

THE
MADRAS PROVINCIAL BANKING
ENQUIRY COMMITTEE

VOLUME VI

COORG SUB-COMMITTEE'S REPORT



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VOLUME VI

REPORT OF THE COORG SUB-COMMITTEE

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PART I

REPORT OF THE JOINT SUB-COMMITTEE OF THE MADRAS PROVINCIAL BANKING ENQUIRY COMMITTEE.

CHAPTER I.

INTRODUCTORY.

After a number of discussions the Government of India decided that pending the reintroduction of the proposal to provide a Central or Reserve Bank it was desirable to hold an enquiry into the existing conditions of banking in India, and to make recommendation for the expansion of both indigenous and joint stock banking with special reference to the needs of agriculture, commerce and industry.

2. The proposal then was to set up a Central Committee and a number of Provincial Committees, and to arrive at a clear definition of the scope of enquiry by the Provincial Committees the following analysis of the subjects to be covered by enquiry as a whole, was arrived at:—

(i) The regulation of banking with the object of protecting depositors and thereby increasing confidence in the banking system ;

(ii) banking education with the object of providing facilities for obtaining training in banking and generally of creating a body of people who have a real knowledge of the principle and practices of banking ; and

(iii) the development and extension of banking on sound lines.

3. This last item is capable of further subdivision as follows :—

(a) Industrial banks and credit facilities for India's main industries like cotton, jute, coal, etc. ;

(b) financing of foreign trade ;

(c) agricultural credit (including co-operative credit and credit facilities for small industries ;

(d) mortgage banks ; and

(e) financing of internal trade in connection with all the above headings.

4. Items (i), (ii) and (iii) (a) and (b) were excluded from the purview of the Provincial Committees and it was suggested that the object was to secure so far as the rural population is concerned that the cultivator should receive the credit he needs both for the improvement of his land and its equipment and for the marketing of his produce, and that on the other hand, means should be devised to stimulate the habit of investment and attract banking deposits. Consequently Provincial Committees should conduct in a few selected areas an intensive survey of conditions, existing facilities and requirements and a general survey of the province as a whole.

5. It was decided that the Central Committee should, in addition to their precise duties outlined, act as advisers to the Government in laying down the lines on which Provincial Committees should conduct their enquiry.

6. These proposals were in general agreed to and a press communiqué was issued on 12th June 1929 stating that the objects of the enquiry were the investigation of existing conditions of banking and the consideration of what steps, if any, are feasible and desirable under the following main headings :—

(a) the regulation of banking with a view to protecting the interests of the public ;

(b) the development of banking in the sense of the expansion of both indigenous and joint stock banking with special reference to the needs of agriculture, commerce and industry ;

(c) banking education with a view to the provision of Indian personnel in adequate numbers and with the necessary qualification to meet the increasing needs of the country for a sound and well managed national system of banking.

7. It was further laid down in the Government of India's letter that the Provincial Committees should classify the material and information collected under certain main heads which were specified.

8. The Central Committee prepared a general questionnaire and finally sent for the guidance of Provincial Committees a more elaborate skeleton on which the information and material should be set out. This report follows in detail the lines of that instruction so far as it is applicable to this province.

9. In accordance with these proposals a committee was constituted for the Madras Presidency and in their letter No. F. 2 (III) F/29, dated 4th April 1929, the Government of India suggested that the Madras Provincial Banking Enquiry Committee should also deal with the matter in Coorg by nominating a small sub-committee to which might be added one or two individuals with knowledge of conditions and requirements of that area. With this the Chief Commissioner concurred and the names proposed by him were accepted. The sub-committee so formed consisted of—

Mr. H. M. Hood, I.C.S., Chairman of the Madras Provincial Enquiry Committee—*Chairman.*

Mr. P. J. Thomas, M.A., B.LITT., PH.D., Professor of Economics, Madras University	} Members of the Madras Provincial Enquiry Committee.	} Members of sub- com- mittee.
Diwan Bahadur B. Muniswami Nayudu, M.L.C.		
Mr. K. N. Subbaraya, Registrar of Co-operative Societies		
Rao Bahadur K. Appayya, President, Coorg Provincial Co-operative Central Bank	} of Coorg.	

10. A questionnaire was sent to about 100 persons but only 17 sent any replies. On the 29th October 1929 the Madras sub-committee with the Secretary Rao Bahadur C. J. Paul, B.A., went to Mercara,

capital of Coorg, and on the 30th and 31st of that month held preliminary discussions with the Coorg representatives on the sub-committee. The sub-committee came to the conclusion that an intensive economic survey of any particular area on the lines on which it was being done in the Madras Presidency was unnecessary in Coorg, but they considered that it was necessary to obtain definite facts and figures in regard to indebtedness of a number of villages in the province and drew up a set of questions the replies to which would give them all the information required. The Parpattigars of Nads were directed by the Commissioner to collect the information in one or two typical villages in the jurisdiction of each of them. The sub-committee with the Secretary came to Coorg again on the 14th of February 1930. On the 15th the members visited two co-operative societies in North Coorg and discussed with their members various points connected with the co-operative movement. On the following day, the members of the sub-committee went to South Coorg and visited a co-operative society there and also had a long discussion with the people of three villages with regard to their indebtedness and other economic conditions. At Mercara on the 17th, 18th and 19th the sub-committee heard oral evidence of eleven gentlemen. On the 19th day they had a discussion with Mr. G. W. Priestly, I.C.S., Commissioner of Coorg, and Mr. P. B. Medappa, B.A., B.L., Subordinate Judge of Coorg.

11. The cost of the enquiry in Coorg has been estimated to be

					RS.
in 1929-30	..	..	..	..	3,400
in 1930-31	..	..	..	..	3,120
					<u>6,520</u>

This does not include a proportion of the cost of stationery used by the committee, but no accurate estimate of this is possible.

CHAPTER II.

SPECIAL FEATURES OF THE PROVINCE.

12. Coorg is situated on the summit and declivities of the Western Ghats merging gradually on the north and east into the tableland of Mysore. On its north and east sides is the Mysore State; on the west and south are South Kanara and Malabar districts of the Madras Presidency.

13. The south and west and north-west are occupied by a network of hills, but the north-east and east are less hilly. The drainage including the river Cauvery and its tributaries is to the east, only that from the extreme western slopes flowing to the west.

14. The area of the province is 1,582 square miles, while the population of 163,838 (census of 1921) includes—

Coorgs	..	..	..	..	..	41,476
Holiga, Yerava, Kuruba, Pale—agricultural labourers	..	..	..	..	..	41,992
Mappilla	..	..	..	..	..	7,564

The rest of the population almost entirely belongs to various Hindu castes but there are a few Muhammadans (e.g., Sheiks) other than Mappillas.

15. The bulk of the population is agricultural and the census returns show the following:—

Living by pasture and agriculture	138,700
„ trade	6,700

the rest depending on miscellaneous occupations.

16. The main cultivation of various crops is as follows (Administration Report):—

	ACS.
Rice	83,228
Ragi	3,424
Pulses and other grains	1,176
Pepper	1,015
Cardamom	2,291
Agave (one estate)	460
Coffee	40,020
Tea (one estate)	415
Oranges	4,921
Plantains	527
Miscellaneous	823
Total	<u>138,300</u>

The classification of land under various tenure shows—

	Sagu.	Jamma.	Jodi.	Umbli.	Jaghir.	Total.
	ACS.	ACS.	ACS.	ACS.	ACS.	ACS.
Wet	51,504	39,794	3,286	7,598	3,702	105,884
Dry	19,562	186	986	33	875	21,642
Total	<u>71,066</u>	<u>39,980</u>	<u>4,272</u>	<u>7,631</u>	<u>4,577</u>	<u>127,526</u>

This statement is, however, incomplete as it does not include the areas of—

	ACS.
Coffee land	97,129
Oranges land	4,921
Arecanut land	237
Cardamom	73,215
Rubber	2,986
Agave	460
Pepper	1,015
Tea	415

These lands are so classified but are not now fully occupied. The actual areas cultivated are indicated in the statement above. These estates are held on various tenures, mostly sagu but a small amount

is on jamma tenure and the connected bane land while a considerable area of cardamom and rubber estates and the one tea estate is held on long term lease.

17. The sagu land is the ordinary ryotwari tenure land on which full assessment is paid.

18. Jamma land is the land held on privileged tenure of Coorgs and a few others who have lived for generations in the province. It carries half of the full assessment and is, under Regulation I of 1899 which enacted in precise terms what had apparently been the customary incident to any tenure of land though an incident which was going into desuetude, inalienable except with the specific sanction of the Commissioner. It was originally granted on condition of performing military service but this incident to the tenure is now practically obsolete and merely involves armed escort duty when treasure is sent by road.

Jodi land is similar to sagu land but half the assessment is granted in inam to temples and similar institutions, mutts, etc., to which the land or the land revenue is assigned. Jaghir land is another form of tenure in which the land was granted free of assessment in consideration of service rendered.

19. Bhatamanya lands were granted originally to Brahmans on condition of performing religious services; similarly there are village service inams. These are held free of assessment while umbli lands are held on an assessment reduced to $\frac{1}{10}$, $\frac{1}{4}$ or $\frac{3}{10}$ of the ordinary sagu assessment. The umbli and jaghir lands are inalienable in the same manner as the jamma land while Bhatamanya land can be alienated only to other Brahmans. The bane lands are forest or jungle land attached to all kinds of wet lands. They are an incident to ownership of the adjacent wet lands and cannot ordinarily be separately alienated. Theoretically intended to supply fuel, leaf-mould, etc., they are strictly not available for cultivation but actually they are to some extent cultivated with coffee, oranges, etc.

20. Assessment on wet lands (sagu) varies from As. 6 to Rs. 5 per acre, on dry lands from As. 4 to Rs. 2 per acre while Rs. 2 is charged on coffee land.

21. The value of land varies in various localities; wet lands in South Coorg generally cost Rs. 300 to Rs. 500 per acre normally and even up to Rs. 600 in some instances. Coffee land (cultivated) is normally worth Rs. 500 to Rs. 1,000 per acre. Uncultivated coffee land is worth Rs. 20 to Rs. 50 per acre. There is not much dry cultivation in Coorg except in portions of North Coorg where ragi, gram, etc., are grown. These lands may be valued at Rs. 50 to Rs. 100 per acre.

22. The value of crop is as follows:—Paddy fetches Rs. 50 to Rs. 70 per cart-load of 15 batties, each battie measuring 80 seers. Coffee fetches Rs. 250 to Rs. 350 per candy and pulped coffee nearly Rs. 400 per candy. But this year there has been a severe fall in the price of coffee which does not fetch more than Rs. 240 per candy at present. Paddy is, at present, sold at Rs. 50 to Rs. 55 per cart-load. Cardamom fetches in good years Rs. 40 to Rs. 60 per maund. This year the price has been fluctuating between Rs. 28 and Rs. 40. The orange crop

normally is leased out at an average price of Rs. 50 to Rs. 150 an acre and where the crop is a bumper one an acre of orange is leased out for Rs. 200 to Rs. 250; but this year owners of gardens have realized very little owing to the scanty crop.

Total yield of principal crops (Coorg Administration Report)—

	LB.					
Rice	90,302,380
Ragi	3,193,000
Coffee	6,003,000

Value of the above at harvest time (Coorg Administration Report)—

	RS.					
Rice	76,59,600
Ragi	1,78,180
Coffee	38,59,070
						1,16,96,850

The output per acre of paddy and other crops varies very greatly in the different grades of land shown in the taram (grade) classification, for example, the last settlement report showed the output of paddy as an average crop to vary from 500 seers (taram VIII) to 1,680 seers (taram I) in Kiggatnad taluk in 1910.

CHAPTER III.

GENERAL DESCRIPTION OF EXISTING CREDIT AGENCIES.

23. There are, with the exception of the Co-operative Central Bank, no banks or bankers in Coorg. But a branch of the Bank of Madras was instituted in Mercara about 40 years ago. It ran for a short time and was then abolished for want of business. The matter was again discussed in 1918-19 at the instance of the Coorg Landholders' Association and the bank decided that it was then impracticable to open a branch there.

24. There are a number of persons lending money in the province. There are however, so far as we could ascertain, no professional money lenders who rely solely on money-lending for their livelihood. The Bhatkallis and Gujarathis who used to conduct such a business have disappeared as money-lenders, but there still remain Lingayats, Devanga, Vaisya Chettis (Komatis) and others. The money-lending is in fact done by traders and cultivators. The cultivators of all classes who have any funds available lend money to the poorer ryots but none of them take deposits or borrow for the purpose. There are in this class no big lenders, but the aggregate amount lent cannot be regarded as trivial and is considerable in South Coorg.

25. The bulk of the money-lending, particularly in South Coorg, is done by merchants, mostly Mappillas, who finance all the paddy cultivation while coffee planters borrow from the coffee merchants including the big coast firms.

26. The loans so taken are mainly in so far as coffee is concerned on the hypothecation of the prospective crop while for paddy it is sometimes on hypothecation but more commonly on agreement that so many battis or cart-loads of paddy should be delivered at the harvest in liquidation of the loan. In settling the quantity it is the almost universal practice to provide for 16 or 16½ battis per cart-load instead of the standard 15 and the number of cart-loads to be delivered is settled by taking a price of Rs. 10 to Rs. 15 per cart-load below the prevailing market price. Cultivators also borrow from the money-lenders on the security of jewels but not to any great extent.

27. The rates of interest on loans taken by ryots on pronotes is ordinarily 24 per cent if the lender considers the security, i.e., the reputation and position of the borrower and the value of the prospective crop good. On jewels the rates are not materially lower while on good mortgages loans can be got at 12 per cent but 15 and 18 per cent are not unusual rates. Advances are given on the hypothecation of crops by coast firms including Messrs. Pierce Leslie & Co., Volkart Brothers, Aspinwall & Co. and Saldanha & Co. for the sake of the business that comes to them and their rates of interest are lower, rarely exceeding 10 per cent. The reason for this is that in this business planter and firm meet on more level terms than do ryot and merchant in the local market. It is not a matter of the poor ryot having to take loans on the best terms he can get in order to cultivate his land and being then bound to the merchant to sell his crop to him practically at the merchant's terms on pain of not being given loans in future, the ryot being in fact placed in an inferior position of obligation to the merchant; rather the position is that if the merchant firm will not give an advance for the crop the planter will take his produce elsewhere to be marketed so that if there is any obligation it is on the other side and unless the merchant gives the planter the accommodation he requires the crop is marketed through another firm.

28. The loans so taken are, for coffee, mainly for purchase of manure and payment of coolies while other cultivators borrow chiefly for domestic expenses with which current cultivation expenses are inextricably mixed and for the purchase of cattle. The cattle appear to be very badly looked after; rinderpest took 2,259 in 1927-28 while in 1928-29 the administration report shows the following:—

Total cattle,	about 138,000
Total deaths	6,200
Of which deaths from rinderpest, foot-and-mouth disease and anthrax were,	1,526

The co-operative returns do not show in detail for what purposes loans were taken but the statements we have received from Parpathigars (Appendix) show the reasons for borrowing and the extent of such debts in nineteen villages to be as follows:—

	RS.
For payment of prior debts	43,348
Marriage and other expenses	24,805
Payment of land revenue	3,550
Relief of distress	2,975
Agricultural expenses, cattle, seed, manure, implements	28,333

	Rs.
Improvements of land	20,022
Education	4,250
Purchase of land	2,475
	<hr/>
Total ..	1,29,758
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Too much reliance cannot however be placed on the accuracy of such classifications.

29. There is one Co-operative Central Bank which receives deposits and lends out money to the primary societies, both rural and urban, on short terms. It receives very few long-term deposits and hence it cannot lend out money for long terms. It does not lend out money for more than four years. It receives deposits at $6\frac{1}{2}$ per cent per annum and lends at $8\frac{1}{2}$ per cent. A year or so ago it reduced the rate of interest payable on certain deposits to 5 per cent and the lending rate to $7\frac{1}{8}$ per cent. It could not reduce the lending rate proportionately with the rate of deposits as deposits at $6\frac{1}{2}$ per cent preponderated. At the close of the year 1928-29 there were 154 rural credit societies with a membership of 7,907. These societies lent money at rates between $9\frac{2}{8}$, 10 and $12\frac{1}{2}$ per cent. The urban societies numbered 13 and they lent out money at $9\frac{2}{8}$, $7\frac{1}{8}$ and $12\frac{1}{2}$ per cent. The village societies do not generally allow repayment in more than five annual instalments and the town societies and also societies for public servants require repayment in monthly instalments, and societies which deal with the trading classes recover the money in monthly instalments generally not exceeding ten. In the village societies the loans granted do not as a rule exceed Rs. 500, while in a majority of cases they do not extend beyond Rs. 200. The same limits apply to the urban societies also.

30. There are post-office savings banks only in important places.

31. The Government lends out money to ryots under the Land Improvement Loans Act, 1883, and the Agriculturists Loans Act, 1884, to the extent of about Rs. 40,000 a year. Its present rate of interest on loan is $7\frac{1}{2}$ per cent. It lends also to the co-operative societies to the extent of Rs. 2,000 yearly, the interest charged being 4 per cent. The purpose for which loans are granted under the Agriculturists Loans Act are the following:—

- (1) Purchase of seed, cattle, manure or fodder for cattle;
- (2) Repairing or rebuilding dwelling houses, out-houses and cattle-sheds destroyed by fire or flood;
- (3) Relief of distress caused by agricultural losses arising out of special causes;
- (4) Erection of sugarcane mills and similar appliances for dealing with raw agricultural produce;
- (5) Building of houses by cultivators in tracts newly made available for occupation and cultivation;
- (6) Acquisition of land for house-sites and for building houses thereon in villages declared by the Commissioner to be congested;
- (7) Planting of coffee and coconut.

The loan if it is in excess of the value of the land must be supported by valuable collateral security. Some years ago when the coffee crop failed large sums were granted as loans to coffee planters. In 1924 and other years when there was much damage to wet lands owing to heavy rains, loans were granted in deserving cases by Government under the Takkavi Acts.

32. There are no nidhis in Coorg such as those in the Madras Presidency but a few small chit funds have been started. A full discussion of these will be contained in the Report on the Madras Presidency where there are large numbers of them.

CHAPTER IV.

AGRICULTURAL INDEBTEDNESS AND LONG-TERM CREDIT.

33. It is not possible to make any very reliable statement of the extent of debt outstanding in Coorg, but there are certain facts and data from which some conclusions though not a very precise one may be drawn. In the first place, the total mortgages registered have been as follows:—

						RS.
1928	..	..	..	..	..	4,52,000
1927	..	..	..	..	..	5,10,000
1926	..	..	..	..	..	5,05,000
1925	..	..	..	..	..	4,31,000
1924	..	..	..	..	..	3,79,000
1923	..	..	..	..	..	3,90,000

We may take it that at any time there are about three times the average annual amount outstanding.

34. If we take it, as appears to be the case from figures collected for Madras Presidency and from the conclusions arrived at by Sir Frederick Nicholson and by Mr. Darling in the Punjab, that the unsecured debt is roughly equal to the mortgage debt, we arrive at the following figures:—

Three years' mortgage	RS.	14,67,000
Double this to include unsecured debts		29,34,000
		Or roughly Rs. 30 lakhs.

35. This, however, cannot be accepted as a very accurate calculation as almost half of the land is held on a privileged tenure under which it cannot be mortgaged but there is on it a debt outstanding of Rs. 4,41,000 on mortgage to co-operative societies and this is a set-off against the fact that about half the cultivable land is on a tenure which cannot be mortgaged except to co-operative societies. Again, the indebtedness found by an enquiry by ten Parpathigars in nineteen villages showed a total debt in those villages of Rs. 1,64,000. The results of the enquiry are tabulated in the appendix. The population of those villages is 8,722 and on that basis taking the population to be 164,000 for the whole province the debt for the whole province works out at Rs. 30,80,000.

36. Taking the debt ascertained in fourteen villages to be Rs. 1,50,000 with a cultivated area of 5,366 acres out of 88,000 cultivated with paddy and pulses and other grains, that is, excluding estates, we arrive in this way on an area basis at a total debt of Rs. 24,60,000. We get in these ways at a total debt probably something between Rs. 25 and Rs. 30 lakhs excluding accumulated interest and this we take to be the debt at its highest point in the year shortly before the harvests, that is to say, in about November when the Parpathigars' enquiries were made.

37. This statement does not include advances to planters on the produce, principally coffee, for cultivation expenses. These advances are given from July onwards and are repaid from the crops which are delivered to merchants between December and March. It is difficult even to estimate the amount of such advances from merchants and firms and they have themselves given us no figures but it has been estimated at anything from 10 to 20 lakhs.

To go into the cause of the indebtedness of coffee planters we must turn to the history of that industry. Coffee planting started in 1854 and promptly became a flourishing business. It continued to flourish for some years but about 1883 it began to decline owing to outside competition and the low prices that resulted brought about the failure of a number of small Indian-owned estates which depended on loans from sowcars at a high rate of interest. Coffee planting continued to decline for some years and it is only in recent years that it is picking up again. By 1913 it showed signs of regaining some of its previous prosperity but the war closed the European market so that by 1917 things were worse than ever. But loans on easy terms from the Government and a large crop synchronizing with the cessation of hostilities in Europe entirely changed the situation and the present prospect is not entirely unsatisfactory. But all these vicissitudes have left a burden of debt on the less fortunate and there is no doubt that this has contributed materially to the present state of indebtedness in the province.

38. To turn to the general question of indebtedness without special reference to coffee we are informed that for a part of it we must look to the Coorg's reputation for indolence fostered by a family system which gives all a right to maintenance while the cattle mortality in the province has resulted in constant need to buy more animals by borrowing on terms which are never good.

39. The inalienability of land results in loans being taken on less marketable securities at a corresponding high rate of interest and this high rate of interest has again resulted in a swelling of the debt.

40. Influences which have been in operation now for thirty or forty years tend to raise the standard of living and to weaken the strength of the joint family system. The slump in coffee synchronised with the rise in the standard of living as a result of coming more into contact with the outside world and consequently with a period of more lavish spending. The tendency to abandon the family system and for the more independent spirits to live independently on "maintenance divisions" of the family holdings resulted in enlarged expenses, more borrowing and consequently more demand for loans and higher interest.

41. One result of the failure of coffee was to drive the ryots back to paddy which had been neglected and coffee was left to those who had some capital, for it had become plain that an estate could not be founded and brought to bearing after four or five years' expenditure only on borrowed capital but the effect of this indebtedness is that cultivation can be done only on borrowed money and the result is that much of the profit of cultivation goes to the sowcar, the money-lender or merchant who lends the money and takes the crop so that the burden of debt continues and the ryot is unable to finance his cultivation on the best terms possible or to market it under favourable conditions.

42. The sources of loans are principally the merchant money-lenders. The professional money-lender who was only a money-lender has disappeared, and only the merchant who gave advances remains. The permanent debt is in his hands and the rate of interest is the main feature. It may be 12 per cent in the case of good mortgages but 24 per cent is an ordinary rate and it may go much higher to 36 or 38 per cent in the case of pronote debts while apart from the common practice of deducting interest in advance a pronote for double the amount borrowed may be taken if the lender thinks recovery will be difficult.

43. The credit facilities for discharging debt are negligible and recourse is not commonly had to the Insolvency Act, but there are facilities for obtaining loans on more favourable terms which render it possible to convert a debt into a less onerous one. The main provision is the co-operative society which lend to ryots at $12\frac{1}{2}$ per cent ordinarily while the Government lend small amounts as takkavi loans at $7\frac{1}{2}$ per cent and the coast firms will advance on the hypothecation of crops at rates which vary usually from 7 to 10 per cent. There are no land mortgage banks and no loans except the small takkavi loans are available for long periods at reasonable rates. There is in fact a great need for long-term funds to be given on loan to ryots by which a certain number would be enabled over a period of years to liquidate debts which at the rates of interest at which they are now held will never be repaid even in cases where they will not rapidly swell until bankruptcy alone remains.

CHAPTER V.

CREDIT FACILITIES TO FINANCE AGRICULTURE AND THE RYOTS—SHORT TERM.

44. To consider first the case of the ryot growing paddy, ragi and the like, it is necessary to recall that the great bulk of the land is under paddy and that little less than half the cultivated land is held on a privileged tenure which precludes alienation without special sanction in each case and even then only with restrictions. The ryot requires loans for the purchase of agricultural implements, a small item but one which recurs annually. There is then the purchase of cattle, for the cattle of Coorg are poor creatures and have to be replaced frequently. They are neglected and are commonly worked immediately after purchase before they have been got into condition. They are to be regarded therefore as in many cases an annual expense. Probably seed does not have to be purchased but there are labour wages to meet

and other incidents to cultivation. The statement in the appendix shows what amount was borrowed for agricultural expenses in the nineteen villages covered by that statement. Again, under the co-operative societies loans were given in 1928-29 and were not classified but the loans outstanding on 30th June 1929 taken for agricultural purposes amounted to Rs. 4,35,000. This included however loans for short term and for intermediate term purposes.

45. In addition to the stated purpose of the loans it is probable that much was used for living expenses and in view of the heavy outstanding debts which cause a heavy drain on the produce each year, all those ryots who are at all seriously in debt must borrow for their living expenses for it is certain that once they are in the hands of money-lenders they cannot with a small holding make enough by the crop to keep them for the succeeding year. The total amount required to cultivate 88,000 acres almost entirely paddy appears to be in the neighbourhood of Rs. 25 an acre or Rs. 30,80,000 in all, but it is not claimed that it is necessary to borrow anything approaching this amount. Not more than half the amount is apparently borrowed and considering the rate of interest that is just as well.

46. The sources available for short-term loans repayable from the crop, for these expenses are essentially short-term requirements which should be a first charge on the crop, are the money-lender, the co-operative society and the Government. To take the last first, the Takkavi loans are available for loans to purchase seed and manure and to buy cattle and fodder but those loans are generally regarded as intermediate or long-term loans. Mostly they are given for other purposes and only a small amount is borrowed for cultivation purposes to be repaid in full out of the crop. The co-operative society lends readily enough for those purposes but their resources are quite inadequate and we do not find a clear demarcation between short-term loans repayable in full out of the crop and the longer-term loans for purposes of longer utility to be repaid from the profits of cultivation. Such short-term loans comprise all those covered by this chapter and it is perfectly obvious that, unless they are repaid in full from the crop on which the farmer relies to carry on his future cultivation and to feed his family, a further borrowing for the same purposes in the succeeding year will be added to the unpaid balance from the current year and will quickly involve him in a permanent heavy debt from which there will be no escape.

47. The co-operative societies are unable at present to provide a fraction of what is required and if they had available ten times what they can at present supply good use might be found for it all. They lend ordinarily at $12\frac{1}{2}$ per cent to ryots and almost entirely on mortgage, but the jamma lands which can with sanction of the Commissioner be mortgaged to the co-operative society can be mortgaged only if all the members of the family interested in it agree to the alienation. The mortgage is further restricted to cases of loans for purposes for which takkavi loans are permissible though it is possible to evade this by applying for the loan for such an object and utilizing it for another for it does not appear that there is any very effective security or inspection to ensure that loans are devoted in full to the stated purpose.

48. There are at present no godowns or godown societies or provision for granting loans on produce so that crops must be sold at the harvest on the best terms that can be got. Only by such sales can the land revenue be met, while the dues to the co-operative society are collected generally at the same time. There is of course a certain amount of borrowing from sowcars to repay co-operative societies. If these co-operative societies can be developed to the extent required, there is no need to look further for an agency to finance the current requirements of cultivation.

49. The merchants who advance loans to ryots are in a very different position. They take risks and they lend at high rates of interest so that those who repay do so on behalf of themselves and of those who do not. The rates of interest are commonly 24 per cent but anything up to 50 per cent is not unusual. The debt is apt to be enhanced if the lender has not a high opinion of the prospects of repayment, that is, we are informed, in all cases except those of relations and personal friends, by obtaining a bond for twice the amount actually lent and further by charging interest for the whole amount from the date of the bond though the loan can be doled out in dribbles as actually required. The usual condition is for repayment in full at the harvest at a fixed rate commonly providing for 16 or 16½ battis per cart-load though the standard is only 15. The produce in all such cases thus goes to the money-lender to the great disadvantage of the ryot. The rates and terms in this business are in fact exorbitant but the fact remains that although our informants state that there are few bad debts, the money-lenders do not make their fortunes and it is obvious with such rates that there must necessarily be considerable losses in a business of this kind. The ultimate security in such a business must for the most satisfactory results be the land itself, but when clearly the inalienability of the land has resulted in rates of interest far higher than those prevailing in adjacent areas where the land is fully alienable it is beyond question that the security is insufficient for lower rates and many loans must prove irrecoverable. Certainly this form of finance results in the ryot being unable to market his goods on favourable terms.

50. There is another subsidiary credit available. A few of the large families run their own grain banks to lend to all, even the more remote members of the family small quantities of grain for their own consumption, a careful account being kept. Small isolated families however go to the local merchant for such advances.

51. To finance the ryot on the best terms and to enable him to repay as much as possible of his debts, to meet certain demands at the harvest and at the same time to get the best possible price for his crop it seems necessary to institute godowns at a few central places. The details of this proposal will be discussed in another chapter. The ryot who borrows from the village credit society for cultivation expenses will deposit his grain in the godown and take an advance on it from which his village credit society will be repaid by adjustment and with the balance he will pay land revenue and something to the sowcar and in the fulness of time when he sees fit he will sell the crop and repay the loan from the godown society before delivery of the crop.

52. The improvements in the co-operative organization must be brought about by awakening a keener interest in them in the villages and by making provision for fuller business training.

53. Much has been said on the continuance or abolition of the privileges and restrictions on the jamma tenure. The Coorgs wish to retain it and it has undoubtedly resulted in much land remaining in their possession which otherwise they would have lost. On the other hand, it is largely responsible for high rates of interest and for indebtedness on onerous terms. If some arrangements could be devised by which they get the full value of the land as an asset for purposes of credit while restricting alienability much of the difficulty would be avoided. The co-operative organization provides such a possibility. The society may lend on it and the society must be at liberty to sell it in the open market in the last resort. Only by such an arrangement can the full value be realized. Any restriction on realizability in the last resort must diminish its value as an asset and as a property. It was suggested that saleability should be restricted to Coorgs, but this is an undesirable restriction and to give relations a first refusal seems to introduce a complication as it was always possible for them to have put up the funds before the land was put up for sale. It has been urged that it should but the only argument put forward was a sentimental one on behalf of the Coorg families and the other possible argument that it would be more valuable if sold with the retention of the same privilege was not put forward but in any case the difference would probably not be very great.

54. This is the recommendation which we wish to make but we anticipate that it will take some years before the co-operative societies are developed to such an extent that it will be practicable to provide in this manner for all the short-term requirements of the ryots.

55. To turn now to the coffee and similar lands the position is a different one though it is necessary again to make a differentiation between the large and prosperous and the small and struggling. There are the large coffee estates owned and managed by Europeans or Indian planters. These either work entirely on their own capital or obtain advances on the crops from the coast firms. Those planters who work on their own capital obtain funds through the treasury by cashing supply bills which they obtain through the Imperial Bank or by telegraphic currency transfer. The coast firms are the merchants who cure and deal in coffee either by purchasing it or by selling it on commission for the estates. There is much competition among these firms and the planters require cash funds to pay coolies and buy manure and implements and generally to run the estates until the harvest. The planters therefore obtain advances from the firm with which they deal on condition of sending their crop to them to cure and sell and of obtaining the requisites for the estate from or through them. These advances are generally given at 1 or 2 per cent above the prevailing bank rate and the accommodation so obtained is either sent through their agent in Coorg or direct in cash by insured post or by supply bill on the treasury. This system of obtaining cash on hypothecation of crops is the same system as that so frequently condemned when employed between the ryot and the small local money-lender merchant but the effect is quite different. The coast firms are usually responsible

firms and the planters commonly deal habitually with one or another. It is no hardship to borrow money from a firm on condition of buying manure through the same firm when they would have done that in any case. Apart from having their own reputation to keep up the firm knows that if there is any doubtful transaction the business will go to a rival and the planters are usually wide enough awake to be able to look after their own individual interests. There is not the feeling that the planter is at the mercy of the firm that gives him advance as there is when the illiterate ryot becomes indebted to the dallal. There is no attempt to carry on the debt and the crop which is sent to the firm for sale is sold under the specific instruction of the planter who again has enough experience either of his own or of others with whom he is constantly in contact to know whether the output of cured coffee is what it should have been. We have had complaints of the terms imposed by these firms and of the outturn given by them but, although the firms themselves have given us no information whatsoever, other statements do not support these allegations and the general position appears to be that though these firms are on the whole strict enough in their dealings and in the management of their business they give nothing away. The safe development of their own business is naturally their first concern, and we believe that they take too long a view of their own interest to indulge in or countenance petty malpractices.

56. The planters who sell their crops on the coast do not appear to be on the whole well informed of the London market prices, but those who ship their produce to the London market can look after themselves. As we go further down the scale, however, we find the conditions changing. The smaller Indian planters do not deal with the coast firms to so great an extent and they are dependent more on loans to run their estates. They may go to the principal coast firms and the tendency is for those firms through their local agents to deal with more of the smaller planters but a number of the latter deal with local merchants on distinctly less advantageous terms. It must be assumed that their credit is less for they take loans commonly at 24 per cent and there are complaints of interest deducted in advance, doubtful measurement, inadequate output and petty pilfering in transit. This form of finance is in fact ruinous to the prosperity of such estates for they cannot pay the heavy rates of interest involved if they are driven to borrow considerable sums and it is to be remembered that only those who cannot command better credit will deal on such terms. The lender, however, does not appear to thrive particularly, and it is quite evident that the more onerous the terms become the less they are complied with, and the more become the merchants' bad debts.

57. A co-operative society was organized for the Indian planters but it has never operated except to a small extent for lending money and though it has been reorganized to include European planters it is still not a success and none of the European planters appear to have joined. A suggestion that the large estates should combine in a co-operative concern for marketing coffee was adumbrated some time ago but was not taken up. The planting community in fact is chiefly made up of very independent persons who do not easily combine in such enterprises.

58. The requisite in regard to coffee generally appears to be not so much the provision of more credit, for all those whose reputation is good appear to be able to get what they need and they have only to combine among themselves to form a co-operative organization to get more funds, while the smaller planters' credit is poor and some are already mortgaged to firms to whom they were unable to repay the advances taken. No financing institution can give loans at a low rate to estates which cannot or will not repay. They must borrow from financiers who set off a high rate of interest against the difficulties of recovery and reluctance to repay.

59. On the other hand, while these estates are constantly getting cash from the plains, the coolies who come periodically to work in the estates take much of it back with them. The need is rather for a more ready supply of cash. The treasury is at Mercara which is convenient for only one section of the planting area and though this does not constitute much of a hardship to planters it is an expensive business to get money by insured post paying the insurance charge in addition to the cost of registration and postage. The institution of a bank or a branch at Virajpet would be of considerable assistance. It is obviously undesirable that cash should be sent about the country more than is absolutely necessary.

60. The finance of other planting industries is in the same position as coffee, but the cardamom area is much less accessible from Mercara and it is usual for the cardamom planters to obtain funds direct from Mangalore.

CHAPTER VI.

IMPROVEMENTS TO LAND: INTERMEDIATE TERM FINANCE.

61. There are two main items of land improvements. One is breaking and levelling land to be used for paddy cultivation and the other is bringing land under cultivation by clearing it and planting it with coffee and manuring and looking after it for four or five years till it begins to yield. The two cases are different. The cost of bringing land under paddy cultivation is considerable but it begins to yield at once, badly perhaps for the first year or two but nevertheless there is some immediate return, but in the case of estates coffee yields practically nothing for five years nor cardamom for three or four.

62. The credit facilities required for these improvements to paddy land are such that they should be repaid in five or six years; but there are other agricultural needs which may necessitate borrowing amounts which cannot be repaid in the year and these also require loans for four or five years. To buy better cattle and to carry out occasional heavy manuring involve expenditure which the crops will not repay at the next harvest.

63. Coffee requires considerable capital. It is idle to suggest that funds should be available for any one to borrow to grow coffee in an estate. Any one who has no capital must do without a coffee tote, for it is hopeless from the very commencement to try and start one by borrowing for initial expenditure and for current charges for five years while interest piles up and to expect the slightest prospect of repaying

the loan. Something might possibly be done however in intermediate term loans if there is a need to supplement the owned capital for maintaining the garden until it is brought into full bearing.

64. Another possible purpose for such loans is for sinking wells. This has not been done much in Coorg hardly at all in fact for cultivation—but undoubtedly there is much land for which a well would provide the necessary supplementary water-supply after the monsoon has cleared to make quite sure of the first paddy crop and render a second one possible.

65. The existing facilities for these loans as for other purposes are the local money-lenders, the takavi loans and the co-operative societies; but it is to be remembered that this is essentially mortgage finance. Personal credit for five years involves a risk which can only be covered by high rates of interest. A lasting security must be given and that is either immovable property or jewels. Not much lending on jewels is done in Coorg and the only other security is mortgage.

66. The ryot can borrow on mortgage of sagu land for this and he can mortgage his jamna lands to the Government or the co-operative society for the purpose of improvements to his land but he cannot mortgage it to the local sowcars for the purpose and would accordingly have to pay at least 24 per cent for a five-year loan for any heavy improvement though the bulk of the actual financing of such purposes must be done by them and the ryot must either accept this or do without. The co-operative societies and the takavi loans are the only other possibilities and their resources are small. The co-operative banks can supply such loans at $12\frac{1}{2}$ per cent or possibly a little less provided they do also a very considerable business in short-term crop-loans, but even then the funds at present available are not very considerable.

