properties might have been stopped by the debtor presenting an application before the conciliation board. After all this ordeal, to reopen the decree would mean further delay, expense and contest. Various questions are bound to arise in which the plaintiff and defendant are not likely to agree, *viz.*, as to the original transaction, and what should be treated as the principal, whether amounts given up either at the time of suit compromise or renewal are to be revived or not, and as to the manner of crediting the various payments that might have been made by the debtor etc. The court has to adjudicate on all these matters. Appeals are provided for from every such order passed by the court. After all this, a fresh decree would be passed for a lesser amount leaving the decree-holder again to all the incidents of execution. To leave the creditor in this pathetic plight at the mercy of the debtor is to say the least very hard.

Most of the creditors being aware of the difficulties of realisation through courts, are reluctant to rush to court. In most cases, only when they are unable to get even part satisfaction or sometimes even renewal, they are compelled to resort to Court. There are decrees of 1084 still pending in execution. There are very many old decrees partly satisfied or wholly unsatisfied. They represent very old transaction. It would be very hard, if such decrees are reopened and decree holders are directed to realise or receive only Aravasi (അറവടി) interest from the date of the document forming the basis of the decree, up to the date of the proposed enactment. Several decree-holders would be ruined. Very many inequities are bound to arise.

#### 1. Illustration.

A has a hypothecation bond in his favour for Rs. 2000 executed in 1092. He institutes a suit on the same in 1104 for Rs. 3000. After contest the suit is decreed in 1108. The amount due to him under the decree excluding cost, would now be nearly Rs. 6000. According to the recommendations in the main report he is to get only Rs. 2600.

#### 2. Illustration.

A has a hypothecation bond in his favour for Rs. 5000 executed in 1100. It provides for a term of 8 years and for payment of interest at 6 per cent per annum, at the end of every year. He institutes a suit in 1106 for interest due up to that date for Rs. 2000. The suit is decreed in 1114. The amount now due under this decree is over Rs. 3000. The subsequent interest on the hypothecation bond after the suit, now comes one-half of the principal *i. e.*, Rs. 2500. A has now to realise in all, over 10,500. According to the main report, the decree obtained after great contest has simply to be struck off without anything being paid there-under and under the hypothecation bond Rs. 6500 alone could be realised. (Rupees 2500 by way of interest and Rs. 4000 as the principal.)

Thus we find that even in transactions where interest charged is very low, the creditor stands to lose about 57 per cent in the 1st instance and about 40 per cent in the 2nd instance. Such cases are by no means rare.

Greater inequities will arise in the case of persons who have obtained assignments of decrees for valuable consideration. Though the transaction is new in their case, they will be subject to all the scaling down provisions applicable to the original transactions.

Again from the point of view of expediency also, we think it is not advisable to reopen decrees. We can more or less imagine the large volume of additional work it would devolve on the judiciary. Though within the short time we were sitting on the committee, it was

not possible to obtain correct statistics of the number of decrees that may have to be reopened, it is admitted that the number would be very large and we think it will be easily over a lakh. Even if additional judges or munsiffs are employed, it might take years before fresh decrees could be passed in all these cases after hearing both sides, and the inevitable delay is bound to affect both the creditor and the debtor adversely.

For the foregoing reasons we are strongly of the view that it will neither be fair nor expedient to reopen decrees. If in any event, it is thought that the decrees are to be reopened, we would urge that the inequities and hardships might be minimised by accepting our recommendations in respect of reopening settled transactions, namely, by treating the aggregate amount due by way of principal and interest on 1-1-1107 as the principal from the date.

If decrees are to be reopened, aggregate amount due on 1-1-1107 to be treated as principal.

*Setting aside of sales etc.* There is no justification at all in setting aside sales held in execution of decrees. Very few sales have in fact been held after the passing of Act III of 1112, as the courts have been lenient in granting time to debtors and the debtors have tried to stop the sales by putting in applications before Conciliation Boards. The setting aside of sales would work greater hardship in the case of stranger auction purchasers. There is no justification also for setting aside all sales held after 1-12-1114 as they could have been held only in pursuance of applications filed long before that date and in many cases after several adjournments have been granted by the court. The reason stated in the main report that after the appointment of this Committee decree holders are hastening to sell properties, is not correct. In fact, very few sales have been held since that date and judgment-debtors are generally trying to prolong execution proceedings as much as they could.

*Trade Debts.* In the main report trade debts after 1-1-1112 are excluded from the ambit of the proposed relief measures. Here in Travancore most of the trade is being done on credit. A special feature of the local trade is that importers usually sell their goods on credit. Exporters too have to make advance payments to parties for the supply of produce and other articles. Importers or exporters may not be dealing entirely with their own money. They may be conducting their trade partly with their own money and partly with the money borrowed from Banks at the usual rate of interest. Their creditors may also be merchants outside Travancore. If the importer does not pay the amount with interest at the stipulated time to his creditor outside, he may not be able to get future credit. If it be borrowed capital, he has to pay interest at 9 per cent. or more and the principal at the stipulated time to get a further advance. When the debts due to Banks are still subsisting those merchants have to pay 9 per cent. interest to the Bank

Trade debt to be excluded.

according to the present recommendations of the main report. But trade debts before 1-1-1112 carry only 4½ or 6 per cent, interest according as they are secured or unsecured, and that too to be paid in instalments only. This will seriously affect all the importers and wholesale merchants in the State and their money will be locked up and they will not be able to continue their business for want of proper finance. The case of the exporters also is the same. Hence we are of opinion that all trade debts whether contracted before or after 1-1-1112 be excluded from the operation of the proposed act.

In the draft bill which is appended to the main report the definition of trade debt is given thus, "Trade debts for the purpose of this section means any debt which represents the price of goods purchased for the purpose of trade." This definition is quite narrow and restricted and does not include all trade debts. As mentioned above the exporters advance money to local traders for the supply of produce or cor etc. Besides this some traders borrow money from other traders for purpose of trade. According to the present definition such debts do not come under trade debts. We are therefore of opinion that the definition of trade debt should be so worded as to include all debts which represent the price of goods purchased and all debts contracted for the purpose of trade.

Unless the definition of the trade debt is changed on the lines suggested above and unless all trade debts are excluded from the ambit of relief measures we are afraid that trade in the country will be completely paralysed and whatever progress the country has made so far in commerce will be retarded.

*Usufructuary Mortgages.* The main report recommends that all concessions given to an ordinary debtor viz., instalment payment, scaling down of the principal etc., may be given to the mortgagor as well, in cases where the mortgagee claims the mortgage money. We have already stated supra that in our view, usufructuary mortgages or Otis are to be excluded. According to the main report the rights vested in the mortgagee by a long series of judicial decision are no longer to be exercised. He is to have no right of personal remedy against the mortgagor, no right of foreclosure, no right of sale, unless he is prepared to have the principal cut down by a good percentage. In fact all the remedies open to him under the existing law of property in the State are to be denied to him, without giving him any corresponding remedy. He is simply to keep on the property, even if it has deteriorated in value or its income has considerably diminished. It would have been something if at least the right of foreclosure is recognised enabling the mortgagee to sell the property and realise whatever amount it might fetch.

Again, by barring the existing remedies of the mortgagee, the recommendation in the main report would cause considerable inconvenience if the mortgagee chooses to pay in 10 years and 20 instalments. It is not clear whether it is intended that the mortgagee could hold on the property till the last instalment is paid or whether he is to surrender possession when a portion of the amount is paid. As the mortgagor would be entitled to interest on his instalment payments and as the profits realised from the property would be varying and uncertain, is it intended that the profits be divided every year in proportion to the partial payments made by the mortgagor, or whether there is to be a settlement of accounts either at the time of payment of each instalment or at the last instalment? This practical difficulty is bound to arise.

Ordinarily a mortgagee does not sue for the mortgage money if the income from the property is fairly steady even though the rate of interest realised is low. But if the property has very much deteriorated or if its income is abnormally diminished it is only just that he should be able to get back his money without any penalty as the transaction was never intended to be a sale.

The recommendation to treat mortgage and lease back transactions as hypothecation bonds is not also justifiable. If it is intended to prevent realisation of high rates of interest, it would be sufficient to fix a reasonable rate of interest say 6 per cent per annum, and if the lease amounts works at a higher rate than this it might be reduced or if it be lower it may be left alone, without disturbing the incidents of the mortgage.

*Paddy transactions.* The main report while recognising the need for the continuance of paddy transactions in the interests of cultivation in Kuttanad and realising the difficulties of the creditor recommends only 6 per cent. interest for paddy loans. We think this too low. In the majority of cases paddy loans are unsecured, as it is hoped that the amount would be returned soon after the harvest. There is greater risk in the case of paddy transactions than in money transactions. Frequent failure of crops results in default of payment by the debtor and consequently there is a large percentage of bad debts. Compared with money transactions there are greater difficulties in the matter of collection. Expenses are incurred for storage and sometimes losses occur by flood. To cover the risk and losses incidental to such transactions the rate of interest has necessarily to be something higher than in the case of money transactions. Act III of 1112 prescribes 9 per cent. Since then the number of paddy transactions has decreased. We think under the circumstances 10 per cent. per annum will be a fair rate.

The main report has adopted many of the provisions of the Madras and Cochin Acts for the purpose of reducing the amount due to the creditor without however adopting the restrictions contained in those Acts in respect of debts and debtors. But those Acts contemplate prompt payment of the reduced amount in cash and there are no provisions for payment, in instalments covering a long period as found in the main report.

Regarding the recommendations contained in the main report that instalment payment spreading over a period of 8 or 10 years should be allowed in the case of all debtors irrespective of the consideration whether one is able to discharge his debt forthwith or not, we are definitely of the view that in the interests of both creditors and debtors it would be better to provide that all debts should be discharged within one year.

Considering how far payment in instalments would prejudice the creditor, we have to note that he will not be in a position to invest productively small fractional payments. In many cases even his necessities ordinary and extraordinary, could not be met. He would therefore naturally like to have a cash payment or some other form of settlement in as short a time as possible.

So far as debtors are concerned we may classify them into those whose debts are below 50 per cent. of their assets and those whose debts exceed 50 per cent. of their assets. The former class of persons will be in a position to pay off their debt and save their properties provided instalment payments are granted. The Travancore Credit Bank is intended to afford relief to such people. They will be getting 20 years' time for repayment in instalments and that at a low rate of interest. They can pay in cash before the end of one year within which time they could procure money either from the Credit Bank or from some other sources. In fact this would be more advantageous to the debtor than being allowed to pay his creditor in instalments spreading over 8 or 10 years only.

Regarding the latter class of debtors it cannot reasonably be expected that they will be able to pay the instalments regularly as the income from their property would be insufficient to pay the same. When default is made in the payment of instalments the creditor would be put to the necessity of bringing the debtor's property to sale. He will be put to the trouble of taking steps in execution and will be subject to the inevitable laws' delays. Ultimately, when the properties are sold the debtor stands to lose even his entire properties. With a view to avert these consequences, we would suggest that both the debtor and the creditor may be compelled to give and take respectively as much property of the debtor at a fair price (say, capitalised at 4 per cent. interest) as would be required to cover his debt leaving rest of the

properties of the debtor free of debt. This would enable the debtor to start afresh in life without any burden of debt.

In the case of debtors whose assets are insufficient to cover even the reduced amount and in whose case there can be no hope of saving the properties even if long periods are allowed, in their own interests, it would be better to declare them insolvents and their assets distributed prorata amongst the creditors.

The acceptance of the foregoing principle would be a practical solution of the problem of debt relief. Within one year most of the debts would have been free of their burden. This will also pave the way for future credit and would be conducive to the development of agriculture and industry in the State.

After scaling down the interest and the principal and permitting to pay the reduced amount in instalments covering 8 or 10 years, if the debtor is still unsatisfied, the main report recommends that 25 per cent. or 15 per cent. as the case may be, of his entire properties be given to him free of all liability. This is to be irrespective of the amount of his debts. The main report is unconcerned with the creditor. It does not matter whether the creditor gets one anna in the rupee. A fixed percentage is however to be preserved for the debtor. Such provision is found in the Bombay Act alone. But then, that Act is entirely based on the principle of the paying capacity of the debtor, which however has been totally ignored by the main report. Thus many of the provisions detrimental to the creditor found in the various British Indian Acts have been adopted in the main report without any of their beneficial restrictions. This we think would be hard. Why should amounts be scaled down after elaborate enquiry if ultimately the creditor is to be given only a dividend? Amounts are scaled down with a view to remove the effects of depression on the debtor and if that be done at least the reduced amount should be paid. Otherwise it would be giving an additional advantage to the debtor which he could not have dreamt of even before the depression. We are therefore of opinion that such a provision being expropriatory ought not to be adopted.

*Bill.* There is no direction in the G. O. constituting the Committee to prepare any draft Bill by the Committee. We think the Bill ought to be drafted only after the Government pass any order on the report of the Committee. Under such circumstances, we don't think it is necessary to criticise in detail the draft bill appended to the Report. We would only add that as we don't agree with the conclusions in the main Report, we are unable to agree with any of the provisions in the draft Bill as well.

M. K. Anantha Siva Iyer (Sd.)

Mohammed Jaffer Hassan Sait (Sd.)

N. Venkatachala Iyer (Sd.)



## APPENDIX I.

Proceedings of the Government of His Highness the Maharaja  
of  
Travancore.

Read :—

Progress reports of the working of the Conciliation Boards during the years 1112 to 1114.

ORDER D. DIS. No. 122839/RKV., DATED, TRIVANDRUM,  
11TH JULY 1939.

The Government have been for some years trying to deal with the problem of agricultural indebtedness in the State. As early as 9th January 1935 they appointed the Agricultural Debt Redemption Committee to enquire into the question and to suggest such measures of relief as could be given effect to. Their report was duly considered and two Statutes the Agriculturalists' Relief Act (Act III of 1112) and 'the Credit Bank Act (Act IV of 1113)' were passed into Law. Under the former, the Debt Conciliation Boards, and under the latter the Credit Bank were established. Statistics relating to the working of the Conciliation Boards do not justify the expectation that any appreciable result could be achieved by the system under which the Boards are functioning at present. In the year 1113, there were seven Boards conciliating debts in different centres in the State. While the total number of applications which the Boards had to deal with was 3,572 covering a total debt of Rs. 56,26,372 the number of cases in which conciliation was effected and agreements were actually executed was only 241 covering a total debt of Rs. 3,61,084 conciliated for Rs. 2,90,776. This has resulted in a total reduction of such debts only by Rs. 70,308. The total expenditure incurred by Government for the purpose during the year amounted to Rs. 60,411. The current year's results are no better than the previous years. As the security offered is inadequate for the relative debts, the Credit Bank, it is reported, is unable to render substantial help to the parties who have effected settlements. Neither the creditor nor the debtor seems to be able or very willing to take advantage of the machinery so far provided by Government. Numerous representations have been made to Government by the interests concerned which clearly indicate their urgent desire that if possible more effective steps should be taken for the relief of indebted agriculturalists. Government also are satisfied that a change in the Law and the system of conciliation is necessary.