67. It is possible that land mortgage banks could be formed which would provide such finance but a land mortgage bank is more properly a bank to deal in long-term loans running to twenty years financed by equally long-term debentures. There is no particular need for the land mortgage bank to take up this item of credit—their business starts where this intermediate term lending ends for the ordinary co-operative credit societies can undertake most of this business. The co-operative land mortgage banks will be discussed in detail under the chapter on co-operation.

CHAPTER VII.

MARKETING.

68. It is impossible to discuss the trade or marketing of Coorg produce without first discussing the communications. Mercara is itself 3,800 feet above sea level and Somawarpet to the north of it is at the same elevation. Fraserpet, Sidapur and Virajpet are all about 3,000 feet—that is very little above the level of the Mysore plateau but very considerably above that of the Malabar and South Kanara plains. The drop to the west is considerable but eastwards it is much more gradual.

69. The roads are the only lines of communication. There is the through road from Tellicherry to Mysore through Virajpet and Sidapur

with an alternative route part of the way through Gonicoppal joining the other again at Hunsur, and the other from Mysore to Mangalore through Fraserpet and Mercara joining the Tellicherry-Mysore road at Periapatnam in Mysore. These roads are all connected by the roads from Virajpet and Sidapur to Mercara, the latter being the more important. These lines are connected with the other important areas of Coorg by the Mercara-Somawarpet-Kodlipet road running due north and the Ammatti-Polibetta-Gonicoppal road to the south.

70. These roads connect the coffee areas with the markets but there are big blocks in the Cauvery valley and in the south not provided with equally good communications. Rice is however taken from the narrow strips of cultivation in all the valley bottoms throughout the Coorg to the various markets by country cart without difficulty along the minor roads and cart-tracks easily enough in the dry weather.

71. There are a number of weekly shandies to which produce is brought but the principal manner in which rice or paddy is marketed is by taking it to the money-lenders who are mostly merchants. Virajpet is the principal marketing centre and from here much of the paddy goes to Malabar and from further north to South Kanara. From the extreme north however, Sanivarsante and Kodlipet and from the south-east Kiggatnad, the main export is to Mysore State. Much rice is of course consumed in Coorg but there is a considerable export and the value exported in 1928 was according to the administration report Rs. 46,770.

72. The main feature of this marketing is the fact that the paddy goes to the merchant who has given advances on very unfavourable terms to grow it. There are no standard weights and measures and there is no one whose particular business it is to see that the weights and measures used in markets and shops are correct. The items which cause loss to the ryot in this business have been dealt with in discussing terms of credit but they are also an incident to this system of marketing. The debt is in fact a principal factor in compelling the ryot to adopt a system which gives him an inordinately low return for his crop. Whether it is possible with better technical advice on agriculture to grow a bigger or more valuable crop we do not propose to discuss, but it is evident that the marketing system does not give him the best price for what he produces. The paddy goes largely to the merchants who export it. A considerable amount of paddy, however, particularly of small growers, is hand-pounded at home and the rice is taken to the shandy and sold to the local traders, Coorgs, Lingayats, Devangas and Bhatkalis or people of any community there and the latter sell it again retail in the shandies principally to the estate coolies.

73. The marketing of coffee follows more than one system. The biggest of the planters put their coffee direct on to the London market themselves but a great deal of the coffee goes down to Mangalore and Tellicherry where it is sold by a number of large firms on commission after they have cured it. The commission to some planters is $1\frac{1}{2}$ to $1\frac{1}{2}$ per cent but from the evidence of other witnesses $2\frac{1}{2}$ per cent is commonly charged and it is however a questionable point whether the advances given to the planters on condition of bringing the coffee there for sale and of purchasing manure and requisites through the same channel amount to a serious disadvantage and whether more choice in

credit facilities would result in any material improvement for the rates are not unreasonably high.

74. The matter does not stop there. The produce is not entirely sent by planters themselves to the coast firms but a considerable amount goes to them through brokers in Coorg. This system is possibly less advantageous than direct dealing with the coastal commission firms, but in other respects does not appear to affect the transactions. The selling commission is in such transactions $2\frac{1}{2}$ per cent and the planter does not pay anything to the broker in addition to this $2\frac{1}{2}$ per cent paid to the firm for whom the broker is acting.

75. In many cases however the small coffee growers have borrowed from the local sowcars. Marketing in such cases appears to be a much more ruinous matter. The interest rate is high. They do not get the market price but only a definite percentage or amount below that price. There are fines for short delivery and there is triage to come off what is delivered. Altogether the small planter comes ill out of such a business.

76. The cardamoms are marketed rather on the lines of the coffee—it is sold through Indian commission agents who sell to the agents of big firms in Bombay or the coast firms.

77. Oranges however are differently dealt with. These are commonly sold on contract to merchants who put their own servants in to watch the fruit and to pick it and despatch it to Mysore, Mangalore or Tellicherry. The merchants are chiefly Mappillas or Mussalmans who pay an advance on making the contract and more as the sale proceeds until there is a final settlement. If the growers take their produce direct to Mysore they are apt to find themselves opposed by a ring of merchants and brokers and may have to get rid of the fruit at ridiculously low prices before it goes rotten.

78. There is throughout a lack of organized marketing. The well-to-do coffee planter may do well enough but frequently the producer gets a poor return. The merchant money-lender is not generally making a fortune. There are evidently many bad debts and much evasion. Consequently the man who pays pays for himself and for others who have defaulted, and there is not an adequate return for diligence and honesty in such an unorganized state of affairs.

79. We consider that there is considerable scope for godowns at suitable centres. These should be rat-proof but otherwise should be built as cheaply as possible. These godowns should in the first place if possible be built with the societies' own share capital but we consider that the Government should assist them very liberally by loans on the easiest possible terms and if necessary by building the godowns. They should be at the principal market centres to start with and should be run by competent business managers under co-operative societies which will give advances on all produce lodged in them pending its sale. In the initial stages the sale must be by private contract but in the course of time it should be possible to grade and bulk such produce as paddy and to sell it wholesale.

80. The godown co-operative societies will depend for their finance on borrowing from the Central Bank by repledging with it the produce in its godowns backed by its share capital which will chiefly be sunk in

its godowns. On this produce the ryot gets loans with which to meet various charges on the crop and is then at liberty to sell his produce in the godown whenever he sees fit to do so.

81. This will apply to all produce which will keep. It is of no use for oranges and it is necessary, to get the best from this, to organize a co-operative society which will concentrate the fruit, grade and pack it and despatch it to the market. Such a society should be modelled on the system in California though on a smaller and simpler scale and should undertake the collection and dissemination among members of advice and instruction on fruit-growing and supply all the materials required for their cultivation. Nevertheless it would be primarily a marketing organization.

82. The communications require improvement. The principal roads are well enough and motor transport is being developed but this in our view is not enough. The roads are necessarily tortuous and hilly and heavy motor traffic on such roads does constant and serious damage to them. It does not seem probable that with the small resources of Coorg the roads will continue for long in good condition if there is any serious increase in fast heavy motor traffic over them. It seems desirable that Coorg should be connected with the outside world by rail and it might be possible to construct electric tram lines on the principal through roads to take passenger and goods traffic connecting with light railways of the same gauge. This suggestion has been made to us and we consider it worthy of careful examination.

83. The improvement of marketing must however be accompanied by improvement in credit facilities and by more effective means of recovering loans, for it is idle to expect better marketing if the crops are financed at exorbitant rates of interest on terms which bind the produce to a particular marketing system.

CHAPTER VIII.

INTERNAL TRADE.

84. The trade of Coorg is in three parts—the collection and export of produce, the collection and distribution of food-grain grown in the place and the import and distribution of domestic requirements and of the requisites for cultivation.

85. The agricultural produce when marketed in Coorg goes to the Lingayat and Muhammadan merchants who despatch it to the markets in Mysore and the West Coast. Paddy goes in this way to Malabar and South Kanara but from Sanivarsante and Kodlipet in the north and from Gonicoppal and Kiggatrad in the south goes east to Mysore. This trade is financed almost entirely by these merchants themselves. There are no outside financiers. The Bank of Madras gave it up and the Multanis tried for a time and departed none the richer. These same merchants sell rice locally and to the small retail shops and in the shandies which are a regular feature of retail trade in Coorg.

86. The imported goods are also brought in by the same merchants. Virajpet is the principal trade centre and most of the goods required come from Tellicherry, but there is also a considerable trade in retail

articles imported from Mysore. The financing arrangements are primitive. The importing merchant sells some paddy in Tellicherry and that may put his agent there in funds to some extent but he must remit from Virajpet from the sale of goods imported cash to pay for the goods which he must obtain to carry on the trade. These funds were remitted by insured post. With bus services it is now at least sent in part by an agent going down there in person. But the capital involved is the merchant's own funds.

87. This remittance of funds to the coast is a weak point in the organization. The planters get cash chiefly by supply bills or currency orders cashed at the treasury. They require for the estates in the Coorg Planters' Association something approaching Rs. 100 an acre for 15,000 acres and while some of it is got from the treasury a little is remitted direct from the coast. This goes largely to the coolies. The coolies take their savings back with them to South Kanara or Malabar or wherever else they come from, the rest goes to the merchants in payment for goods and the merchants pay it partly to the ryots and partly they send it back to Tellicherry in payment for more goods. There are thus two currents of cash—one up to the planters and the other back in the pockets of the coolies or by messenger or post to Tellicherry. Coolies must be paid in cash and that drain out of Coorg is unavoidable but when cash is sent into Coorg and out again by insured post there is a case for establishing some credit agency. There is in fact a case for a bank to finance the trader by arranging credits. Whether a bank could raise much in the way of deposits locally seems doubtful but there is business for it by loans on produce, by loans to estates for current expenses and for discounting and collecting bills covering the trade between Virajpet and the coast. It is improbable that the trade will support an expensive branch of the Imperial Bank in charge of an agent but a branch on a cheaper basis such as those that have been established by the Bank of Mysore in the coffee districts further north seems an entirely practicable proposition and we consider that such a bank would have a considerable prospect of success.

88. Another reform that is urgently needed if regular trade and marketing are to be on a proper basis is the provision of standard weights and measures and of an inspection staff whose duty it will be to check weights and measures in use in the bazaar and to prosecute or report for prosecution all offenders in this respect. In the course of time the elimination of unnecessary weights is to be aimed at so that there may be only standard weights everywhere not only throughout Coorg but also over the Madras Presidency and Mysore where its produce is marketed.

CHAPTER IX.

INDUSTRIES.

89. There are practically no industries in Coorg. A little carpentry and cane work and a few weavers in the north seem to cover the bulk of the matter and what petty credit is required for such purposes can be supplied by co-operative societies. The position of Coorg is such

that if it is to make goods for the outside market they must be such that the cost of transport is small, almost negligible compared with the cost of the goods and this rules out all bulky products and reduces it to small works of artistic merit. There are no such industries in Coorg and the carved ivory market is already stocked with goods from Vizagapatam and Travancore.

CHAPTER X.

REMITTANCE FACILITIES.

90. Very few instruments are in use in Coorg. Mortgages and promissory notes there are but these are not used as negotiable instruments or for remittances. There are no railways and though there is an out-agency from the Mysore Railway at Mercara and railway receipts are received in Coorg, these railway receipts are not in much use as instruments of credit though in a few cases, e.g., the Weaver Co-operative Society at Sanivarsante, the railway receipt is sent by V.P.P. for goods delivered by rail at the nearest railway station. Bills of exchange and hundis are not used and there are no bankers or banks in the province.

91. Remittance facilities are accordingly very defective, the only ones in use are the supply bills and currency telegraphic transfers through the treasury with the sanction of the Accountant-General in each case and the various forms of remittance through the post office—insured post and ordinary and telegraphic money orders. The only way to get cheques cashed is through some firm. As a favour Messrs. Spencer & Co. and McDowell & Co. will do this in Mercara for their customers but there is no agency which regularly undertakes such business. The Co-operative Central Bank is not in a position to take up this business on a large scale but there does not seem to be any reason why the treasury should not cash cheques on the instruction of the Imperial Bank stating a monthly limit in each case if they are drawn on the Imperial Bank by approved constituents. This, however, could only be in Mercara and would not greatly facilitate business in Sidapur or Virajpet where the only possible facility to be provided is a bank. A well-developed urban co-operative bank might undertake the business but it is likely to be a long time before the knowledge of banking and the funds and the bank itself could sufficiently develop to make it a really useful concern for trade purposes.

CHAPTER XI.

CO-OPERATIVE SOCIETIES.

92. The present position of co-operative societies is as follows :—

Central Bank—					NO.
Members—					
Individuals	..	..	..	..	67 ✓
Societies	..	..	..	..	207
					RS.
Share capital paid up		..	..	..	20,660
Reserve fund	..	..	..	..	2,390

					RS.
Fixed deposits—					
Societies					3,500
Individuals					1,85,000
Government					500
					<hr/> 2,12,050 <hr/>
Loans outstanding against					
Co-operative societies					2,10,400
Individuals					2,000
					<hr/>
					NO.
Agricultural credit societies including grain					
banks—					
Number					214
Members					10,950
					<hr/>
					RS.
Paid-up share capital					1,57,200
Reserve funds					1,68,200
Loans from Central Banks					1,96,000
„ Government					6,100
Deposits by other societies					2,800
„ members					18,000
„ non-members					27,600
					<hr/> 5,75,900 <hr/>
Loans outstanding against					
Individuals					5,57,900
Other societies					3,400
					<hr/> 5,61,300 <hr/>
					NO.
Non-agricultural credit societies—					
Number					13
Members					1,525
					<hr/>
					RS.
Paid-up share capital					62,900
Reserve funds					11,800
Loans by Central Bank					12,600
Deposits by non-members					13,300
„ members					10,000
					<hr/> 1,10,600 <hr/>

Loans outstanding against—						RS.
Individuals	..	..	..	..	..	99,100
Societies	..	..	..	..	..	1,800
						1,00,900
						1,00,900

This shows 227 primary co-operative credit societies lending to their individual members. The bulk are agricultural and of the 214 of these, 60 are called grain banks because they give advances to members only in grain, repayments being made also in grain. Accounts are kept in battis of grain but for statistical purpose this is converted into cash at Rs. 3 per batti. The rate of interest is usually 25 per cent per loan but in certain cases it is lower and ranges from 12 per cent to 25 per cent. The interest is for the period the loan is outstanding, namely, about four to six months. There are, however, a certain number of grain banks which charge interest at these rates per annum. Variations in price have nothing to do with the transactions of these banks and shrinkage of the grain held by the society is provided for. The store-keeper of the paddy receives 5 per cent of the amount in stock at the beginning of the year and this covers his remuneration for his services and also all dryage, shrinkage and wastage. The store-keeper on behalf of the society executes a bond to it with two sureties but is not responsible for granting or recovering loans. He merely receives and disburses paddy on the order of the committee of management.

93. The loans given are for maintenance primarily but they may also be used for other purposes by selling the grain in the local shandy; they are, however, granted only on personal securities with two securities each. These banks do not thrive in large paddy areas but only where holdings are generally small and a ryot who grows enough paddy to keep himself in rice all the year with a surplus for other expenses does not borrow from a grain bank.

94. Similar grain banks are run as family concerns by large families (Ayan houses) for use among themselves and as a form of accumulating savings for family purposes, for example, for rebuilding or retiling houses. Some of these are registered co-operative societies but not all of them are.

95. The co-operative credit societies have thus touched a large number of members, but it is impossible to state precisely what the number is as many of the 7,900 members of the agricultural cash credit societies are also members of the grain banks. The number of members of all co-operative societies is therefore somewhere between 9,400 and 12,400 but only adult males are members of societies and their number must be multiplied by five to arrive at the total number of people who benefit by societies that is about 55,000 out of a total of 164,000, or about one-third. The amount of short-term loans provided by co-operative societies is however a far smaller proportion of the needs of the agricultural population and there is consequently scope for considerable improvement of short-term credits both for agriculture and for petty trade and for the domestic requirements of all classes. It is to be borne in mind that for three months during the monsoon it is difficult to buy domestic requirements and it is customary to store

paddy and firewood for the bulk of the year's requirements if that is possible. This is done usually by borrowing. Consequently there is a considerable drain on all small incomes for interest and co-operative societies lend considerably for this purpose but their resources are not very large. This is of course principally in urban areas and among non-cultivating classes. Cultivators can usually provide their own paddy and firewood.

96. The main difficulties with which credit societies must deal are the results of the land tenures. Half the cultivable land is jamma and similar privileged land which can be mortgaged to co-operative societies for loans for purposes governed by the provisions of the Land Improvements and the Agriculturists Loans Acts. But every single application for such mortgage loans must go to the Commissioner through the Registrar of Co-operative Societies and is only forwarded when the signature or consent of every adult male member of the family has been obtained. This naturally involves great delay in getting such loans, even if it goes through as promptly as possible without obstruction but when members of the family are in distant places or are inclined from peevishness or pique or any other reason to obstruct the mortgage it may be delayed indefinitely. In addition though there is a maintenance division and the branch of the family occupying that division wants to mortgage it the consent of the members of the whole family is required. Again even for sagu land held by Coorgs the consent of all adult male members of the branch of the family which has acquired it is necessary for its mortgage.

97. Further, no land can be sold in execution of a money decree in Coorg. Consequently only mortgage debts can be recovered by the sale of immovable property and it follows that a co-operative society even for short-term loans must lend only on mortgage or the deposit of produce, because if it lends on personal security there is no means of enforcing that security against the borrower's immovable property. The same applies to sureties.

98. The system of lending on produce has not been developed and lending on mortgage involves very considerable delays. No system of cash credit or forecast loans such as might eliminate avoidable delay has been evolved and large loans to members must under existing rules, in order to avoid favouritism and the grant of large loans to influential members, have the Registrar's sanction.

99. As matters stand at present, sanction is obtained and loans are got on mortgage nominally for the purposes specified but we understand that in many cases the funds obtained are spent on other purposes. This is an argument in favour of granting such loans for all proper purposes which are advantageous to a ryot and we consider that this should be done, for it is clearly easier to check the use of loans taken openly than those taken clandestinely for a different purpose, however good in itself, from that sanctioned.

100. It will be seen from this that the system of land tenure is such that loans can be given to Coorgs and others who hold jamma lands and other similar privileged lands to which the same rules apply on the security of land only with considerable risk and it is of proportionately small value as an asset. Even short-term loans for agricultural purposes

must involve considerable risk to the creditor when the immovable property of the borrower—the land cultivated by the loan—cannot even ultimately be proceeded against. It is all very well to grant loans on standing crops and impersonal security—no doubt that is theoretically good enough co-operative business but without the ultimate possibility of proceeding against the land itself the risk is there, and must be taken into account in fixing the term of the loans. The co-operative societies however can and sometimes do grant loans taking the jamma holders' land on lease commonly for seven years or less and getting what it can by subletting it for cultivation. If the debt is given in the form of a lump sum payment of the rent for seven years or is repaid in full with interest in less than seven years the land is relinquished. If the debt is not fully extinguished by what the co-operative society gets from the land a difficulty arises but this is unusual. It is possible to adopt this system occasionally but not on a large scale on account of the difficulty of subletting such land or getting it cultivated in any way.

101. We have heard innumerable accounts of the rapacity of the money-lender, of the high rates and various practices which enhance it. The rates are unduly high and it is difficult to see how agriculture or trade can thrive at such rates. But on the other hand we have the money-lenders' point of view before us also. They charge inordinately high rates but they do not make fortunes. They struggle and undoubtedly make many bad debts. They recover what they can and when they get repayment in full from one it must suffice for others also. In other words there is much evasion and the security is not good.

102. Co-operation can greatly help if it can give loans for useful purposes and recover them. But for short-term loans to be a success they must be readily available and procurable at short notice. They are essentially not mortgage loans but if payment is evaded it must be possible to proceed against the land in the same manner, otherwise it is impossible to finance agriculture by co-operative societies and the ryots must go on borrowing from the money-lender and merchants at the same ruinous rates on the existing onerous conditions.

103. For longer terms the existing societies can do much by lending on mortgages as they now do but it seems desirable to improve on a system which entails much evasion to get a loan even for a moderate amount: to perform a wedding ceremony need not essentially be inordinately expensive though it seems desirable to set a fashion for cheaper weddings than are commonly indulged in at present, and this can only be brought about by widening the scope for which mortgages of jamma lands are available. The alternative again is the money-lender and extortionate rates on inadequate security.

104. The co-operative credit societies in fact do fairly well but they have not been able to overcome the difficulties arising from the cumbersome procedure entailed in conducting such mortgage business.

105. Outside of credit, co-operation has not progressed far. A weaver society failed and two co-operative stores are in existence and are getting on fairly well.

106. Supervision of the societies is by co-operative unions with their staff and also by the small official staff. The unions do not appear to be too active but the result is seen in the overdues which

amount to about 30 per cent, not a very high figure. There are also training classes held for the secretaries and directors of societies, which we understand has beneficial results.

107. There appear to be two main lines along which some attempt should be made to develop, namely, co-operative marketing and land mortgage banking; but we wish to emphasise the need everywhere for fuller teaching in the business side of co-operation and think it might be possible to arrange for junior officers of the department and others charged with the audit and supervision of societies to be sent to one of the Madras schools, possibly Coimbatore, for instruction. It is clearly not practicable to institute a school to conduct permanent technical classes for Coorg itself. We also think that much more frequent general meetings of the society members would be beneficial in inducing a feeling of corporate association among the members and in increasing the members' knowledge of co-operation in general and of their own society in particular. In this way a keener interest may be awakened and members will regard themselves as members of an active association and not merely as members of a money-lending 'stunt'. A closer interest will also be induced both in co-operation and in agriculture if the societies and the co-operative organization are used more freely and more fully as an advertising medium for recommendations of all possible agricultural developments and improvements. Many such recommendations are doubtless received from the Agricultural technical departments in other provinces and these will be taken fuller advantage of if advertised through this popular medium.

108. The possibility of developing the co-operative sale of produce and of granting loans on produce in a godown controlled by a co-operative society is a form of activity which has already been referred to. Something has been started on these lines in Madras and it requires to be explored fully. No doubt the difficulty of procuring the services of men of business capacity and standing to run such societies is serious and it will be no easy matter to develop such activities until they are large enough to pay an adequate wage to a competent manager. The Government should, we consider, lend the services of a suitable man for the purpose for, say, three years until the project is established. There will be the further difficulty of raising adequate share capital, for until the scheme is a success people and societies will not readily invest their funds in it; until they do so it cannot be a success. Rural credit societies can however provide a considerable amount of the capital required in the first place to start such godown societies and a loan from the Government on easy terms might, as we have already observed, supplement the local effort.

109. There is a persistent demand for a land mortgage bank. The point in favour of the bank is that there is a considerable area of paddy lands on which the crop rarely fails. The other requisites of men and money are less clear. It is possible that men of sufficient business acumen may be forthcoming to direct such a bank. Those of us who have long personal experience of Coorg think that this will not present much difficulty. The provision of funds must be by debentures secured as a floating charge on all mortgages held by the bank and whether the public will buy such debentures depends on the reputation of the

directors and on the value of the mortgages as security, that is, the price for and facility with which they can be sold in the event of non-payment of instalments. There is ample scope in the indebtedness of the country for such a bank, but obviously only a portion of this debt—that which can be paid off in a term of years by converting it to a loan at 9 per cent—can be dealt with by such a bank.

110. If the rules remain as they now are, the jamma land mortgageable only with permission for certain purposes, and that and the sagu land of jamma holders mortgageable only with the consent of every adult male in the whole family, however far-flung it may be, then we may rule out the practicability of having a land mortgage bank for jamma holders. It would be confined only to sagu lands and only the non-Coorgs among those who hold such land; that is, it will be confined only to those holding considerably less than one-half of the 164,000 acres of arable land in Coorg. You must also rule out the coffee estates for reasons which will be discussed later.

111. We have already explained the difficulties in connection with the tenure. The way out appears to be to permit mortgage to co-operative societies of all land irrespective of its tenure for all purposes approved of by the Registrar of Co-operative Societies as purposes definitely economically beneficial to the borrower with the general approval of the Commissioner. This would involve not only the land mortgage banks but also the rural credit societies and a natural corollary is that it should be possible to sell lands in execution of money decrees of co-operative societies. The safeguards we propose are not that the Commissioner's sanction should be got in advance in each case for we consider that the procedure involved would seriously hamper business but that there should be no sale in execution of a decree without the sanction of the Commissioner. We further consider that jamma lands should, if sold, in execution of a decree and if the purchaser be a jamma holder retain its jamma tenure. We see no other method by which advantage can be taken of the valuable jamma lands as security for credit, and the necessity for some such course is exemplified by the fact that there are cases in which jamma land is not cultivated on account of the debt of the ryot and of the merchant creditor removing all crop as soon as it is harvested.

112. The other assistance required of the Government for land mortgage banks includes the purchase by the Government of a certain proportion of debentures in the first place. They should, we consider, purchase such debentures equally with the public until they have invested Rs. 50,000 in the venture. By then the confidence of the public should be fairly established.

113. It should be made, possibly by legislation if necessary, to invest trust funds in this and in the co-operative central banks. To obtain full information about all properties on which ryots wish to borrow from the land mortgage bank it is necessary that they have the services of competent investigators who can examine the land, the title and the applicant's right to the land, his qualification to pledge it for loans for the purpose in view. Such a bank could not pay a number of such investigators. One investigator could hardly cover the whole area and it is suggested that at any rate in the early stage

the investigation should be made by the local Parpathigar or other suitable officer and checked by one of the directors. The Government might, we consider, direct that this be done without charging the land mortgage bank in the first place.

114. It is necessary now to discuss the possibility of co-operative organization to help the poorer of the coffee planters. The difficulty here is that if a coffee estate is neglected for a year or two it ceases to be a coffee estate, it goes back to jungle and the years of work developing it and making it a valuable property are completely wasted. Consequently for mortgage purposes it can only be valued at about Rs. 50 an acre, the value of undeveloped coffee land. Further the life of a coffee plantation is limited unless carefully looked after and the older it is the shorter will its future useful life probably be.

115. The coffee-planting industry however offers an admirable field for co-operative marketing. It is a compact area. The coffee goes by one or two routes to a distant market and we recommend that those interested in it should study the results obtained by co-operative marketing of agricultural and horticultural produce in the United States and Canada. Such a society must however be strongly capitalised for it cannot borrow on mortgage but only on its share capital and reputation and produce in its custody, that is to say, in godowns of which the society holds the key. It can lend primarily on produce in its custody and on hypothecation of crops to a moderate degree with its share capital and funds borrowed on that security. Its business would be essentially and entirely short-term loans on the hypothecation of crops until the harvest and on the produce handed over to the society until sale. It should, in addition to granting loans and grading and providing facilities for selling the crop, inspect the estates, procure goods for members on indent and inform them of all developments in the cultivation and marketing of coffee. It might also in time when it has adequate capital and has established sound management set up its own plant for curing and put the members' produce after grading direct on to the market in bulk.

116. There is such a society in existence but it has so far only advanced loans and is trying to recover them; the by-laws have been revised and it is hoped that the members will realize the practicability of the scheme and make it a success. It should be possible for such a society to obtain produce loans from the Imperial or other bank whenever it finds it necessary to put itself in funds.

117. The question of linking the Co-operative Central Bank in Coorg with an Apex Bank in another province or with the Imperial or other commercial bank in order to obtain accommodation when occasion demands on the securities they hold is another which has been placed before us. There are numerous instances of the Apex Bank of one province borrowing from that of another but we know of no case in which one has obtained a cash credit from another and such an arrangement presents obvious difficulties and we do not consider it practicable for the bank at Coorg to rely on one in a distant place—Madras or Bombay at the nearest—for its fluid resources.

118. We recommend that the Co-operative Central Bank in Coorg should open current accounts for its members and also a Savings Bank

account and should hold fluid resources accordingly. It holds its fluid resource in the Post Office Savings Bank at present, but it cannot draw on this in large amounts at short notice and it is consequently not a suitable form in which to keep a fluid resource. Short of keeping much cash idle in its safe, however, there is now no alternative. We recommend therefore that it be permitted to open a personal deposit account with the treasury from which it should be permitted to borrow on depositing Government paper as security. Whenever it is possible to arrange to get money at short notice to meet demands for withdrawal, all other co-operative credit societies should provide for savings deposits.

119. The other directions in which Government help is desirable for co-operative societies is in the continuance of the exemption from income-tax; the permission to remit funds by remittance transfer receipts at par is very necessary in Coorg but the limit of a minimum of Rs. 150 in each remittance should be abolished and it should be open to societies to make bona fide remittances by post office money order at half the ordinary rates.

CHAPTER XII.

ACTS FOR PROTECTION OF AGRICULTURIST.

120. We do not consider that any further restriction to the alienation of land is desirable and we have already fully discussed the existing restrictions.

121. The Usurious Loans Act is used. We have however made certain recommendations which may render it more easy to recover money from borrowers. To prevent advantage being taken of this too fully by the lenders we consider that the Usurious Loans Act should be much more fully and freely used.

122. The Insolvency Act is in use but we have received no representation in regard to it. The record of rights is satisfactory and here again we have received no complaint.

123. The legal obstacles against the realization of just claims by money-lenders are in the land tenure and the problem has been fully dealt with elsewhere.

CHAPTER XIII.

INDIGENOUS BANKS AND BANKERS.

124. There are no indigenous banks or bankers in Coorg.

CHAPTER XIV.

MONEY-LENDERS.

125. The only money-lenders in Coorg are the local merchants, ryots, co-operative societies and the Government. The matters are discussed in other chapters and there is no necessity to repeat them here. There are no professional money-lenders whose primary business is the lending of money.

CHAPTER XV.

BANKING.

126. In the absence of any bank or bankers except the Co-operative Central Bank it is unnecessary to discuss Banking law.

CHAPTER XVI.

INVESTMENT HABIT AND ATTRACTION OF CAPITAL.

127. The institutions in existence in Coorg to encourage the investment habit are—

- (1) Post Office Savings Bank.
- (2) Postal cash certificates.
- (3) The Co-operative Central Bank.
- (4) Co-operative credit societies.

The last two at present only receive fixed deposits and only the educated middle classes resort to those institutions.

128. We have recommended that the co-operative central banks and other societies should open savings bank accounts. They should do all they can to induce members to deposit their surplus cash in those societies. Monthly recurring deposits are also suitable for wage-earners and should be encouraged particularly among urban societies.

There are no facilities for current accounts for members and we recommend that the central bank should open current accounts and encourage the use of cheques and we have recommended that a branch bank should be opened at Virajpet. These will again stimulate the development of a banking habit.

No further steps appear practicable.

CHAPTER XVII.

SUMMARY OF RECOMMENDATIONS.

In the preceding chapters we have made the following recommendations:—

	PARAGRAPHS
1. There is scope for supplementary irrigation by wells for which loans may be granted	64
2. Godowns should be organized at suitable centres	51, 79, 109
3. Godowns should be rat-proof but as cheap as possible	79
4. They should be constructed by their own capital or by a loan from the Government	79
5. Godowns should be run by competent managers under co-operative organization	79, 108

6. Government should lend one officer to run them if necessary	108
7. Godown societies should give advance on produce	79
8. Sale from godowns should at first be by private contract but grading and sale in bulk should be aimed at	79
9. Godowns should be financed by the Central Bank	80
10. The marketing of perishable goods such as oranges should be by co-operative society on the system developed in California	81
11. Communications require improvement ..	82
12. The possibility of constructing electric tram lines for goods and passengers connecting with light railways should be examined ..	82
13. A bank or branch bank should be established at Virajpet	59, 87, 91
14. The use of standard weights and measures should be insisted on ..	88
15. There should be a staff to inspect weights and measures and arrange for prosecutions for offences	88
16. The treasury should cash cheques ..	91
17. Mortgage loans on jamma lands should be granted for all useful purposes ..	99, 111
18. Efforts should be made to reduce expenditure on ceremonies	103
19. A fuller business training should be provided for co-operative workers ..	52, 107
20. Junior officers should be sent to one of the Madras institutes for training ..	107
21. A keener interest in the villages should be awakened in co-operative societies.	52, 107
22. Primary co-operative societies should have general meetings frequently ..	107
23. The co-operative organization should be used as an advertising medium for agricultural improvements	107
24. Efforts should be made to institute a land mortgage bank	109
25. It should not be necessary to get the Commissioner's sanction in advance for mortgage of jamma lands to co-operative societies in each case	111
26. Lands should be saleable in execution of money decrees	111
27. The Commissioner's sanction should be obtained before any land is sold ..	111

28. Co-operative societies must be at liberty to sell all mortgaged lands in the open market	53
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Finally we wish to record our obligation to the members of the public who have taken much trouble to place their information and experience at our disposal. We are indebted for much assistance to the Commissioner of Coorg and his official staff and we must express our appreciation of the services of the Secretary, Rao Bahadur C. J. Paul, and of the clerical staff.

5th April 1930.

H. M. HOOD,
Chairman.

11th April 1930.

K. N. SUBBARAYA.

11th April 1930.

K. APPAYYA.

16th April 1930.

P. J. THOMAS.*

19th April 1930.

B. MUNISWAMI NAYUDU.

APPENDIX.

DIX.

indebtedness of nineteen villages in Coorg.

Debt on promotes from				Purpose of borrowing.									
Co-operative societies.	Money-lenders.	Others.	Total.	Payment of prior debts.	Marriage and other expenses.	Payment of land revenue.	Relief of distress.	Agricultural expenses, cattle, seed manure, implements, etc.	Improvement of land.	Education of children.	Purchase of land.	Building of houses.	
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	
RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	
..	11,624	281	12,276	8,156	200	50	..	280	2,000	..	..	..
..	2,230	..	6,715	550	3,045	..	..	845	..	..	2,275	..
..	410	..	2,435	1,025	400	..	..	810	..	..	200	..
..	4,500	..	11,579	950	..	..	..	4,252	1,876	..	..	..
..	5,000	..	33,570	10,000	7,000	1,000	1,000	8,000	3,500	3,000	..	..
..	1,000	..	13,650	2,000	2,500	1,300	200	4,000	3,000	650	..	..
..	10,492	..	22,621	11,572	2,410	..	1,125	3,763	3,751	..	..	..
..	1,500	..	5,467	1,000	1,050	..	..	1,802	1,615	..	..	..
..	4,800	..	12,359	..	..	..	..	348	82	..	..	..
..	990	..	8,623	4,095	2,000	..	450	380	1,698	..	..	..
..	2,000	1,000	14,453	3,000	4,200	1,200	200	3,353	2,000	500	..	..
..	5,000	1,500	20,247	1,000	2,000	..	..	500	500	100	..	..
..	49,546	2,781	1,63,895	43,348	24,805	3,550	2,975	28,333	20,022	4,250	2,475	..	

EXPLANATORY NOTE BY MR. P. J. THOMAS.

Short-term credit is the prime requisite for the coffee planter, and this, in the circumstances of Coorg, must be raised on the security of crops. At present, the smaller coffee planters either borrow money at high rates of interest from money-lending merchants in Mercara or Siddhapur, or take crop advances from the coast firms on more favourable terms. The latter apparently works out to the greater advantage of the planters, but both have their disadvantages, and those have been detailed in Chapter VII. The only effective remedy is to strengthen the Planters' Co-operative Society at Mercara and bring the produce of the smaller estates gradually under its control. It must have sufficient capital to lend to its members for the annual cultivation expenses and such loans must be given on hypothecation of crops. Ample godown facilities must be provided for storing the produce and curing and grading must be undertaken under the society's care. The produce must then be marketed in bulk either in India or outside.

The Planters' Society now in existence has neither the capital nor the skill to carry on such operations, and unless Government gives it active support, it is not likely to make a start. I would therefore suggest that Government may lend to the society enough money to purchase a curing plant and to construct godowns and that an expert be appointed by Government to help the society in preparing and marketing coffee.

It is not enough to say (see paragraph 115) that the society must be 'strongly capitalized', we must show how it could raise its funds. A certain amount will come from share capital and that may be supplemented by loans from the central bank, to which it is entitled. With proper warehousing facilities, it will not be difficult to create a negotiable paper which will be acceptable to commercial banks. Such paper is like trade bills and could be re-discounted with the central bank and/or commercial banks. But all this will not be ample for meeting the demand of the coffee planters for crop loans. For this, another source must be found. In the United States, the banks affiliated to the Federal Reserve system accept the notes, drafts and bills of exchange issued or drawn for agricultural purposes, and get them discounted with the Federal Reserve Banks. In the circumstances of India, such paper may not be ordinarily discountable, but when it is issued by a member of a co-operative marketing society, to which he is bound to deliver his produce, and when that society and the central bank accept the paper, it ought to become negotiable with a commercial bank. At any rate, when the reserve bank comes to be founded, it (or a branch thereof) will be in position to re-discount such paper, and the commercial banks are then bound to take up the business.

24th April 1930,

P. J. THOMAS.

PART II

QUESTIONNAIRE ISSUED BY THE COORG SUB-COMMITTEE OF THE MADRAS PROVINCIAL BANKING ENQUIRY COMMITTEE.

(The following memorandum is published in order to assist witnesses in the preparation of their evidence. It is not to be regarded as exhaustive, nor is it desired that each witness should necessarily attempt to deal with all the questions raised):—

I.—Agricultural credit and credit facilities for small industries.

1. Describe the present system by which the agriculturist in your district or province obtains finance

(a) for expenses during cultivation,

(b) for capital and permanent improvements, and

(c) for other special needs, e.g., failure of monsoon, for land revenue, etc.

What are the rates of interest charged in your district or province in respect of advances, the period for which loans are taken, the nature of the security given and accepted (e.g., standing crops, etc.), and other conditions attaching to the grant of such loans?

Describe the part played in agricultural finance by Government, the Imperial Bank of India, the Joint Stock Banks, Co-operative Banks, the Indigenous Banks and Bankers, professional money-lenders, merchants and dealers, and other organizations giving credit (e.g., companies trading in fertilizers, etc.).

Can you give an estimate of the total amount of capital required for the various purposes stated above for your district or province?

State defects, if any, in the present system and the reasons for the existence of such defects. Do you suggest any remedies?

Is there co-ordination among the various credit agencies including Government, and is there scope for improvement in that direction?

2. Describe the present method of marketing principal crops in your district or province.

What in your opinion are the possibilities of forming pools and of co-operative effort generally in marketing produce?

Describe the credit facilities required for the financing of products during marketing and the facilities actually existing.

In regard to such facilities is there any special difference as between internal trade and foreign trade?

What is the part played by the different classes of banks and bankers and merchants and dealers during the process of marketing?

What are the existing facilities available to the public, including banks and bankers, for internal remittance?

State any defects in the existing system and any suggestions for improvement?

Describe the part played by negotiable instruments in the internal trade of the province.

Have you any suggestions to make for the more extensive use of bills (e.g., by reduction of duty on bills)?

What are the different classes of hundis current in your part of the country? What are the peculiarities of each? Please give sample wording.

Have you any suggestions for the amendment of the Negotiable Instruments Act by which the public and the bankers handling hundis might be better protected or benefited?

Are hundis emanating from your locality discounted in your local centre or are they sent to a provincial centre and discounted there, or are they held by middlemen, merchants or commission agents?

What different kinds of instruments of ownership of goods and produce (e.g., railway receipts) and documents are employed for raising money during the process of marketing?

Are any difficulties experienced in the use of these instruments and have you any suggestions to make with a view to removing those difficulties?

What in your opinion are the possibilities of operating licensed warehouses in India either on the lines of the system which exists in the United States of America or otherwise?

Do you think there is any need for Government assistance in the matter?

3. In your district what is the value of land per acre for different kinds of crops?

What are the factors affecting such value? In your reply, please distinguish between

(a) value of land in Government auction for non-payment of revenue,

(b) value of land in the event of sale by court decree,

(c) value of land in purchase by private negotiation.

4. Is there any legal impediment to mortgage of land and agricultural holdings in your province? Are there any land mortgage banks or agricultural banks in your province or any other banks for the provision of long-term credit?

State what you know of their method of work and of raising capital.

If no such institution exists in the province, suggest the lines on which such institutions could be established and worked to the advantage of the landholders and tenants of your province.

Do you suggest any measures for

(a) improvement in the record of rights and title of ownership so as to simplify reference, and to avoid possibilities of disputes and counter-claims by parties other than those who are the clients of the Bank,

(b) simplification of the process of foreclosure and sale by the Mortgage Bank in the event of non-payment,

(c) reduction of costs of reference to the record of rights and of registration of records and of the process at law so as to reduce the burden on the good constituents of the Bank in respect of charges incurred on account of defaulters?

Should the working capital of the proposed Mortgage Bank be derived largely from

(a) deposits,

(b) funds from central institutions, or

(c) debenture bonds?

Should debenture bonds carry any Government guarantee either for principal or interest or for both?

If so, what measures would you suggest to secure Government against unnecessary loss?

On what terms should agricultural Mortgage Banks raise monies under each of the abovementioned heads, with or without Government guarantee, and on what terms should they lend out money so as to cover their expenses?

Please state any other suggestions for the adequate provision of long-term credit against sound security.

5. In order to devise measures for the increase of credit facilities to the agricultural classes it is necessary to reach an estimate as accurate as possible of the existing indebtedness of these classes.

Do you know of any such estimate for a village or a district in your province, or for the whole province?

In what manner can such an estimate be obtained with reasonable accuracy?

In such an estimate please distinguish between—

(a) the amount of debt with land as security which is in the form of a registered mortgage,

(b) the amount of debt which is concealed in the form of a judicial sale to circumvent the provisions of Acts such as the Deccan Agriculturists Relief Act,

(c) the amount of debt which is incurred against any other assets, such as the village house, ornaments, ploughs and other

agricultural implements, crops and produce, or debt which is given on the general security of all the assets without a specific pledge.

Please state wherever possible the purposes for which the debt was incurred, such as

- (a) the payment of earlier debts,
- (b) marriage and other social occasions,
- (c) famine and other kinds of distress,
- (d) payment of land revenue,
- (e) growth of the debt by compound interest, interest not having been paid,
- (f) seeds and manure,
- (g) improved agricultural implements,
- (h) sinking of wells and agricultural improvements,
- (i) education of children.

Please indicate also to whom this debt is largely due and whether the creditors are Government, Banks, Co-operative Societies, or indigenous bankers and professional money-lenders.

State what you know of the rates of interest charged, the methods used for calculating it and for enforcing the payment of the debt.

Do you think a large number of people who are efficient farmers, are being turned into tenants for a period, or tenants at will through the process of the enforcement of the old debts and the landed property passing on into the hands of creditors?

If this process is going on, does it take away from the actual cultivator the incentive to produce more and in an efficient and better manner?

6. Give some idea of the number of small subsidiary industries allied or supplemental to agriculture existing in your province, such as rice milling, dairy farming, gur making, garden produce, cotton ginneries, sugar refineries, hand spinning, etc.

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 full 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 such enterprises?

What financial machinery do you suggest for this purpose?

6-A. Give some idea of small industries other than those mentioned above of which you have personal knowledge, e.g., handloom weaving, fishery, metal, etc., industries.

To what extent does your reply to question 6 above apply to these industries?

7. State what you know of the relations that exist between the Co-operative banks and the other banks in the country, namely, the Imperial Bank of India, the Joint Stock banks and the indigenous banks.

Describe any existing difficulties in the matter of finance in the case of co-operative societies both in regard to short and long-term capital.

Can you give an estimate of the amount of extra capital required for financing co-operative movement in your district or province?

Is there any competition in your district or province between the Co-operative banks and Joint Stock banks?

If so, to what extent and in what direction?

Have you any views regarding the possibility and desirability of granting financial concessions in order to stimulate the growth of the co-operative movement (e.g., by extension of special exemption from income-tax to genuine co-operative societies, inclusion of debentures issued by Provincial Co-operative banks in the list of trustee securities, etc).

II.—Indigenous banking.

(*Note.*—By indigenous banking is meant all banks and bankers other than the Imperial Bank of India, the Exchange banks, Joint Stock banks and Co-operative banks. It includes any individual or private firm receiving deposits and dealing in hundis or lending money.)

1. State what you know of the functions of the indigenous bank or banker in your district or province, enumerating all kinds of business the bank or banker transacts?

2. How and to what extent does an indigenous bank or banker in your district or province assist in financing agriculture, trade and industry?

3. State what you know of the organization of the indigenous banking system in your district or province with regard to—

(a) the amount of capital invested,

(b) the volume of their business,

(c) their expenses, and

(d) the relations between one indigenous bank and another and between indigenous banks and other banks in the country, viz., the Imperial Bank of India, the Joint Stock banks and the Co-operative banks.

4. State what you know of the various forms of hundis and other credit instruments used by the indigenous banks and bankers

and the extent of their use. Give sample copies of any of the hundis, promissory notes, deposit receipts, etc., used in your locality.

5. State what you know of the indigenous bankers' methods of granting loans and allowing cash credits and the terms and nature of these loans and cash credits.

What are the means by which the indigenous banks and bankers provide themselves with funds to meet their demands?

What are the rates of interest allowed on various kinds of deposits received by them?

6. What are the rates of interest either in money or in kind which the agricultural community has to pay at present to the indigenous banker?

In what manner do you suggest these rates could be brought down by better organization?

Would the reduction of such rates confer great benefit on the agricultural community and increase its resources thereby leading either to an improvement in the standard of living or enabling them to spend more on agricultural improvements, better agricultural implements, etc.?

7. Is there a prejudice in your locality against the indigenous bankers?

Are these bankers sufficiently protected in law?

Is there any legal or other facility which can be extended to them?

Are the dealings of this class of bankers with their clientele conducted on sound lines?

If not, indicate the existing defects, making suggestions for remedying them.

8. Would you suggest any means of making this class of bankers more serviceable to the community?

Could you suggest any means by which the indigenous banking system in India could be improved and consolidated?

Do you recommend any special facilities to be given to this class for this purpose?

What do you think would be the attitude of the indigenous banking community towards the introduction of any measures for regulating their operations and for giving publicity to the same?

9. After making allowance for the legal expenses, management charges, losses through default and losses through foreclosure, can you give an idea of the net return to the indigenous banks and bankers on their capital?

10. Please state whether the indigenous banks and bankers are able to meet all demands for accommodation or whether they are

obliged to refuse any either on account of the unacceptable nature of the security offered or owing to insufficiency of their working capital?

11. How in your opinion should the indigenous banking system be linked with the central money market and provincial capitals?

Would you suggest the establishment of a branch of a Joint Stock Bank, or a branch of a Central Reserve Bank, or a local bank with local directorate, in each district with which the indigenous banking system may be connected?

In what manner could such a bank inspire the confidence of the indigenous bankers and be able to utilize the local knowledge and experience of the latter?

How is the competition of such a bank with the indigenous bankers to be avoided?

12. Do you think there is a large amount of money in the districts in the hands of indigenous bankers which does not find employment throughout the year?

Do you think that owing to this cause any large amount of money is flowing to the provincial capital either for long or for short periods?

Do you think any kind of improvement in the organization of lending or borrowing can be made by which these funds instead of flowing to the provincial capitals would find remunerative employment in the districts and thereby benefit the districts?

III.—Investment habit and attraction of capital.

1. What are the existing banking resources in the province?

Can you state the amount of additional capital, if any, required?

What are the means or institutions in existence for encouraging savings and investment habit?

Are the public provided with full facilities for the investment of their savings?

Can the existing facilities be improved in any way or extended in the smaller interior places?

Can you give any useful information in regard to the habits of the people of India to invest in silver and gold?

2. Are Postal Cash Certificates popular in your district or province and can any steps be taken to increase their popularity?

Do present interest rates of Cash Certificates require revision and do existing terms of issue in any way need change?

Do Savings Banks afford all possible facilities to the public?

What classes of population resort to such forms of investment?

Can anything be done to attract other classes?

Have you anything to say regarding the alleged competition of Government with banking institutions and bankers in regard to deposits by their attractive rates on Postal Cash Certificates and Treasury Bills?

3. State the existing facilities for purchase and sale of Government securities afforded by Government, the Imperial Bank of India and other banks. Are you in favour of granting any special facilities to the small agriculturists and the small investors of the country to take up some form of Government security? If so, state what special facilities you recommend?

State the existing facilities for purchase and sale of securities other than Government securities, afforded by the various financial agencies.

Can you indicate clearly the habits of various groups of people in your district or province with reference to monies which come into their hands by sale of produce or through any other cause? Where do they keep this money and for what purposes and in what manner, do they use it.

Do the farmers lend to fellow agriculturists and on what terms? How do they invest surplus money in a prosperous year? Give any information you can regarding the amount, growth and distribution of capital among the indigenous population.

4. State what you know about the growth of cheque-habit.

What has been the effect of the abolition of stamp duty on cheques?

What classes of population use cheques? Have you any suggestions to make for further promoting the cheque-habit (*e.g.*, payment of Government servants and Bank employees above Rs. 100 by cheques)?

Have you any suggestions to make regarding the use of vernacular scripts in banking?

5. Do you support the view that the banking and investment habit in India is of very slow growth?

If so, to what causes do you attribute it?

Have you any suggestions to make regarding the various possible means of educating the people of the country to invest their savings in productive undertakings (*e.g.*, propaganda by Government in regard to Government loans for capital expenditure, etc.)?

As far as you know, what has been the result of the opening of new branches in recent years by the Imperial Bank of India?

Questions issued by the Coorg Sub-Committee to be answered by the Parpathigars in surveying indebtedness of a village.

1. Village Name
 Population
2. Cultivation Tenures Area under each
3. Approximate cultivation expenses—
 If available take Settlement Report and give up-to-date figures under each item for paddy.
4. What is the channel of marketing and how is the marketing financed?
5. What are the agencies existing in the village for financing agriculturists?
6. State in respect of each of the above—
 - (a) what securities are offered and accepted;
 - (b) what interest is charged, and penalty, if any; and
 - (c) other terms, if any.
7. Classify the total indebtedness of the village under the different headings specified in the form attached.
8. The savings of the village; how are they invested? Classify them under—
 - i. Ornaments;
 - ii. Co-operative societies;
 - iii. Post Office Savings Banks; and
 - iv. Other investments.

MADRAS PROVINCIAL BANKING ENQUIRY COMMITTEE

THE COORG SUB-COMMITTEE

WRITTEN AND ORAL EVIDENCE

Written evidence of Rao Bahadur K. M. CHENGAPPA, B.A.,
Assistant Commissioner and District Magistrate of Coorg,
Mercara.

I.—Agricultural credit and credit facilities for small industries.

1. Agriculturists of Coorg obtain finance for (a) expenses during cultivation, (b) for capital and permanent improvements, and (c) for other special needs, from (1) Government, (2) co-operative societies, and (3) professional money-lenders. The assistance from Government is in the grant of takavi loans. Loans under the Land Improvement Loans Act are granted for effecting improvements to lands as defined in section 4 of the Act, and loans under the Agriculturists Loans Act are granted for—

- (i) purchase of seed, cattle, manure or fodder for cattle;
- (ii) repairing or rebuilding dwelling houses, out-houses and cattle sheds destroyed by fire or flood;
- (iii) relief of distress caused by agricultural losses arising out of special causes;
- (iv) erection of sugarcane mills and similar appliances for dealing with raw agricultural produce;
- (v) building of houses by cultivators in tracts newly made available for occupation and cultivation;
- (vi) acquisition of land for house-sites and for building houses thereon in villages declared by the Commissioner to be congested; and
- (vii) planting of coffee and coconut.

Till last year the interest on loans was at 6½ per cent per annum, but the rate has since been raised to 7½ per cent per annum. The Commissioner has however got discretion to grant loans at a lower rate of interest than 7½ per cent or without interest in the case of loans for the relief of distress.

The date of the repayment of the first instalment of the loan under the Land Improvement Loans Act is, under the rules, less than 12 months and not more than 30 months from the date of the actual advance of the loan. The granting authority has discretion to fix the period of repayments. But the period so fixed should not exceed—

- (1) for the construction and repairs of wells and tanks—30 years;
- (2) for other purposes—
 - (i) if the loan does not exceed Rs. 500—10 years;
 - (ii) if the loan exceeds Rs. 500 but does not exceed Rs. 1,000—15 years; and
 - (iii) if the amount exceeds Rs. 1,000—20 years.

The date of the repayment of the first instalment of the loan under the Agriculturists Loans Act is not less than 12 months from the date of the payment of the loan. The period of repayment in this case also is left to the discretion of the granting authority. But the period so fixed should not exceed—

- (1) for the purchase of seeds ordinarily—1 year;
- (2) for the purchase of seeds which cannot yield a return in a shorter period—6 years;
- (3) for the relief of distress—3 years; and
- (4) for any other purpose—10 years.

Immovable properties are generally taken as security for loans. In the event of there being no immovable properties to be taken as security, personal security is taken. If the personal security is found insufficient, period—6 years;

The help which is being given by the Government in the matter of takavi loans is considerable. The total amount advanced to cultivators during 1927-28 under both Acts aggregated Rs. 39,820 against Rs. 60,765 in the preceding year. This together with the outstanding balance of Rs. 1,95,073 at the beginning of the year brought the gross total outstanding to Rs. 2,34,893. The sum advanced under the Land Improvement Loans Act was Rs. 19,685 distributed among 156 ryots in sums ranging from Rs. 30 to Rs. 500. The amount of advances under the other Act was Rs. 20,135. The number of ryots who were given loans under this (A.L.) Act was 323 and the sums distributed ranged from Rs. 30 to Rs. 400. As already stated these figures pertain to the year 1927-28. The figures for 1928-29 are not yet available. It cannot be said that all the applicants rejected for want of adequate security, and some for want of funds. But whenever a large number of deserving applicants do not get loans for want of funds, Government generally apply for additional funds with a view to meet the requirements of the deserving applicants. In any case, Rs. 50,000 per annum under both the Acts would be sufficient to meet the demand.

The co-operative societies also assist the agriculturists a great deal. The co-operative movement has done great service in keeping off the professional money-lenders. The movement has steadily expanded and there are (according to the report for the year ending 30th June 1928) 213 societies with 12,000 members. These societies have—

	RS.
Paid-up share capital	2,50,033
Deposits from individuals and societies	63,539
Reserve Fund	1,84,308
Working capital	6,19,549

These figures bear sufficient testimony to the good work which is being done by the co-operative societies. The most important item in the co-operative movement is the establishment of the Central Bank some years ago. At present 194 societies and 59 individuals are members of the Central Bank. The paid-up share capital of the bank is Rs. 17,190 and deposits from members and others amount to Rs. 1,58,661. But the Central Bank appears to be working with some disadvantages. It had to refuse deposits in many cases as it had a large balance on hand. The new deposits received by the bank were only for the period of a year and therefore it is not possible for the bank to finance the member societies with long-term loans. As the Central Bank has, on the whole, short-time deposits, it usually allows 3 or 4 annual instalments, while the societies want longer periods for repayment, as they grant in most cases 5 annual instalments to their members. There is a tendency on the part of the public to prefer short-time deposits apparently due to an absence of sufficient confidence in the stability and management of the bank. The public will have to be educated to choose long-term deposits which will be of immense advantage to the member societies and their individual members. The Central Bank used to pay interest on deposits at 6½ per cent. But now it has reduced the rate of interest to 5 per cent. Yet deposits on 6½ per cent amount to Rs. 84,315 and those on 5 per cent Rs. 78,013. The Central Bank however did not find it difficult to repay deposits when they fell due. The Central Bank deposits its funds not required by member societies or individuals in the Madras Central Urban Bank and in the Bank of Mysore. The deposit made by the bank in the former is Rs. 5,777

and this bears interest at 4 per cent per annum. The amount deposited in the Bank of Mysore is Rs. 10,000. This bears interest at 5 per cent per annum. The working capital of the Central Bank is Rs. 1,81,662 and the net profit for 1927-28 is Rs. 2,578. The profit is doubtless due to the high rate of interest charged by the bank, which is 8½ per cent. It is only natural that the affiliated societies should consider this rate to be too high. But the Central Bank cannot apparently reduce the interest, so long as it has to pay interest at the rate of 6½ per cent on some of its deposits. But there is no doubt that it will be able to reduce the rate of interest, when the deposits carrying 6½ per cent interest are reduced, if not altogether eliminated, and when the public make it a point to make long-term deposits as far as possible.

Most of the societies charge an interest of 12½ per cent for the loans granted to their members; a few societies have reduced the interest to 10 per cent and 9½ per cent. One society has reduced it to 7½ per cent. There is of course a desire all round to reduce the interest; but the societies which want to borrow from the Central Bank cannot afford to effect the reduction in the rate until the Central Bank can reduce its rate of interest on loans. This can be attained only if a large number of moneyed people come forward with long-term deposits at 5 per cent interest, if not less. A lot of propaganda work has to be done in this direction.

The co-operative societies rules of 1914 provide that Government can advance to co-operative societies, the maximum loan payable to any society being Rs. 2,000. According to the report already referred to, the loans from Government amount to Rs. 6,525 in all. These advances are free of interest for three years after the date of registration, and after the expiry of that period will bear interest at 4 per cent per annum.

Loans are generally granted by the societies on the security of immovable properties. Sagu tenure lands are taken as security without any restriction. But it is not so in the case of the privileged tenure lands (i.e., jama, umbli and jaghir lands). But under the Revenue Rule 210, the Commissioner is authorized to sanction the mortgage of the privileged tenure lands as security for loans advanced by co-operative societies for purposes for which advances might have been made under the Land Improvement Loans Act or the Agriculturists Loans Act.

I now come to the professional money-lenders. The professional money-lenders in South Coorg consist of Mappillas and other castes. In North Coorg, this trade is done by all classes of people. It is, however, a welcome sign that the ryots have now begun to fight shy of the usurious money-lenders. The popularity of the takavi loans and the co-operative movement has curbed the activities of the money-lenders. Another factor which has contributed to the steady elimination of the Mappillas is the organization of a number of grain banks in several villages. The movement originated in 1914-15 and took about 5 years to become popular. By 1919-20 the movement took deep root. There are now 58 societies with a total membership of 3,014. The total value of the grain capital at Rs. 3 per batti of paddy is Rs. 33,604. But as already stated, all applicants cannot get takavi loans; and all the needy ryots cannot secure loans from the co-operative societies for some reason or other. Moreover, takavi loans and loans from the co-operative societies on the security of the privileged tenure lands are not granted for the purpose of repaying old debts or for domestic necessities such as marriages, etc. It is therefore natural that such people should find their way to the money-lenders. Such money-lenders are found in almost all the towns of Coorg. These money-lenders charge a high rate of interest. It varies from 6 per cent to 50 per cent. Cases of even higher rate of interest are not rare. Loans are given by these men on pro-notes, money bonds, mortgage bonds and on mortgage of crops. In some cases, lands are taken on lease. It is only in some cases that movables are pawned.

The needy coffee planters obtain financial assistance from the coffee merchants, such as Messrs. (1) Peirce Leslie & Co., (2) Aspinwall & Co., and (3) Volkart Brothers, etc. The agents of these firms advance money to the planters towards working expenditure, etc., on the mortgage of coffee crops. The firms are understood to charge 8 per cent to 12 per cent interest per annum. Some of these firms also give manure (fertilizers, etc.) on credit.

The number and extent of the money transaction in Coorg can be gauged from the following statements of documents registered in 1927 under the Registration Act:—

Instruments of mortgage of immovables.		Instruments of lease.		Money bonds, etc.	
(1)		(2)		(3)	
Number.	Aggregate value.	Number.	Aggregate value.	Number.	Aggregate value.
	RS.		RS.		RS.
2277	6,34,460	78	17,203	74	90,919

It is needless to say that a large number of transactions take place on unregistered bonds.

It may be said that there is co-ordination between Government and the co-operative societies. I do not think that it is necessary to increase the grant under the takavi loans to any appreciable extent. But it should be possible to popularise the co-operative movement, so as to increase the number of societies, the number of members and the working capital. If this be done the necessity to approach the professional money-lenders will be much reduced.

As already stated, Rs. 39,820 was granted to the ryots under the takavi loans during the year 1927-28. The various co-operative societies may be said to have lent out about Rs. 3,24,429. The transactions which took place before the Sub-Registry offices may be estimated at Rs. 7,42,582. The transactions which did not become public may be estimated at about Rs. 3,00,000. Thus, in all, the total transaction may be estimated at Rs. 14,06,831. Probably another Rs. 6,00,000 may be required to meet the demand of the borrowing public for various purposes.

2. *Present method of marketing principal crops.*—The export of paddy is mostly in the hands of Mappillas. They purchase paddy from almost all the villages of South Coorg and export them to the West Coast. Most of the villagers are entirely at the mercy of these Mappillas and will have to be satisfied with the rate of price offered by them. Some paddy is exported to the Mysore Province. Very few of the paddy cultivators take their paddy direct outside Coorg for sale. Some ryots prepare rice out of their paddy and sell the same at their nearest shandies.

Not much difficulty is experienced in finding sales for the paddy grown in Coorg. But I think that ryots will greatly benefit if co-operative societies undertake to sell the paddy and other produce and supply the ryots with their requirements.

Some of the big coffee planters export their coffee direct to Europe. Otherwise, the trade in coffee is entirely in the hands of the several firms already referred to. Petty traders also collect coffee from small holders and sell it at a profit to the coffee agents. I do not think that any further facilities are required for the sale of coffee.

Orange gardens are in most cases bought on contract. The contractors take the oranges to Mysore or Bangalore where they get better prices. Some owners of orange gardens do not give their produce on contract. They export it themselves for sale at Mysore or Bangalore.

Cardamom is collected by petty traders coming from Mangalore and the Manjarabad side of the Mysore Province and taken away by them. It will be better if some co-operative societies are established in the cardamom growing centres, which could advance money on the security of the crop and undertake to sell it.

I have to mention here that there are ample facilities for marketing as the province is studded with roads, village communications and footpaths. There are 254 miles 1 furlong of metalled roads and 58 miles 2 furlongs of unmetalled roads. Besides, the Coorg District Board maintains village communications to a length of 73 miles 1 furlong, of which 7½ furlongs are metalled. Some of the forest roads and paths are also used by ryots for marketing their produce. 93½ miles of roads, 131 miles 5 furlongs of bridle paths and 48 miles 2 furlongs of footpaths are maintained by the Forest Department.

The remittance of money is done mainly through the post offices. The Government have permitted the Central Bank and the co-operative societies to transfer their funds through the sadar and the sub-treasuries.

3. *Value of land.*—The value of land depends upon its position and the quality of the soil. Wet lands in South Coorg are more valuable than those in North Coorg. But even in South Coorg wet lands are valued according to their quality and the competition involved in the purchase.

The land containing loam and which is low-lying with abundant water supply is more valuable than the lands of sandy soil with water supply of varying proportion. In South Coorg wet lands are valued from Rs. 50 to Rs. 500 per acre. In particular tracts, the value goes up to even Rs. 1,000 per acre. In North Coorg the value varies from Rs. 25 to Rs. 300 per acre. It is only in special cases that the value is raised to Rs. 500 per acre.

Dry lands are not very valuable in Coorg except in the Fraserpet and Sanivarsante Hoblis where ragi and other dry crops are extensively cultivated. The land value varies from Rs. 10 to Rs. 100 per acre.

The lands intended for coffee, pepper and cardamom cultivation are valued according to the quality of the soil and their situation. The lands lying within the coffee zone are always valued more than the lands lying outside it. In disposing of waste lands, the upset price is fixed at Rs. 2-3-0 per acre by Government, unless it is considered that a higher price should be fixed in consideration of the fertility and position of the land. Of course, to this is added the price of timber and sandalwood standing on the land. The upset price may be said to vary from Rs. 2-3-0 to Rs. 50 per acre.

I do not think that (a) value of land in Government auction for non-payment of revenue, (b) value of land in the event of sale by court decree and (c) value of land in purchase by private negotiations vary very much. They are always governed, as already said, by the fertility, position and the value of timber and sandal standing on the land and also by competition existing at the time.

4. *Mortgage of land, etc.*—The alienation of the privileged tenure lands (i.e., jama, umbh and jaghir lands) except under the general and special orders of the Chief Commissioner is prohibited under section 45 of the Coorg Land and Revenue Regulation. (By alienation is meant sale, gift, mortgage, lease, etc.) But permission is given by Government, as a matter of course, for the subletting of lands of the privileged tenure, for not more than seven years. The Commissioner is authorized, as already mentioned, to sanction the mortgage of jama, umbli or jaghir lands as security for loans advanced by co-operative credit societies for purposes for which advances might have been made under the Land Improvement Loans and Agriculturists Loans Acts. The Commissioner may also permit the hypothecation for a term not exceeding seven years of crops to be subsequently produced on these lands. (No permission is required for the hypothecation of standing crops.) The persons who offend against these conditions are liable, under section 45 of the Coorg Land and Revenue Regulation, to be summarily evicted from such lands, in which case possession thereof will be taken by Government.

In Coorg there are about 51,371 acres of sagu wet lands, 39,842 acres of jama wet lands, 3,702 acres of jaghir wet lands and about 7,602 acres of umbli wet lands. Thus only about half the area of wet lands is sagu, which is not subject to any restriction in the matter of alienation. But it may be mentioned here that according to the notification No. 18, dated the 5th March 1914, of the Chief Commissioner, issued under the provisions of section 67 (2) of the Code of Civil Procedure, 1908, as subsequently amended, lands, houses, other buildings and any other immovable property are not liable to attachment or sale in execution of decrees of civil courts in Coorg, with the exception of such immovable property as has been mortgaged or otherwise specifically pledged as security for the debt which is the subject-matter of the decree sought to be executed.

These are the legal impediments to mortgage or sale of the lands and agricultural holdings in Coorg. These have their own advantages. But it should be stated that the holders of lands, particularly the privileged tenure lands, find it difficult to raise loans, except from Government as takavi loans, and from the co-operative societies. The privileged tenure

holders and, particularly, the Coorgs are opposed to the adoption of any measures which would work at the alienation of their privileged lands, which they value very highly. I also oppose any such measure as it is likely to make the Coorgs landless, though in the distant future. It is therefore desirable that any land mortgage bank which may be established should deal with only sagu lands unless it is possible to include privileged lands, on the distinct understanding that such lands will not be brought for sale for the recovery of the dues, and that the dues will be recovered by taking possession of the lands for such period as may be necessary. There are no land mortgage or agricultural banks in Coorg.

(a) I do not think that any improvement in the record of rights and title of ownership is needed. However, it will be an advantage if separate registry of lands which have been and will be partitioned is encouraged among the sagu ryots. The registration of lands in the name of one and the same pattadar, although the lands may have been partitioned, causes unnecessary litigation. This however cannot be done in the case of Coorgs, holding privileged lands, among whom partition is not recognized.

(b) The process of foreclosure prescribed in the Transfer of Property Act and in the Civil Procedure Code is indeed very elaborate and takes a long time. It will be better if the law on the subject is so amended as to dispose of the matter summarily. Such power may perhaps be invested in the Commissioner.

(c) If the process of foreclosure and sale of lands for the non-payment of the loan is to be continued to be vested in the civil courts as at present, perhaps, the court-fee may be reduced to a reasonable rate. I think that the working capital of the proposed mortgage bank should be derived largely from (a) deposits, (b) funds from central institutions and (c) debenture bonds. In order to induce the public to come forward with their money, the debenture bonds should carry Government guarantee for both principal and interest. This can be achieved without any loss to Government. The lands which are taken in mortgage should be got valued by a competent authority before they are taken in mortgage, and adequate steps taken to recover the loans which are given out.

The bank may raise money, as suggested above, at 5 per cent interest and lend the same at $7\frac{1}{2}$ per cent per annum as in the case of takavi loans.

5. I have not prepared any such estimate. But I know that a large number of ryots in almost all the villages are indebted to the Government in the shape of takavi loans, to the co-operative societies and to the professional money-lenders. Statistics in the matter of loans due to Government and to the co-operative societies can be collected for any village within a reasonable time. But the loans due to the professional money-lenders cannot be found out with accuracy as the debtors always hesitate to disclose their indebtedness to the public or to the officers of Government.

It may be said that debts are incurred for all the purposes enumerated from clauses (a) to (i) except for (c) which is unknown in Coorg. As already stated the debt is due to the Government, to the co-operative societies and to the professional money-lenders.

I have already mentioned about the rates of interest charged. In some cases, the exact period of the loan is not taken into consideration at all. A certain rate of interest has to be paid, this rate varying from 10 per cent to 50 per cent or more, at the time of the harvest, whatever be the time of the payment of the loan. Interest is recovered by some professional money-lenders in the shape of paddy or ragi. In order to conceal the high rate of interest, double the amount is sometimes shown as principal.

I do not think that efficient farmers are being turned into tenants for a period or so. The privileged tenure lands certainly prevent this catastrophe. It is in very rare cases that farmers become the tenants, after alienating their lands.

6 & 6-A. There are very few subsidiary industries allied or supplementary to agriculture. In North Coorg there are some weavers, but they are not agriculturists. In North Coorg there is a weavers' society. But it cannot be said to be very progressive. At the close of the year 1927-28, the membership stood at 22 and the paid-up capital at Rs. 478. Of

Rs. 1,433 worth of yarn purchased during the year, yarn worth Rs. 1,952 including the previous year's stock was supplied to members who manufactured cloth and sold the same at different markets.

There is a rice mill at Gonicoppal, and another is likely to be opened at Sanivarsante. Except for these there is no industry in Coorg worth the name.

Rice milling can be further improved. Dairy farming, garden produce, hand-spinning, etc., may be taken up with advantage in Coorg.

I do not think that there is any difficulty in getting better return if these are produced.

Growers of paddy have not sufficient work throughout the year. Such people may take up vegetable growing during their spare time. They should also be induced to supplement their income by opening small coffee, orange, pepper and cardamom gardens. Government has been encouraging the cultivation of cardamom and pepper by giving free grants of land up to a maximum of 3 acres to each applicant. Ryots who want to take up such supplemental crops, can get sufficient funds from Government as takavi loans, or from co-operative societies or from the proposed land mortgage bank. If the co-operative societies would interest themselves in this direction the task would be quite easy.

7. There is only one bank in Coorg and that is the Coorg Central Bank. I have already referred to the working of this bank.

II.—Indigenous banking.

There are no indigenous banks in Coorg.

III.—Investment habit and attraction of capital.

1. Now there are the central bank, the co-operative societies and the Post Office Savings Bank for encouraging savings and investment habit.

I may say that, except the educated classes, the ryots as a whole do not like to invest their savings in banks. They always prefer to keep their savings with themselves.

2. The Postal Cash Certificates are not very popular with the rural classes. They can be popularised only by growth of education and propaganda work. The Savings Banks afford all possible facilities to the public. But they often cause unnecessary inconvenience and delay in withdrawing their deposits. The delay is all the longer, when the investor is dead and when his heirs want to withdraw the deposit amount.

3. As already stated, the rural population prefer to keep their savings with themselves. It is only by the gradual growth of education and by bringing home to them the guarantee attached to the Government securities, they could be induced to keep their savings in Government securities. Savings are utilized in a large number of cases for making jewels, purchasing lands, building houses and educating children. The farmers lend money in some cases to their fellow agriculturists. Some recover interest from 10 per cent to 25 per cent. In some cases paddy or ragi is recovered towards the principal and interest. The number of agriculturists in any single village who can be said to have any savings is very small. The majority of them cannot afford to save anything.

4. Use of cheques is not very common in Coorg. It is confined to the planting community and to departments of Public Works, Forests, Municipalities and notified areas.

There are no branches of the Imperial Bank. But some people are said to have deposited their money in this bank.

5. As already stated, I think that the banking and investment habit is of a very slow growth. The cause for this can be said to be illiteracy and ignorance. It is only education and propaganda work that can remedy the defect.

**Written evidence of Mr. A. B. CHENGAPPA, Green Hills,
Virajapet, S. Coorg.**

I.—Agricultural credit and credit facilities for small industries.

Practically there is no facility for an agriculturist of Coorg. The only help is from co-operative societies which is very limited and cannot meet the demands of big landowners and coffee planters. For permanent improvement Government is helping to a small nominal extent in the shape of takavi loans and land improvement loans. There is no means of getting any help or finance from anywhere for land revenue, failure of monsoon, etc. The interest charged is 12½ per cent by co-operative societies, though there are some societies which give loan at 7½ per cent, whereas the interest on takavi loans is over 10 per cent when calculated though nominally it is 6½ per cent. The security accepted both for co-operative societies and Government loans are only land mortgages. There are loans available from traders and merchants on the hypothecation of standing crop with interest ranging from 15 to 24 per cent.

Coorg cannot boast of a bank. There is one co-operative central bank which finances co-operative societies and the interest charged is 8½ per cent but takes from each society 1½ per cent for the so-called supervision on the working capital of each society which means the interest charged on loans is about 15 per cent. It is only societies that do not take loans from central bank that give loans to members at a reduced rate.

Except here and there some takavi loans, no practical help is given by Government to an agriculturist. Being purely an agricultural country all help should have been extended to Coorg. No banking facility, no railway facility, no scientific help or research institution, no mechanical ploughs or any encouraging help from Government. Local merchants are also few and professional money-lenders are hardly any, though there were many before.

People who supply fertilizers are people who have no vested interest in the country and who live out of the Province and they also do not show any special concession as they are purely traders. On the other hand their charges are high, as there is no proper competition owing to want of railway communication. The transit charges are on an average 25 per cent of the cost of manure for a small distance of 60 miles either from Mysore or Tellicherry our nearest railway station, which means less investment on manure.

If coffee industry is taken into account, Coorg wants Rs. 80 lakhs for that alone and another Rs. 100 lakhs for paddy, pepper, cardamom and orange.

The tenure of the country is very unique and that is the reason why bankers or merchants are not prepared to do business in this Province. Government cannot help the agriculturist as the revenue of the Province is only Rs. 12 to 14 lakhs. Only Government State aided bank will improve the situation. This bank can be financed by issuing debentures and issuing shares with Government guarantee, and I am sure not only the shares will be bought but will attract lot of deposit for its working. At present a lot of money is advanced to coffee planters by firms who are outside the Province and the rate of interest charged is when account is fully closed over 15 per cent. The crop is bound over to them and must be handed over to them for sale also which is a source of big loss to many a planter. The object of this advance is purely to get the crop for curing in their own curing firms. The planter cannot sell his crop at all watching the market. Here the money-lender, curer of the coffee, salesmen of the coffee are one and the same and you can expect what advantage a poor planter will get. The interest is always charged till the account is closed and not till the coffee is sold and even if accounts are closed a lot of money is deducted for short delivery of crop, that is for not supplying enough coffee for curing. All these mean additional rate of interest and loss to a planter. The causes of all these are—there is not enough competition among curing firms, loans are not easily got, no banks exist to compete with the curing firms and there are no separate salesmen except the curing firms.

There are some petty systems among traders to lend money for paddy about 5 to 6 months ahead at almost half the rate of what it would be at crop time. This is done in villages and necessity only forces people to take at this rate.

2. There is no facility for an agriculturist to market his produce and get the best outturn. Coorg is not opened out with other parts of India as there is no railway communication. All perishable articles such as orange, plantain, lime, etc., are spoiled before they reach the market. All sales of produce go through a third party, who actually reaps the benefit. There is no local demand for all the produce of the Province which must find a market outside the Province and this market is in the hands of outsiders. Poor agriculturists find greater trouble in selling their paddy, which as a rule is given on credit and payment is received in small instalments and at times part of the payment is not received unless recourse is had in the civil court. To co-operate and sell crop to the best advantage of the grower means a lot of capital which can be found only through the help of Government. Our Province through the Government should establish trade commissions and open offices for the present at Mangalore, Telli-cherry and Mysore and extend the same when other markets are established to push through the sale of our products and to find proper markets.