The enactments now in force in British India and in several of the Indian States recognise and give effect to the element of compulsion in conciliation, but the extent to which compulsion is justifiable or expedient is a debatable point. The conditions affecting the agriculturalists in the State and the problem relating to their indebtedness cannot be said to be uniform in all localities in India and Travancore presents

several special features one of which is the circumstance that many of the creditors are also debtors and that there is no specific money lending community in the State. The question as to the extent to which legislation may be embarked upon therefore deserves further and closer scrutiny. The Government therefore resolve to appoint a Committee to go into the whole question of indebtedness with special reference to agricultural and industrial debts and the proper mode of dealing with the same and to report to Government their conclusion *inter alia* regarding the extent to which compulsion may be resorted to in scaling down and settling the existing debts and the legal procedure to achieve the end. The Committee will also forward their suggestions for keeping down the abnormal growth in the volume of future debts that may be incurred by the agriculturists and small industrialists in the State.

The Committee will consist of the following twelve Members :—

1. M. R. Ry. Dewan Bhadur Rajyasevadarandara V. S. Subramonia Iyer Avergal,—Chairman.
2. Mr. K. V. Joseph, Pottankulam, Kanjirapalli.
3. M. R. Ry. K. C. Karunakaran Avergal, Member, Sri Mulam Assembly.
4. „ S. Krishna Pillai Avl., Legal Remembrancer to Government.
5. „ T. Kumara Pillai Avl., Kalkulam.
6. „ Rao Bahadur Rajyasevanirata, N. Kunjan Pillai Avl.
7. „ Kottoor K. Kunjukrishna Pillai Avl.
8. „ C. O. Madhavan Avl.
9. „ N. Narayana Kurup Avl., Member, Sri Mulam Assembly.
10. „ Kainikara M. Padmanabha Pillai Avl., Member, Sri Mulam Assembly.
11. „ M. Ramachandra Rao Avl., Land Revenue and Income Tax Commissioner.
12. „ N. Venkitachalam Iyer Avl., Advocate, Alleppey.

The Committee will hold their sittings at Trivandrum and submit their report within two months.

(By order.)

(Sd). M. K. NILAKANTA AIYER,  
Chief Secretary to Government.

To

The Chief Conciliation Officer,  
The Gazette,  
The Financial Secretary to Government,  
The Members of the Committee,  
The Registrar, High Court.

## APPENDIX II.

### QUESTIONNAIRE.

I. What are the classes of debtors that should be brought within the scope of Debt Relief measures ?

Would you recommend relief to every debtor irrespective of his total income from all sources or would you recommend the exclusion from such relief of any debtor having regard to the amount of his total income. If so, what is that amount ?

II. In view of the fact that the Committee is going into the whole question of indebtedness, do you think it necessary to differentiate between "Agricultural Debt", "Industrial Debt" and "Other Debt".

In that case what should be the definition of Agriculturist and Agricultural Debt. Do you accept the definition 'Agriculturist' and 'Debt' in Section 2 (a) and (c) of Act III of 1112, if not what changes do you propose ?

What would you mean by an 'industrial debt'. Do you consider that the indebtedness of both factory industrialists and cottage industrialists stands in need of relief.

Do you think that a definition of 'other debts' is necessary ? If so, what definition would you suggest ?

III. For purposes of relief, would you classify debts into those prior to 1105 and those from 1105 as recommended by the Agricultural Debt Redemption Committee of 1935. If you are in favour of classification and if you are not satisfied with the above classification, what is your alternative suggestion ?

IV. Are you in favour of classifying the debtors on the basis of the burden of their debts, e. g., into (i) those whose liabilities so largely exceed their assets that even after a fair reduction their assets cannot be expected to bear the debt, burden and (ii) those whose liabilities can be brought reasonably below their assets so that their debts could be repaid in instalments extending over a period of years. Would you suggest any other classification ?

V. Is it necessary to fix an upper limit for the agriculturist borrower to get the benefit of the relief measures ?

VI. To your knowledge, what are the usual terms of borrowing ? And how are repayments of principal and interest made ? Are there any iniquitous conditions attaching to repayment, such as claim by creditors of the right to take and sell produce at ruinous rates and so on ? If so, where and in the case of what class of creditors or debtors ?

VII. What has been the trend of Agricultural prices since 1935 ? How has it affected the value of agricultural land in particular and the

problem of agricultural indebtedness in general? What is the present value of land wet and dry as compared with the value in 1935. To what extent has land been sold or mortgaged by Agriculturists since 1935?

VIII. To what extent is land mortgaged by agriculturists as security for debts? Has land changed hands during the last four years to a greater extent on the average than previously?

IX. To what categories of non-cultivating classes has land been passing during recent years? What has been its effect on the efficiency of cultivation? What is the effect of absentee-landlordism on the agriculturist who remains in the village?

X. If you consider that the various means by which agriculturists derive their credit are not sufficiently co-ordinated, or that the rates of interest are high, or that the promptness with which the loans are granted is not sufficient, or that there are any other defects in the present system of credit to agriculturists, can you suggest remedies?

XI. Are you in favour of scaling down and settling the existing debts? If so, what is the principle which you would adopt?

XII. What is your view regarding the principle of 'damdupat'? Should any interest already paid and appropriated as such be taken as reducing the principal amount itself? If so in what circumstances and to what extent? Should the fact that the transaction has already matured into a decree make any difference and if so what?

Should any interest paid by a debtor, as a matter of fact, in excess of what may by future legislation, be declared the maximum, be compelled to be repaid to him? If so, in what circumstances and under what conditions?

XIII. In case, you are of opinion that the rate and amount of interest should be reduced, what should be done in the case of banks and such other institutions which have already realised interest on loans at agreed rates and paid dividends?

XIV. Are you in favour of placing a limit on the rate as well as the total amount of interest a creditor can levy from the borrower? Are you in favour of prohibiting compound interest? Would you prohibit renewals in which the interest accumulated is to be treated as a part of the future principal debt? Would not such prohibition precipitate suits which might otherwise be avoided? Would you, allow such renewals under any conditions and if so what? What is the rate of interest that you would propose for future transactions?

XV. Are you in favour of any machinery for debt conciliation? If you are, are you satisfied with the provisions in Act III of 1112. Do you think a change in the law and the system of Conciliation

necessary? Should there be any and if so what element of compulsion in conciliation schemes. What are your suggestions on these points?

XVI. A good percentage of the creditors are themselves agriculturists. Should this fact influence in any way the problem of debt relief? If so how?