Banking facility is hardly any. Our trade is out of the Province and it is in the hands of a few who actually commandeer the full trade. Transaction of business by hundi is not known. Cheques to recognized banks are current to some extent. Commission of $\frac{1}{4}$ per cent is charged for cashing cheques, even though the cheque is for the same bank but of different centres. Owing to this many refuse to take cheques of different centres. To popularise cheque business this unnecessary charge and hindrance must be minimised, as $\frac{1}{4}$ per cent will be less than insurance charge and $\frac{1}{4}$ per cent is charged even if the amount is less than one hundred rupees. There are very few cases where money is raised by bill of lading or railway receipt and that too very rare as very few deal with foreign countries direct.

To the betterment of this Province and its people railway communication should at once be introduced, Government should establish trade unions and commissions to receive and market the produce of this country and to remit the sale produce by local treasury in the shape of cash orders, until banking facilities are introduced. Till then there is no chance of an agriculturist getting the full benefit for his produce.

3. The value of land of wet cultivation is on an average Rs. 300 to Rs. 500 per acre. The value greatly depends on how far it is from the market, and on communication and fertility of the soil. This value is realized by private negotiation. When such lands are sold for revenue dues the price fetched is always very low and ranges from Rs. 100 to Rs. 200 per acre unless there are some close by, who really want to buy. No land can be attached for debts due unless the land is mortgaged, and the value fetched is not very high, though at times it goes for more than the market value. The value of uncultivated coffee land is on an average Rs. 25 to Rs. 50 per acre besides the value of timber. The price varies according to the locality and if the land is in a good coffee zone the price may be more. Well cultivated coffee land is worth Rs. 1,000 an acre. The same value is not fetched when the land is sold for court decree or revenue dues, not even half the amount. Ordinary *bane* land is worth only Rs. 5 to Rs. 10 where coffee does not grow, but is only used for grazing cattle and orange cultivation. Though the price is pretty high for land in Coorg, it is very difficult to get a sale when one wants to sell even at great loss. No outside capital comes into the country and very few are keen on settling in Coorg for want of facilities in every line.

4. The land tenure of the country is very peculiar and only *sagu* tenure lands can be mortgaged for loans. Even if this tenure lands are inherited from the ancestors the consent of all male members is required to sell or mortgage the land. Only crop of jamma tenure land can be hypothecated. There is no banking facility in the province. To help the agriculturist the only course left is to establish a State-aided bank and give long-term loans at a reasonable rate of interest. There is no tenancy system in Coorg, but all are landlords. So help is required only to landed

proprietors. The only remedy I can suggest is that there must be Government security and also Government deposit. The long-term loans should be given and recovered as revenue dues. If partition or land division is recognized and individual rights are also recognized, the so-called family unity will disappear and the lands will become the property of a few turning others as tenants.

The capital of the bank must be share capital, debenture and deposit from Government, and all their surplus. If in this bank there are losses from the unique tenure of the land, this loss can be balanced from interest derived from Government deposit. But as the instalment due is collected as revenue due, there will be no reason for such loss and the bank will be a great help for long-term loans. The whole bank must be a Government institute which though unique will only work in Coorg as the tenure is very peculiar. On no account the interest must be more than 9 per cent. If properly managed a good rate of interest can be paid to shareholders and there will be a lot of deposits at 5 to 6 per cent if the Government guarantees.

5. The indebtedness of the Province is due to the loss of cattle. People of this Province are purely agriculturists and their loss from cattle alone is over Rs. 5 to 6 lakhs every year leaving aside the other losses. The indebtedness from marriage and house building was great some time back, but it is now on the decline as the expenses on marriage and other social occasions have been greatly reduced. There is not much indebtedness out of famine and revenue, but many are handicapped by old debts incurred by their fathers, the compound interest on which some are unable to pay. Indebtedness increases by compound interest and by contract not being fulfilled by way of penalty. Improved agricultural implements were not introduced in the country. Unless some means are found out to save an agriculturist from the loss of cattle he will always be poor. Mechanical agricultural implements will only save the situation. To some extent education of children is also one of the causes of indebtedness. All Government loans and co-operative loans are under mortgage of lands. All coffee loans from firms are against standing crops. Loans on pro-notes and bonds are very few, but there are lots of loans against the security of jewels and the money received is only 40 per cent of the value, and as the rate of interest is very high this jewellery is not redeemed at all. This system is very popular among traders and local merchants. Debts are largely due to co-operative societies, Government, coffee-curing firms, to petty traders and merchants.

The actual indebtedness of the country with some accuracy can be calculated from the loans which the curing firms give to planters, the loans of the co-operative society, takavi, and other loans given by Government, the amount of paddy sold and sent out to places outside Coorg by various merchants of Coorg, from January to May, and the amount that has been invested by people from South Kanara in Coorg cardamom plantations. All these go to make up the indebtedness of the country and its people. There are some money-lenders whose accounts are very difficult to get. This can be put as a lakh more. The rate of interest charged by them is from 18 to 24 per cent and it is calculated every three months and added on to the principal.

So far very few farmers have been turned to tenants owing to the peculiar land tenure that is prevailing in the province.

6. There is no industry in the Province. Except agricultural work all other work of the province is done by people who come periodically from outside Coorg. Except by sale of rice, coffee, pepper, orange, etc., no outside capital comes into the country. Lakhs of rupees are taken away by outsiders who come periodically. Coorg cannot boast of a carpenter, blacksmith, sawyer, goldsmith, not even a washerman. People are practically doing nothing in the slack season. There are a few who mill rice and take it to market for sale, and that too very limited, not even $\frac{1}{2}$ per cent. Introducing carpentry, smithy and the allied industry will be of great use to the country. Handloom weaving would be the best industry for agriculturists in the slack season. This would be a good home industry. Ryots as a rule have got only

5 months' work in the year if they do their legitimate work, and the rest of the time is practically wasted. This hand-loom work will be a good work for the women-folk at home. Unfortunately in Coorg only one crop is raised and lots of people have spare time. Coorg is a place of a lot of raw materials. Paper and pencil industry can very well be established which will give work to many. Trade is not very popular among Coorgs, which must be encouraged.

Except co-operative societies, co-operative central bank and the post office savings bank, there is no other bank in Coorg. There may be here and there people who may lend money and these are very few and cannot be counted upon. Co-operative society is very popular for short-term deposits; so also is the Central Bank. This will not be very helpful as we will have to give long-term loans and only long-term loans with easy instalments will be helpful to the people. The most long-term deposit we may get is for about three years.

Coorg requires a lot of funds to advance to the coffee planters and to help them we want over Rs. 10 lakhs; that means we want over Rs. 5 lakhs more to finance the present co-operative societies and the Central Bank. Debentures free of income-tax will certainly help the co-operative movement as this may attract deposits.

III.—Investment habit and attraction of capital.

1. The only facility of depositing one's saving is to deposit either in the Central Bank, the co-operative societies or the post office savings bank. There is no facility for any proper banking in the province except the post office. The savings among the agriculturists are hardly any; any surplus they have they invest in buying paddy for the trade. The savings bank must be made more popular. To encourage investment habit among the agriculturists the savings bank must be started in every post office and post offices must be situated much nearer than where they are now. The interest must be made attractive for ryots to deposit their small savings. Greater facilities to withdraw when required should be arranged. If post offices cannot be established closer in villages, arrangements should be made with co-operative societies to receive small sums as deposits which can be withdrawn when required. With a State-aided bank it will be much easier to encourage investment habit. The fact alone that Government is the security for the money will attract investment.

2. Postal cash certificate has not become very popular. It must be advertised more widely in the district. The principle is not known to many and the advantage also. For people with moderate means this is a very good investment to keep their small savings. Petty clerks and people who get small pay resort to savings banks. Very few agriculturists use this freely. There is no competition in banking as there are no banks.

3. There are no facilities for the sale and purchase of Government securities. As depositing the savings of the agriculturists and small investors is not very popular, it would be better if some facilities were made by Government. I would suggest that Government would take the deposit of any amount of one hundred rupees and over in all the sub-treasuries, thereby encourage the system of deposit. Agriculturists not having special convenience of depositing, always buy some grain to sell when the prices go up or keep their savings at home not having any faith in banks, and banks are not in the province. The faith in banks that are outside the province is very little. The failure of Messrs. Arbuthnot & Co., Madras, has scared away many in Southern India and Coorg also is a victim. Some people use their small savings in building houses and providing jewels for their families. Many or a major portion of the people keep the money they get in their houses for expenses of the year and very few send it to a bank. Anything extra that they do not require during the year, some deposit in the bank. There are some who use it to buy food-grains and to sell the same when prices are favourable.

The usual usage is to lend to fellow agriculturists in kind and the rate of interest is 12 to 20 per cent. There are very few who help with money and if they help it is at 12 to 15 per cent. Surplus money is kept in the shape of gold and jewellery. These are very few.

4. Using cheque is becoming popular. All traders are prepared to accept cheques for payment, and some prefer such payment. After the abolition of stamp duty cheque is freely used to remit money, however small the amount may be. Only traders who get things from outside the province accept cheques against payment as they find it easier to make remittance. These traders do not issue cheques of their own, as they have no deposit in banks. As there is no bank in the province payment by cheque will not help people. The planters are those who use cheque most. Treasury bills are also rare. Traders take cheques against payment at $\frac{1}{2}$ per cent discount and at times 1 per cent according to the urgency of the payment, but they do not issue cheques. I do not think it is wise to introduce vernacular script in banking till the whole of India has one language. Different parts of India have different languages and a cheque must be of one language. A common script must be adopted for which English alone will be popular for some time.

5. Banking and investing habits are certainly slow in India and in Coorg it is worse. This is due to party friction and people are afraid of theft and robbery, and now it is slowly dying out and small savings are being deposited. People were jealous of each other and did not want to show any one's saving. Even now savings are buried underground.

Not having banking facilities near by depositing one's savings has not become popular at all. To encourage deposit a bank should be established in the province with greater facilities. A Government-aided bank will only popularize the movement in our province.

**Written evidence of M.R.Ry. B. K. CHANGAPPA Avargal,
Parpathigar, Sreemangalnad, Coorg.**

1.—Agricultural credit and credit facilities for small industries.

1. Very little of the questionnaire applies to Coorg. Coorg is primarily an agricultural country and the first concern of all should be how best to improve the lot of the agriculturists.

2. The agencies for the amelioration of the condition of the people in Coorg are the central co-operative bank, co-operative credit societies, co-operative grain banks, the money-lenders and the Takavi Acts. The only indigenous bank is the Central Co-operative Bank which lends loans to agriculturists through the co-operative credit societies. There are no bankers if one ignores the money-lenders. They are neither within law nor without law. They have their own say in lending loans. They are unfettered as to the limit of interest. The interest ranges from 25 per cent to cent per cent of the loans, while Takavi Acts charge $7\frac{1}{2}$ per cent and co-operative societies from $7\frac{1}{2}$ per cent to 12 per cent.

3. The above agencies supply all the needs of the people but all people cannot reap the full benefit for want of sufficient funds with them and the joint family system. Before granting a loan, the consent of all the major members of the family is required. In many cases family members withhold their consent to mortgage lands. The result is that the door of takavi and co-operative loans is barred against them. There are many members in co-operative societies who do not at all get loans.

4. The indebtedness of the people amount to about 7 lakhs of rupees— one-half to the co-operative societies and another half to the Takavi Acts. Yearly about Rs. 50,000 are granted under the Takavi Acts and Rs. 70,000 under the Co-operative Act. These amounts are not sufficient. I am of opinion that the loans under these Acts should be raised to Rs. 2 lakhs a year. Coorg is a country of doubtful crop on account of untimely rains. In recent years, the crop on the whole was below the average. Consequently the people have become more needy.

5. I would suggest the following for the amelioration of the miserable condition of the people:—

(a) Co-operative Acts and the Takavi Acts should not feel any dearth of funds to finance the people. Government should finance them to a greater extent.

(b) Interest should be fixed at $7\frac{1}{2}$ per cent on all loans.

(c) Every landholder should get loans. The consent of the family members should not be insisted upon. The lands in the enjoyment of holders should be taken in mortgage. Should they default to repay, their lands should be sold. The family members will not be losers thereby.

(d) The terms for repayment of loans should be fixed at 10 years— 10 yearly equated payments;

(e) The taking of interest of more than 10 per cent per annum by private money-lenders should be penalised.

The whole of the miseries of the people of Coorg is attributable to private money-lenders. The whole population should be weaned away from the clutches of these shylocks. Then and then alone, the country will become happy.

6. In Coorg there is no scope for any industry. There is a cotton weaving industry in Sanivarsante and Fraserpet. Co-operative societies have been formed for their help. But the industry is not thriving as it cannot stand competition with the cheap machine-made fabrics. The people engaged in it are as poor—if not more—as they were when the industry was started. Dairy-farms can be tried in Mannad, Mercaranad and Fraserpet Hololi. They must be opened by Government with private individuals as partners.

Should they prove a success, they should be wholly made over to the people. There is a rice mill at Gonicoppal. It is in its infancy. Hostile hands are at work against it. Mappilla money-lenders and people of their ilk are withholding paddy to feed the mill. Their one object is to crush the concern. However, the concern is showing promise of thriving. This industry can be tried in the neighbourhood of all important centres in the country.

8. It is not possible to say how the off-time of the agriculturists can be profitably employed except that the thrifty can engage themselves in picking coffee in estates. But this is manual work which the generality of the agriculturists dislike. They are yet to know the dignity of labour.

9. Indebtedness to private money-lenders can be estimated at another 7 lakhs. It can incontrovertibly be stated that the whole of Coorg from the cradle upwards is indebted.

I have no more remarks to offer.

P.S.—The only saleable article Coorg has is paddy. Mappillas go to villages and buy it in cart-loads. People are getting good prices. A decade ago, the cost of paddy per cart-load was only Rs. 30. Now it is Rs. 65 to Rs. 80. I do not know what Burma rice is going to do. The chief customer is Malabar. Now Burma rice is pouring in. Selling paddy through a middleman was found to be less profitable. Now people have taken to selling it direct.

**Written evidence of Mr. P. P. MADAYYA, "Shelter Castle",
Ponnampet, S. Coorg.**

I.—Agricultural credit and credit facilities for small industries.

1. As all the agriculturists are not well-to-do, they should of necessity raise funds to meet their expenses during cultivation. To a certain extent they get help from the Government in the shape of "takavi loans", that is, loans actually given to buy cattle, seedling and implements of agriculture. The rate of interest charged is very favourable, 6 or 7 per cent at the most, and easy yearly instalments are given in accordance with the ability of the person to repay. But as all the agriculturists cannot obtain sufficient funds from the Government, they are deriving benefits to a certain extent from the co-operative societies maintained for the same purpose. The rate of interest charged is from 7 to 8 per cent, and as many as, from four to eight instalments are given. But when these credit societies also cannot meet the demands of all the cultivators, they have to seek the aid elsewhere and they have recourse to borrowing from money-lenders and merchants, who charge an exorbitant rate of interest from 20 to even 60 or 70 per cent, taking crop as security, and recover paddy during harvest.

For capital and permanent improvements, of course they get from the Government, what are called "Land improvement loans" and the rate of interest and the instalments are the same as with the "takavi loans." But as all the cultivators cannot obtain sufficient funds from the Government alone, they borrow from money-lenders at an exorbitant rate.

For failure of monsoon, if the crops fail completely, the agriculturists get remission of assessment from the Government which is nothing when compared with the loss sustained, by them. For land revenue and other special needs they must obtain funds from money-lenders, to whom only sagu lands and standing crops can be given as security. Jamma lands can be mortgaged only for Government loans.

The defects of the above systems are that the agriculturists cannot get funds generally during the time of cultivation. Even in the co-operative societies they generally get loans only in the months of April and May; after that they are to seek elsewhere. The reasons adduced are that, during the months of February and March, after the harvest, the instalments are collected, and that it is out of these collections that the loans are granted.

These defects can be remedied by creating separate funds to be lent out without waiting for the collection of the yearly instalments. On account of the defaulters those who are prompt in the payment of their instalments should not be allowed to suffer. Even those who are prompt in repayment have to be at the mercy of the money-lenders, if they cannot get funds in time. As such a complete change must be made in the present system, and some remedial measures must be found out to facilitate the agriculturist in getting finance all through the year whenever he is in need of it.

There is no co-ordination among the various credit agencies. For the Government loans without filing the case in the civil court, the land can be brought to auction at once. The other credit agencies have not that privilege.

2. In the present method of marketing principal crops there is no regular system. The producer is hardly reaping the benefit of the sale. All the profit earned by the agriculturist with the sweat of his brow is taken away by the middleman.

As the producer is hard pressed for money, during the harvest and even before the harvest, the chief or principal crops are bargained by the merchants and dealers. To think of banks to store the produce when the price is low, we have none, nor can we boast of any co-operative concerns to store up the produce and then send to the market. If there were to be any credit facilities, the producers of principal crops, such as coffee, paddy, etc., will never condescend to sell the produce to the merchants and dealers during the time of harvest when the supply is great. On account of large

stocks coming into the market, the prices then will be naturally low, and thus the producers will not get the best price for their crops. If help is given to them,—as they need money for various purposes immediately after harvest, assessment, etc.,—either through co-operative societies or banks by granting loans on the security of crops, they will withhold their crop from selling at the time of harvest and sell them when the market is favourable to them.

At the present time as there are no facilities actually existing, the people are compelled to sell the produce to the local money-lenders, for whatever price, and in whatever measure—as there is no standard measure in Coorg—they like. As the producers have no facilities for transportation, they are compelled to be at the mercy of the local money-lenders and lose the opportunity of sharing the profits owing to the rise in price in a foreign market.

For internal remittance, except the money order system, we have no other facilities. In some other parts of Coorg, we have the misfortune of not having a telegraphic system even.

3. The factors affecting the value of land in Coorg are the nature of the crop grown on it, the soil itself and also the permanent character of the property itself. Coffee is the valuable crop but the property is not substantial. If the estate by abandoning becomes barren, the land loses its value. But the paddy field owing to its permanent nature holds precedence over it. Even if it is left fallow in one year, it can be at least leased out in another year. It fetches its real value always. As such the value of paddy fields will be per acre from Rs. 400 to Rs. 500 and above. The value of coffee estate will be from Rs. 300 to nearly Rs. 400 or so per acre. These are the principal crops. Other crops like orange, pepper and cardamom have some value, but those lands do not cost much. The value might be from Rs. 50 to Rs. 200 per acre.

The prices quoted above are the value of land in purchase by private negotiation. But the value of land in the event of sale by court decree will be less, as the purchaser tries to get the land for as low a price as possible. He is not really interested in the property as in a private negotiation and he is also sure that the property will be sold at any cost. So the value of the land is less.

Again, in Government auction for non-payment of revenue, the value of land will be still less than the above ones, the reason being that the lands are not sold or auctioned in concentrated areas, but by bits in proportion to the amount of assessment to be recovered. It is of no use to a buyer to have one or two acres away from his property. Evidently the value of such land will be much less so much so that we can take only the value of land in purchase by private negotiation as the real value of land in Coorg.

4. In Coorg Jamma lands cannot be mortgaged to the money-lenders but for Government loans and co-operative loans they can be mortgaged. This legal impediment is a blessing in disguise, else many a ryot in Coorg who has the pride or good luck of calling himself landlord and landholder would surely have become landless.

We are devoid of any land mortgage banks or agricultural banks. But it is earnestly desired that some banking institutions should be started or instituted to give out facile credit to the landholders and tenants, and save them from all the hardship and worry which they are experiencing in getting loans from the local money-lenders.

In fact, the producers or the cultivators are not getting the best price for the crops grown by them. They need money for various purposes during certain seasons, if not throughout the whole year, and they are to be at the mercy of the money-lenders. What little help they get from co-operative societies in the months of April and May only is of no avail, as they again have to seek the aid of money-lenders for expenses of cultivation, festivals and specially for Government assessment, which comes off immediately after harvest, and in order to meet their demands they have of necessity to sell away a portion of their crop during such a time. On account of large stocks coming into the market the prices will be generally low and thus the cultivators do not get the best price for their crops. If help is given to them through some banks or co-operative societies by granting loans on the security of crops, they will not sell the produce at the time of the harvest, but withhold and sell the produce when the market is favourable to them.

The total quantity of grain that each cultivator has to sell to meet all his demands must be carefully investigated and loans up to seventy-five per cent of the then market value of the produce may be given to him on the security of the produce stored in the godowns of either the bank or the co-operative societies, for which purpose some buildings may be hired in important centres. A few months after, the price in the market will be naturally high and the crops secured in the godowns may be allowed to be sold by the respective members and the amounts due from them may be collected. By so doing the producers will surely get 10 to 15 per cent more money than what they would have got by selling at the time of the harvest.

Again some people are in the habit of selling away their produce to the money-lenders in times of need to almost half of the estimated price. The interest might go even to 80 per cent, making allowances on the part of the money-lender for his establishment charges, interest on the capital, etc. If some arrangements are done by the bankers, the producers will surely be saved out of the clutches of the local Shylocks. Even if the jewels are pledged the interest, I hear, will not be less than 20 per cent and sometimes there is the danger of losing the pledged jewels.

It is earnestly desired that some banking institutions should be established and worked to the advantage of the landholders and the producers. The Imperial Government should be requested to aid some banking institution with a reasonable amount to start with. This will not only facilitate the establishment of the bank, but also will have a high value in the eyes of the people and thus be an incentive to the progress of the concern.

III.—Investment habit and attraction of capital.

1. Strictly speaking, there are no banking resources in Coorg, as all are agriculturists.

When there is a surplus of income over expenditure, people will naturally try to save. But we must see how much can be saved, and how great is the will to save. Besides, there must be profitable lines of investment.

So far as Coorg is concerned, except savings banks and the central bank, there are no other institutions in existence for encouraging savings and investment habit. The public are not at all provided with full facilities for the investment of their savings. Even the post office savings banks are not of much use to the public in the smaller interior places. If it is in the town, a depositor can withdraw his amount from the savings bank as soon as he gives his pass book. The amount deposited will be of timely help to the depositor, so instead of hoarding, or leaving the capital idle at home, he deposits in the post office savings bank. But it is the other way about in the interior places. When once the depositor deposits the amount in the savings bank, if he wants to withdraw the amount, the pass book must be sent to the sub-office and it will take at least eight or ten days for the payment. The delay in the payment will upset all his business; so he will never attempt to invest in such places.

As the people have no facilities to invest, they are either hoarding without any return, or investing in gold and silver.

2. Postal cash certificates are not very popular here.

As said above, savings banks do not at all afford any facilities to the public, specially in the smaller interior places, on account of the delay caused in the sub-post offices. Only official classes, merchants and those that live in the town generally resort to such forms of investment as it is nearer to them. If some facilities are created regarding withdrawals, etc., many people will resort to it, instead of leaving the capital idle at home.

3. As said above, as there are no profitable lines of investment in Coorg, some people hoard in their houses, some people invest in silver and gold jewels, and some educated people invest in foreign banks, as they do not find any profitable lines of investment in Coorg and also proper security. Some others buy new lands and properties and few invest in business.

The farmers do lend to fellow agriculturists on promissory notes, mortgage of *sagu* lands, or on the security of jewels. The interest charged will be 20 to 36 per cent. Sometimes they lend in kind and receive in kind during the harvest.

Written evidence of Mr. N. C. SUBBAYYA, Parpathigar, Virajpet
Nad, S. Coorg.

I.—Agricultural credit and credit facilities for small industries.

1. Coorg is essentially an agricultural country, and more than 95 per cent of its people are agriculturists. Like all agriculturists they are also indebted. They obtain finance for capital and permanent improvements from Government under the Agriculturists Loans and the Land Improvement Loans Acts, co-operative societies and professional money-lenders. For special needs, such as failure of monsoon and loss due to abnormal rainfall, the ryot borrows money from Government and co-operative societies. For expenses during cultivation and for land revenue, he borrows from co-operative societies, sowcars and other rich fellow ryots. Government grant money from the discretionary fund for calamities suffered by ryots owing to abnormal occurrences.

The interest charged by Government is 6½ per cent, and by co-operative societies from 6½ per cent to 12 per cent. Professional money-lenders charge from 25 to 100 per cent. Fellow ryots are not so very usurious as their charge ranges from 12½ per cent to 25 per cent. The period for which loans are taken for current expenses is from three to six months, for capital and permanent improvements 5 to 10 years and for other special needs one to three years. The security taken by Government and co-operative societies is the landed property. Professional money-lenders and fellow ryots take landed property—if such land is *Sagu* in tenure—standing crops, and jewels as security.

There are no such credit agencies as the Imperial Bank of India, the joint stock banks and the indigenous banks and bankers in this Province. Agricultural finance emanates from Government, co-operative central bank, professional money-lenders, and merchants and dealers. Government have advanced about 3 lakhs of rupees under the Agriculturists Loans and the Land Improvement Loans Acts, and the co-operative central bank about 7 lakhs. It is not possible to accurately estimate the amount borrowed by the ryots from the other two sources. From my local knowledge I should consider that the people are indebted to the extent of Rs. 20 lakhs to professional money-lenders, and Rs. 5 lakhs to merchants and dealers. I estimate the total amount of capital required for the various purposes stated above for this district at Rs. 35 lakhs.

It is a fact that there is no co-ordination among the various credit sources. Government, however, make it a point not to grant loans to those who are already indebted to the co-operative societies. Some of the defects in the present system are that the loans granted by Government and co-operative societies are short-term loans. Banking is unknown to the people. There is no joint enterprise. Banking habit is conspicuous by its absence. I, therefore, suggest the opening of a bank. To this end effective propaganda work to spread the banking knowledge should be carried on. A sense of security should be created. The depositors must be convinced that their deposits and interests are safe. The best method of securing success for a banking institution is to see that the capital of the bank is held by well-to-do men who can afford to patronise the bank. Even small deposits should be received with the result that bank depositors increase and chances of run or panic on the bank are rendered very remote. Government has to play an important part with its active control. There should be legislation against usurious rates of interest charged by professional money-lenders. I would also suggest the institution of long term loans by legislative enactments.

2. The principal crops grown in this Province are:—Paddy, coffee, orange, pepper, cardamom and rubber. Some cereals are grown in North Coorg. The existing facilities for marketing these crops are defective. Some rich people take their produce either to Malabar or Mysore for sale. The coffee trade is practically in the hands of the three firms, viz.:—Messrs. Volkart Brothers, Aspinwall and Pierce Leslie & Co. These firms advance money to most of the planters to work their estates from the months of July onwards until the picking season, after estimating the

probable yield. Even rich planters sell away their crops long before they are picked. Orange and pepper are sold to merchants or middlemen as standing crops. Cardamom is sold after curing. Rubber is shipped to foreign markets in Europe.

It is feasible to organize joint sales on co-operative basis. A co-operative society for groups of villages may be taken as a unit for purposes of joint sales. The society or a bank can advance money to meet pressing calls such as payment of assessment, takavi, kists, or co-operative instalment and hold up the produce for a better market.

Just like coffee trade, the paddy market is also in the hands of a few Mappillas. They regulate the price and dictate terms to the poor ryots who will be in a desperate hurry to find money to meet the above demands in the months of February and March when all the kists fall due. The trade of this province is practically in the hands of outsiders.

There are no hundis or bills of exchange functioning in this province. Cheques issued by Forest, Municipal and P.W. Departments and some promissory notes are the only negotiable instruments obtaining here.

3. Wet lands fit for paddy cultivation are sold at Rs. 400 to Rs. 600 an acre, and coffee estates at Rs. 500 to Rs. 600 an acre. Jungle fit for coffee cultivation is sold at Rs. 40 to Rs. 50 an acre. The main factors affecting such value are nearness to the market, accessibility from without, proper road communication, etc.

Lands sold in Government auction for non-payment of revenue do not fetch a good price. It falls short by about 25 per cent to 50 per cent. Only small plots of land are sold at Government sales, just sufficient to cover the arrears of assessment. Hence there is less temptation for the purchase of isolated bits. In the event of sale by court decree the price would be a little higher as the judgment-debtor invariably negotiates with a well-to-do outsider to purchase the same and also takes care to create competition. Maximum value of land, however, is realized in purchase by private negotiation as the seller dictates the price, and the transaction is unfettered and calculated to the mutual advantage of the parties.

4. The land tenure in Coorg is very peculiar. Jamma, Jagir and Umbli lands are inalienable. Previous permission has to be obtained from Government for the mortgage or crop hypothecation of such lands. There are, however, no legal impediments in respect of *sagu* lands. Government has permitted the co-operative societies to take the abovementioned lands enjoying privileged tenures as security for loans advanced.

Most of the co-operative societies are miniature land mortgage banks, but they advance, as has already been stated, short term loans. They borrow money from the co-operative central bank, receive local deposits and lend on landed securities.

Land mortgage banks have been started in the Madras Presidency and elsewhere as no loan extending more than six years could ordinarily be issued by a co-operative society. A land mortgage bank may be started on co-operative lines and long term loans ranging from 30 to 50 years granted. The land mortgage bank should derive its working capital from share capitals, deposits from the central mortgage banks and principally from debentures. To attract sufficient capital it is necessary to guarantee prompt payment of interest. Debenture bond should carry Government guarantee both for principal and interest. Deposits could be received at 5 per cent and loans granted at 8 per cent to 10 per cent. A land mortgage officer may be appointed to work under the primary land mortgage banks in connexion with the grant of loans, investigation of titles, valuation of lands, etc. He must be furnished with copies of records of rights. To secure Government against unnecessary loss the land mortgage officer should thoroughly satisfy himself in each case that the security is solid and free from encumbrances.

5. It is possible to prepare an accurate estimate of the present indebtedness of the agricultural classes if a special officer is deputed to investigate, with the help of the other departments, chiefly, the Revenue, the Registration and the Judicial. The amount of debt with land as security may

be estimated at Rs. 15 lakhs and other assets such as house, ornaments and produce at Rs. 20 lakhs. Roughly stated, 40 per cent of the whole debt was borrowed for the payment of prior debts, 25 per cent for marriage and other social occasions, 2 per cent for famine and other kinds of distress, 5 per cent for payment of land revenue, 20 per cent for the growth of debt by compound interest, interest not having been paid, 1 per cent for seeds and manure, 2 per cent for sinking wells and agricultural implements and 5 per cent for the education of children.

Payment of the debts are enforced by civil suits and revenue sales.

The jamma tenure with its concomitant impediments has acted as a check against landed property passing into the hands of the creditors. In some sagu cases, however, people are rendered landless through the various stages of their relationship with the creditors. If such a process is at work, it undoubtedly takes away from the actual cultivator the incentive to produce more and in an efficient and better manner.

6. There is no organized subsidiary industry worth mentioning. In isolated places jaggery is manufactured. Vegetables and plantains are grown in a desultory manner. In hill villages honey is collected in their crude ways. Some of the ryots keep themselves employed in taking up petty contracts such as repairs of village communications, and clearance of the road margins. Dairy farming and bee-keeping could be encouraged with advantage wherever conditions are favourable. The ryot may also learn manufacture of agricultural implements.

There is a rice mill recently started at Gonicoppal. There are some good blacksmiths and carpenters in the rural areas. They receive very inadequate encouragement. In places like Sanivarsante and Somawarpet, there are some Bilimag, people whose sole occupation is weaving of cloth. There is a weaving school at Sanivarsante.

The finance at the disposal of the co-operative society is inadequate at present. I should think that four times the present capital is required for spreading the movement. In order to stimulate co-operative movement joint purchase of stores and joint sale of produce should be carried on on co-operative lines.

III.—Investment habit and attraction of capital.

1. The existing banking resources are the co-operative central bank and the co-operative societies.

The institutions in existence for encouraging savings and investment habit are the post office savings bank, co-operative central bank, co-operative societies, Postal Cash Certificates and insurance facilities. The public have not got full facilities for the investment of their savings. A bank may, therefore, be opened with branches to provide facilities to those in the interior places. Government could encourage it by placing the surplus amounts of the district board, municipalities and even the treasury balance.

The people of India are too conservative and panicky to repose confidence in banks and other institutions receiving investments. Hence they have invested a lot of their savings in jewellery and loans. They spend an enormous amount on social and religious ceremonies. Their lack of education, want of facilities to invest their savings in the rural areas, and failures of business mostly due to mismanagement which deprive them of their earning, are also causes why they lock up their savings in jewellery.

2. The Post Office Certificate is not popular because many people do not know its existence and the benefits. The curtailment in its interest since 1926 has acted as a check against its popularity. Presumably, however, the authorities perceiving its adverse effect have again restored the former interest since August last. The terms of issue may also be modified in that interest may be calculated until the date when it is cashed before maturity. At present interest is not allowed if it is cashed before the expiry of one year, and after that for any period less than three months.

Savings banks do not attract the average ryot as he is not quite conversant with their advantages. It would greatly facilitate if the post office savings bank withdrawal form is made a negotiable paper.

3. Moneys that come into the hands of the few rich by the sale of produce or through any other cause are invested partly in the bank of Mysore, the National Bank or the Imperial Bank of India, and a portion is utilised towards the purchase of some luxuries such as the latest cars, etc. The middle class invest it in the post office savings bank or the central bank. They also spend some portion for the improvement of their standard of living. Both these classes of people advance loans on sound securities. The conservative among them purchase either some more lands, or hoard it in the shape of jewellery. People of North Coorg who are mostly illiterate bury it or lock it up in jewellery. They never spend towards the improvement of their standard of living and much less on personal luxuries. They do not hesitate to spend large sums for futile litigations.

4. Except for cheques issued by the Public Works and Forest Departments, municipalities and a few rich planters, the use of cheques is very rare. Vernacular scripts might greatly popularise banking.

5. On account of the innate conservativeness and illiteracy of the people of India, capital is always shy, and as such the growth of banking and investment habit is very slow.

P R E S E N T :

Mr. H. M. HOOD, I.C.S. (*Chairman*).

Mr. P. J. THOMAS, M.A., B.LITT., PH.D.

Diwan Bahadur B. MUNISWAMI NAYUDU, B.A., B.L., M.L.C.

Rao Bahadur K. APPAYYA.

Mr. K. N. SUBBARAYA.

Oral evidence.

The Chairman : With reference to your tabulated statement what is the tenure of the lands?

A.—Partly jamma and partly sagu.

Q.—Are these 290 acres sagu?

A.—They are both sagu and jamma.

Q.—You say that the area under coffee and orange has been abandoned. Where is that?

A.—In Chembebaliyur of Virajpet Nad.

Q.—Why has the coffee lands been abandoned?

A.—Because coffee has failed.

Q.—Why?

A.—It is due to the soil having lost its fertility.

Q.—How long have they been growing coffee there?

A.—There was coffee plantation only on a small scale. On account of the unfertility of the soil, coffee cultivation was given up.

Q.—When was coffee first planted there?

A.—About 35 years ago.

Q.—What about the oranges?

A.—They failed on account of the borers and the die-back disease.

Q.—Were the oranges irrigated?

A.—No, sir. They are cultivated on dry lands and never irrigated. Various experiments were tried and the agricultural demonstrator has suggested some remedies but no one has tried the same.

Q.—Are not oranges grown by some of the European planters?

A.—No, sir, not round the Virajpet area.

Q.—They are growing in Senticoppa?

A.—On a small scale. But orange is thriving round about Senticoppa.

Q.—Do you buy fresh ploughs and fresh yokes every year?

A.—Yes. One will be used and the other will be kept as a spare plough. Old plough which is worn out will be used for the first round when the earth is very hard and after two rounds of ploughing a new plough will be used, when water is also let into the field which would of course minimise strain on the plough bulls.

Q.—Do you get a pair of bulls for Rs. 50?

A.—Yes. But they will last for some years if looked after well.

Q.—The only purposes for which the people can mortgage their lands are those sanctioned by the Agriculturists Loans Act. Is that not so?

A.—Yes.

Q.—That is to say, according to you, for agricultural expenses and improvement to lands, the total amount outstanding is Rs. 11,500?

A.—There is also the amount due to the co-operative societies.

Q.—The people have borrowed from the Government and the co-operative societies Rs. 15,500 on the mortgage of lands?

A.—Yes.

Q.—The only purposes for which you can mortgage land are agricultural expenses and improvements to land. The total amount of that is Rs. 11,500. Therefore land has been mortgaged for the payment of prior debts and for marriage ceremonies, the purposes mentioned being different. Am I right?

A.—Yes, sir.

Q.—You say that Rs. 12,000 is mortgage debt not covered by columns 16 and 17 of your statement. Are we to take it that that is the debt on the mortgage of sagu lands?

A.—Yes.

Q.—That is to say, a debt of Rs. 12,000 on 200 acres of land or Rs. 60 on an acre of land?

A.—Yes.

Q.—Have you any idea of what the land is worth?

A.—About Rs. 400 to Rs. 600 an acre.

Q.—Is it growing paddy?

A.—Yes, it is very close to Virajpet and it is very fertile.

Q.—According to your statement it only yields Rs. 7 an acre. You say that the net profit on 3 acres of land is Rs. 21. Is that not so?

A.—Yes. I have taken the average.

Q.—It appears as if your working expenses are rather high. Is that not so?

A.—It is not high. The ryot does not charge for work done by himself but he works and he does not borrow for doing such work. To make an economic investigation I have given all the items and evaluated the whole in terms of money.

Q.—I quite see. But what I suggest is that the profit out of the land is small compared to the considerable amount the land is worth. Where does the ryot get his money from? Have you got any co-operative societies?

A.—We have got six co-operative societies in that village. One is a non-credit co-operative society, two are family societies, and three are grain banks.

Q.—Of the total debt of Rs. 33,500, half has been taken from money-lenders?

A.—Yes.

Q.—Who are these money-lenders?

A.—They are rich ryots in the villages and money-lenders in the town. It is from those sources that the agriculturists borrow money.

Q.—What sort of money-lenders are they?

A.—Coorgs in the village and in the towns Mappillas, Bhatkhalis and other dealers.

Q.—On what terms do they generally lend?

A.—They lend on mortgage of lands and on the security of movables and also on pro-notes.

Q.—What is the rate of interest on debts on pro-note? Do they get the full amount stated in the pro-note?

A.—Yes, they get the full amount. In the villages, some of the rich fellow ryots who lend money do not give the amount mentioned in the pro-note. They add up the interest with the principal. If he is going to lend Rs. 40 and if the rate of interest is 25 per cent, the pro-note will be drawn up for Rs. 40 and plus the interest and the borrower will get only Rs. 40.

Q.—It is not customary to give a pro-note for Rs. 80 if he borrows Rs. 40?

A.—It used to be in vogue. After the co-operative societies came into existence such usurious practices have become very rare.

Q.—Do they lend on the hypothecation of the crop?

A.—They do. In the case of the privileged tenure lands the Government allow the hypothecation of the crops to the extent of seven years to the money-lenders.

Q.—What are the terms of that loan? How much do they get?

A.—For Rs. 500 they give about 100 batties for seven years or so.

Q.—How much is a cartload of paddy worth?

A.—On an average Rs. 50.

Q.—If a man is going to borrow on condition of his handing over a cartload of paddy how much will he get?

A.—About Rs. 40.

Q.—Do you know anything about coffee?

A.—Yes. I know about coffee though in my jurisdiction there is not much of coffee.

Q.—Your jurisdiction is?

A.—Virajpet.

Q.—There is not much coffee there?

A.—No.

Q.—There are a number of Mappilla merchants?

A.—Yes, there are.

Q.—Do they buy coffee?

A.—No. They purchase only paddy.

Q.—They do not lend money for coffee?

A.—No.

Q.—What are their rates of interest?

A.—The rates of interest vary from 12 to 25 per cent in the towns. In the villages the rates are very exorbitant, coming to even 40 per cent.

Q.—What sort of security do they take?

A.—If it is a sagu land, it will be mortgaged and if the borrower is able to furnish movable securities such as cattle and jewels, they will be accepted. They lend money on pro-notes also.

Mr. Muniswami Nayudu: Mr. Subbayya, for how many years have you been in the service of this administration?

A.—For the last ten years.

Q.—As Parpathigar.

A.—Except for two years during which period I was Sarishtadar in the District Magistrate Office, I was Parpathigar all the time.

Q.—You have been in touch with the villages as a Revenue Officer?

A.—Yes, I have been in close touch with the villages.

Q.—Are you speaking more with reference to the South Coorg or with reference to North Coorg?

A.—I have worked in both taluks, North Coorg as well as South Coorg, and I have a fair knowledge of the province.

Q.—Are the conditions the same with regard to the persons financing, their rates of interest and other things both in North Coorg and in South Coorg?

A.—They are quite different.

Q.—Will you kindly tell us in what respects there are differences?

A.—In North Coorg the lands are mostly held on sagu tenure and as such they can be mortgaged for debts borrowed from money-lenders without let or hindrance, whereas in South Coorg it is not possible to mortgage the lands held under privileged tenure to the money-lenders.

Q.—What about the indebtedness of the ryots?

A.—The ryot in South Coorg is indebted to a greater extent than the ryot in North Coorg. The ryot in North Coorg is frugal in his living and I should say he is hardworking also, whereas the ryot in South Coorg has got a higher standard of living.

Q.—Can you tell us why there is this difference?

A.—The ryot in South Coorg is more advanced educationally and has a better outlook of life.

Q.—With regard to the coffee plantation is it more in South Coorg than in North Coorg? I am referring to it from the point of view of the ryots and not of the big planters.

A.—I think that the coffee plantation has now shifted more to North Coorg than to South Coorg. As a matter of fact, in South Coorg round about Virajpet and part of Ammatti, coffee has failed. It is only in Siddhappur and Pollibetti side we have coffee. There are some estates, far south in Hudikeri.

Q.—With regard to the co-operative societies, are they equally distributed in North Coorg and South Coorg?

A.—I think there are a greater number of societies in South Coorg than in North Coorg.

Q.—You said that in North Coorg the ryots were more thrifty, frugal, hardworking and more careful. Is there money more available in North Coorg than in South Coorg?

A.—The North Coorg ryot spends much money on futile litigation and if he is wealthy he is conservative and as a consequence he buries money or locks it up in jewels or such other articles.

Mr. Thomas: Does he bury money now?

A.—The illiterate people do bury money.

Q.—In what form?

A.—In rupees. When there was the rupee note, there was a craze for silver rupees.

Mr. Muniswami Nayudu: Is North Coorg well served by Post offices?

A.—The present conditions are in a manner quite satisfactory, that is, the ryots have not got much of correspondence; they do not write many letters nor do they get any papers or such other things.

Q.—From the point of view of the savings banks?

A.—There is not much facility and the ryot is illiterate and he does not appreciate the advantages accruing from depositing his money in the Post Office Savings Bank.

Q.—Has anything been done by the Government or the Revenue Department to popularize the deposit of savings in the Post Office Savings Bank?

A.—The Government advertized widely the necessity to deposit in the shape of purchasing war loans, war bonds and cash certificates.

Q.—Has there been a satisfactory response?

A.—The response is, I am afraid, negligible.

Q.—In North Coorg are there local ryots who have got money-lending transactions with their fellow ryots?

A.—There are local ryots who lend money to their fellow ryots.

Q.—Is that fairly common in every village for one or two big ryots to lend money to their fellow ryots?

A.—It is common in all the villages except those where the people are very poor.

Q.—In North Coorg they rear also bulls and cattle?

A.—Yes. It is mostly in Fraserpet and Sanivarsante.

Q.—Is there a large trade in plough bulls and other cattle in North Coorg?

A.—We have not got a big market in North Coorg as we have got one in Gonicopal in South Coorg. There is a shandy every week at Gonicopal.

Q.—Do you think that so far as North Coorg taluk is concerned sufficient cattle are reared to supply the needs of the people there?

A.—Yes.

Q.—And also for sending to other areas?

A.—No.

Q.—Could North Coorg serve to supply cattle to South Coorg also?

A.—If there are sufficient facilities, I should think that North Coorg can supply cattle to South Coorg also.

Q.—Are there no particular societies dealing with cattle in North Coorg?

A.—I have not come in contact with any such society.

Q.—You told us that there are more lands in North Coorg on sagu tenure. Can you tell us the proportion of sagu lands to jamma lands in North Coorg, roughly?

A.—In Shanivarasante Hobli there are no lands at all held under jamma tenure and in part of Fraserpet also there are no jamma lands. It is only in certain villages in Fraserpet Hobli that contain jamma lands.

Q.—How many nads are there in North Coorg?

A.—There are six nads.

Q.—You told us about two nads. What about the other nads?

A.—There are jamma lands in the other nads and they are Bhagamandala, Mercara, Somavarpet and Santicoppa.

Q.—Will they be fairly evenly distributed or are sagu lands more than the jamma lands in these four other nads?

A.—In Somavarpet and Santicoppa nads there are not many jamma lands. Elsewhere there are more jamma lands than sagu.

Q.—You told us that in North Coorg you have better security to offer for debts that might be granted. Now are the people over-indebted? Have they contracted debts more than they could repay or are they indebted only to a reasonable extent?

A.—They are indebted only to a reasonable extent.

Q.—You told us also that there were some village money-lenders giving money to their fellow ryots. Are there other money-lenders also there?

A.—There are some rich sowcars in Somavarpet and they lend money to the average and poor planters.

Q.—They are lending money to the coffee planters?

A.—Yes, they do lend.

Q.—To what caste do they belong?

A.—They are Bilimugs.

Q.—That is one of the indigenous native tribes?

A.—They come from Mysore and they belong to the weaver class.

Q.—How many sowcars are there in Somavarpet?

A.—There may be about four or five.

Q.—What do you think is the extent of their transactions?

A.—About Rs. 50,000 to Rs. 60,000.

Q.—Are there Mappilla merchants there?

A.—There is none at Somavarpet.

Q.—At Fraserpet?

A.—There is none there also.

Q.—At Santicoppa?

A.—I know that there is one Mappilla merchant who is also lending money to petty coffee planters and is doing business on a fairly extensive scale.

Q.—What is the rate of interest prevailing, say, on the money lent by the village money-lenders to their fellow ryots?

A.—It ranges from 12 to 24 per cent.

Q.—What is the rate of interest charged by the sowcars of Somavarpet?

A.—They are also lending at the same rate of interest.

Q.—What is the rate of interest of the Mappillai money-lenders at Sunti-coppa?

A.—It is about 24 per cent.

Q.—That is the lowest rate?

A.—Yes. They would not give for 12 per cent.

Q.—In North Coorg are the monsoon conditions favourable so that generally they have got the normal produce in paddy?

A.—Except in portions of Shanivarasante Hobli and Fraserpet Hobli the rainfall is quite normal and that is quite sufficient for the cultivation.

Q.—So the annual yield is fairly sufficient?

A.—Yes. We have got irrigation schemes also.

Q.—You said that they are taking to coffee plantations now. Are the ordinary ryots taking to them?

A.—In North Coorg a ryot holding wet lands seldom takes to coffee cultivation. It is only some people in Somavarpet and Bilimugs who have taken to coffee cultivation.

Q.—So, the ordinary ryot owning wet lands has not taken to it?

A.—Generally such ryots do not take to it, but there have been a few cases where the people have taken to it.

Q.—Do you think that there are sufficient facilities to borrow for the ordinary ryot of the North Coorg taluk from the local money-lenders?

A.—I think there is not sufficient money.

Q.—Do you consider 12 to 24 per cent charged by the money-lenders as reasonable or very high?

A.—I consider that it is very high.

Q.—Are there many applications for takavi loans from the North Coorg taluk?

A.—As a rule a greater sum of money is apportioned to the South Coorg taluk than to the North Coorg taluk under the Land Improvement Loans Act and the Agriculturists Loans Act.

Q.—But the Government have not been able to comply with all the demands in North Coorg for takavi loans?

A.—The Government is able to comply with their demand.

Q.—Are there a large number of applications from North Coorg, all of which are not sanctioned because the amount allotted for distribution is less?

A.—It is not less. Applications are complied with.

Q.—Do you think that the present facilities for getting loans from the various local money-lenders is sufficient?

A.—It will be advantageous, I think, and the people will be very happy if they are granted long-term loans.

Q.—And if such loans are granted extending over a long term, do you think that the people would be in a position to repay the loans punctually?

A.—I should think that they will repay the loans punctually as there will be less hardship as such payments will be spread over a very long period, say, 25 years.

Q.—Has there been any tendency in regard to the villages where the co-operative societies have been started for the rates of interest to go down in North Coorg?

A.—I have not much idea about the co-operative societies in North Coorg.

Q.—Is the system of taking pro-notes for double the amount lent in vogue in North Coorg?

A.—I do not think that it is in vogue in North Coorg.

Q.—Are there cases in which moneys are advanced on the understanding that they should be repaid in the shape of paddy at a certain price fixed in advance by the money-lender?

A.—Yes.

Q.—Is that the case with a fairly large number of transactions?

A.—It obtains on a fairly large scale.

Q.—Who is it that deals in such transactions, the local money-lender or the outsider?

A.—The local money-lenders.

Q.—Are there grain banks in North Coorg?

A.—I have not come in contact with any grain bank in North Coorg.

Q.—What is it generally that induces the ryot in North Coorg borrow on condition of repaying in paddy? Is it want of paddy just at the time or during the particular season?

A.—I have said that it exists on an extensive scale only in South Coorg.

Q.—In your written statement you say that the amount of debt on land as security may be estimated at Rs. 16 lakhs and other assets such as houses, etc., may be estimated at Rs. 20 lakhs. Is that with reference to the whole of Coorg?

A.—It is with reference to the whole of Coorg.

Q.—What is the basis on which you made this statement?

A.—I have got the data for that. The Government have advanced to the extent of 3½ lakhs under the takavi rules and the money advanced by the co-operative societies is Rs. 7 lakhs. That makes 10½ lakhs; and about 5 lakhs will be the debts secured by mortgage on sagu lands.

Q.—You put down your estimate of the debt due to the professional money-lenders at Rs. 20 lakhs?

A.—Yes.

Q.—I want to know whether the statement that Rs. 20 lakhs is based on any data or whether it is based merely on what you considered to be a fair estimate?

A.—I have taken one village and worked at it intensively and arrived at the result with that as the basis.

Mr. Thomas: Is the village taken by you a typical village?

A.—Yes.

Q.—Is it not a village where there are so many co-operative societies worked and therefore more favourably situated than the other villages? Would it be representative of the other villages where the conditions have not so far developed?

A.—Except for the fact of the existence of six co-operative societies, other conditions accord with the conditions obtaining in the other villages.

Mr. Muniswami Nayudu: That is all an estimate that you have made?

A.—Yes.

Q.—You said that the ryots in South Coorg are more indebted than the ryots in North Coorg. Have you taken for the purpose an estimate of the typical villages?

A.—I have based the figures on my own knowledge of the villages in North Coorg and South Coorg.

Q.—In your written evidence you say that a bank should be started. Do you think that there is a serious need felt for a bank of the sort you advocate?

A.—I think that there is a great need for a bank.

Q.—May I ask you if there was a branch of the Imperial Bank here some years back?

A.—I have no idea.

Q.—You say also that if a bank is started the Government must play an important part in its active control. Would you kindly develop the idea as regards the nature of the bank, the part that it should play and other things?

A.—I would suggest that a land mortgage bank might be started and that the Government might purchase some debentures. The Government ought to guarantee the payment of the interest as well as the principal to the depositors. If that were so, a large number of wealthy people in the country might deposit their money in the bank and might take shares also.

Q.—Do you think that there is a large amount of money available in the Coorg Province which would come into this bank as deposits at 5 per cent and 6 per cent?

A.—I should think it will easily come. Some of our wealthy people are depositing their money in the Imperial Bank or the National Bank and the Mysore Bank and I do not see any reason why they should not deposit their money in the local bank when they get better interest.

Q.—We have had some evidence with regard to the land mortgage banks. There may be difficulties on account of the jamma tenure which does not afford scope for its being given as good security. Do you agree with that statement?

A.—I agree with that. There are self-acquired lands and they can be taken as an adequate security.

Q.—Would you suggest that land mortgage banks might begin with lending on the security of non-jamma lands?

A.—Yes. I suggest that because jamma lands are inalienable and as it is felt that if they are mortgaged it may ultimately render the poor ryots landless.

Q.—Do you think that there is sufficient non-jamma lands available to stand as security for land mortgage banks?

A.—I think there is. Coffee is largely grown in sagu lands. Very little coffee is grown in jamma lands.

Q.—I find from the administration report for 1927-28 that jamma lands extends to 39,842 acres while extent of the sagu lands is 51,371 acres?

A.—Yes.

Q.—It is about one and one-third times more than the jamma area. You say that the whole of the sagu area will be available for good security?

A.—Yes.

Q.—In the east coast the family owns certain lands. The father can sell. His sons and brothers need not be a party to it. He can as manager for the time being alienate the property for family expenses. Does not the same principle obtain in regard to sagu lands here?

A.—Yes. Sagu lands are sold for debts handed down from ancestors.

Q.—But in this part of the country you take the signature of all the adult members before the debt is borrowed?

A.—Yes.

Q.—So the manager for the time being can give it as security. In the case of family holding jamma lands with regard to sagu lands the signature of or the consent of all the adult members are required?

A.—Not necessary.

Q.—You are referring to long-term loans. What is your idea about it?

A.—I have written in my memorandum that it must be from 30 to 50 years. I consider it too much. It may be from 10 to 30 years.

Q.—Is registration of deeds fairly common with regard to transactions?

A.—It is common.

Q.—Now you gave us the value of wet lands at Rs. 400 to Rs. 600 an acre for paddy and for coffee estates at Rs. 500 to Rs. 600 an acre in paragraph 3 of your evidence?

A.—It is so.

Q.—Is that valuation for both jamma as well as sagu lands?

A.—It is for both.

Q.—But I think jamma lands are not available for sale?

A.—It is not available for sale but in families the junior members can lease it to other members.

Q.—The family can sell with the consent of members under the same pattam to one other member of their own family?

A.—Yes.

Q.—Their valuation for wet lands is Rs. 300 to Rs. 400?

A.—Yes.

Q.—In such cases supposing they are leased out for consideration received does that become self-acquired property? Does that still belong to the family?

A.—It is not the self-acquired property of one.

Q.—With regard to marketing facilities you say in paragraph 2 of your evidence that the existing facilities for marketing crops are defective. What is that you have got in your mind? Is there defect for marketing produce to the nearest market?

A.—What I mean is that the produce does not fetch a better price at a particular time between February and March when the ryots have got

to pay assessment and takavi kists. If they offer the produce for sale it will fetch a low price. I suggest that group of villages may be taken as a unit and a society formed for the purpose of joint sales or purchase. The society can advance money to meet the pressing demand and hold-up the produce for a better market.

Q.—Are the ryots not able to realize the full value because they have to sell in February and March to meet their dues?

A.—Yes.

Q.—You advocate the co-operative societies purchasing a sale society to advance money?

A.—Yes.

Q.—What about the means of communication with regard to marketing of produce? Are they satisfactory?

A.—It is fairly satisfactory. We have got sufficient roads and there are good number of communications for conveying carts into the villages.

Q.—Who maintains the village roads either the local bodies or the village communities?

A.—The District Board is maintaining. The work is done through the revenue agency.

Q.—The contract is given to the villagers and they do it?

A.—Yes.

Q.—Now with regard to paddy who are the persons who deal in paddy and who purchase it?

A.—Mappillas. There are also some enterprising Coorgs. They purchase and sell it at a time when the price is favourable.

Q.—How long since the Coorgs have taken to it now?

A.—About ten years. That too only in Virajpet and in some villages round about Bittangala.

Q.—With regard to North Coorg are Mappillas taking any part in marketing paddy?

A.—No. It is the local grain-dealers that send paddy to Mysore frontier for sale.

Q.—Do you think that by the Coorgs entering into the paddy transactions it has a bad effect upon the Mappilla trade?

A.—They have not been able to capture the field. They have just attempted. Some of them have suffered also.

Q.—Do you think that the Coorg have got the necessary finance to take up the question of purchasing and selling paddy?

A.—I think a society should be organized. They have got sufficient money of their own. It cannot be done on individual effort.

Q.—Are there any serious defects in the system of marketing when they purchase or dispose to Mappillas with regard to weights and measures?

A.—Yes; the Mappillas are not straight in their dealings. They always measure in their own paras, the accuracy of which is nearly always doubtful. They make a lot of profit.

Q.—What about Coorg merchants who have begun to that?

A.—They are getting on fairly well. They have not made great profits.

Q.—Now you refer to the fact that in some sagu cases, however, people are rendered landless through the various stages of their relationship with the creditors. How long has this process been going on?

A.—There are in certain villages sagu ryots who have borrowed money mortgaging their wet lands. On account of their inability to pay the debts they have lost their lands.

Q.—Who purchases those lands? Is it the outsiders?

A.—There are some outsiders also. Even the Batkalis have purchased the lands.

Q.—Are the transactions more with the Batkalis or with the villagers?

A.—Village ryots.

Q.—You told us that the Batkalis are purchasing?

A.—It is not with a view to settle down. They purchase and sell it at a opportune moment for a higher price.

Q.—Is there scope for a land mortgage bank in South Coorg?

A.—There is great scope. We can start one bank for the whole of South Coorg.

Q.—What is the security you will have?

A.—Sagu land and self-acquired property.

Q.—Coffee lands?

A.—There are coffee lands available for security.

Q.—Have you any experience of the co-operative societies who have lent on jamma lands and that they had to take possession of these jamma lands in case of default?

A.—I have experience of such.

Q.—Is it fairly common?

A.—Very rare cases.

Q.—Are the societies able to lease the land for a good rent and recover the dues?

A.—In many cases they have recovered the debts due by that method.

Q.—Is there any possibility of combination among the villagers themselves to see that the society is properly run?

A.—I do not know.

Q.—Having regard to the innate feeling of the people of Coorg the Jamma holders is there any combination among them to prevent the societies from taking lands and giving it for rent. Do you think there is any possibility?

A.—Now members of the same families come forward and take it. There are cases where one of the family members will purchase and lease.

Q.—You would extend that principle to the land mortgage bank where debts are given on jamma lands, would it be possible for land mortgage bank?

A.—It may be possible. We have still to wait. The villagers must be educated to realize the sense of responsibility after borrowing.

Mr. Appiah: You are aware that to co-operative societies and agricultural loans jamma lands are given as security?

A.—Yes.

Q.—Can you not extend the same facilities for a land mortgage bank if it is established?

A.—But here the co-operative societies take very great care to see that the lands are not sold out-right the moment the default occurs.

Q.—Why not the Government take care in the case of land mortgage banks?

A.—Even in such cases the ryots have lost their lands notwithstanding the fact that Government as well as co-operative societies take great precautions in safeguarding their lands.

Q.—Are there many cases in which they have lost their lands?

A.—There are some cases.

Q.—Single isolated cases?

A.—They are isolated cases.

Q.—The establishment of a land mortgage bank will not disturb the jamma tenure in Coorg if it is granted on the same line as they are at present granted by the co-operative societies and Agricultural Loans Act. The only difference is that long-term loan should be granted in land mortgage bank and short-term loans in co-operative societies?

A.—Yes. Precaution should be taken to see that the ryots having jamma lands not being rendered landless.

Q.—What is the danger?

A.—The moment he fails to repay the debt the bank will have the right to sell.

Q.—You say they are only isolated cases?

A.—Yes.

Q.—The co-operative societies have been working for the last how many years?

A.—It has been working for the last twenty-five years.

Q.—Do you advocate the grant of loans for all purposes whereas in co-operative societies and Agricultural Loans Act there are certain restrictions?
A.—Only for certain purposes.

Q.—Supposing such restrictions are removed and the loans are granted for all parties would it improve the condition?

A.—If the Land Mortgage Bank is established I advocate the grant of loans only for productive purposes such as improvements to lands, building of houses and repayment of prior debts.

Mr. Muniswami Nayudu: Is that a productive purpose?

A.—No; only for productive purposes.

The Chairman: Repayment of prior debts is not productive?

A.—No.

Q.—What will be the object of repaying the prior debts?

A.—Probably he may get money and clear the debt and reduce the rate of interest.

Q.—To pay less rate of interest?

A.—Yes.

Q.—You say that it is not productive?

A.—It is productive; including prior debts.

Mr. Appiah: You think that the establishment of a Land Mortgage Bank will be more popular if loans are given for all purposes instead of specified purposes as in the case of co-operative societies and Agricultural Loans Act?

A.—It may give an incentive to the ryot to borrow more.

Q.—What is the harm provided there is a check on him to see that the land does not pass out of his family?

A.—He must be made to show sufficient grounds for the loans that he is taking. I will not advocate the grant of loans for all and sundry purposes.

Q.—Would a bank thrive if such a permission is not given?

A.—There must be some kind of assurance that the money would be properly utilized.

Q.—So you think loans can be given for all purposes?

A.—Yes, if the land mortgage officer is convinced of the necessity.

Q.—The officer sends a report to the effect that it is reasonable?

A.—Yes.

Q.—Do you think the establishment of Land Mortgage Banks would be more popular in the villages than the present co-operative societies?

A.—The land mortgage banks will be more popular and it will result in greater prosperity to the ryot.

Q.—Provided no jamma lands pass out of the hands of the family?

A.—Yes.

Mr. Subbaraya: What were the rates of interest some years ago and what is the rate of interest now?

A.—The rate of interest has decidedly fallen now on account of the co-operative societies.

Q.—Do you think that land mortgage banks should be established for sagu lands alone?

A.—Yes.

Q.—There is no objection to that?

A.—Certainly not.

Q.—Now jamma lands can be mortgaged for loans for the improvement of land. Do you think for the improvement of jamma lands the ryots can borrow from land mortgage banks?

A.—I have no objection to that provided the security is other than jamma lands.

Q.—Have you any objection for mortgaging jamma lands for borrowing money for purposes of marriage and liquidation of debts from the ordinary co-operative societies?

A.—I have no objection. As a matter of fact they are now borrowing.

Q.—For improvement of land and purchase of cattle they are borrowing now, but utilize a portion of it for marriage expenses also and for liquidation of small prior debts. Have you any objection to include those also among the items for which loans can be given?

A.—I do not see any objection.

Q.—But what is the opinion of the people in your jurisdiction?

A.—I think they will have no objection.

Q.—Are you sure the people will welcome it and that they will have no objection?

A.—Yes. I come in contact with the ryots in my jurisdiction and I am sure they will have no objection to it. The Government sometimes give permission to hypothecate jamma lands for purposes of marrying orphan girls.

Q.—I think you have intervened in some cases where lands had to be sold?

A.—Yes.

Q.—And sett'ed such cases amicably?

A.—Yes, there were cases in which lands were advertised for sale and such sales were averted by our intervention.

Q.—At whose request?

A.—At the request of the Registrar.

Q.—Is interest in kind in vogue?

A.—Yes, it is in practice.

Q.—What was the rate of interest for Rs. 100?

A.—One cart-load of paddy.

Q.—Now what is it?

A.—It may be about $7\frac{1}{2}$ cart-loads or less.

Q.—Do you know that sometimes it is only five buttis now?

A.—Yes, there are such instances.

Mr. Thomas: You have been a Parpathigar for many years?

A.—Yes.

Q.—Have you had anything to do with banking?

A.—Except the co-operative societies as miniature banks, no.

Q.—Have you dealt with any bank at all?

A.—I have not dealt with any bank.

Q.—What knowledge have you of land mortgage bank?

A.—I have read from the proceedings of the councils and from text-books.

Q.—Which council?

A.—The Madras Legislative Council.

Q.—What experience have you of co-operative societies?

A.—For one or two years in the beginning of my service I was asked to check the accounts of some societies and many a time I had attended their general meetings.

Q.—And you have taken a general interest in the co-operative societies?

A.—I have taken and as a matter of fact I have very great interest in one co-operative society—the Lantana Eradication Co-operative Society.

Q.—When was it started?

A.—I think it was somewhere about 1924, but I am not quite sure.

Q.—What was the capital of the society?

A.—It was not very large, about Rs. 600 or so. The members join together and clear the lantana growth on a co-operative basis.

Q.—To what extent have these co-operative societies' activities cleared Lantana?

A.—They have cleared about 200 to 300 acres of Lantana growth. This year they have cleared about 47 acres of original lantana and about 67 acres of regrowth lantana.

Q.—Some of these societies have been liquidated?

A.—Yes.

Q.—What is the cause of that?

A.—Some of the ryots are not taking keen interest in the eradication of lantana. I would ascribe it to indolence on the part of the ryots.

Q.—Whose land will be cleared first?

A.—They do it by rotation. Bane lands are generally taken first or lands round about houses.

Q.—Why not each of them clear in his own compound?

A.—Clearing by joint effort acts as a stimulus.

The Chairman: Do these societies borrow?

A.—The societies do not borrow. The Government gave them some money in appreciation of their work.

Mr. Thomas: You said that the professional money-lenders charge from 25 per cent to 100 per cent interest. Have you known any definite case of money-lenders charging 100 per cent interest?

A.—There are isolated cases where he lends money in the month of August or September when the ryot has nothing to live upon. At that time he lends some money and takes a pro-note at a high rate of interest and this amount is realized in the month of February.

Q.—What is the interest that is generally mentioned in the pro-note?

A.—It is about 30 to 40 per cent.

Q.—How does it work out to 100 per cent?

A.—The duration is short, only a few months, but the money-lender collects the interest for the whole year.

Q.—Is it the Moplah money-lender?

A.—The Moplah money-lender and also some fellow ryots.

Q.—You say in North Coorg they bury money. In what form is it and have you any definite experience of it?

A.—I have got definite experience and I personally know of some cases.

Q.—Have any such hoard been dug up?

A.—Yes.

Q.—Is that practice still going on?

A.—Very conservative and old people are still continuing that practice.

Q.—What are the chief purposes of borrowing in the villages?

A.—Purchase of cattle and improvement of wet land, marriage and other ceremonies.

Q.—In the villages the money-lenders generally take the amount borrowed in kind. Is it not?

A.—Yes.

Q.—And the ryot money-lender, does he also take in kind?

A.—Yes.

Q.—Do you not think it is better and easier for the co-operative society to get back the loan in kind than in money? In that case will there not be less of overdues?

A.—It may mean a lot of worry for the society.

Q.—What is the difficulty for the co-operative society in taking that?

A.—They have got to build a godown to store the produce and they required a person to look after that and the co-operative society may also suffer loss by way of shrinkage, etc.

Q.—But that loss will be taken into account when taking the produce from the members?

A.—It may be so.

Q.—How is that you have not got any loan and sale society in your jurisdiction?

A.—The villagers have not yet realized the benefits of such an organization and there is not sufficient money and workers to launch upon such a venture.

Q.—What class of people generally are secretaries of co-operative societies now? Are they ryots themselves?

A.—Yes, ryots themselves.

Q.—No teachers?

A.—No, mostly ryots.

Q.—Are they all literate people?

A.—They are all literate people.

Q.—Do they keep the accounts properly?

A.—They keep the accounts properly and they get training once a year from the co-operative inspector who holds classes and gives them some lectures.

Q.—You have not thought of bringing all these people together to a summer school or giving them a regular course of lectures?

A.—That is now being done by the co-operative inspector.

Q.—In your jurisdiction what do you think will be a proper economic holding?

A.—I consider 100 butis of wet lands, i.e., about 3 acres, one acre of land for house-site and garden round about, and 5 to 6 acres of bane land would be an economic holding.

Q.—How many villagers in the village that you have selected have got that economic holding?

A.—About 50 per cent may have that economic holding. There are of course other people who own extensive lands.

Q.—What do you estimate to be the income from paddy from this 100 butis of land?

A.—I worked it out and have arrived at Rs. 21 as net profit. I have arrived at these figures after consulting members of about six co-operative societies.

Q.—In your calculation what is the cultivation expenses per acre?

A.—It is Rs. 57-11-6 for paddy land.

Q.—What is the portion you have added up on account of plough bulls?

A.—I have taken Rs. 50 for a pair of plough bulls which are expected to work efficiently for four years. Hence Rs. 12-8-0 is taken for one year's cultivation expenses.

Q.—In what way did you calculate for expenses on account of wages for labour?

A.—I have taken the owner of the wet land as the person working and his wages have been taken into account.

Q.—I find that according to the settlement reports the cost of production per acre is about Rs. 26-13-3 only. Your figure is higher than that. Can you ascribe any special cause for that?

A.—The settlement report refers to prices in 1908. Since then there has been a general rise under all heads.

Q.—Or do you also take into account the use of manures?

A.—The manure of cattle and feeding charges are offset.

Q.—What is your maintenance charge for the bulls?

A.—The maintenance charge for one pair per year is Rs. 30.

Q.—But is there not sufficient fodder in the country; how do you arrive at that figure?

A.—The ryot has to employ a cow-boy to look after the cattle and he must be paid at least Rs. 3 per month and meals twice a day.

Q.—Cannot a common cow-boy be kept for the whole village? In that case the contribution of one ryot will not come to Rs. 30 per year?

A.—That can be done.

Q.—Does every ryot who has got 100 butis of land keep a cow-boy?

A.—He does not keep one for himself, but he often takes advantage of a common cow-boy.

Q.—Does he keep a paid farm-servant to look after his farm?

A.—He does not, he looks after it himself. But in the cultivation expenses I have taken it as having been paid for.

The Chairman: You mentioned Lantana societies; you spoke of it as being used for clearing lantana from private holdings. What is the object of the lantana clearing society?

A.—It is to keep the area which is overgrown with lantana free from lantana so as to afford grazing facilities for cattle,

Q.—Is not grazing land common land?

A.—Grazing lands are held jointly. Jamma ryots of one family hold certain grazing land under one patta. We have not got common lands in the village except paisari lands. All bane lands are held by some pattadar. Common lands exist in North Coorg.

Q.—The object of the lantana clearing society is to improve grazing land or to bring more land into cultivation?

A.—Where it is possible or practicable to bring more land into cultivation it is done.

Q.—In your written evidence you say “The jamma tenure with its concomitant impediments has acted as a check against landed property passing into the hands of the creditors. In some sagu cases, however, people are rendered landless through the various stages of their relationship with the creditors. If such a process is at work, it undoubtedly takes away from the actual cultivator the incentive to produce more and in an efficient and better manner.” How?

A.—The ryot knows that if he cultivates after great effort, after manuring it and toiling at it the creditor will come and carry away the produce and so there is no incentive for him.

Q.—If he does not do that, he will lose his land?

A.—The average ryot gets so despondent on account of debt and the moment he has got a heavy load of debt he becomes pessimistic about its clearance, does not put his heart into the job, and work at his lands well.

Q.—Would not the fear of losing his land operate in the opposite direction?

A.—It may act as a stimulus, but the ordinary ryot is not so farsighted.

Q.—In answer to Mr. Subbaraya you said that you would approve of legalizing the practice of lending money for whatever actual reason may be stated, such as the repayment of prior debts or for marriages on the mortgage of jamma lands. If you did recognize that, would it not make the practice of borrowing for that purpose much commoner?

A.—I am afraid it will.

Q.—Do you think that it will be a good thing to give additional facilities for that purpose?

A.—I do not think that it is necessary to include these two additional purposes.

Q.—Are they spending a great deal on marriages?

A.—They do spend a great deal on marriages.

Q.—Will it be a good thing to discourage it?

A.—It will be a good thing. But the people have got a false sense of prestige and they consider that the inclusion of alcohol during such marriages is a good thing.

Q.—I gather from your evidence generally that you would rather favour providing additional facilities for lending money to the ryots. Am I right?

A.—Yes, Sir. I am in favour of money being lent and the repayment being spread over a long term of years.

Q.—You have now got certain facilities for short-term loans up to six years. In addition to that you would suggest the providing of further facilities for long terms. Is that so?

A.—Yes.

Q.—Have you considered the effect of giving additional facilities for loans to the ryots?

A.—The more enterprising of the ryots would be able to utilize it for productive purposes. They will be able to render permanent and capital improvements on their lands.

Q.—Are there many such ryots?

A.—There are. The coffee planters would be greatly benefited if such loans are available. They are at present paying a much higher rate of interest.

Q.—You say that the improvident ryots will be rendered landless and therefore there should be the raising of loan on sagu land as security but not jamma land. Why should you protect the jamma landholder from losing his land but not the sagu landholder? Why is that distinction? What applies to the sagu landholder applies equally to the jamma landholder?

A.—The advantages accruing therefrom are greater than the disadvantages.

Q.—In which case?

A.—If the land mortgage bank is opened and sagu lands are taken as security, the advantages are greater than the disadvantages. There are disadvantages in the case of improvident men.

Q.—Quite. But why the distinction between the sagu landholder and the jamma landholder. What applies to the one applies to the other and why should you protect the jamma landholder and why should you not protect the sagu landholder?

A.—The jamma land with its concomitant inalienability has got other rights such as the exemption from the operations of the Arms Act. Even a poor jamma ryot owns a bit of land and what I am afraid of is that if jamma lands are allowed to be mortgaged there may be many ryots who may borrow and failing to repay the debts may have to be deprived of their lands and even homes.

Q.—In one place you say that the jamma lands should be mortgageable for raising loans for the repayment of prior debts and in answer to another question you say that in regard to raising loans from the land mortgage bank they should not be mortgageable. Why?

A.—I have modified my view since.

Q.—Is there any reason why you should give land mortgage loans to the sagu landholder? Is there a bigger risk of the jamma landholder losing his land than of the sagu landholder?

A.—I have a greater apprehension with regard to the jamma ryots.

Q.—Is it because they are more improvident?

A.—A greater number of them are very expensive.

Q.—Who are the bhatkhalis?

A.—They are cloth merchants. They are the class of people who oust the sagu landholder from his land. They buy from one ryot and sell to another and they never want to keep the land with them.

Q.—Would not the same thing happen in the case of a land mortgage bank or any other financial agency, that is to buy the ryot's land and then resell it?

A.—Yes, it will happen, but the ryot will be able to get a loan at a cheaper rate of interest.

Q.—The fact of the people being rendered landless through the various stages of their relationship with their creditors results in one ryot becoming landless and another becoming more landed. Is that not so?

A.—Yes. But the ryot who is rendered helpless will not get the proper value for his land. But supposing it is sold for arrears of debt due to a bank it will certainly fetch a better price whereas in the case of the private creditor he knocks it down for a low sum.

Q.—The creditor has no power of foreclosure and he has to go to a court of law. Is that so?

A.—Yes.

Q.—In the case of the co-operative societies also the sale is held by the court?

A.—Yes.

Q.—What is the difference then?

A.—Sometimes without resorting to the court the creditor purchases the land on a simple *razimam darkhast*.

Q.—About this land mortgage bank you say that the Government should buy debentures and guarantee the payment of both the interest and the

principal and then the wealthy people will put their money into it. Why should the Government do that? What should be the rate on these debentures?

A.—Five per cent.

Q.—You would sell the debentures at 5 per cent?

A.—Yes.

Q.—Do you suggest that the co-operative society would be able to sell its papers at a cheaper rate than the Government?

A.—No.

Q.—Do you think it will be more expensive?

A.—Yes.

Q.—Can you tell me why the Government should guarantee a higher rate of interest when it can raise money for itself at a lower rate of interest?