XVII. Do you think that separate conciliation boards are necessary to deal with (1) industrial debts, (2) Kuttanad agriculturists, (3) Planters and (4) Co-operative Societies.

XVIII. Should there be separate agencies for conciliation and scaling down of debts or do you think that the jurisdiction for such purposes may also be vested in the regular courts themselves like insolvency jurisdiction.

XIX. What should be the relation of the capacity of the borrower to repay to the problem of relief?

XX. Do you apprehend that these relief measures would cut out not merely superfluous credit but also necessary credit?

What has been the effect of the Debt Relief Act of 1112 upon agricultural credit? What effect beneficial or otherwise has it had upon the discharge of agriculturalists' debts which existed at the time or upon the relations between such debtors and their creditors.

XXI. What in your view should be the arrangement for the repayment of conciliated debts? Is the Credit Bank machinery adequate? If not what changes would you suggest?

XXII. Do you think that it is necessary to enact a Rural Insolvency Act which would save to the honest debtor, who is willing to place all his assets at the disposal of the liquidator, his homestead and at least a small portion of his holding to enable him and his family to have bare subsistence?

If you are in favour of this proposition what is the percentage of the debtor's assets that you would permit him to retain? How will you check voluntary or involuntary alienations of property thus saved?

XXIII. Is it necessary to control money-lending by suitable legislation? If so, what are your proposals?

XXIV. What methods would you suggest for preventing future borrowing by agriculturists? What sources would you provide and how; for necessary future credit for the agricultural needs of the cultivator?

XXV. Future indebtedness can be checked only by controlling improvident borrowing and speculative leading. How can you do this? What practical methods would you suggest?

XXVI. What do you think is an economic agricultural holding in Travancore? Are you in favour of consolidation of agricultural holdings? Would you penalise the cultivation of uneconomic holdings? Is legislation desirable? If so, on what lines?

XXVII. What system would you recommend for preventing the agriculturist from raising loans except for productive purposes and in such a manner as to enable him to repay them punctually?

XXVIII. 'All the World over, especially in agricultural tracts it is co-operation that has reduced, if not suppressed private money lending. Further expansion of the co-operative movement while more urgently needed than ever because of the fact of restricted credit must proceed on altered lines to suit the changing environment' (Page 3, Indian Co-operative Review Vol. V). Is this true of Travancore? How will you link the measures for the control of future debts with the re-organisation of the co-operative movement?

XXIX. "The solution depends entirely on the organisation of cultivators of whom only a small percentage has so far joined the co-operative movement. The time has come when it will no longer be advisable to leave the matter to voluntary enterprise and a scheme of compulsory organisation should be undertaken by the Co-operative Department as has been done in Japan."—Devadhar Committee.

Do you endorse this view? If you do, on what lines would you suggest the compulsory organisation to be carried out?

XXX. Can you give some idea of the number of subsidiary industries, allied or supplemental to agricultural existing in your locality? Can you suggest methods by which any such industries could be encouraged and by which the producer might be enabled to get a better return for his produce? Can you suggest any enterprises which may give employment to the farmer during seasons when he cannot make use of his time on his farm and thus enable him to supplement his income and to raise his standard of living? What would be the best method of securing working capital for these enterprises? What financial machinery would you suggest for this purpose?

XXXI. Do you think that a re-organisation of the existing marketing system would materially check the growth of future indebtedness? What in your opinion are the possibilities of forming pools, and of co-operative effort generally in marketing produce? Do you think that the organisation of co-operative sales societies linked to a central organisation would be useful?

XXXII. It has been suggested that the grower of produce does not get the full value for his produce on account of the speculative

buying and selling activities of firms and companies who deal in the export trade and on account of the control of prices by these and other bodies. What are your views on this suggestion? Please support your views by any facts and figures within your knowledge. Have you any observations to make with a view to ensure a better return to the growers of produce?

Have you any reason to think that lack of facilities to persons engaged in the movement of the principal crops of your locality such as cocoanut, copra, pepper, ginger, etc., is due to causes other than the borrower's lack of credit, e. g. any position of monopoly which the buyers might enjoy, or any other cause or causes.

XXXIII. Are any measures possible or desirable for improving the financing of cultivation and the economic condition of the agriculturist generally by measures for improving marketing, stapling, co-ordination of crop production, warehousing, etc.

XXXIV. Do you think that the Government schemes for promoting general utilities e. g., roads, irrigation projects, sanitation programmes, etc., would be able to control the growth of future indebtedness and if so, what recommendation would you make to Government on this subject?

XXXV. Are any Government schemes possible for the general industrial development of the State as a means either (a) of improving the market for our agricultural produce, or (b) of affording alternative means of employment to the rural population either, (i) as wage-earners, (ii) as workers at village industries.

XXXVI. Has the incidence of land revenue taxation any bearing on the problem of indebtedness? Does the present burden of taxation press unduly hard on the agriculturist?

N. B. If the above questions are not sufficient to cover your views on the subject, a general note on any other points that might strike you may kindly be forwarded.

## APPENDIX III

A note by Mr. T. Kumara Pillai.

In G. O., D. Dis. No. 1228/39/Rev., dated 11th July 1939 Government have directed the Committee to consider and report on the methods of liquidating the debts of the people of the country. At the same time, they have also directed that the Committee should suggest ways of preventing the further growth of indebtedness among the agriculturists and small businessmen. In my view, in spite of whatever measures Government might adopt for affording relief from debts, as long as, the economic condition of the people remains as at the present day, there can be no way of escape from further debts. In this note, I refer mainly to the condition of the agriculturists and particularly to that of the paddy cultivators. If the agriculturists are to be enabled to pay off their present debts without incurring future debts, the objective cannot be realized unless and until their economic condition is improved. For this purpose, the facilities required for successfully carrying on agriculture should be provided and, what is equally important, all handicaps to agricultural occupation should be removed.

We should never lose sight of the vital principle that the food crops that we require should be produced in this country. The tracts best suited for paddy cultivation are Nanjinad, Edanad and Kuttanad. Prior to the economic depression, the income from one acre of paddy land in Nanjinad was Rs. 120 and it has now come down to Rs. 20. From the Karapadams of Kuttanad, the yield per acre was 56½ paras and it has now come down to 33 paras; and in the case of Kayal lands, the yield has gone down from 38½ paras to 16 paras (Vide Report of the Economic Depression Enquiry Committee, paras 64 to 67 and 75 to 82).

On account of various causes, the yield from agriculture has gone down; and at the same time, the prices of agricultural produce have fallen to a very low level. The agriculturists who are already groaning under the weight of heavy debts, find that they can neither carry on their occupation nor leave it off. Unless and until the agriculturists who form the backbone of the country's prosperity and who produce food for all other classes of the population, are saved from the present deplorable condition, we will have to put up for ever with our daily increasing helplessness and dependance upon others in regard to the food supply of the country. This is a very grave matter on which the earnest attention of the Committee should be concentrated. I, therefore, proceed to draw attention to certain very important requirements of the paddy cultivators.

(1) It is not possible to carry on paddy cultivation properly under the *over-heavy assessment on land* existing at present. According to the



at settlement, the first class lands in the country were assessed at the standard rate of Rs. 20 Ch. 10 C. 6. But, disregarding the standard rate, the Nanjinad paddy lands have been assessed at rates higher than the standard rates, as shown below :—

	Rs.	Ch.	C.
1st tharam	25	15	6
2nd tharam	23	20	0
3rd tharam	21	25	4

The extent of lands so assessed at rates higher than the standard rate is 55 per cent. in Nanjinad and 22 per cent. in Edanad. (Vide Kodayar Project Papers Vol. III, Statements VI, VII and XI). The above discrepancy arose on account of the fact that the last settlement was not made on the basis of the principles laid down in the Royal Proclamation relating to the settlement. This is a matter that has been acknowledged by Government themselves. (Vide G. O. No. 13721/L. C. and F. dated 25th December 1913, wherein it is stated as follows :—

“The proclamation dated the 14th Kumbhom 1061 M. E. clearly laid down how the rice lands should be assessed. The directions contained therein were, however, ignored and the assessment on the lands was fixed on the principle that in no case was the resulting revenue demand payable to the Government on any individual property to exceed or fall short of munkaram by 10 per cent. or more.”

“It has to be said that the Government did not adhere to any continuity of policy in the treatment of settlement matters or always deal with them in accordance with the spirit of the Royal Proclamation of 1061 M. E.”

Land Revenue Manual Vol. II—Pages 1077 and 1081.

“The assessment for dry lands has been fixed on the acreage basis according to a schedule which classified the lands into 13 tharams or classes, the maximum rate per acre being 15 fanams and the minimum 1 fanam. The rates below the sixth tharam have been abolished, with the result that the lowest rate is 7 fanams per acre” (Banking Enquiry Committee Report, Page 22). Thus, when we consider the policy adopted by Government in the last settlement, it will be seen that there is no force in the argument that the assessments made at that settlement cannot be revised till the next settlement. If the provisions of the Royal Proclamation were over-looked in an executive order, the error can undoubtedly be rectified by means of another executive order. As a matter of fact, the assessment on the paddy fields of Nanjinad and Edanad is too heavy for the ryots to bear in the present conditions and, as long as the said assessment continues to be enforced, the indebtedness of the ryots cannot but grow and accumulate.

## 9. (Kodayar Papers Vol. III, Page 14, Para 17)

"The average rate per acre for wet lands under pattam tenure, both channel-fed and rain-fed, in the four taluks. (Thovala, Agasteeswaram, Eraniel and Kalkulam) comes to Rs. 16-27-12. The comparison becomes more striking if we take the figures given in the Madras Manual of Administration Vol. I, Page 145. The statement given there shows that the average assessment in 20 settled districts, including second crop-assessment and water tax, ranges between Rs. 1-8-3 in Nilgiris and Rs. 9-1-9 in Tinnevely, which is the highest average for the Madras Presidency."

Page 15, Para 21.

"These figures speak for themselves. Not only are the rates adopted at the settlement higher than the highest in British India, but a considerable portion of the existing wet area has been brought under these high rates. The average rate per acre is thus much higher than in other parts of the State or in British India. From these data, the conclusion is irresistible that the channel-fed lands in Nanjinad and Edanad are heavily taxed."

The above statement will clearly substantiate the weight of the burden of land revenue assessment borne by the paddy cultivators of Nanjinad and Edanad. The Banking Enquiry Committee has, at page 20 of its Report, recorded that the lands in this country included in the first tharam are 75.13 per cent. No doubt when the payment of tax becomes impossible, on account of failure of crops, some portion of the tax is remitted. But, from such remissions, the ryots do not derive the benefits that the Government have in view. For, apart from the shrewder and richer ryots, the ordinary agriculturists do not, as a rule, obtain, in actual practice, the real benefits of tax remissions. On certain occasions, coercive action is held in abeyance and the tax is permitted to be collected along with the next instalment. This practice, though considered to be convenient to the ryots, in reality, turns out to be a danger and a snare; for, to the ryot to whom the payment of one instalment is a great burden the payment of two instalments at the same time becomes sheer impossibility, with the result, that ultimately his lands come to be sold in auction for arrears of land tax.

In, G. O., R. O. C. No. 2764/31/Rev., dated the 14th July 1931, Government ordered coercive steps for realisation of arrears of land to be held in abeyance under certain conditions. But the then Land Revenue Commissioner, Division Peishkars and many Tahsildars are said to have reported against the necessity for the order. The argument of the then Land Revenue Commissioner, was that the prices of agricultural products had not fallen below the level of the prices at the time

of the last settlement and that the pattadars were not able to pay the tax. But the Land Revenue Officers failed to remind the Government of the extent to which the daily needs and requirements of the ryots had increased since the last settlement and of the extent to which indirect taxation had, in the meantime advanced. It is not possible for those who have carefully studied the condition of our villages and our rural folk and the handicaps under which they carry on agriculture and studied also the resultant burden of their debts to agree with the views of the kind expressed by the Land Revenue Officers in connection with the G. O. mentioned above. There can be no doubt that, as long as the burden of assessment is not reduced and the facilities for agriculture are not adequately provided, the economic condition of the agriculturists cannot but continue to deteriorate.

At page 65 of their report, the Unemployment Enquiry Committee have held the view that the one cause of the decline of agriculture is the excessive land revenue assessment and they have recommended that an expert Committee should be appointed to enquire into and report on this matter. In these circumstances, as a measure of relief and encouragement to the agriculturists, land tax above the settlement rate of Rs. 10-5-10 (fixed for the 5th tharam) should not be realised, at least till the economic depression is over.

(2) To the paddy cultivators, the most urgent necessity, is adequate water supply. The Kodayar scheme was carried out at enormous expenditure and it was, at the time, expected that it would supply water to 56,239 acres of paddy lands in Nanjinad and Edanad.

But in recent times, it has become very clear that the Kodayar Project has not brought to Nanjinad and Edanad the benefits that had been expected from it. According to the Settlement Register, there were 3650 tanks in Nanjinad and Edanad. The number of tanks has now decreased to 2109. The rest of the tank-beds have been sold to private owners. The Minor Irrigation Committee found that there were only 663 tanks which held water so as to be of use to the cultivators. The remaining 1446 tanks are partially filled up or have become otherwise useless for agricultural purposes. Relying on the Kodayar Project, many tank-beds have been sold off and the remaining ones have not been regularly repaired or maintained in a useful condition. There have, therefore, been repeated failures of crops and the indebtedness of the ryots has been increasing beyond their capacity to bear it. Frequently the yield is not sufficient even to meet the tax payment. The result is that agricultural lands have steadily passed from the agricultural classes to the non-agricultural creditors.

According to the report of the Minor Irrigation Committee, there are 6518 tanks and 3748 canals in this country serving the needs of

agriculture. At page 21 of the report, paras 66 to 69, the following observations are made:—

*Para 66.* "The area commanded by tanks is about 66,000 acres or 10 per cent. of the total area of wet lands in the State. Of this, the ayacut under tanks which are reported to be good or in fair condition on account of restoration works carried out in recent years or otherwise and do not require immediate attention may be taken to be about 18,000 acres. The balance or 48,000 acres stand in need of the benefits of restoration works."

*Para 67.* "The punja cultivation in Kuttanad covers an area of about 66,000 acres—only a little less than the total area commanded by tanks. The excessive net work of canals and drainage channels in this region serve the purposes of navigation, drainage and irrigation and also of supplying manure in the form of silt brought down by the floods. Very little has been attempted here so far by Government to improve irrigation facilities etc."