A.—It is enough if the Government guarantees payment of interest which is reasonable.

Q.—Is it a fact that the Moplah is the most enterprising person in Coorg?

A.—Yes.

(The witness then withdrew.)

**Written evidence of the Coorg Co-operative Central Bank,
Limited, Mercara.**

I.—Agricultural credit and credit facilities for small industries.

1. (a) The agriculturist in our province obtains money for expenses during cultivation by mortgaging his lands to co-operative credit societies, from small money-lenders in the village by agreeing to pay a high rate of interest, or by agreeing to deliver paddy at a low price, by borrowing paddy from well-to-do neighbours or by agreeing to pay out of the next crop with interest at rates varying from 25 per cent to 50 per cent irrespective of the period for which the loan is borrowed.

(b) Finance for capital and permanent improvement is obtained by the mortgage of lands to co-operative societies, to Government or to petty money-lenders.

(c) There are no other methods of raising money except those mentioned in answers 1 (a) and (b).

The rate of interest in almost all the agricultural societies is 12½ per cent. There are some societies lending at rates varying from 9 per cent to 12½ per cent. The usual rate of interest charged by money-lenders for small sums is 24 per cent. If the amount borrowed is big, the rate of interest varies from 12 per cent to 18 per cent. In Nanjarajapatna taluk the rate of interest varies from 12 per cent to 18 per cent. When paddy is agreed to be sold, the rate of interest works out very high. The rate of interest on paddy borrowed from grain banks is 25 per cent whatever be the period. In the case of loans for expenses during cultivation and other objects the period is one year and less; for permanent improvements loans are taken for periods extending up to three or four years. Security of paddy crops is given in rare cases. Coffee planters get credit usually by the hypothecation of crops from the coast firms dealing in coffee.

The Imperial Bank is not functioning in Coorg. There are no joint-stock banks nor indigenous banks or bankers nor professional money-lenders. Co-operative credit societies get their capital from the co-operative central bank which gets its capital from the depositors within the province.

The total amount of capital required by the agriculturist for all purposes referred to in the question will be about Rs. 50 lakhs.

The amounts advanced to the agriculturists from societies and Government are not sufficient. The finance available to the coffee planters is not at all sufficient. The financing of the planters by the purchasing firms puts the borrowers under great disadvantage also. There is a coffee planters' co-operative credit society which is not able to finance the planters, for want of funds. This society should be financed by Government or a separate coffee planters' bank with substantial Government aid should be started.

There is no co-ordination among the various credit agencies.

2. Paddy is sold to petty dealers in paddy locally. There are few growers who export their paddy either to Malabar, Mysore or South Kanara, the chief export being to Malabar. Pepper is also similarly sold locally. Cardamom is sold locally by small growers, but persons growing large quantities send them to outside markets. Oranges and pepper are usually sold as standing crops to exporters long before they are ready for picking. Coffee crop is usually sent to the coast firms who will have financed the working. A decent proportion though small is sold locally. European planters generally export their crops to England.

Co-operative organization to sell all crops will be of immense use. Even for the sale of coffee, co-operative organization affording credit facilities will be of great help, but the finance available should be large. There are no credit facilities worth the name for marketing the produce. The producers are at the mercy of petty dealers who use their own measures to the great disadvantage of the growers. Instead of getting credit facilities, the producers have to sell their produce on credit. Co-operative societies or joint-stock banks should finance on the delivery of the produce which should be sold when the prices are to the advantage of the producer.

The coffee merchants advance a certain proportion of the probable price on the hypothecation of the estimated crop. On agreement to sell also, planters get some financial help from the vendees. So also cardamom producers get some credit from the cardamom merchants, but this is not much. Besides this there is no sort of help from banks, bankers or merchants. There is no internal trade in Coorg.

There are no banks in Coorg. So, there are no facilities for internal remittance.

The Government has been pleased to receive and issue monies from the Government treasuries to help the co-operative institutions.

Promissory notes are the only sort of negotiable instruments known to the public of Coorg. Through these instruments agriculturists get short term credit from neighbours generally and from merchants in some cases. There are no hundis current in our province. Some planters make payments through bank cheque on their banks outside Coorg; but the payees find it very difficult to cash their cheques. They have to wait on Messrs. Spencer & Co., Ltd., or Messrs. McDowell & Co., Ltd., or some other merchants who have transactions outside Coorg, to get the cheques cashed. The opening of a branch of the Imperial Bank or of any well-established joint-stock bank is very necessary. To get the branch of the Imperial Bank opened here Government assistance is necessary. The Government may also help the opening of a land mortgage bank which should open current accounts. This bank should have transactions with the Imperial Bank or other joint-stock banks.

3. In our province, the value of paddy land varies from Rs. 100 to Rs. 500 per acre. Uncultivated coffee lands are sold at Rs. 50 to Rs. 100 per acre. Cultivated coffee lands are sold at Rs. 500 to Rs. 1,000 per acre. We do not think that there is any difference in the value in the three kinds of sales.

4. The lands held under privileged tenures including Jamma, Jahagir, and Umbli cannot be mortgaged as their alienation is prohibited by the Coorg Revenue Regulation. All immovable properties are exempted from attachment for money decrees.

Almost all the village societies in Coorg can be called miniature land mortgage banks as they lend out money chiefly on the security of lands. Though privileged lands are prohibited from alienation, an exception has been made in favour of co-operative credit societies. With the previous permission of the Commissioner these lands can be mortgaged to the co-operative credit societies for loans borrowed for purposes contemplated by the Agriculturists Loans Act and the Land Improvement Loans Act. As these societies cannot lend for a long term and for all objects, a separate land mortgage bank is necessary. If the jamma-holders object to the privileged lands being mortgaged to the land mortgage bank, persons owning ryotwari lands may be allowed to have the advantages of a land mortgage bank. If the jamma-holders agree, Government may amend the Revenue Regulation to allow jamma-holders to mortgage such lands to the land mortgage bank.

All alienations should be made compulsorily registrable in the jama-bandi registers. This will facilitate search for encumbrances. The land mortgage bank and co-operative institutions should be exempted from paying search fees.

The capital of the land mortgage bank should be raised by debenture bonds, deposits and funds from central institutions. The interest on debenture bonds should be guaranteed by Government. To safeguard the interest of the Government, special powers may be given to the Government to inspect the records and securities of the bank.

The land mortgage bank may raise debentures repayable after long periods at 5 per cent interest and receive deposits at the same rate and the bank may lend out to its members at 9 per cent. This margin will be sufficient to cover the expenses. If from experience this margin is found insufficient the rates of lending and borrowing may be revised.

5. We do not know the estimate of the indebtedness of any village or nad. A confidential enquiry should be made about this. There should be such an estimate for one nad of each of the old taluks and one village of every nad. From these figures general deductions may be made. To avoid delay small sub-committees should be appointed for each of the old five taluks. The Revenue Officers of the nads concerned should help these sub-committees. A common questionnaire has to be prepared by the central body for the use of these sub-committees. All the details called for in this questionnaire have to be elicited from the villagers by these sub-committees.

Rates of interest in Coorg are varying from 12 per cent to 24 per cent. There may be instances of rates beyond these also. There is no compound interest in vogue in Coorg. Rule of Damdupat is in force, which applies even to mortgages. This may be made applicable to all classes of people without reference to their religion. In mortgage suits interest is not awarded at contract rates from the date of suit nor on the court costs. This practice should continue.

Many small holders in North Coorg, specially people of depressed classes, have been losing their lands, as their creditors have been enforcing their mortgages. In other parts of Coorg also there are instances of landholders losing their lands. But there are no instances of the farmers becoming tenants of the creditors. The pressure of creditors has not been effecting the efficiency of cultivation.

6. There are no subsidiary industries in Coorg. Hand-spinning is yet surviving in two villages in Fraserpet hobli. Even there, it is in a very decadent state. In Sirangala village and Sanivarsante hand-weaving is yet found. In some villages in Fraserpet hobli some people make it an industry to breed cattle. Sugarcane crop and its products can easily be made a subsidiary source of produce, if up-to-date methods of cultivation and extraction of gur and sugar are taught to the people. Pepper growing may be encouraged. Cotton growing may be encouraged in old Nanjarajapatna taluk. Hand-spinning and weaving have to be revived in Fraserpet hobli. Sericulture may be introduced in some parts. Groundnut may be introduced. In almost all parts of Coorg co-operative societies are the only institutions that we can suggest by which these secondary industries may be financed and developed. Insurance companies may be started also whose capital may be made available for agricultural industries. Agriculture, rattan work, carpentry, basket-making, kitchen-gardening, dairy farming and poultry rearing also may be suggested.

II.—Indigenous banking.

There are no indigenous banks or bankers.

III.—Investment habit and attraction of capital.

1. There are no banking resources in Coorg except the Co-operative Central Bank, Ltd.

The country would require a further capital of about Rs. 25 lakhs.

The institutions that exist to encourage savings and investment habit are the Central Co-operative Bank, Ltd., the postal savings bank, Postal Cash Certificates and the co-operative societies.

After the central bank was started, we see that the people are showing a keen desire to deposit their savings in the bank. The central bank is not able to absorb all the available deposits. If the co-operative activities are extended, then the bank will be able to accept more deposits. The majority of people that want to deposit their savings are reluctant to send their monies outside the province. If a branch of the Imperial Bank or of any other well-established joint-stock bank giving decent interest is opened, it would induce the people to invest their savings.

People of our province with those of India as a whole have a tendency to invest a decent portion of their earnings in jewels. The habit of hoarding coins is going out of fashion. But the fact of hoarding in jewels is always exaggerated. The investment in jewels has been found to be of great

use in many cases in times of distress. It cannot be said that all that is invested in jewellery is the savings. Many people have to invest in jewellery to satisfy the demand of their ladies, even with borrowed capital. If the instinct of investing in jewels is killed, there is no chance of all such capital being saved. So we are not in favour of doing away with the habit of investing in jewels. We agree that the people should be gradually educated in the economic waste of investing in costly jewels.

2. We think that Postal Cash Certificates are not popular in our province. Interest starting with 4 per cent should be given after three months. Waiting for one year for any interest goes against the popularity. A higher rate of interest and more propaganda may increase their popularity. Savings banks are not as popular as they might be, on account of the great delay and annoyance caused on the death of the depositors. Some easier and speedier methods should be adopted to pay up the amounts standing in the names of deceased persons.

3. There are no facilities for purchase and sale of Government securities. If, as suggested above, a branch of a good bank is opened here, we believe that the bank may help the purchase and sale of Government securities. No other facilities are needed.

The savings of persons either from their sale of their produce or from other sources are held in reserve in anticipation of purchase of some property. Some people lend out money for interest as a matter of business. The people as a whole are very reluctant to invest in banks, but the readiness with which people are investing in the central co-operative bank makes us believe that, if once the people get confidence in the banks that may be made available to them, the habit of investing in banks will grow and the eagerness to purchase lands may disappear.

The farmers who save, do help their neighbours, but on high rates of interest. If grain is lent, the interest is usually 25 per cent without reference to the period for which the loan is advanced. They lend on terms of repayment in grain at a very low price. Interest in kind also is charged which works out to a very high rate.

4. Except with some planters, we do not notice the cheque habit at all.

5. The people of India living chiefly in villages are very conservative by nature. The failure of certain banks creates fears in the minds of the people, which take a long time to disappear. But from our experience, we say that the people will easily invest their savings in the banks if they are assured of the stability of the banks. By extending the activities of the co-operative institutions it must be made possible for the central bank to receive all deposits offered. If this bank makes prompt repayments, the people will easily get confidence in other banks also.

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2. Paddy is sold to petty dealers in paddy, locally. There are few growers who export their paddy either to Malabar, Mysore or South Kanara—the chief export being to Malabar. Pepper is also similarly sold locally. Cardamom is sold locally by small growers, but persons growing large quantities send them to outside market. Oranges and pepper are usually sold in standing crops to exporters long before they are ready for picking. Coffee crop is usually sent to the coast firms who will have financed the working. A decent proportion though small is sold locally. European planters generally export their crops to England.

Co-operative organisation to sell all crops will be of immense use. Even for the sale of coffee, co-operative organization affording credit facilities will be of great help, but the finance available should be large. There are no credit facilities worth the name for marketing the produce.

The producers are at the mercy of petty dealers, who use their own measures to the great disadvantage of the growers. Instead of getting credit facilities, the producers have to sell their produce on credit. Co-operative societies or joint stock banks should finance on the delivery of the produce which should be sold when the prices are to the advantage of the producer.

The coffee merchants advance a certain proportion of the probable price on the hypothecation of the estimated crop. On agreement to sell also, planters get some financial help from the vendees. So also cardamom producers get some credit from the cardamom merchants, but this is not much. Besides this, there is no sort of help from banks, bankers or merchants. There is no internal trade in Coorg.

There are no banks in Coorg. So, there are no facilities for internal remittance.

The Government has been pleased to receive and issue moneys from the Government treasuries to help the co-operative institutions.

Promissory notes are the only sort of negotiable instruments known to the public of Coorg. Through these instruments agriculturists get short term credit from neighbours generally and from merchants in some cases. There are no hundis current in our province. Some planters make payments through bank cheque on their banks outside Coorg; but the payees find it very difficult to cash their cheques. They have to wait on Messrs. Spencer & Co., Ltd., or Messrs. McDowell & Co., Ltd., or some other merchants who have transactions outside Coorg, to get the cheques cashed. The opening of a branch of the Imperial Bank or of any well-established joint stock bank is very necessary. To get the branch of the Imperial Bank opened here Government assistance is necessary. The Government may also help the opening of a land mortgage bank which should open current accounts. This bank should have transactions with the Imperial Bank or other joint stock banks.

3. In our province, the value of paddy land varies from Rs. 100 to Rs. 500 per acre. Uncultivated coffee lands are sold at Rs. 50 to Rs. 100 per acre. Cultivated coffee lands are sold at Rs. 500 to Rs. 1,000 per acre. We do not think that there is any difference in value in the three kinds of sales.

4. The lands held under privileged tenures including jamma, jaghir, and umbli cannot be mortgaged as their alienation is prohibited by the Coorg Revenue Regulation. All immovable properties are exempted from attachment for money decrees.

Almost all the village societies in Coorg can be called miniature land mortgage banks as they lend out money chiefly on the security of lands. Though privileged lands are prohibited from alienation, an exception has been made in favour of co-operative credit societies. With the previous permission of the Commissioner these lands can be mortgaged to the co-operative credit societies for loans borrowed for purposes contemplated by the Agriculturists Loans Act and the Land Improvement Loans Act. As these societies cannot lend for a long term and for all objects, a separate land mortgage bank is necessary. If the jamma holders object to the privileged lands being mortgaged to the land mortgage banks, persons owning ryotwari lands may be allowed to have the advantage of a land mortgage bank. If the jamma holders agree, Government may amend the Revenue Regulation to allow jamma holders to mortgage such lands to the land mortgage bank.

All alienations should be made compulsorily registrable in the jama-bandi registers. This will facilitate the search for encumbrances. The land mortgage bank and co-operative institutions should be exempted from paying search fees.

The capital of the land mortgage bank should be raised by debenture bonds, deposits and funds from central institutions. The interest on debenture bonds should be guaranteed by Government. To safeguard the interest of the Government, special powers may be given to the Government to inspect the records and securities of the bank.

The land mortgage bank may raise debentures repayable after long periods at 5 per cent interest and receive deposits at the same rate and the bank may lend out to its members at 9 per cent. This margin will be sufficient to cover the expenses. If from experience this margin is found insufficient, the rates of lending and borrowing may be revised.

5. We do not know the estimate of the indebtedness of any village or nad. A confidential enquiry should be made about this. There should be such an estimate for one nad of each of the old taluks and one village of every nad. From these figures general deductions may be made. To avoid delay small sub-committees should be appointed for each of the old five taluks. The Revenue Officers of the nads concerned should help these sub-committees. A common questionnaire has to be prepared by the central body for the use of these sub-committees. All the details called for in this question have to be elicited from the villagers by these sub-committees.

Rates of interest in Coorg are varying from 12 to 24 per cent. There may be instances of rates beyond these also. There is no compound interest in vogue in Coorg. Rule of Damdupat is in force, which applies even to mortgages. This may be made applicable to all classes of people without reference to their religion. In mortgage suits interest is not awarded at contract rates from the date of suit, nor on the court costs. This practice should continue.

Many small holders in North Coorg, specially people of depressed classes, have been losing their lands, as their creditors have been enforcing their mortgages. In other parts of Coorg also there are instances of land-holders losing their lands. But there are no instances of the farmers becoming tenants of the creditors. The pressure of creditors has not been affecting the efficiency of cultivation.

6. There are no subsidiary industries in Coorg. Hand-spinning is yet surviving in two villages in Fraserpet Hobli. Even there it is in a very decadent state. In Serangala village and Sanivarsaute hand-weaving is yet found. In some villages in Fraserpet Hobli some people make it an industry to breed cattle. Sugarcane crop and its products can easily be made a subsidiary source of produce, if up-to-date methods of cultivation and extraction of gur and sugar are taught to the people. Pepper growing may be encouraged. Cotton growing may be encouraged in old Nanjarajapatna taluk. Hand-spinning and weaving have to be revived in Fraserpet Hobli. Sericulture may be introduced in some parts. Groundnut may be introduced. In almost all parts of Coorg co-operative societies are the only institutions that we can suggest by which these secondary industries may be financed and developed. Insurance companies may be started also whose capital may be made available for agricultural industries. Agriculture, rattan-work, carpentry, basket-making, kitchen-gardening, dairy farming and poultry rearing also may be suggested.

II.—Indigenous banking.

There are no indigenous banks or bankers.

III.—Investment habit and attraction of capital.

1. There are no banking resources in Coorg except the Co-operative Central Bank, Limited.

The country would require a further capital of about Rs. 25 lakhs.

The institutions that exist to encourage savings and investment habit are the Central Co-operative Bank, Limited, the postal savings bank, Postal Cash Certificates and the co-operative societies.

After the central bank was started, we see that the people are showing a keen desire to deposit their savings in the bank. The central bank is not able to absorb all the available deposits. If the co-operative activities are extended, then the bank will be able to accept more deposits. The majority of people that want to deposit their savings are reluctant to send their moneys outside the province. If a branch of the Imperial Bank or of any other well-established joint-stock bank giving decent interest is opened it would induce the people to invest their savings.

People of our province with those of India as a whole have a tendency to invest a decent portion of their earnings in jewels. The habit of hoarding coins is going out of fashion. But the fact of hoarding in jewels is always exaggerated. The investment in jewels has been found to be of great use in many cases in times of distress. It cannot be said that all that is invested in jewellery is the savings. Many people have to invest in jewellery to satisfy the demand of their ladies, even with borrowed capital. If the instinct of investing in jewels is killed, there is no chance of all such capital being saved. So we are not in favour of doing away with the habit of investing in jewels. We agree that the people should be gradually educated in the economic waste of investing in costly jewels.

2. We think that Postal Cash Certificates are not popular in our province. Interest starting with 4 per cent should be given after three months. Waiting for one year for any interest goes against the popularity. Higher rate of interest and more propaganda may increase their popularity. Savings banks are not as popular as they might be, on account of the great delay and annoyance caused on the death of the depositors. Some easier and speedier methods should be adopted to pay up the amounts standing in the names of deceased persons.

3. There are no facilities for purchase and sale of Government securities. If, as suggested above, a branch of a good bank is opened here, we believe that the bank may help the purchase and sale of Government securities. No other facilities are needed.

The savings of persons either from the sale of their produce or from other sources are held in reserve in anticipation of purchase of some property. Some people lend out money for interest as a matter of business. The people as a whole are very reluctant to invest in banks, but the readiness with which people are investing in the Central Co-operative Bank makes us believe that if once the people get confidence in the banks that may be made available to them, the habit of investing in banks will grow and the eagerness to purchase lands may disappear.

The farmers who save do help^h their neighbours; but on high rates of interest. If grain is lent the interest is usually 25 per cent without reference to the period for which the loan is advanced. They lend on terms of repayment in grain at a very low price. Interest in kind also is charged which works out to a very high rate.

4. Except with some planters, we do not notice the cheque habit at all.

5. The people of India living chiefly in villages are very conservative by nature. The failure of certain banks creates fears in the minds of the people, which take a long time to disappear. But from our experience, we say that the people will easily invest their savings in the banks if they are assured of the stability of the banks. By extending the activities of the co-operative institutions it must be made possible for the central bank to receive all deposits offered. If this bank makes prompt repayments, the people will easily get confidence in other banks also.

**Written evidence of Mr. S. BASAPPA, Coffee Planter, Shanta
Bhavana, Mercara.**

I.—Agricultural credit and credit facilities for small industries.

1. The agriculturist obtains money for his expenses during cultivation from land revenue and in case of failure of monsoon from the money-lenders. As for permanent improvements he gets finances through loans under the Agriculturists Loans Act and the Land Improvement Loans Act. The ordinary rate of interest obtaining in Coorg is 12 per cent but it varies up to 24 per cent. Loans are obtainable on pro-notes, on hypothecation of crops and on mortgages. Small loans on pro-notes will extend over six months, that is, loans taken during monsoon are returned in the harvesting season in the shape of produce.

Indebtedness of the ryots has not lessened owing to want of credit facilities. For effecting lasting improvements to the fields the ryot requires large loans of a longer duration. Hence I recommend that land mortgage banks be instituted.

2. The method of marketing principal crops in Coorg is beset with difficulties, Coorg being a hilly district. Crops such as coffee, paddy, cardamom, are transhipped to important market places through carts and in some cases through lorries, the latter especially utilised by the rich coffee-planters. In the case of paddy, loan and sale credit societies would be of great advantage. For want of banking facilities planters in Coorg are put to great difficulties. To ameliorate the condition of such planters, I think it desirable to open an agricultural bank greatly supported by the Government. I am also of opinion that a bank of this sort will be in a position to usher into existence several smaller industries. The institution of a branch of the Imperial Bank in Coorg will be of immense help to the ryots and merchants.

3. The value of lands productive of coffee or paddy varies considerably. In the case of paddy fields an acre may be valued at Rs. 100 to Rs. 500, and in the case of coffee lands an acre may fetch Rs. 100 to Rs. 1,000. I am of opinion that the land purchased by private negotiation fetches a better price than that got by Government auction or sale by court decree.

4. There is certainly legal impediment to mortgage of land in this province due to Jamma tenure. Due to Jamma tenure credit has no value in Coorg. The condition of the ryots could be improved by the institution of land mortgage banks or an agricultural bank as the existing co-operative credit banks are not in a position to advance long-term loans for productive purposes.

Land mortgage banks can be instituted on a shareholder basis floating debentures while the Government would guarantee dividends thereon.

6. No subsidiary industry supplemental to agriculture exists in Coorg with the exception of a rice mill recently started. Dairy-farming, fruit-growing, gardening, spinning and weaving, rattan works, and silk-rearing could be tried. Dairy-farming can be specially attended to by Coorg ryots as there is a vast area of grazing land. Weaving is an industry which was in vogue in North Coorg and which has now become extinct. With the help of the co-operative movement this industry can be made to survive.

III.—Investment habit and attraction of capital.

1. The institutions for encouraging savings and investment habit are the central bank, co-operative societies and the post office savings bank. I believe these facilities are not enough as I find that many persons deposit their savings in banks outside Coorg. These outgoing deposits could be pulled into agricultural banks or a branch of the Imperial Bank. As in other parts of India, Coorgs do not invest in silver and gold.

2. Savings banks do not afford all possible facilities to the public. The limit of investment, namely, Rs. 750, must be enhanced. Middle-class men and Government servants and a few coolies resort to this sort of investment. Rich people when they get money by sale of produce spend it in purchasing paddy fields or in opening new clearance. Sometimes much money is also lent on interest to poor ryots. The tendency to invest money in banks in Coorg is very limited.

5. I support the view that the banking and investment habit in India is of very slow growth, the causes being conservativeness of the people, want of enterprise in industries, foreign competition, insanitary condition of the villages, illiteracy, ignorance and want of purchasing power. The means of educating the people to invest their savings are rural reconstruction scheme and adult education.

**Written evidence of Mr. P. M. CHENGAPPA, Inspector of
Co-operative Societies, Virajpet, S. Coorg.**

I.—Agricultural credit and credit facilities for small industries.

1. The chief occupation of the indigenous population of Coorg is agriculture and about 99 per cent of the population are agriculturists. Wherever agriculture is pursued as the chief occupation there almost from the very nature of circumstances the people have been compelled to take loans. The circumstances of agricultural land which render the Coorg peasants so peculiarly liable to indebtedness are—

- (1) The seasonal difficulties which make agriculture a relatively precarious occupation,
- (2) the medieval and customary obligations which tend to settle upon land,
- (3) the mental inertia which often seems to accompany the pursuit of agriculture,
- (4) the distance from big markets which makes it difficult to realize the best possible value for the produce, and
- (5) the tendency to division and fragmentation of land.

The chief purposes for which agriculturists borrow money in this country may be considered broadly under two heads—viz., (1) current expenses, (2) capital or occasional expenses. Under the head *current expenses* comes expenses incurred in connexion with the purchase of seed, manure, food-stuffs, other personal necessities and payment of assessment to Government. This may be met by raising short-term loans scarcely exceeding a year whereas *capital expenses* can only be met by loans of long duration of 5 to 10 years. The agriculturists in our country obtain finance for current and capital expenses from the village co-operative societies, Government agricultural and land improvement loans, sowcars and dealers and in a few cases from their fellow richer ryots. Loans raised for capital expenses are on the mortgage of lands covering a period of ten years. In the case of failure of rain and crop damages Government gives remission of assessment and also some help out of the discretionary grants. I have noticed during my last five years' experience that the revenue assessment is paid mostly out of the co-operative loans. In some cases the ryots sell the produce to the nearest merchant or middleman, necessarily at a low price and pay the assessment and instalment of the co-operative loan.

The credit agencies in the country are Government, co-operative societies, merchants and dealers and a few fellow ryots. The Imperial Bank, joint-stock banks, indigenous banks and bankers and professional money-lenders do not exist in this country. The rate of interest charged on Government loans is 6½ per cent and that of the co-operative societies ranges from 6½ to 12½ per cent. Sowcar's rate of interest works out to 24 to 250 per cent. The fellow ryots are more humane in their rate of interest which varies from 12 to 25 per cent. At present Government is helping the agriculturists to the extent of Rs. 3 lakhs, co-operative societies to the extent of Rs. 7½ lakhs and the sowcars and fellow ryots to the extent of Rs. 30 lakhs, in all, aggregating to about 40 lakhs of rupees. This is roughly the indebtedness of the country. The present defects in the credit facilities in the province may be attributed to the following causes:—

- (1) Banking is still a novel think to many of the ryots; (2) lack of joint enterprise; (3) co-operative loans are all short-term ones and are not of much use, and (4) Government loans are inadequate. In order to remedy the defects effective propaganda should be carried by Government and stringent legislation should be passed to put down usury. Another suggestion that I would like to offer is that the land improvement loans and agricultural loans of Government should be given through co-operative societies as is done in Mysore State. At present there has been overlapping of Government and co-operative loans and in some cases the same

bit of land is mortgaged for both the loans. The grave defect now found in our country is that there is no co-ordination between the existing credit agencies whereas each exists separately. In order to co-ordinate their activities, I would suggest the establishment of a Reserve Bank or Apex Bank having access to foreign money market to which these agencies and other feeder banks may be affiliated. The chief function of the proposed bank will be to balance funds, i.e., to take over money where and when there is surplus and to distribute it where and when there is deficiency of capital.

2. The important crops grown in the country are paddy, coffee, orange, cardamom and pepper. Ragi and a few leguminous crops are grown in some parts of North Coorg. The process of marketing is rather very defective in every way. Very often the produce is sold to the local merchant or middleman. A few well-to-do ryots take the paddy either to Mysore or Malabar for sale. The two companies, viz., Messrs. Volkart Bros. and Aspinwall Company have fully monopolized the coffee trade of this country. These companies advance money according to the crop forecasts for meeting cultivation charges on condition that the crop should be sold to them. Orange and pepper are sold in standing crop. All the produces of the above-mentioned crops are transported by the merchants to outside markets like Mysore, Malabar and Mangalore, and so there is very little of internal trade in the province. For all practical purposes we can say that the trade is foreign and practically the whole trade of the country is entirely in the hands of foreigners.

In order to remedy this defect I would suggest that Government and co-operative societies should advance loans to the ryots during the crop season and thus enable them to hold the grain for a better market. The ryots of a village or preferably the members of a co-operative society may jointly sell their produce in a better market by eliminating the intrusion of middlemen. The merchants and dealers often dupe the ryots in weights, measures and prices. No merchant advances money for the process of marketing; instead he is ever ready to purchase at a low price.

There is no correct hundi or any other form of internal bill of exchange current in this country. A few Bhaktali cloth merchants of Mercara and Virajpet have a hundi system with their wholesale dealers in Bombay, Madras and Malabar. Institutions like nidhis and indigenous bankers do not exist in this country. The only negotiable instruments current in this country are cheques issued by Forest, Municipal and Public Works Departments. Government cash orders, remittance transfer receipts in co-operative societies and few promissory notes. Until a Reserve or Apex Bank is started, I do not wish to suggest any amendment in the Negotiable Instruments Act and everything will follow the moment a new bank is established.

3. As previously remarked the two principal crops of the country are coffee and paddy. We shall now consider only the value of the lands fit for cultivation of these two crops only—

(a) Jungle fit for coffee is valued at Rs. 50 an acre, (b) coffee estate is valued at Rs. 500 an acre, (c) paddy field is valued at Rs. 300 to Rs. 600 an acre.

Lands sold for non-payment of revenue will fetch a price 50 per cent less than it would fetch at other times. The reasons can be attributed to drastic measures adopted by the Revenue Department and also for want of wider publicity of sale. In the case of lands being auctioned for court decree there is wider publicity and more competition. The judgment-debtor takes every precaution to see that he secures a good price. When lands are sold by private negotiations the owner dictates terms and gets the price stated above or more according to circumstances.

4. The system of land tenure in Coorg is very peculiar and there is legal impediment for the mortgage of land. The various land tenure systems in vogue in this country are jamma, jaghir and sagu. The first two being entirely inalienable. Every ryot is a peasant-proprietor. Most of the co-operative societies in Coorg are miniature land mortgage banks lending short-term loans of five to ten years on the mortgage of lands. A special concession is given to co-operative societies to mortgage jamma. Almost all the primary societies of Coorg are financed by the co-operative central bank supplemented by shares and deposits raised locally. Land

mortgage banks as commended by the Royal Commission on Agriculture of India should be started in Coorg and loans covering a period of fifty years should be granted. The question of mortgaging lands of jamma tenure, which has so far been a boon to the indigenous population of Coorg, should be tackled properly, else a time may come when all the peasant-proprietors will be turned into tenants and coolies.

Innumerable difficulties will present in the existing state of the record of rights and titles owing to the peculiar land tenure system and law relating thereto. The rules of jamma tenure should be relaxed and in very reasonable cases the owner must have the right to alienate his lands which would be to his best advantage. Every member of a Coorg family enjoying maintenance division shall be considered a miniature proprietor with powers to mortgage his lands. The land mortgage bank should have powers to bring the mortgage land for sale in the event of non-payment, in case there is no other means of recovery. A land mortgage officer with proper staff to assist him should be appointed by Government who in addition to valuation of land will keep necessary records of rights and titles. The officer will further see that the loans are properly spent for the purpose borrowed. In the event of default, this officer can permit the sale, hypothecation, etc.

The funds for the proposed land mortgage banks should come from all the three sources, namely, deposits, central land mortgage banks and mostly from debenture bonds. Debentures should have Government guarantee for principal and interest so as to create confidence in the depositing people. If loans are given after careful scrutiny there is not likely to occur any loss either to Government or to the bank. The rate of interest on debentures should be from 5 to 6½ per cent and the bank should lend at 8 to 10 per cent.

5. Before launching on the scheme of land mortgage bank to provide increase of credit facilities it is very necessary to reach an estimate as accurate as possible of the existing indebtedness of the people in this country. I would suggest that an officer of the Co-operative Department may be placed on special duty for a period of six months to collect data of the extent of indebtedness of the people of this country. The sources through which information could be obtained are—

- (1) Co-operative Societies,
- (2) Revenue Nad offices,
- (3) Revenue Taluk offices,
- (4) Income-tax returns,
- (5) Documents of approved sowcars,
- (6) Registrar and Sub-Registrars of Assurances,
- (7) Life Insurance Companies, and
- (8) Judicial Courts of Mercara and Virajpet.

I think it is advisable to give immediate effect to this proposal so that clear idea can be obtained before bigger schemes are launched.

Most of the Government and co-operative loans are given on the mortgage of jamma and sagu lands and the amount lent by merchants and fellow ryots are on the mortgage of sagu lands, hypothecation of crops and pledge of house and ornaments. The indebtedness at present is mostly to Government, co-operative societies, sowcars and dealers in the proportion of 1 : 2 : 3½. The proportion of debt on various items is as follows:—

	PER CENT.
(1) Payment of earlier debts	50
(2) Marriage and social occasions	25
(3) Famine and distress	2
(4) Payment of land revenue	5
(5) Growth of debt by compound interest	10
(6) Seed and manure	1
(7) Sinking wells and irrigation	2
(8) Education of children	5
Total ..	100

The method of calculating interest adopted by some money-lenders is this—By advancing Rs. 40 in the month of June they get a pro-note written for one cart-load of paddy costing Rs. 80 payable in the month of January, or in default, to pay Rs. 80 at 24 per cent interest from the date of loan. In the event of non-payment this is enforced and compound interest is charged. This roughly works to about 250 per cent interest.

If jamma tenure had not existed many would have by now been turned into tenants and beggars. In the case of sagu ryots many have become tenants and most of the lands have passed into the hands of creditors, the majority of whom are foreigners. Some people who have lost the property are completely disheartened and have become coolies in coffee estates.

6. Much of the poverty of the country is due entirely to the lack of subsidiary industries and occupation to the ryots in the off-season. Even agricultural problems are not scientifically tackled. The time-immemorial method of cultivation is prevailing. Of late one Mr. M. M. Chinnappa, M.L.C., a rich planter of Coorg, has opened a rice mill in South Coorg, in Gonicoppal, and I learn that another is contemplating to open at Sanivarsante in North Coorg. In a few villages jaggery is prepared but it is quite negligible. The Coorg ryot is fortunate in having abundance of rainfall and fertile lands. He can very well take up to vegetable gardening or dairy farming. In some parts of Coorg, viz., Bhagamandla, Napokulu and Mare-nad bee-keeping would be successfully undertaken. The farmers can take up to some employment like District Board and P.W.D. road contracts and labour contracts in off-season. There is also ample scope for mat and rope making as plenty of raw materials like fibres, trash and aloes could be obtained from the jungles. Last year Napokulu Nad Co-operative Union undertook road repairs costing Rs. 1,500 and did excellent work.

6-A. Here and there we find lots of indigenous carpenters and silver and blacksmiths doing very good work. I would suggest that by giving little financial help these can be organized and made to do good whole-time work. Agricultural implements can also be manufactured and sold. No. 6 refers to only subsidiary occupation whereas this is whole-time occupation.

7. As previously remarked all the existing co-operative societies of Coorg are able to give only short-term loans. The jamma tenure offers lots of difficulties. Nearly five times more of the present working capital of the co-operative societies will be needed for meeting all the demands. I would suggest that the following concessions may be given to the co-operative societies in Coorg to stimulate their growth:—

- (1) the Government agricultural and land improvement loans should be granted through the co-operative societies.
- (2) co-operative societies should be exempted from money order commission as it is done in Bombay and the Punjab,
- (3) copies of jamabandi and village plans should be supplied free by the Revenue Department,
- (4) decrees should be executed by the Revenue Department,
- (5) debentures should be included in the list of trust securities,
- (6) Government should give financial aid to co-operative societies for carrying on educational propaganda, and
- (7) Government should equip the Co-operative Department with more staff.

II.—Indigenous banking.

There are no indigenous banks or bankers in Coorg.

III.—Investment habit and attraction of capital.

The existing banking resources of the country are—

- (1) Deposits from Court of Wards,
- (2) fixed deposits from wealthy planters,
- (3) Government treasury balances,
- (4) district board and municipal funds,
- (5) Government security amounts, and
- (6) current deposits of businessmen and planters.

In addition to the above resources if Government could supplement about 10 lakhs of rupees a good banking concern could be opened in Coorg.

2. The present institutions in existence for encouraging savings and investments in this country are—

- (1) post office savings bank,
- (2) post office cash certificates,
- (3) insurance facilities, and
- (4) deposits and shares in the central banks and other co-operative societies.

Most of the wealthy planters deposit their savings in outside banks, viz., the Mysore Bank, Imperial Bank and National Bank. If the present Co-operative Central Bank is strengthened after opening current account branches, I am sure it will attract lot of deposits. Illiteracy precludes many from opening accounts in Post Office Savings Bank or investing in cash certificates. The postal rules should be relaxed a bit. Propaganda should be done to popularise the use of Post Office Savings Bank among ryots.

3. Only the educated middle class patronise Post Office Savings Bank. Some wealthy ryots of South Coorg prefer to invest their surplus funds in acquiring more lands whereas in North Coorg the ryots believe in investing in ornaments and hoarding silver coins. A few richer ryots lend money to fellow ryots on the mortgage of lands and ornaments. Only about 10 per cent of the indigenous population may be said to be well-to-do.

4. Except the Forest and the Public Works Department, and a few richer planters who have deposits in banks, others are ignorant of cheque habit. Considerable saving has been effected on the recent abolition of stamp duty on cheques. At present the pay of the Government servants in mufassal centres are sent in the shape of cash orders which are redeemed in the nearest sub-treasury. The vernacular scripts on cheques will be very palatable to ryots who can easily understand.

Banking is still a novel thing to many of the people of this country. The causes may be attributed to the following:—

- (1) Illiteracy of people,
- (2) Lack of business and banking knowledge.
- (3) Agricultural holdings being situated away from towns.
- (4) Want of propaganda by Government and other agencies.

I would suggest the appointment of a Banking Inspector with proper staff to assist him to carry on propaganda work to disseminate the knowledge of banking to ryots.

The Imperial Bank has been serving a useful purpose after the various branches were opened in districts and taluks. It is quite necessary to have a branch of the Imperial Bank in Coorg which will serve as an Apex Bank.

Written evidence of Mr. P. M. UTTAPPA, B.A., L.T., Government High School, Virajpet.

I.—Agricultural credit and credit facilities for small industries.

Most of the people of Coorg are agriculturists and they form more than 80 per cent of the population. Very few can be said to be rich and most of them are poor. Whenever they are in need of money for expenses during cultivation, they get it either from co-operative societies or from money-lenders. In certain cases paddy is borrowed from richer ryots or from the grain banks. Planters, who are in need of money, get it from firms like Volkart Brothers. For capital and permanent improvement they obtain loans from the Government under the Land Improvement or Agriculturists Loans Act as well as from co-operative societies and from money-lenders. Persons having sagu lands usually mortgage their lands to money-lenders. In the case of special needs they get the money from the same sources as above; but the Government sometimes help them with money from "Discretionary grant" fund and give special loans as they did during the floods of 1924.

The rates of interest vary from 6½ per cent to 200 per cent. A few co-operative societies and the Government lend at 6½ per cent. Most of the societies charge 12½ per cent. Professional money-lenders advance loans usually at 24 per cent, but when the loans are bigger, the rates are reduced even to 12 per cent. Most of the short-term loans fetch very high rate of interest. At times in towns the rate is 4 pies or even more per rupee per day. It is hardly necessary to say that the rate depends upon the condition and urgency of the borrower.

Money-lenders lend money for a period of three months to three years. Co-operative societies and Government allow 1 to 10 years for returning the loans; but the former get most of the money from the co-operative central banks who do not allow more than four yearly instalments.

There are about 250 co-operative societies most of which are of unlimited liabilities. All these societies advance their loans on the mortgage of lands. The same is done by the Government. Money-lenders demand the security of jewels, sagu lands, hypothecation of crops, or cattle or personal sureties.

From the Coorg administration report for the year 1927-28, we find that the total amount lent by the Government was less than 40 thousand rupees for that year and the total loan outstanding is about 2½ lakhs. The co-operative central bank lends nearly 2 lakhs to various co-operative societies and the total amount of loans advanced by the co-operative societies is about 7½ lakhs. There are no other banks or bankers in Coorg. In several villages there are family, village and temple funds and the total sums they lend may be more than a lakh of rupees. Money-lenders play a most important part and the amount advanced by them may be about 20 lakhs. Several merchants lend cloths and sundries. Thus to relieve the indebtedness of Coorg the capital required may be estimated at about 35 lakhs.

The co-operative societies have no funds for long-term loans, they do not lend enough money and the amount lent is got by the borrower very late after the Government's permission for mortgaging their jamma lands is obtained. They usually lend only once a year about the month of May or June. If a particular society does not pay its instalments due to the central bank, the latter does not sanction fresh loans and hence even those who are regular in payment suffer. The Government also commits the same mistake of not lending in time and many persons who are in real need do not get loans. Whether the amount lent is utilized for the purpose for which it was borrowed is not strictly scrutinized. There is no co-ordination between the Government and the co-operative societies.

The defects, therefore, are partiality due to party feelings or personal likes or dislikes, untimely loans, improper use of them, and lack of control. There is no banking facility and the people do not observe thrift; therefore they are at the mercy of money-lenders who levy usurious interest. The Government loans can be disbursed through co-operative societies. If the people are educated in co-operation and thrift and if the control is stricter most of these defects could be removed.

The principal crops of the Province are (1) paddy, (2) coffee, (3) orange, (4) ragi (in North Coorg), (5) cardamom and (6) pepper. Of these paddy and cardamom are usually sold to merchants or middlemen to pay the assessment or dues to the co-operative societies or the Government. The agriculturists rush to these people. These hide the actual prices and cheat them in measurements. The cost of the goods is not paid in cash and usually small sums are given. Coffee is sold to agents of the firms already referred to and since they finance most of the planters the latter are under their obligation. Orange and pepper are usually sold to contractors as standing crop as it is very difficult to find a market for them. A few, however, take them to Mysore or Malabar. Thus the disadvantages in these cases are (1) low prices, (2) defects in weights and measures, (3) no cash or advance payment.

Stores and trading societies are the most important needs of the country and they should be encouraged as far as possible. The produce of the ryots should be taken and money advanced to pay the assessment or other dues; so that when the price is high the owners could sell it as they do in the case of coffee. During cultivation small sums should be advanced as the coffee agents do. The measures also should be standardised. There are no negotiable instruments, bills, hundis, cheques, etc., worth mentioning. Cheques are used only by rich planters and some have to go even to Mysore to get some cheques cashed.

The ordinary value of jungle for cultivation is about Rs. 50, coffee estate Rs. 500 and paddy fields from Rs. 300 to Rs. 600 per acre. For non-payment of revenue if lands are auctioned they usually fetch half or three-fourths of the above prices. Sometimes there is foul play and wide publicity is not given. In the event of sale by court-decree, the owner gets a fairly high price. In private negotiation the above price is usually got. However it depends on the condition of the land, locality and the condition of the owner.

In Coorg most of the lands are jamma lands and they are inalienable. With the special permission of the Government and with the consent of all the members of the family to whom the lands belong, they are mortgaged to the co-operative societies. There are no other land mortgage banks that give long-term loans. Either the present co-operative societies must give bigger and long-term loans or a land mortgage bank should be started. In either case there must be an officer who should estimate the amount of loan that may be given for particular pieces of land. The borrowers should not be in a position to influence him and get loans more than the lands can fetch. The copies of jamabandi reports and the plans of the fields should be supplied by the officer without cost and the document registered without payment as at present. Each person enjoying the use of a land (maintenance division) should have the right to mortgage it. The bank can be worked as the co-operative societies are working now, in which case there will not be any appreciable loss. The capital of the mortgage bank may be derived from deposits, funds from central institutions and debenture bonds. The last should carry Government guarantee both for principal and interest.

Deposits and debentures can be accepted at not more than $6\frac{1}{2}$ per cent and they could be lent at not more than $9\frac{3}{8}$ per cent. In course of time deposits can be got at $4\frac{1}{2}$ per cent or even 4 per cent. The difference in rates should be about $2\frac{1}{2}$ per cent.

In order to devise measures to remove the indebtedness of the people it is but necessary to reach an estimate that is as accurate as possible. Such an estimate has already been given. A more accurate one can be got through the co-operative societies and through the local revenue officers.

Of the total amount of debt about 40 per cent might have been borrowed for the payment of earlier debts and about 30 per cent for marriage and other social functions, two per cent for payment of land revenue, eight

per cent for the growth of interest, two per cent for seeds and manure, eight per cent for agricultural improvements, and five per cent for education of children.

As already mentioned most of the debt is due to money-lenders, co-operative societies, Government and other agencies. The money-lenders charge about 20 per cent interest on an average and lend money on the security of jewels, lands, cattle, movables and personal surety. The rates of interest are already mentioned.

On account of the jamma system the landed property is not passing on into the hands of the creditors, but in the case of sagu lands this is certainly true, and many efficient farmers have become tenants and the incentive to produce more and in a better manner has been taken away.

In addition to agriculture there are a few subsidiary industries. There is only one rice mill, but many people purchase paddy, convert it into rice and thus obtain some profit by selling the rice. This could be encouraged by giving short-term loans or giving paddy from grain banks on short credit. A few people who live in towns sell milk and butter-milk. There are some who are professional milk sellers; also several farmers take to cultivating vegetables and other garden produce when they have no work in the fields.

Further, industry like weaving, rattan work, basket making, smithy and making of agricultural implements could be encouraged. New crops like potatoes, groundnuts, etc., can be tried. Poultry, sheep, goat and pig farming can be started and encouraged. The most important of all is dairy farming. More than 10,000 cattle died in 1927-28. Sufficient quantity of milk and butter is not supplied to people. Therefore dairy farming could be started on co-operative basis. Free veterinary aid, free grazing lands, good bulls and expert advice about livestock and marketing can be given by the Government. Lantana clearing societies should be encouraged. In schools, wherever possible, good gardens can be opened and the students can be taught how to grow vegetables, fruits, etc. To give further encouragements exhibitions can be held in more important places and decent prizes awarded. At present the Government and the co-operative societies are the only agencies which should not only encourage these industries, but educate the people to start such industries, advance loans whenever necessary, get the produce and find a sale for them.

III.—Investment habit and attraction of capital.

At present there is not enough banking facility in Coorg and most of the people do not know the system of banking. A few, however, deposit their amounts in the co-operative central banks, co-operative societies and post office savings bank. Only a few rich planters send their money to banks outside Coorg. If the people are educated and better facilities are given, large sums of money will come as deposits. This amount together with the deposits from the Court of Wards, Government treasury, district board and municipal funds and current deposits from businessmen and planters may be enough to relieve a large portion of indebtedness.

The existing co-operative central bank refuses even fixed deposits as they have enough money and the use of the bank is known only to very few people. It does not accept current deposits. If its branches are opened and the Government gives it facilities for sending its money without any cost, a large number of people will deposit their amounts.

Postal cash certificates are not popular, as few people know anything about them. Savings banks are not within the easy reach of many people and hence few people who live in towns and Government servants make use of it. To popularize these, propaganda work ought to be done and people should be educated.

The rich planters of this province deposit their money in banks outside Coorg as already mentioned. Minor planters and some agriculturists keep their money with them; some invest on loans, some store paddy and dispose it of when they are in need of money or when the price is high. Poor people leave their amounts with merchants and take them as they want

without any interest. Very few purchase manure, improve their fields or open new cultivations. Many people spend away all their amounts on drink, jewellery and dress. There are some others who lend to agriculturists at 24 per cent interest.

As already said, few people use cheques; to popularize it the pay of the Government servants may be paid through cheques. The using of vernacular scripts in banking will make it more popular.

The banking and investment habit is slow. Many invest on loans as they get better interest, many are ignorant of the system of banking. There are still others who sink their money in jewels or squander it in drinking, which is one of the worst evils in this country.

Though several organizations are to be started the more important duty is to educate the people. This can be done through the Co-operative Department. Further, a magazine can be started and if all the co-operative societies co-operate this can easily be done. Further, as was suggested by the teachers, if half the magazine is reserved for co-operation and allied subjects and the other half for education it may become popular as parents are interested in both and that will be the best means of educating the people.

Written evidence of Mr P. M. FONNAPPA, Inspector of
Co-operative Societies, Coorg, Mercara.

I.—Agricultural credit and credit facilities for small industries.

1. In Coorg district agriculturists obtain finance for expenses during cultivations only from the co-operative societies and from the Government under the Agriculturists Loans Act. For failure of monsoon and land revenue also agriculturists obtain finance from co-operative societies. Assessment is usually paid by the sale of their crop or by borrowing from other sources.

For capital and permanent improvements long-term loans are required. The only source is the land improvement loans. Rarely co-operative credit societies also make advances. These, however, do not meet all the cases. As such land mortgage banks are necessary.

The rate of interest varies from 6½ to 12½ per cent by the societies, 7½ per cent by the Government, and 24 to 100 per cent by the sowcars. Loans are given by the societies to be repaid in five years and sowcars are lending money for a period of two or three years. Security offered to the societies are mortgages of jamma and sagu lands and in a very few cases crops are being mortgaged for a period of five to seven years. The sowcars are lending the same on pro-notes, pledge of jewels and hypothecation of crops. Some of the limited societies are also lending money on personal securities.

Imperial Bank, joint-stock banks, indigenous banks and bankers and professional money-lenders do not exist in this country.

Including finance for the working of coffee estates it may require at least a sum of rupees half a crore for the people of Coorg.

The chief defect is that there is no bank working in Coorg. The reason is that Coorg has a peculiar tenure called jamma. Without the permission of the Government, jamma lands cannot be mortgaged for loans from outside. The Government have permitted the ryots to mortgage their lands only for the loans from the co-operative societies for the purposes for which loans are granted under Land Improvement and Agriculturists Loans Acts. If the same concession is extended for loans from the banks, banks can give long-term loans and the above difficulty that exists will have been removed.

There is no co-ordination between the existing agencies. The only scope for improvement is the establishment of a bank in Coorg having access to foreign market.

2. The principal crops in Coorg are paddy, coffee, orange, cardamom and pepper. In North Coorg (Fraserpet Hobli) ragi is grown in some parts. The present method of marketing principal crop is very much defective. Either the local merchant or a middle-man will always be benefited by the present method. A few who have a considerable quantity for sale, send their crops direct either to Mangalore or Malabar, and all the rest sell at a cheap rate to the local people. As regards coffee Messrs. Peirce Leslie and Company, Volkart Brothers and Aspinwal and Company have monopolized the trade by advancing money either on mortgage of their estates or by hypothecation of crop. Orange and pepper are sold standing to the local traders who take them away either to Malabar or Mysore. As such Coorg has very little internal trade. Unless purchase and sale societies are started nothing could be done in this direction. If an approved bank is started in Coorg something could be done to the poor ryots by advancing money on their crop and allowing them to repay their loan after selling their crop.

Hundi system is unknown in Coorg. Government assistance is needed in the matter,

3. The value of the land under paddy cultivation varies from Rs. 200 to Rs. 500 per acre, land fit for coffee cultivation is Rs. 50 per acre and land under coffee varies from Rs. 300 to Rs. 500 per acre. Good coffee estates are priced at Rs. 1,000 per acre.

Price realized.—Value of land in Government auction for non-payment of assessment is always very low. The reason is that if the owner pays his assessment within a month the sale will be cancelled. The purchaser will get his money back after one or two months after the sale is cancelled. Thinking that the owner will pay the assessment within a month people hesitate to bid.

Even in sales for court-decrees, the same state prevails. Here also people come forward and pay up the amount to the court with 5 per cent commission within a month after sale. On the whole lands do not fetch a good price in sales of these kinds.

Value of lands by private negotiations are as above [paragraph 3, sub-paragraph (1)].

4. As explained in paragraph 1, sub-paragraph (6), there is legal impediment for the mortgage of land on account of peculiar tenure of the Coorg Province in general.

There is no land mortgage bank or agricultural bank in Coorg. The only bank is "Coorg Co-operative Central Bank, Limited," which lends money to the co-operative societies affiliated to it. Primary societies registered under the Co-operative Societies Act lend money on mortgage of jamma, umbli, jaghir and sagu lands to the extent of four to five years' credit.

The Central Bank is raising its capital by the issue of shares and deposits. The Government has given only a sum of Rs. 1,000.

If a land mortgage bank is opened in Coorg many people would be benefited as they would be getting long-term loans. Unless concession given to the co-operative societies for the jamma and other privileged tenures is extended to the bank this cannot be worked up successfully.

If a copy of the property statement and title of ownership is maintained in the office of the bank disputes and counter-claims can be avoided easily.

Also the Parpathigars who are in possession of the land records can furnish the information as to the ownership on a reference.

In the event of non-payment, the land mortgage bank may be permitted to bring the lands for sale.

The working capital of the proposed bank should be made up largely from deposits, central institutions and debenture bonds. Debenture bonds should have Government guarantee for both principal and interest.

There will be no loss to Government in the above transaction. If there is any loss it can be recovered by the Government easily by the attachment of movables.

Land mortgage bank should raise money at the rate of 5 per cent and lend it out at Rs. 9-6-0 to begin with, and after building up of proper reserve it can be reduced to Rs. 7-13-0.

5. An estimate of the indebtedness of the agricultural classes has not been prepared either for a village or for a district. By appointing a special officer who has a thorough knowledge this can be estimated easily.

These estimates can be had through co-operative societies, revenue officers and civil courts. By the above three documents correct informations cannot be had as a debtor who has a debt of Rs. 1,000 might have mortgaged it and taken only a sum of Rs. 500 or so. As such every member must be enquired individually.

Purposes for which the debt was incurred are:—

- Payment of previous debts,
- Marriage and other social occasions,
- Famine and other kinds of distress,
- Payment of land revenue,
- Growth of the debt by compound interest,
- Seeds and manure,
- Improved agricultural implements,
- Education of children, and
- Sinking of wells and agricultural implements.

In the majority of cases the amount of debt is with land as security to the Government and co-operative societies. Few private money-lenders are lending on pro-notes, hypothecations and pledging of jewels, etc. There is no loan from the indigenous bank.

The rates charged by private money-lenders is exorbitant. Sometimes it goes up to 100 per cent or more. The method is that private money-lenders are lending money in the month of November or December at the rate of Rs. 40 to Rs. 45 for a cart-load of paddy. In January it will be paid by the debtors when the price of paddy will vary from Rs. 60 to Rs. 80. For a period of only two months, for a sum of Rs. 40 or Rs. 45 the money-lender will get Rs. 60 to Rs. 80.

Paddy-lenders will lend paddy even in December at 50 per cent interest. In January if the debtor has received one batty of paddy, he must give back one and a half batties of paddy, i.e., for a consideration of one month the lender will get 50 per cent profit.

A large number of farmers are not only being turned into tenants but also coolies in the estates. Even people holding jamma land (privileged tenures) are working as coolies and tenants either by leaving their lands fallow or by leasing it to their creditors. Jamma lands cannot be sold and so such tenures have been leased whereas in the case of sagu land it has passed into the hands of capitalists.

6. Only one gentleman has started a rice mill in Coorg. Arrangements are being made by another for the opening of another mill at North Coorg. There are no other industries in Coorg except some bus services. This is the main reason for the lack of improvement in Coorg.

6-A: If a weaving establishment is introduced in Coorg, the people will get work always.

7. There are no other banks in Coorg except the "Coorg Co-operative Central Bank, Limited."

Co-operative societies are able to lend moneys only for short-terms. As such the full demand of the people is not met by the societies. Few members are indebted to the society, takavi, improvement loan and also to the sowcars. If more capital is raised these can be rectified easily.

Extra capital needed will be about 20 lakhs at present.

There is no joint-stock bank in Coorg. It will be a great help if concession is granted in order to stimulate the growth of the movement in the shape of the exemption of income-tax, etc.

II.—Indigenous banking.

Indigenous banks do not exist in Coorg nor their branches.

III.—Investment habit and attraction of capital.

1. The existing banking resources in the Province are:—

- Deposits of minors.
- Fixed deposits from rich persons.

District board and municipal funds.

Government securities.

Current deposits of planters.

The Government can help if any additional capital is required. This may not be more than 5 to 10 lakhs.

The institution at present in existence for encouraging savings in the country are—

Co-operative Central Bank,
Post Office Savings Bank, and
Cash certificate, etc.

The public are not provided with full facilities for the investment of their savings. As such almost all the wealthy persons are depositing their savings in the banks situated outside Coorg as loans are not granted to private persons from the Co-operative Central Bank, Limited.

It is not possible to extend the existing facilities unless a bank for Coorg is started.

Some of the people here are burying money in silver and gold underground. But the educated people are depositing in the Post Office or some other banks.

2. Very few have purchased postal cash certificates and it is doubtful if the purchase can be stimulated.

Ignorant people find it difficult to deal with Post Office Savings Banks though the post office affords all possible facilities.

Only some of the educated middle-class people are encouraging postal deposits who have convenience to withdraw and deposit.

3. As stated above few are purchasing cash certificates, some are depositing in the banks outside Coorg and some are lending on mortgage and personal securities.

Very few of the farmers are lending money to their fellow agriculturists at the rates indicated in paragraph 4, sub-paragraph 5 above.

4. Since there is no bank in Coorg there is no cheque habit here. But people who have deposited money in the banks outside Coorg are giving cheques to the firms in Coorg such as Spencer & Co., and McDowels. Sometimes these firms deduct a discount varying from Re. 1 to Rs. 2 per cent. The Government treasury is cashing the cheques of Public Works Department, Municipal Office and Forest Department. The Government are allowing remittance transfer receipts and as such there is no necessity for promoting further cheque habit for payment to Government servants. If a bank is opened in Coorg there will be no need for the people to send money to banks situated outside.

5. Since there was no bank in Coorg I am unable to give my opinion on this.

If a bank or a branch of a bank is opened here and money supplied for the productive undertakings, not only the people will be benefited but also the condition of the bank will be satisfactory.

Imperial Bank of India have not opened their branch in Coorg in recent years but I learn that it has been serving a useful purpose wherever it has been opened.

Written evidence of M.R.Ry. K. T. UTTAPPA Avargal, B.A.,
Parpathigar, Ponnampet.

I.—Agricultural credit and credit facilities for small industries.

1. (a) The agriculturist in this nad and in Coorg obtains finance for expenses during cultivation in the following manner. For plough cattle and seed paddy a few people get advances from the Government under Agriculturists Loans Act, the members of the co-operative credit societies obtain loans from the societies and others obtain loans from the money-lenders. The Government loans and co-operative loans are to be paid in instalments after the crop is raised and loans obtained from money-lenders have to be paid in whole after the harvest. Money is also borrowed from the co-operative societies and from money-lenders for advancing labour. Some people take grain from the grain banks and others from paddy-lenders. Money and paddy borrowed from the money-lenders have to be paid in the harvest time.

(b) There has been no institution in Coorg for advancing money for capital work but the Government, of late, have revised the rules regarding the grant of advances under Land Improvement Loans Act, and are now advancing money for installing water pumps and rice mills. For digging of wells, construction of irrigation tanks and anicuts, for improving the land by having side drains and for bringing the uncultivated lands into arable ones advances are given to a few by the Government under Land Improvement Loans Act and to the members of the co-operative societies by the respective societies. Some who are not fortunate to get loans from the Government obtain advances from the money-lenders and improve the land.

(c) In the years of scanty rainfall and consequent failure of crop, Government advances money under Agriculturists Loans Act for buying seed paddy and plough cattle, and remit assessment of the lands on which the crop has failed. The co-operative societies advance loans for seed paddy, plough cattle and even for maintenance. Some others borrow money from the money-lenders on promissory notes, or mortgage of movables, etc.

1. (a) *Interest.*—Government advance loans at $7\frac{1}{2}$ per cent usually recoverable by equated instalments within ten years. Landed security is ordinarily taken and in exceptional cases personal security accepted. Co-operative societies advance loans at $12\frac{1}{2}$ per cent per annum and loans are recoverable ordinarily in five yearly instalments; landed security is usually taken. In some exceptional cases ten yearly instalments are also allowed. Traders and money-lenders advance loans for shorter periods than five years and ordinarily 25 per cent per annum is charged and in bad cases even 36 per cent are levied; advances with landed security are charged at 12 per cent to 18 per cent per annum by merchants and money-lenders.

(b) About 7 per cent of the total agricultural finance is furnished by the Government in the shape of loans under Agriculturists Loans Act and Land Improvement Loans Act. The co-operative societies and the central bank furnish 38 per cent of the finance and the balance, i.e., 55 per cent, is met by the traders, merchants and money-lenders. The statement showing the advances under various heads in the years 1926, 1927 and 1928 helped me to arrive at these figures. As this and is essentially an agricultural one the figures may be regarded as almost accurate. The Imperial Bank and other banks do not finance agriculture in this part.

(c) Approximately a working capital of Rs. 12 lakhs will be required for successfully financing the agriculturists in Coorg. Six and a half lakhs of working capital distributed in 245 societies has been able approximately to finance only 38 per cent of the agricultural needs and in order to finance at least 75 per cent of the needs, I consider at least a capital of Rs. 12 lakhs will be required. There will be no harm if the other 25 per cent is met by the Government and money-lenders.

(d) As there is no systematized banking in Coorg it is hard to say whether there is any defect in the system. As regards Government advances there will be hundreds of applicants for loans and every one expects that

he will be given a loan but as funds allotted for the purpose will be very small only about 10 per cent of the applicants succeed in getting the loan. Others who have been expecting loans and whose applications have been rejected will have to run to the money-lenders and take advances at a higher rate of interest. In the co-operative societies also, as the working capital is not sufficient to meet the demand of all the members, some are compelled to seek extraneous help.

(e) The central bank functions through the unions and the co-operative societies, hence there is co-ordination in the distribution of loans among the various unions. The Government also to a certain extent co-ordinate with the societies. A member of the society who has obtained loans from the society will not ordinarily be granted loans by the Government without enquiring into the financial position of the member in the society. The money-lenders and the merchants regard the co-operative society as an intruder to and a rival in their profession.

2. The principal crops of this country are (1) paddy, (2) coffee, (3) pepper, (4) cardamom, (5) orange and (6) rubber.

Paddy.—A small percentage of the growers pound paddy in their houses and expose rice for sale in the local markets. These on the whole get the best price possible. A large portion of the paddy grown in Coorg is exported to Malabar. The Mappilla traders go with their carts to the doors of the growers and buy paddy at a cheaper rate, take it to the coast and sell it at a better price. Some traders take paddy from Coorg to Mysore mills and obtain good price. Usually the agriculturist takes money for his cultivation and other expenses from the Mappilla traders and in the harvest time he calculates the quantity of paddy to be given to the Mappilla for the money taken from him and gives him the paddy. Mappilla traders either send the paddy direct to Malabar immediately or store the paddy in places like Gonico-pal and Ponampet till the price improves and transport it in lorries to Malabar or Mysore. Thus the paddy trade in Coorg is wholly in the hands of the Mappillas.

Coffee.—European planters are the principal growers of coffee in Coorg. European planters and the Indian planters sell coffee to the European firms in the West Coast. The agents of Messrs. Volkart Brothers, Peirce Leslie and Company and Aspinwal Company go to important centres like Mercara, Virajpet and Somawarpet, collect all the coffee pulped in the estates and send it by lorries and carts to the West Coast. Generally speaking, as this trade is on a systematized basis growers get the best price possible for their produce. These firms also act as financing agents to certain estates and advance money for all the working expenses for interest at 8 per cent to 10 per cent per annum.

Pepper.—European planters collect the crop and send it to the firms direct. Indian planters sell the crop to Mappilla and the Malabar traders when the crop is on the creepers. The traders collect the crop and transport it to the coast and sell it in retail or wholesale to Arab merchants or to English firms. Here the middleman makes the profit.

Cardamom.—The crop is gathered by the grower and sold to local Mappilla sowcars and these sowcars take it to the coast and make profit out of the sale. In this case the agriculturist does not get the price which he should get.

Orange.—The crop is sold to the Mappilla and Telega traders when the trees are in blossom or when the fruits are grown to the size of a pea. The traders purchase the crop by advancing 50 per cent of the price in the month of June or July, keep watch on the crop, pick the crop between December and March, pay the balance of the purchase money and transport the fruits to Mysore or Malabar in carts and lorries. These traders are sometimes financed by the *Dallalis*, i.e., commission agents at Mysore and Malabar. If, however, the owner of an orange garden decides to market his produce direct at Mysore, often the commission agents form into clicks and make him sell the fruits at reduced prices.

Rubber.—There are very few rubber estates in Coorg and the quantity of rubber tapped is usually sold through European firms in the coast.

2. (i) It is generally thought that the sale of paddy may be organized on a co-operative basis in South Coorg. A paddy store may be tried at Gonicopal or Ponnampet. But as almost all the paddy growers here are under the clutches of the Mappilla traders, the organizers will have to move very cautiously and steadily. A large capital will also be required to work it in a satisfactory manner. Even if these precautions are taken yet as the Mappilla traders are in the habit of financing the agriculturists in time and out of time which the store authorities cannot be expected to do and as the cost of management will be greater in an organized store than it is with the petty paddy trader who will be satisfied with a small profit, it is doubtful whether the paddy stored in the store may be sold at a better price than the prices obtaining under the present system. However, it is worth while trying the sale of paddy on a co-operative basis.

(ii) At present some of the growers even though they can make up their mind to take their produce to the best market available and benefit by it, yet as they will be short of funds for raising the crop, transporting it, etc., will be compelled to sell the produce in the villages for the price offered by the local traders. If an agency can finance the growers for transport charges and other incidental charges, many people will try to market their own produce. At present facilities of the kind do not exist in Coorg.

3. Paddy growing wet lands are worth Rs. 400 an acre, coffee land Rs. 750 an acre, orange Rs. 300 an acre and pepper Rs. 200 an acre.

The following are the factors which affect the value of lands:—

- (1) Fertility of the soil,
- (2) Rainfall,
- (3) Irrigation facilities,
- (4) Proximity of the market and easy access to public roads,
- (5) The lie of the land—east or west slopes of the hills in respect of coffee and the direction in which it extends—in respect of wet lands, and
- (6) The zone or the belt—regarding coffee.

3. (a) Good land having all the facilities enumerated above fetches Rs. 400, if it is wet land and Rs. 750 if it is coffee—provided there is no clique or combination amongst the bidders. Usually lands in isolated places, high lying places and in river margins are allowed to be sold for the recovery of land revenue. In these cases the price of wet lands has gone down even to Rs. 20 per acre. Abandoned coffee estates also have been sold for Rs. 10 an acre.

(b) Usually for the decree amount, if the land is of inferior type and if the land has all or some of the facilities mentioned above, these sales fetch the usual price of Rs. 400 an acre or even more.

(c) In a fair and square sale an acre of wet land sells at Rs. 400 and even in gauging the price of lands the status in life of the seller has to be counted. If he is an affluent and sound man his land usually fetches a better price than the lands of a man who is in debt and is not in a position to stage-manage the sale. Some people pay fancy prices, and I have known instances where an acre of wet land was worth Rs. 750.

4. Yes: alienation of lands; of which the land revenue has been wholly or partly assigned or released by sale, gift, mortgage or otherwise is prohibited [Section 45 Coorg Revenue Manual; and the exceptions to this section are given in rules 208, 209, 210 and 211 of the Revenue Rules.] Thus jamma, jaghir and umbli lands cannot be mortgaged without the permission of the Commissioner of Coorg.

There are no land mortgage or agricultural banks in Coorg. The co-operative central bank does not provide for long-term credit. Hence it is quite essential that a land mortgage bank should be established in Coorg and its capital should be derived from deposits, funds from other institutions and debenture bonds. Arrangement has to be made to get at least 12 lakhs of rupees as working capital. In order to infuse confidence in the concern, it is better if the Government manage the affairs of the bank in its initial stage of working. Long-term credits, say from 10 to 20 years, have to be allowed. As in the case of co-operative societies,

that Agriculturists Loans Act and the Land Improvement Loans Act, the Government may be requested to permit the mortgage of jamma, umbli and jaghir lands to the land mortgage bank. There are many jamma-holders who cannot work the jamma lands as they do not get necessary long-term credit for the purpose. Hence the establishment of a land mortgage bank will certainly save many of the land-holders from being reduced to poverty.

4. (a) Coorgs and jamma-holders do not recognize partition. The pattadar is the nominal head of the family and he is responsible to the Government for the land revenue of the lands registered in his name, though different members of his family may have been in actual possession of different portions of land registered in the name of the pattadar. Law does not recognize the share-holder and he has no right to alienate, or mortgage the share of land which he has been enjoying from the time of his ancestors, without the permission of the pattadar and other family members. This entails lot of difficulty in the transaction between the bank and its clients in Coorg. But this is a very difficult question to solve because the people will consider it a revolution if the family lands are partitioned and separate title-deed is given to the member in possession of his share of land though in the interest of increasing credit facilities to agriculturists it is quite necessary that a solution should be arrived at on this point. I think the Government and the jamma holders should view this question with caution and foresight and come to a workable solution before the land mortgage bank is established in Coorg.

(b) The Registrar of Co-operative Societies in Coorg is authorized to decide suits of the societies and the members by arbitration. This saves lot of time, energy and money. The same concessions may be conceded to the bank in matters of foreclosure and sale by the bank in the event of non-payment.

(c) Co-operative bonds are not stamped and the registration fees also have been abated in such cases. These privileges may be extended to the bank in its experimental stage of working.

4. (iii) The capital should come from all the three sources. Debenture bonds should carry Government guarantee for the purpose of infusing confidence in the share-holders. A reserve fund to be fixed at a certain percentage of profits of the bank should be started to secure against unnecessary loss to Government.

(iv) Fixed deposits at 4 per cent per annum.

Funds from central institutions at 6 per cent per annum.

Debenture bonds at 6 per cent per annum.

The bank has to lend money at not more than 9 per cent interest to the agriculturists and loans have to be collected by instalments—the first instalment to be paid after the completion of two years from the date of last instalment. Loans have to be granted by instalments just to ensure that the work for which the loans are taken has been done properly. It is better if the bank is managed under Government control in its initial experimental stage.

5. Yes: I know the indebtedness of Ponnampetnad generally and in particular of Shettegeri village in Ponnampetnad. These estimates can be prepared from the figures obtainable from the office of sub-registrars and by personal enquiry of each and every member in the village selected. Statement A pertaining to Ponnampetnad and statement B relating to Shettegeri village in Ponnampetnad are attached herewith for perusal. These statements show the indebtedness of the village and the purposes for which these debts are incurred. Government loans bear interest at 7½ per cent, co-operative loans 12½ per cent and the loans advanced by private money-lenders and traders bear interest from 12½ per cent to 25 per cent per annum. The debts are largely due to money-lenders and merchants, next the co-operative society comes in, and lastly the Government. The money-lenders and merchants recover their debts in kind in the harvest time, in a few cases only by attachment and sale of movables by civil court.

6. There is a rice mill in Gonicopal. The proprietor of the mill is Mr. Chinnappa. This mill does not give sufficient work to the agriculturists in the off season. Except this mill there are no other mills. Some of the Mappillas and agriculturists live by pounding paddy in their own sheds and selling the rice in the market on sandai days; others have taken to preparing beaten-rice. But in all 1 per cent of the agriculturists of this nad are having this work.

Cotton growing may be tried in some selected villages and if this is successful, agriculturists may be induced to grow cotton and spin cotton thread in the off season.

Co-operative credit societies and co-operative banks can easily finance those concerns.

6. (a) Hand-loom, weaving, fishing, and metal industries do not exist in this nad. But some people of Shettegeri, Kuliandi and Kongana villages manufacture katcha-umbrellas, i.e., *Korgas* in their off time. Some Kurabars manufacture rattan boxes, cradles and bags in the off season. As not even 1 per cent of the population has taken to these petty handicrafts, it is not possible to devise means of financing this.

7. There is only the co-operative central bank in Coorg and it has almost no dealings with other banks outside the country.

III.—Investment habit and attraction of capital.

1. (1) The income and savings of rich Indian planters.

(2) The reserve fund of the co-operative societies.

(3) The savings of the minors whose affairs are managed under the provisions of Court of Wards.

I think an additional capital of 12 lakhs is necessary for successfully financing the agriculturists.

1. (a) The postal savings banks, cash certificates, co-operative societies, the central bank, provident fund and the insurance companies.

(b) Yes.

(c) Gold and silver jewels are handy, can be safely secured in boxes and easily converted into cash locally when one is in need of cash; want of faith in banking institutions and paper money; the time-honoured love of jewels and the habit of burying coins.

2. Very few have recourse to this sort of investment. All possible facilities are afforded to the public by the savings banks. Only some of the Government officials and rich planters, lawyers and merchants take advantage of savings bank.

3. *Coorgs* as a class are extravagant. They spend money on marriages, social ceremonies, feasts, alcohol, rich cloths and jewels. A very few keep their savings in bank and a few invest on land and education of their children.

Gowdugals.—He is very moderate in his expenses during marriages and ceremonies; does not waste money on clothes and jewels nor is he addicted to drink; keeps his money in his house; lends it locally on sound security and uses the savings in acquiring landed properties.

Mussalmans.—Use their income on trade and clothes and jewels.

Mappillas.—These are the residents of Malabar and they have come here as traders and this community has to be regarded as the people of Coorg. They are very economical, hardworking, invest their savings on trade; the paddy, orange and pepper trade is in their hands.

Vaisyas.—Very economical; use their savings on trade and jewels.

Brahmans.—Very economical, spend on social ceremonies, invest in the education of their children and jewels: a few invest in savings banks.

3. (a) Farmers do lend money to agriculturists for interest. They use the surplus money of the prosperous year in liquidating the debt they contracted in a bad year, in acquiring land and in making jewels to their children. Rather difficult to say as I have no data on this subject.

4. The cheque habit is growing in the commercial and planting community. The agricultural community looks with disfavour at it as there is no facility in this country for cashing cheques.

5. The banking and investment habit in India is of very slow growth. The following are the causes for this state of affairs:—

- (1) constant change of government in the early periods,
- (2) want of stable government in the early periods and consequent fear of depredators from powerful enemies,
- (3) want of large foreign trade,
- (4) India being an agricultural country, the farmers thought that the fertility of soil and the monsoons would not fail and that they will not be in need of help from banking institutions,
- (5) love of gold and silver jewels and burying of coins,
- (6) want of faith in paper money.

With the establishment of a stable government, growth of internal and foreign trade, improvement of communications and spread of western civilization, the banking institutions have begun to grow.

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P R E S E N T :

Mr. H. M. HOOD, I.C.S., (*Chairman*).

Mr. P. J. THOMAS, M.A., B.LITT., PH.D.

Diwan Bahadur B. MUNISWAMI NAYUDU AVARGAL, B.A., B.L., M.L.C.

Rao Bahadur K. APPAYYA.

Mr. K. N. SUBBARAYA.

Oral evidence.

The Chairman: Mr. Uttappa, you have given us some figures of indebtedness of the Shettigeri village. Do you think these figures are fairly accurate?