*Para 68.* "The agricultural witnesses before the Committee in this area were unanimous in their requests for improvement to canals, drainage, channels and bunds and the provision of locks and regulators to control the inflow of brackish water."

*Para 69.* "The area of wet lands in the Kummatunad alone is 61,000 acres while in the adjoining taluk of, Muvattupuzha it is 46,000 acres. In addition to the restoration of tanks in these taluks, a good deal has to be done by way of improvements to the drainage channels and the protection of fresh irrigation works where they do not exist at present. The investigation of works of the latter character is considered necessary in every taluk."

As long as the tanks and canals so necessary for the agriculture are in such deplorable condition, agriculture cannot but deteriorate and as the income from agriculture decreases, the indebtedness of the agriculturists is bound to increase. If the agriculturists are to be really redeemed from the burden of indebtedness the first and foremost consideration should be that of *providing adequate water supply to the needs of agriculture*. Until, therefore, the tanks and canals necessary for agriculture are repaired and maintained in proper condition, it is necessary to create an irrigation fund by setting apart towards it annually a sum of not less than Rs. 5 lakhs, to be utilized entirely for irrigation works. This is one of the main recommendations of the Minor Irrigation Committee. (*Vide* Page 26 Paras 94 and 95).

(3) According to the existing rules, the cost of minor irrigation works in Nanjinad and Edanad are to be borne entirely by the Government and in the rest of the country, the ryots are liable to a half-contribution of the cost of such works. This is realized from the crops along with the tax. In the existing circumstances, it is impossible for the agriculturists to bear this burden, at a time when even the payment of the tax is too heavy a burden. The result is that the agriculturist sinks further and further into debt and ultimately loses his land to his creditors. In some cases, big amounts are spent on irrigation works, but on account of faulty designs and execution, even the facilities that previously existed cease to be available after the completion of the works. By a strange irony of fate, even in such cases, the ryots are bound to pay the half-contribution. The Minor Irrigation Committee noted various works of the kind and recorded their views on them. (Vide Report Page 17). In the circumstances, I am definitely of the view that the system of half-contribution should be discarded and a uniform cess should be levied for minor irrigation works. (Vide pages 28 and 29 of Report, Minor Irrigation Committee, paras 93 and 97).

Here I may also point out that the Unemployment Enquiry Committee has recommended that the entire cost of Minor Irrigation works should be borne by the Government (Report, pages 66, para 107 (2).

(4) Passing on to another very important matter, it is necessary to amend the Land Revenue Remission Rules so as to make it possible for remissions to be automatically made in cases of crop failures. At present, various irregularities take place in remission proceedings. When the crop is destroyed on account of drought, the ryot has to spend half the amount of the tax (പുലയം) in order to get the crop failure recorded by the revenue staff. Hence, very often, it happens that cases of 'Karivu' are not recorded at all and, what is more interesting, well cropped lands are recorded under 'Karivu'. On account of such vagaries, the ordinary agriculturist has to bear heavy unjustifiable losses. For preventing such irregularities, remission rules should be suitably modified so that remissions may become a matter of routine to be automatically applied wherever crop failures occur. Moreover, in making record of 'Karivu', some local agriculturists should be called in as witnesses and their signatures also should be affixed to the reports of the revenue staff. There is a circular to this effect. If it is strictly enforced, ryots, will be spared the necessity to spend half the amount of the tax to get a record of 'Karivu' entered in the registers. As things are at present, the ryot knows nothing of 'Karivu' proceedings till the demand notice arrives or he goes to pay the tax. Then it would be too late to file an appeal or to complain to the higher authorities. The result of the present remission rules is that both the Government and the ryot have to bear unjust losses. It may be observed here that the Minor Irrigation

Committee have recommended that the Remission Rules should be suitably amended. (*Vide* Page 27, Para 87—88 of the Report).

(5) Passing on to the question of *transfers of registry*, it is highly necessary that strict instructions should be issued to Land Revenue Officers to the effect that transfers of registry should be attended to and completed as speedily as possible. There is a circular order that transfers should be completed in three months; but the order is not carried out in practice at all. In para 208 of the Banking Enquiry Committee Report, the following statement is made:—

“The complaint is that transfers of ownership are never attended to in time, etc. Some of the Tahsildars who appeared before the Committee themselves admitted the delay in mutation of pattas, but explained it as due to insufficiency of hands, the absence of the intimate local knowledge on the part of the Proverthikars which the hereditary karnnams in British India have, and the multifarious duties the village staffs have to attend to. Whatever be the causes, the consequences are too serious to be over-looked”.

Some Tahsildars misuse the power of transferring Proverthikars from place to place with the result that transfers of registry records are not completed in time and even the pakuthy accounts are not maintained properly. A Proverthicar who incurs the displeasure of the Tahsildar cannot remain in the pakuthy for any length of time or properly carry on his duties in the pakuthy. I know of one instance in which a Proverthicar was shifted seven times from pakuthy to pakuthy in the space of 16 days. Numerous errors and irregularities take place in Pokkuvaravu records on account of the frequent transfers of Proverthikars. It frequently happens that registry is transferred without at the same time cancelling the previous ownership. In the result, for the same property, two persons are forced to pay tax. This is how excess collections take place. There are various instances in which the tax on one property is paid by one person and for the same tax another man's properties are brought under auction sale proceedings. Agriculturists are thus put to immense trouble and loss on account of the failure to complete pokkuvaravu records without delay. Similarly, for the fault of the pakuthy staff, the properties of previous owners are brought under auction sale. The trouble is very common in the case of subdivided family properties. The failure of one share-holder to pay tax brings the properties of some other share-holder under auction sale. If the Land Revenue Department will pay special attention to avoid irregularities of this kind, the ryots can be spared immense annoyance and unnecessary expenditure without involving additional cost to the Government.

According to the transfer of registry rules of 30-12-1054, it was laid down that even for Otti transactions, transfers of registry should be recorded. This rule was modified on 22-7-1056 to the effect that in regard to Otti, panayam etc., the actual person who is in enjoyment of the property should pay the tax. (L. R. Manual Vol. V, pages 670 and 691). It is even now a practice for the actual possessor to pay the tax in the name of the Jenmi. Thus, even though the name of the actual possessor is in the transfer of registry, when the tax falls into arrears, without notifying the mortgager, steps are taken against the Jenmi's own properties which are brought under auction. It is a common occurrence that the mortgagee deliberately allows the tax to fall into arrears and when the property is brought to auction, he gets it knocked off by a friend of his and the property is subsequently transferred to his own name. In all such cases, coercive steps should be taken against the actual mortgagee and not against the Jenmi.

(6) The ryots incur very great losses on account of demand notices. Although there is a circular of the Land Revenue Commissioner to the effect that, in one and the same pakuthy, one person should not have more than one thandaper, demand notices are issued to the same person in more than one thandaper. Similarly in the case of joint pattadars, the demand notice used to be issued to one of them and copies of it sent to the others. But now it has become common to issue demand notices to each one of them. Thus the number of demand notices increase year by year. In the year 1105, when the economic depression commenced and agricultural prices began to fall, the number of demand notices was 4,42,097. In 1113, the number rose to 9,89,288.

Regarding the demand notice fee, it has to be noted that it is as much as the rate of assessment on the 13th tharam land, viz., 1 fanam. In the present condition of the agriculturists, the demand notice fee is too heavy. In my opinion up to Rs. 5, the demand notice fee should 1 ch. and above that limit 2 chs. Besides, the rule that one and the same person should not have more than one thandaper should be strictly enforced. In the case of joint pattadars, only one should be served with the demand notice proper and the rest should be given copies of the notice only. In regard to the question of demand notices, the Economic Depression Enquiry Committee have made their own recommendations (*Vide* page 101, para 199 of the Report).

(7) There are various irregularities taking place in the auction sale of properties against arrears of land tax. So the agriculturist bear great hardships and losses.

(a) In the case of sub-divided family properties, steps are frequently taken to realize arrears of tax from the properties of any one of the share-holders by bringing his share under auction. If anyone of them makes payment

of his own share of the tax, he is compelled to pay the tax on all the shares. If he does not do so, his land goes in auction for the tax due from the other share-holders. Numerous cases of this kind happen by influence being brought to bear on the proverthicar. In order to avoid hardships of the above description, Mr. George, the Land Revenue Commissioner, issued a circular to the effect that all properties on which tax is in arrears should be shown on the attachment schedule and that such of them on which the tax is paid should be released. It was a very sensible and helpful arrangement; but the difficulty is that the revenue authorities are not carrying out the rule and thus the ryots suffer a great deal of a avoidable trouble and expense. Hence the said circular should be strictly enforced.

- (b). Revenue attachments against arrears of land tax in 1105 were 9,267. In 1113, the number was 25,953. In many cases, the auction sales are not known to the owners. The majority of agriculturists are not now in a position to appeal to the higher authorities and obtain redress of their grievances in respect of the irregularities taking place in auction sales. It is however, a matter for thankfulness that the complaints that reach the Land Revenue Commissioner are justly and sympathetically disposed of.

In some taluk offices, they make their own arrangements for the properties under auction to be knocked off for the tax amount. If the auction is confirmed, they divide the profit after sale of the property. If others bid at the auctions, they have to incur a great deal of unauthorised expenditure when they pay the deposit and the balance of the auction amount and also preliminary to the issue of the sannad. Some proverthicars get their own friends and confidants to bid at the auction sales and subsequently get the properties transferred to themselves.

From the Administration Report of 1113, it is seen that the average price fetched at auction sales of agricultural lands was Rs. 49-5-15 in the case of paddy fields and Rs. 14-5-9 in the case of garden lands. Ordinarily, revenue sales result in properties being knocked off for very low prices. In the Ponmana Pakuthy of Kalkulam Taluk S. No. 1483/10 comprising 39 cents of coconut garden was sold for realizing arrears of kist Rs. 3-12-3. The property fetched a lease of Rs. 71-12-0. The auction was conducted without taking the steps provided in Section 24 and 32 of the Revenue Recovery Act. The



Land Revenue Commissioner has set aside this auction sale. Numerous instances of auction sales of the kind for very low prices can be seen from the Government Gazette. In para 198 of the Economic Depression Enquiry Committee, report the following observations are made about the sale of agricultural land for the realization of kist :—

“At the root of all agricultural enterprise in this country is an intimate bond between the cultivator and his land etc., etc. The happiness, contentment and the prosperity of a country like ours depend upon the happiness, contentment and the prosperity of the agriculturists. Unless, therefore, imagination and sympathy, in a large measure, takes the place of the rigour of the ordinary coercive measures available to the State, we are afraid, it is easily possible to inflict permanent ruin upon large sections of the people etc. We therefore recommend that strict instructions be issued to the Division Peishkars and the Commissioner Devicolam, that, in cases in which immoveable properties are attached and proclaimed for sale for the realization of kist, the sale should be postponed, if in their opinion, the properties put up to auction have not fetched a fair, and reasonable price or the management of such properties should be taken over by Government in suitable cases”.

The charges incidental to coercive steps for realisation of arrears of tax are a source of very great embarrassment to the cultivators. There is the demand notice fees for notices issued to one and the same person under more than one thandaper. Then there are the attachment fees, murasu (beat of drum) fees, all of which add immensely to the burden of the taxation which by itself is far more heavy than in British India. The murasu-pati is a perfectly meaningless exaction. The beat of drum does not take place now-a-days. For each stretch of paddy lands, the Proverthicar appoints a murasukaran and he exacts paddy from the cultivators at harvest times and then they have also to pay a ‘Murasu-pati’. This is entirely unjustifiable. It is highly necessary that the murasu-pati should be stopped forthwith.

Unless and until the ryots are saved from such unjustifiable expenses in auction sales and are dealt with in a more sympathetic manner, they are quite likely to lose their lands and add immensely to the burden of their indebtedness.

(8) The ryot has to sell his produce in the market. When he reaches the market, three adversaries confront him :—(1) the market contractor, (2) Desakavalkaran and (3) the market sweeper. On account of their oppression, it is not possible for agricultural products to be sold conveniently or to sell them for their proper

value. The market contractor invariably realizes more than the schedule rate. Besides, he oppresses the poor in other ways and deals with them in a brutal manner. The next enemy is the Desakavalkaran who is usually appointed by the local Police Inspector. At harvest time, he collects from each field what is known as "Kaval-kathir" and thus obtains lot of paddy. A portion of the articles taken from the markets is given to the local police and the balance is appropriated by himself. The next oppressor is the market sweeper. The ryot can sell his produce only after the sweeper takes what he wants. A portion of what the market sweeper collects goes to the Taluk subordinates. He appropriates the rest. If this kind of oppression and exaction taking place in the market is stopped, the ryots can sell their produce in the markets for their full value.

Apart from all the above difficulties, the lack of uniformity in weights and measures is a source of very great loss and trouble to the ryots. At present there is no one to attend to this matter in the markets and shops in the rural part of the country.

(9) If paddy production in this country is to be increased, the object can be achieved only by increasing the area under cultivation and by intensive cultivation of the existing fields. The last Census showed that the population increased by 27 per cent. while agricultural land increased only by 9 per cent. Agricultural land cannot increase in proportion to the increase in population. There are various hindrances to increasing the yield under cultivation. In para 39 of the Economic Depression Enquiry Committee, the following observations occur :—

"The effect of the fall in the prices of our agricultural products is aggravated by the disproportionate increase in their cost of production. Money costs have risen in real value and mean at least 50 per cent. more in commodities now than two years ago. Labour charges have not come down in conformity with prices. Thus between low prices on the one side and increasing cost of production on the other the agriculturist is confronted with a perplexing situation.

Apart from the increasing costs of cultivation, there are other reasons for the decreasing yield of the fields. The agriculturists do not possess the essential requirements of agriculture, viz., water, cattle, compost manure, green manure etc. Nor has he money to meet the expenses of cultivation. There was a time when cattle rearing was a profitable profession; but now the whole industry is merely a nominal affair. There are no grazing grounds, not even open spaces for cattle to move about for exercise. Nor can the cultivator afford to feed cattle in the stalls. The result is, the ryot buys cattle when he commences cultivation and sells them when the need is over. Hence the lack of

compost manure so necessary for agriculture. The cost of green manure is worse. In the Kodayar Project area, trees meant for green manure have been cut off to make room for more fields. Now the old fields and the new conversions have to fetch green manure from elsewhere.

The needs and requirements of the agriculturists in regard to the above matters are referred to in the following Reports:—

Economic Depression Enquiry Committee Report—P. 208

Unemployment Enquiry Committee, Paras 46 and 107 (3)

Banking Enquiry Committee, Para 69.

The Economic Depression Enquiry Committee Report has made a pointed statement as follows:—

“We are definitely of opinion that the State should pursue a policy of active assistance to the local paddy grower so as to enable him to bring down his cost of cultivation and to increase the out put of his fields”.

(Vide para 202 of the Report)

(10) The tolls collected at numerous points in the rural parts of the country are a source of worry and unnecessary expenditure to the ryots. Even the agricultural implements, manure and seed cannot be conveyed in carts without payment of tolls. The ryot pays tax on his land and on the standing trees on the land. He pays a water cess. When, he conveys the produce to his house, he pays a toll on it. When he takes it to the market, there is another toll on it. The ryots are not able to bear all this burden at this time. It is therefore highly necessary to exempt the conveyance of agricultural implements, manure, seed, and other agricultural requirements from the payment of tolls.

(11) When the Committee considers measures for the liquidation or existing debts and for the *prevention of further debts*, the points mentioned below may kindly be taken into consideration:—

In the present conditions of the agriculturists it is not possible for them to avoid the necessity for loans. It is also certain that they are not able to pay off such debts.

The following observations occur in the Banking Enquiry Committee's Report (Para 70):—

“The cultivator in Travancore as elsewhere requires capital for the purchase of live-stock, agricultural implements, manure and other expenses of production for payment of land revenue as well as for meeting his domestic expenses when his stock of grain is run out. His requirements for certain items may be more pressing than others and he cannot but borrow to meet them”.

For the present, I mean to refer only to the Co-operative Societies and Government agricultural loans which provide convenient loans to the ryots.

In para 71 of the Banking Enquiry Committee Report, the following observations occur:—

“During 1928-29 these Co-operative Societies have granted 54,531 loans to the value of Rs. 20,47,983. Of this a sum of Rs. 4,82, 623 was for cultivation purposes. Rs. 1,30, 245 for purchase of cattle and Rs. 25,406 for payment of Sirkar Kist or Jenmi Michavaram”.

Many agriculturists have joined Co-operative Societies. The great majority of them have taken loans for cultivation purposes. Once they take a loan from Co-operative Societies, they find it impossible to pay off the debt. When they take a loan, they consider that they can pay it off from the improved production of their fields. But on account of the continued fall in prices, they find it impossible to do so. In such circumstances, the arrest of agriculturists for default of payment of debts due to Co-operative Societies and the auction sale of properties for agricultural loans for the nominal one chuckram is a great hardship to them. The process will soon disrupt the agricultural occupation in the country. Besides whole families become a prey to destitution and starvation. It is highly necessary to save the agriculturists from such distress.

Agriculture does not yield more than 3 per cent in these days and so it is not possible for agriculturists to pay 10½ per cent interest on the loans from the Co-operative Societies. Hence, it should be provided that under no circumstances, whatever should a rate of interest higher than 6 per cent be realized from the ryots by co-operative societies. Besides, whenever any amount is paid towards loans taken from Co-operative Societies or from Government agricultural loans, it should be provided that half the amount should be credited towards the principal and half towards interest. If we continue at the present rate, all money paid will go to interest and fines and it would become impossible ever to pay off the principal.

In para 49 of the Report of the Economic Depression Enquiry Committee, the following observations occur:—

“Broadly speaking, the present economic stress is severely felt by the middle class agriculturists who form the preponderating element in the composition of our population. The middle class in Travancore affect much of the expenditure and social status of the rich. But they have none of the surplus income of the latter. They depend almost entirely on their agricultural incomes and it is this class that feels the direct impact of a general depression. The middle class forms the backbone of society and, in normal times, a preponderating agricultural middle class population should be regarded as a sign of social health”.

It is highly necessary that the burden of the indebtedness of the agriculturists, who in numerous ways contribute to the prosperity of the State, should be saved from the burden of their debts.

(12) I believe the Government and the agriculturists have now well realized the evil consequences of not carrying out irrigation works at proper times. Consequently the expenditure on irrigation works increases year by year and sanctioned allotments are regularly surrendered by the P. W. D. The season for carrying out irrigation works is from Makaram harvest to the middle of Edavam. The works must be completed in the time in between. On account of the delay in sanctioning estimates and contracts, it is impossible to begin works or to complete them in time. Even the works that are completed often prove useless to the agriculturists and turn out to be mere waste of public money. There are various reasons for this. The irrigation needs of each locality are known best to the agriculturists of the locality. As plans of work and contracts are completed without consulting the local agriculturists, many works necessary to agriculturists are not included and many they do not require, are included in the estimates. Hence the agriculturists do not derive the benefits that they ought to get from the expenditure of Government money. In very many places, the drainage from the slopes have been let into the tanks which thereby become silted up and useless. It has become vain to inform the authorities about matters of this kind. The Minor Irrigation Committee took special care to ascertain the needs and requirements of the agriculturists in this regard and recorded their views at page 16 para 55 of their report:—

*Para 55 (i)* 'Estimates are prepared without consulting the ryots, and the works are therefore either inadequate or otherwise unsatisfactory. Silt is not removed from the beds of tanks in any appreciable quantity, so as to increase the capacity and tap the bed springs. The tanks therefore dry up shortly after the rains, and there is not sufficient storage or auxiliary supply from springs. The water spread area is considerably reduced on the plea that no ground is available for depositing the excavated earth which is therefore thrown within the limits of the tank itself etc.

*Para 55 (ii)* "Faulty designs or inefficient supervision; slips occur in bunds since the slopes are not turfed, and no pitching is provided. Earth is thrown loosely over the old bunds and is not properly consolidated. Sand from the tank beds is used in forming bunds,

and this is alleged to be partly responsible for the slips. In the absence of ramps for cattle, the slopes of bunds are often spoiled soon after restoration. Suitable provision is not made for preventing the free entry of silt into the tanks. Mud is used instead of cement or surki mortar in foundation and there is leakage through and round the sluice. Sluice barrels get choked and no water flows out. Sluice shutters are too tight and unworkable. Earthen pipe sluices are not satisfactory, being very leaky. The acceptance of low tenders necessarily results in bad work, and their prevalence is an index of the existence of an undoubted belief among contractors that inadequate supervision would save them from the loss that their unworkable rates would otherwise land them in".

*Para 55 (iii)* "Restoration works drag on for two or more years (even up to five years) depriving the cultivators of all supply of irrigation water during that period".

*Para 55 (iv)* "Work is got through without any regard to its quality and nobody who has any stake in the business is made to sign the completion certificate".

*Para 55 (v)* "Due consideration is not given to the relative needs of different pakhthies in selecting works for restoration. Some pakhthies are absolutely neglected in spite of repeated complaints, while undue attention is being paid to others in the same taluk".

In order to avoid these evils *there should be Irrigation Relief Committees in each P. W. D. Division*. If irrigation works are carried out with their advice and consultation, wasteful works can be avoided and those that are carried out will be useful to the ryots. Where Village Panchayats are established, irrigation works may usefully be carried out in consultation with them.

CHECKED  
2003-04