A.—They are collected by going from house to house and they are given by the debtors and I could not verify the figures by looking into documents; but so far as they have been given I have recorded.

Q.—You know the village well?

A.—I know it very well.

Q.—These figures agree with your personal knowledge of the village?

A.—They do.

Q.—The debt on mortgage is mainly from Government and co-operative societies?

A.—Yes, sir.

Q.—The money-lenders have given only a very small amount of loans?

A.—Yes.

Q.—Why is that?

A.—Under the heading mortgage of land the amount borrowed on mortgage of crop is not taken into account.

Q.—I am talking of debt secured by mortgage of land. Why is it that money-lenders do not lend on mortgage of land?

A.—Because the lands are held under privileged tenure and they are not allowed to be mortgaged.

Q.—There are also sagu lands and sagu is not privileged tenure?

A.—There are very few sagu lands, most of them are jamma holders. Even sagu lands are not mortgaged.

Q.—Why is that?

A.—Because it is an out-of-the-way place and is not a very rich village.

Q.—With regard to debts secured on movables from money-lenders can you tell us generally what is the security for these loans? What sort of movables generally is it?

A.—Paddy crop, cattle and jewels.

Q.—But which principally?

A.—Mostly crops.

Q.—There is a very big item of debt on pro-notes, in fact the biggest item, as much as all the others put together. What is the security for that?

A.—Only pro-notes; there is no other security. Some money was advanced long before and it has grown now into a big debt.

Q.—Can you tell us something about the column on repayment of prior debts which is about half the whole amount of the debt. If it was prior debt it must have had a beginning somewhere. Can you tell us the object of those original loans?

A.—Poverty of course; or money taken for performing marriages, ceremonies or for paying old debts.

Q.—There must be a beginning somewhere for these debts?

A.—The Mappillas before the co-operative societies were started, used to advance small amounts at high rates of interest; e.g., they used to lend about Rs. 40 and take a cartload of paddy as mortgage. If the man failed to pay, the next time he sued him for double the amount and thus the debt accumulated.

Q.—That means the prior debt represents a very large amount of interest and only a comparatively small portion of it is the original loan taken?

A.—Yes. There are instances where Rs. 100 have gone up to Rs. 1,000.

Mr. Thomas: In how many years?

A.—In five years.

The Chairman: You say that the highest rate of interest is 25 per cent. Is there anything more than that?

A.—There are some stray cases where 36 per cent interest is also charged.

Q.—You have some experience of these pro-notes?

A.—Yes.

Q.—Who lends on pro-notes in this village?

A.—Mappillas and Coorgs.

Q.—Is it customary to take the pro-note for double the amount actually lent?

A.—It is now going down. But the prior debts might have been accumulated on account of this practice.

Q.—Is that practice now going on?

A.—It was in vogue but is now going down.

Q.—Is the 25 per cent interest quoted in the pro-note charged on the full amount of the pro-note while the amount actually received is only half?

A.—Yes, on the total amount of the pro-note.

Q.—That means the interest is 50 per cent of the amount actually received?

A.—Yes.

Q.—Is it customary for them to receive repayment in kind?

A.—Mappilla traders do receive in kind.

Q.—At what rate?

A.—At the prevailing market rate.

Q.—Any deductions?

A.—In the month of November or October they lend money on a simple pro-note saying that it should be repaid by giving one cart-load of paddy in the month of March.

Q.—In return for how much?

A.—For Rs. 40.

Q.—He borrows Rs. 40 for one cart-load of paddy?

A.—Yes.

Q.—And this is the season for repayment?

A.—Yes.

Q.—What is the current price of paddy now?

A.—Rs. 55 to Rs. 60 in our parts.

Q.—Is that not rather low?

A.—This year the season was very good and the price of paddy is low.

Q.—What is the price in Mercara?

A.—It is between Rs. 50 and Rs. 52.

Q.—When he takes repayment in kind who measures it?

A.—The Mappilla measures it.

Q.—Is that worth anything to the Mappilla?

A.—He gets something in that way also. There are no standard weights and measures here.

Q.—Is that a serious matter?

A.—Yes, it is a serious matter. There was a proposal for the standardization of the para. The Moplahs have paras measuring now $10\frac{1}{2}$, $10\frac{3}{4}$ and 11 measures instead of the standard 10 measures. They have also a special way of measuring.

Q.—Those are the measures they use when they buy?

A.—Yes.

Q.—Do they keep a different set of measures by which they sell?

A.—They have.

Mr. Thomas: Do they sell the paddy here?

A.—They usually transport it to Mysore and Malabar. As regards measuring the paddy, even the striking of the level is not properly done and heavy clubs are used for that purpose.

Mr. Appayya: Does he get more while measuring, and if so, how much for a cart-load?

A.—In certain places it is 15 buttis for a cart-load, in other cases he measures out 17 buttis for a cart-load.

Q.—That means he gets Rs. 8 or Rs. 10 for each cart-load?

A.—Yes.

Mr. Thomas: For repayment of prior debts, which agency is now financing? Is it the co-operative society?

A.—Yes.

The Chairman: The loans for the improvement of land are all from the Government?

A.—Yes, under the Land Improvement Loans Act.

Q.—What is the item 'Relief of distress' for which a sum of Rs. 1,125 was borrowed?

A.—If the crop fails then a man will have nothing to eat and then he borrows money, or if the earning member of the family suddenly dies then the widow and the children have to borrow money for their maintenance. Such cases make up that amount.

Q.—Any chance of the loan being repaid?

A.—Of course there is the land which can be cultivated and the loan can be repaid. There is no landless people in the village.

Q.—All of them have got land?

A.—Yes, they have got land.

Q.—There are about 500 people and 600 acres, that means about 6 acres for a family?

A.—Yes.

Q.—What is the gross outturn per acre?

A.—Roughly, one cart-load of paddy per acre on an average.

Q.—And that would be worth what?

A.—Rs. 50 according to the present market price.

Q.—And you say that cultivation expenses are Rs. 50 per acre. Then how do they live?

A.—That is why the debts have increased in the village.

Q.—I do not see how they can cultivate the land if the whole of the produce goes towards meeting the cultivation expenses?

A.—The cultivator himself, his women and children all work in the fields.

Mr. Thomas: How do you make up this Rs. 50?

A.—The cost of two plough bulls.

Q.—How much do you calculate for the plough bulls?

A.—Rs. 60 per pair and that is taken for two years.

Q.—Are not plough bulls serviceable for more than two years?

A.—Owing to the prevalence of rinderpest and other disease I think that can be taken as the average.

Q.—Do they sell the bullocks after the ploughing season?

A.—No, they do not.

Q.—In the absence of rinderpest and other abnormal causes do they not last for more than two years?

A.—You can take it as four years.

The Chairman: How old are they when they are bought?

A.—That depends on the price that you pay.

Q.—If the age depends on that how can you say that it lasts only four years?

A.—Some are young and some are old. I said on the average about four years.

Q.—You cannot say how old they are when purchased but you say they die after four years?

A.—Of course they are pretty middle-aged when they are purchased.

Q.—You say some coffee lands were abandoned; why was it abandoned?

A.—It was in a good condition at first, but for want of proper care the estate became very bad and was ultimately abandoned.

Mr. Thomas: According to the settlement reports do you find the cultivation expenses coming to Rs. 50 per acre?

A.—There the average was taken for three years and then the figure was given.

Q.—What are the different crops that are grown in your nad?

A.—Paddy, coffee, pepper, orange and rubber.

Q.—What is the extent of land under pepper?

A.—Pepper is not cultivated separately, but is grown along with coffee in the estates.

Q.—It is a side line then?

A.—Yes.

Q.—What is the extent of a typical holding of wet land?

A.—Three acres to 60 acres.

Q.—You mean the size of holdings of the different holders?

A.—Yes. The biggest in my jurisdiction is nine acres and the smallest about three cents.

Q.—What do you think should be the size of a holding that is required to maintain a family of five people including two or three adults?

A.—Six acres.

Q.—What will be the total yield of paddy from such a holding?

A.—Six cart-loads. Of course if the land is very good then the yield will be 12 cart-loads.

Q.—What cultivation expenses will the man have to incur?

A.—For three acres he would require one pair of bulls, that means for six acres he would require two pairs, then he will want eight plough shares and then yolks.

Q.—How many labourers will he have to employ?

A.—Besides himself he will require two more men.

Q.—For what period?

A.—Three months in the wet weather and two months in the dry weather, altogether for five months.

Q.—Do they keep any permanent labourers?

A.—They do not generally keep permanent labourers, but some do.

Q.—Are they paid daily or annually?

A.—There is the indigenous coolies called Yarava who are paid wages annually.

Q.—How many householders are there in the villages you have selected?

A.—Fifty houses.

Q.—Out of that how many have got the economic holding of land?

A.—Not more than twenty-five.

Q.—How many families are indebted in that village?

A.—Fifty-five persons have taken loans.

Q.—How many families are without any debt?

A.—All families are indebted. It is only a matter of extent. I can exclude one family in this village.

Q.—Are there any Moplah money-lenders in the village?

A.—They live in Hattur, Gonigopal and Ponnampet.

Q.—Have they permanently settled down there or are they really sojourners from Malabar?

A.—They do their business during the season. They are there for the last fifteen years.

Q.—Do they acquire any land?

A.—No, but only the Mappilla has acquired land in my jurisdiction.

Q.—Do they generally prefer or evade purchasing land?

A.—They want only interest. They evade it. They have no liking to acquire lands.

Q.—In how many cases have the Moplahs gone to court to get their amounts during the last one year?

A.—I do not know.

Q.—Are there many civil court cases?

A.—There are.

Q.—Is sale of lands for paying Moplah money-lenders going on frequently?

A.—They tried to evade by means of lease and hypothecation of crops.

Q.—Some of the crops are mortgaged to co-operative societies. Do co-operative societies take land under its possession on account of the default or non-payment by the borrower?

A.—None in my knowledge this year.

Q.—You speak of the need of a paddy store. On what basis would you organize such a store?

A.—On co-operative basis.

Q.—Have any attempts been made for marketing of crops?

A.—No attempt has been made so far.

Q.—What stands in the way of such an organization arising?

A.—Nothing.

Q.—Why not the co-operative societies take to it now on a small scale?

A.—It will make a very good beginning. None of the co-operative societies have begun.

Q.—Do you think that the co-operative societies themselves could do this work in these villages?

A.—Unless they are more educated I do not think that they can do it in the villages.

Q.—Is there any opposition in your jurisdiction to any modification of the inalienability of jamma?

A.—It is talked of as a all-Coorg question. They do not want to mortgage the jamma lands for loans for paying debts and other personal expenses. Of course it is given for takavi loans. It is being given for cultivation, improvement of lands and purchase of cattle.

Q.—Do these families live in scattered homesteads?

A.—They have got a big house. They have got separate rooms in it.

Q.—They are not living as a village or hulli?

A.—No.

Q.—Hulli is a village where houses are all huddled together?

A.—Yes.

Q.—Why is it that the Coorgs are not taking to village life?

A.—Because the country itself is such. The village is made up of a little valleys and wherever they have got holdings they have their houses nearby.

Q.—Does such life prevent co-operation among the various ryots?

A.—No. There has been very good co-operation for social and other matters in olden days.

Q.—Is there any coffee production in your jurisdiction?

A.—Yes.

Q.—Is there any new planting?

A.—No. Certain areas in Coorg where only coffee is cultivated. They are called coffee zones.

Mr. Subbaraya: Is it true that they take double the amount if the interest is not recovered? Is it true also in the case where the amount is paid in time?

A.—If the amount is paid in time it is not charged on the amount paid. When he has not paid the amount and when it comes to court the whole amount is charged.

The Chairman: Is it charged for the whole amount so far as paying of prior debts is concerned, the whole amount plus interest?

A.—Yes, sir.

Q.—Is it customary to pay for the recovery of paying to pay in kind?

A.—It is written in the bond itself. If I receive Rs. 40 this day this should be repaid at the end of four months; if not paid double the amount should be paid with interest.

Mr. Muniswami Nayudu: Are such decrees obtained in courts?

A.—It depends upon the judges. Supposing a man borrows Rs. 100. He will have to pay two cart-loads of paddy. If he does not pay then he will have to pay Rs. 200 with interest. That is the understanding. Double the amount is written where there is no security. If it is payment in kind then it is said that it is in cart-load.

The Chairman: Which is more common? Simple pro-note or double the amount written or the other pro-note repaying in kind?

A.—Repaying in kind is more common.

Mr. Appayya: Do you think that the present working of the co-operative societies with these short loans is satisfactory and do people take to it?

A.—They have got credit facilities but it is not sufficient.

Q.—What would you suggest?

A.—I have said in my report that there must be a land mortgage bank.

Q.—Do you think that the ryots will mortgage their jamma lands to these land mortgage banks?

A.—Of course the younger generation is in favour of it.

Q.—How to retain his property if it is mortgaged? Do you think that it will not go out of his hands if his share is mortgaged?

A.—Money is for the improvement of the land for relieving distress. Their sons who have got landed properties can repay it in instalments from the produce he gets every year.

Q.—The establishment of a land mortgage bank would be in favour of the ryots?

A.—Yes; it will increase the credit facilities of the ryots. There are many jamma holders who have got extensive holdings who cannot cultivate for want of funds.

Q.—Are not short-term loans helping them?

A.—No.

Q.—How does it affect them if they are given long-term loans?

A.—They have got time to improve their lands and get sufficient income and they can repay their debt whereas in the co-operative societies and others the period allowed is very short that he has to go to others to pay them.

Q.—Do you think that such long-period loans would prevent the ryots from going to other merchants and money-lenders?

A.—Yes, sir. Supposing a man has got a debt of Rs. 1,000. He has to improve his lands and buy cattle. He can borrow Rs. 2,000 from a bank and clear his prior debts. He can pay back the bank by instalments.

Q.—If a marriage occurs in the family the very next year where will he find the money. If he has spent Rs. 2,000 to clear his debt to buy cattle, plough, etc., how can he meet his marriage expenses?

A.—Those are unforeseen expenses.

Q.—The security that he has got he has mortgaged to the bank?
 A.—I do not mean that the whole land should be mortgaged. Some persons have got 30 to 60 acres. A portion may be given and a portion may be retained.

Q.—You favour an establishment of a land mortgage bank?
 A.—Yes.

Q.—For long periods?

A.—Yes.

Q.—Thereby the condition of the ryot will be improved?

A.—I believe it will certainly better their condition.

Mr. *Muniswami Nayudu*: Mr. Uthappa, you are a Coorgi?

A.—Yes, sir.

Q.—Have you got any lands?

A.—Yes; my father is a pattadar.

Q.—What is the extent?

A.—Nine acres.

Q.—Are there local money-lenders in the village? Are there agriculturists who have got money to lend?

A.—There are some.

Q.—Is it common that on an average that there are two or three money-lenders in each village?

A.—Not for each village; for a group of villages there are one or two.

Q.—In the Shettigeri village out of the total debt of Rs. 22,620 you find that on pro-notes, the debt is about 10,000 and from money-lenders about Rs. 1,280. Out of this 12,000 how much is given by the local money-lenders and how much from outside?

A.—About 25 per cent from the local money-lenders and the remaining 75 per cent by Moplahs.

Q.—Of this 25 per cent who are local ryots to what caste do they generally belong?

A.—Coorg generally.

Q.—Are there Vaisyas who are dealing in money in the villages?

A.—No.

Q.—Your jurisdiction extends to what taluk?

A.—South Coorg. South Coorg looks more prosperous and they are more largely indebted than North Coorg.

Q.—These Mappillas are people coming from Malabar side?

A.—Yes.

Q.—Are there anybody coming from the Mysore side?

A.—Not appreciably.

Q.—Now you said that these Moplah merchants have got two points of view. One is to get as much paddy as possible from the villagers at a cheap rate so that they might make profit out of it. Secondly to get as much interest out of the transactions. Have they no intention of becoming the owners of land in Coorg?

A.—No.

Q.—You told us in your written evidence that co-operative societies and central banks furnish 38 per cent of the finance?

A.—Yes, sir; one-third.

Q.—You would find in this Shettigeri village the indebtedness is Rs. 4,900. It is about 25 per cent?

A.—Yes, sir.

Q.—It comes to this. In this village 25 per cent of the loans are financed by co-operative societies?

A.—Yes, sir.

Q.—Of the remaining 75 per cent, 25 per cent are by the local money-lenders and the remaining by Moplahs?

A.—Yes.

Q.—Now so far as the co-operative societies are concerned they entirely depend upon the local deposits?

A.—Very few.

Q.—If co-operative societies extend their operation on whom are they to depend?

A.—They can borrow from the central bank.

Q.—Do you have large deposits in the village societies?

A.—No.

Q.—Therefore the village societies are advanced by the central banks?

A.—Yes.

Q.—In Coorg we find the agricultural credit societies dealing in cash the total debt is five to six thousand. Although their paid capital comes to 20 per cent and their reserve is another 30 per cent, say both together 55 per cent, the loans raised from the central banks is 34 per cent.

A.—Yes, sir.

Q.—Therefore the village societies are borrowing on an average one-third from the central bank?

A.—Yes, sir.

Q.—With regard to the remaining two-thirds do you think that the co-operative central banks could be able to finance them?

A.—I have no idea about it.

Q.—Who are the persons generally depositing in the central bank here?

A.—Rich planters.

Q.—Have you any connexion with the central bank here?

A.—No.

Q.—Are there local people depositing their amount in the central bank?

A.—There are.

Q.—Do you think that there are still merchants left in the country who could be asked to put their money in the central bank?

A.—There are people who have deposited their savings in Madras and other places. They could put their money in these banks provided the interest and the security is good.

Q.—Supposing the co-operative societies and the central bank takes the responsibility of giving credit to the fullest extent to the villagers to free them from the Mappilla traders do you think that there is sufficient local capital for that purpose?

A.—No.

Q.—You would therefore suggest that the central bank has to be helped to find out the amounts necessary to redeem the cultivator fully?

A.—By calling for shares and getting deposits from outsiders.

Q.—Do you think that there are chances of co-operative central banks getting deposits from outsiders?

A.—If favourable conditions prevail they will deposit their money.

Q.—Have any outside people depositing in the Coorg Central Bank?

A.—No.

Q.—In the Madras Presidency the district banks have got facilities for borrowing from the Madras Central Urban Bank. Is there any such financing bank?

A.—None.

Q.—Would you advocate the financing of the central bank by some outside authority to get the necessary funds?

A.—Yes. The directors will be able to find the amounts if the conditions and regulations are attracting.

Q.—The village society has got a share capital of about one thousand. They can borrow eight times from the central bank. The central bank has got its own capital and they can borrow from outsiders. Is there any such outside help now?

A.—No.

Q.—Is it true that the Madras Urban Central Bank is not in favour of treating this as an affiliated bank for the purpose of finance?

A.—It is very hard.

Q.—Have you thought of any alternative as to how this kind of help to the central bank can be got?

A.—I have not thought about it.

Q.—You think that a bank which would lend money to this central bank is absolutely necessary?

A.—Yes.

Q.—You say that twelve lakhs of rupees is the amount necessary for financing the agricultural needs?

A.—I said that 75 per cent of the agriculturist's needs may be met.

Q.—The total amount you would put at sixteen lakhs?

A.—Yes, sir.

Q.—Do you think that the agricultural indebtedness of Coorg could be met with this amount?

A.—Perhaps it may be a little more. I arrived at that figure on the working of the co-operative society.

Q.—Coming to the figures you say that there are 516 villages in Coorg according to the statistics. Only 250 villages are attached to co-operative societies. You have got still 250 to extend their operations?

A.—Yes, sir.

Q.—In respect of the villages where the co-operative societies are already existing, you find that the co-operative societies have now about Rs. 7 lakhs of working capital and that is about 38 per cent of the total debt. Then what will the total debt work to?

A.—I have said in my written report that about Rs. 6 lakhs are distributed through 250 societies for affording credit facilities for 38 per cent of the population.

Q.—You have said only 38 per cent of the financial needs. Therefore, if 38 per cent of the financial needs of the village is about Rs. 6 lakhs, then the total needs would be about three times. Is it not?

A.—Yes.

Q.—That is about Rs. 20 lakhs?

A.—Yes.

Q.—That is for 250 villages?

A.—Some co-operative societies have got operation over other villages.

Q.—How much more ground do you think the co-operative societies have covered?

A.—About two-thirds.

Q.—The co-operative societies now lend for short-term purposes and also for agricultural needs which are in the nature of yearly expenditure?

A.—Yes.

Q.—The maximum that they lend is Rs. 300?

A.—Yes.

Q.—What I am asking you is if you take the total indebtedness of Shettigeri as Rs. 23,000, loans from the co-operative societies come to Rupees 5,000 and from other sources Rs. 18,000. Would you take that village as a typical village?

A.—More or less it can be taken as a typical village.

Q.—Therefore if the co-operative societies have lent in about 250 villages to the extent of about Rs. 6 lakhs now, the total indebtedness based on this Shettigeri village as a typical village would be five times that. Is it not?

A.—Yes.

Q.—So, it would come to Rs. 30 lakhs?

A.—Yes.

Q.—That represents only two-thirds of the whole area?

A.—Yes.

Q.—If you take the whole area what does the total indebtedness come to? Will it be Rs. 45 lakhs?

A.—Yes.

Q.—So, the indebtedness of Coorg may be fairly put at more than Rs. 45 lakhs for agricultural needs?

A.—It may be but I cannot definitely say.

Q.—Do you think that if ultimately the co-operative societies were to finance the agriculturists to their full needs either through short-term loans working through co-operative societies or through long-term loans working through the land mortgage banks, you will have the capital necessary flowing in from your part of the province by way of investments in debentures and other things?

A.—I do not think that it will flow in.

Q.—So there is not money enough in your part?

A.—No.

Q.—Hence, unless there is some financial agency from outside, there is no method of trying to eliminate the Mappilla trader with all the attendant evils?

A.—No.

Q.—Have you any joint stock banks?

A.—No.

Q.—We find that there are a number of non-agricultural credit societies. Are they limited societies?

A.—Yes.

Q.—I find that their working capital is about Rs. 1½ lakhs between thirteen societies. That is more than a lakh and credit will be required for such societies in much larger quantities as time goes on. Is it not so?

A.—Yes. I have no experience of non-credit societies. They are all in North Coorg.

Q.—Do you think that with the Mappilla trader here in full swing the co-operative societies have not been able to attack the main problem of indebtedness?

A.—The societies have not been able.

Q.—What do you think is the way of solving the situation here? Have you any suggestions to make for the improvement of the position of the agriculturists from the financial point of view? Supposing a man is a good agriculturist, is industrious and works on his land but he wants finance which he is now getting at a very high rate. Have you thought of any method by which some remedy might be given to him through other financial agencies?

A.—That can be done only through the co-operative societies and banks.

Q.—What banks?

A.—Land mortgage banks.

Q.—With regard to the land mortgage banks, does your tenure allow or the lands being given as security in the sense that they could be sold?

A.—No.

Q.—With regard to the jamma tenure can you give me an idea of the extent of the lands coming under that tenure for the whole area?

A.—About 50 per cent of the lands will be jamma lands.

Q.—Do you mean the wet lands?

A.—Yes.

Q.—So, under the law prevailing in Coorg, excepting the crop raised on those lands, the lands could not be given as security?

A.—It is so.

Q.—The other 50 per cent forms the sagu lands?

A.—Yes.

Q.—Some of them are owned by families and some by individuals?

A.—Yes.

Q.—What do you think is the proportion of the individually owned sagu lands as against family owned sagu lands?

A.—Seventy-five per cent will be individually owned and 25 per cent will be family owned.

Q.—Do you mean by individually owned lands lands over which the individual has got absolute control and which he can sell?

A.—Yes.

Q.—The remaining 25 per cent belong to families where the right to alienate is not so clear?

A.—Yes.

Q.—In regard to such lands every member of the family must agree before the land could be alienated?

A.—Yes.

Q.—You advocate land mortgage banks to be started. What will be the security for the loans from such banks?

A.—Sagu lands.

Q.—Seventy-five per cent of the sagu lands which are owned individually?

A.—Yes. Also on crop leases in regard to the remaining 25 per cent.

Q.—Coffee land covers a fairly large area?

A.—Yes.

Q.—I find as against 80,000 acres of paddy-growing land there are 40,000 acres of coffee-growing land. Of these 40,000 acres what extent is owned by big planters as distinguished from ordinary agriculturists?

A.—About 75 per cent is owned by big planters.

Q.—These big planters do not come into the co-operative societies scheme at all?

A.—No.

Q.—With regard to the other 25 per cent, they are small holders?

A.—Yes.

Q.—At present the rule as to prohibition of alienation has been relaxed in regard to the loans given by the Government under the Government Loans Acts and also in regard to the loans given under the Co-operative Societies Act, even in respect of the jamma lands?

A.—And that only for certain purposes but not for all.

Q.—The purposes in respect of the Government Loans Acts are quite clear?

A.—Yes.

Q.—Loans under the Co-operative Societies Act on the mortgage of jamma and other lands can be given for the purposes authorized by the Government Loans Acts?

A.—Yes.

Q.—In each case the sanction of the Commissioner has to be obtained?

A.—Yes.

Q.—But have you considered the question whether the mere sanction of the Commissioner is sufficient as against the consent of the members of the family? For instance, suppose a loan is sanctioned by a co-operative society upon jamma land or sagu land owned by a family and it is taken by the manager after the Commissioner has sanctioned the loan. Is it open under the law as it now stands for the other members of the family to object to it?

A.—The consent of all the members of the family has first to be taken before the Commissioner can give his sanction. Otherwise the sanction of the Commissioner cannot be obtained.

Q.—Do you not think therefore that the present restriction with regard to the alienability of the tenure would be a serious handicap to the working of the land mortgage banks?

A.—I think so.

Q.—Do you think that the Coorgs as Coorgs are prepared to have these restrictions and alienations removed even for the purpose of land mortgage banks?

A.—The younger generation favour such a step.

Q.—What about the older generation?

A.—They have some objection.

Q.—May I ask your individual opinion—leave alone the opinion of the younger generation or the opinion of the elder generation—as to whether this restriction on alienation in regard to the jamma lands been of use in keeping the lands in the family itself?

A.—It has been of use. But the agriculturist is getting day by day indebted to a larger extent on account of these restrictions and has to leave the land fallow for want of facilities for he cannot get the necessary loans from the co-operative society or other agency and he has to go to the Mappillas and borrow from them at a very high rate of interest. There are many such families.

Q.—Would there be serious opposition to removing these restrictions on alienations?

A.—Yes.

Q.—Under the present law obtaining here, even the co-operative societies cannot lend money for the payment of old debts?

A.—No, they cannot take land as mortgage security.

Mr. Thomas: Then how is it that the villages have got Rs. 11,000 odd for payment of old debts. Where do they get the amount from?

A.—From the Mappillas.

Mr. Muniswami Nayudu: You would advocate the land mortgage banks to take up really the redemption of these old debts, putting the agriculturists fairly afresh?

A.—Yes and for improvement also.

Q.—Improvement and other things may be of a short-term nature for four or five years, and for long-term loans the period should be from fifteen to twenty years for the payment of old debts?

A.—Yes.

Q.—The Government have now made it possible for the loans to be given binding on the properties for certain purposes. Would you advocate the Government making it possible by means of special rules for co-operative societies to give loans for all purposes including the clearing of old debts?

A.—Yes. Even now though the people may take money saying that they want it for the purchase of cattle they utilize it for the repayment of old debts.

Q.—Suppose the Government allows the mortgage of these lands for getting loans from the co-operative societies for the repayment of old debts. Do you think that the societies which grant loans on that basis would be able to recover the loans without having to sell the lands even if the period of repayment is fifteen to twenty years?

A.—In some cases the lands will have to be sold.

Q.—You are advocating the opening of land mortgage banks. Whatever may be your individual opinion or the opinion of the younger generation, do you think the country would agree to the power of sale given to such banks?

A.—They would not.

Q.—Excluding the power to sell, supposing the land mortgage banks are started for the purpose of redeeming old debts and other things by giving long-term loans, do you think they will be able to recover the money from the ryots without the lands being brought to sale?

A.—In some cases recourse to sell land will be inevitable.

Q.—In the other cases do you think that the ryots will be able to discharge their debts without being forced to sell their lands?

A.—Yes.

Q.—What do you think will be the proportion?

A.—In 10 per cent of the cases the lands will have to be sold and in the remaining 90 per cent of cases there will be no necessity for that.

Q.—So you will restrict the loans to be given through the land mortgage banks to cases where after enquiry it is found that out of the usufruct it is possible to pay back the loan?

A.—Yes.

Q.—You refer to the question of partition in your answer. The system is that the jamma lands are owned by families and not by individuals?

A.—Yes, and the pattadar is the head of the family and the law of primogeniture applies.

Q.—The pattadar is responsible to the Government for assessment?

A.—Yes.

Q.—He has also to do some service to the Government when called upon to do so?

A.—Yes.

Q.—And this is held over a large number of years, probably for centuries?

A.—Yes, from the date of the original grant.

Q.—During these years the families have been growing?

A.—Yes.

Q.—But the families have not continued to live jointly?

A.—They have not.

Q.—The arrangement has been to give some portion of the lands to the various branches separately for their maintenance?

A.—Yes.

Q.—And the lands have been handed by them as though they have been separate properties of their own?

A.—Yes.

Q.—You say that the Government does not recognize such enjoyment apart from the family ownership. Do you mean that the Government does not register these lands in the names of the original members of the family who separated?

A.—Yes.

Q.—Therefore the conditions of tenure are such that you have a fictitious owner while the actual owners are many?

A.—Yes.

Q.—And if these branches want to take debt they cannot do it except with the consent of the fictitious head of the family?

A.—Yes.

Q.—Suppose originally some lands belonged to one family. That family has arranged to enjoy it in separate portions by the various branches, so that whoever may be in possession thereof the Government does not recognize the various branches. Now do you think that any improvement might be effected in the present tenure so that those who in the family arrangement have been enjoying particular plots might be treated for purposes of contracting debts and other things as separate branches each by itself? Supposing there is originally the waragdar. In his name the whole land is registered. But in years various branches have been enjoying the lands separately. Do you think it would be better to recognize these branches as individual units?

A.—If they are recognized as individual units the holdings would become smaller and smaller day by day and hence the law of primogeniture as it obtains to-day is better than the system of partition.

Q.—You are not in favour of the Government registering the various holdings in the names of those people actually enjoying the holdings and treating them as independent units?

A.—I am not.

Q.—Let me take a concrete case. Supposing there is a father to whom originally these lands were granted, about 70 years ago. Let us take it also that he had three sons. They divided into three branches and took three equal portions and each branch goes on having its own sons and descendants and that which was originally allotted to each branch is subdivided and there is absolutely no commonalty. Even in such cases you do not want that the branch should be recognized as independent?

A.—No. That is what I am telling you. The seniormost member of the family must be the pattadar. There are cases of lands having been given for separate enjoyment to the various branches of the family but still the seniormost member of the family according to the law of primogeniture continues to be the pattadar.

Q.—What interest has the pattadar there? After all for the last 100 years he does not maintain that family because a certain amount of plot has been allotted to that family and the family has been making good or bad out of it. Why do you want the pattadar now to come in?

A.—That makes the family a corporate body, otherwise the relations between the various members of the original family will become estranged.

Q.—Do you think then that with this kind of complications and difficult tenures anything like a land mortgage bank could thrive here?

A.—I have said that that question has to be dealt with caution and with a lot of foresight.

Q.—When the properties are allotted to a particular branch, do they go back to the original family in certain cases or contingencies?

A.—They do.

Q.—What are those contingencies?

A.—Suppose the branch becomes extinct, then the lands go to the nearest branch, if any, or to the parent branch.

Q.—So, at present except the crops that the branch family might raise and the honesty of the family nothing more can be had as security for its indebtedness?

A.—That is the only kind of security available at present.

Q.—You told us that the younger generation were for giving the right to mortgage lands. Would they be in favour of registering the various properties held by the various branches separately in the names of the branches themselves?

A.—I think that they would be in favour of it.

Q.—What is your individual opinion?

A.—It is better if the lands are registered separately.

Q.—With regard to the land improvement and the agricultural loans given by the Government, are the distribution and the application satisfactory?

A.—Of course the amount allotted is very small.

Q.—Is there any difficulty in obtaining the loan?

A.—No, there is absolutely no difficulty. The Parpathigar recommends the loan application after making enquiries and the Subadar sanctions it.

Q.—Is there any delay in the sanction being accorded to it by the Government?

A.—There is not much delay. Within a month of the date of the application for the loan the loan is granted.

Q.—Is the loan fully received by the applicant or are there leakages?

A.—There are no leakages. It is paid in the Sub-Treasury Office in the presence of the Sub-Treasury Officer.

Q.—There are no leakages at all?

A.—No.

Q.—So the working of the Government Acts are satisfactory here?

A.—Yes, it is very satisfactory.

Mr. Thomas: Are there not overdues in the instalments of repayment?

A.—Yes. In 1924 on account of the big downpour of rain most of the lands could not yield anything and the Government postponed the payment of the instalment due then, on the receipt of application for the same. For instance, this year I have received about 50 applications for postponement.

Mr. Muniswami Nayudu: Therefore you do not find any difficulty in the matter, provided the amount is available?

A.—If the required amount is available there is no difficulty at all.

The Chairman: What is the budget allotment?

A.—I do not know, sir.

Mr. Muniswami Nayudu: Are there any difficulties in realizing these loans given by the Government in normal seasons?

A.—No difficulties.

Q.—Do you think that the amount available to grant these loans is not large enough?

A.—The amount is not large.

Q.—There is a genuine demand from the ryots for more loans?

A.—Yes, there is a genuine demand for more loans.

Q.—According to your evidence only about 7 per cent of the total demand is now met by the Government?

A.—Yes.

Q.—Out of the applications received you are able to satisfy only 7 per cent?

A.—Yes.

Q.—How many years have you been in the Revenue department?

A.—Twelve years.

Q.—Has it been so even during the last twelve years or has the number of applications increased recently?

A.—The number of applications are increasing year after year.

Q.—But the amount of the loans made available by the Government is not increasing in proportion?

A.—It is not increasing in proportion.

Q.—I was just referring to the Administration Report. There you find that the Government are making a profit out of the loans. The profit for the year 1927-28 is Rs. 3,524 and that for the previous years are also given. Since it is so why not the Government give more loans and thus benefit the people and themselves also?

A.—Because there are not enough funds at the disposal of the Government.

Q.—Do you consider that the Government should be approached to give larger amount of loans under these Acts?

A.—Yes.

Q.—You told me that there is not much difficulty with regard to the recovery of loans in good years. Now taking the paddy crop—there have been fluctuations and variations in regard to the coffee crop—could you tell me how many years were bad during the last twelve years?

A.—Four years.

Q.—And have the people been able to pay in good years enough to overcome their losses in bad years? You say that the collection is suspended in bad years. In good years are they able to make good that amount?

A.—They need not pay during the bad years and the collection is postponed on application for one year more.

Q.—That means that the Government is collecting the outstandings in good years and postponing collection in bad years?

A.—Yes.

Q.—It is practically operating in favour of the ryot?

A.—Yes.

Q.—Between co-operative society loans and the Government loans which do you think the ryot would prefer?

A.—The Government loans.

Q.—To-day the co-operative society, so far as landed security is concerned can deal only with those purposes for which the Government loans are advanced?

A.—Yes.

Q.—What is the tendency of the Government; is it to restrict their operations and encourage that of the co-operative societies?

A.—They want the co-operative societies to prosper.

Q.—Do you not think that in this there is really conflict between the co-operative societies on the one side and the Government on the other?

A.—There is no conflict.

Q.—Now the co-operative societies are lending about Rs. 6 lakhs for the very same purposes for which the Government are also lending. If the Government finance this Rs. 6 lakhs also, do you not think it will be much better and in that case the funds of the co-operative societies can be utilized for advancing long-term loans?

A.—The Government want to see that the people themselves find their credit facilities and improve their condition and that they save something through these societies.

Q.—My point is this: you want money for long-term loans. Even if you start an agricultural bank now the money that is available might be turned towards long-term loans while the other needs that are at present met by the co-operative societies may as well be met by the Government.

A.—If the Government increases their activities then the co-operative societies will die.

Q.—So it is not to the policy of the Government to increase Government loans?

A.—It is not.

Q.—The Legislative Council has been now working for some time. Has there been any movement or any resolution brought forward in the Council towards any reform in the land tenure system of the country to the effect that alienation may be allowed in the case of land mortgage banks?

A.—I do not know.

Q.—You have no actual experience in the working of co-operative societies.

A.—No.

Q.—Is not the Revenue department utilized for collecting some of the dues to co-operative societies?

A.—No.

Q.—You say there is a ricemill at Gonicoppal. Is it a privately owned rice mill?

A.—Yes.

Q.—Do you think that it is a thriving concern?

A.—It was started only a year back, but I am sure it will work well.

Q.—Do you think there is scope for more rice mills?

A.—Yes.

Q.—It has been suggested by some that if the dues come into arrears, i.e., if the instalments are not paid regularly, the co-operative societies or the land mortgage banks might well take the land into their possession and lease them and pay themselves out. Do you think it is possible or practicable?

A.—It is possible, because I think the co-operative societies are even now doing like that.

Q.—Who is the lessee?

A.—He is one of the ryots.

Q.—He is not the original defaulter?

A.—No, he is not the original defaulter.

Q.—Are there people having a sentiment for the village or the family who will take it on lease and cultivate the land and pay the dues?

A.—There are such people.

Q.—Supposing in a village there are thirty people and there are twenty defaulters. Will the co-operative society be able to take possession of all the lands of these twenty people and then find twenty persons willing to take these lands on lease and liquidate the debt?

A.—That is an abnormal case and I do not think that out of thirty members there will be twenty defaulters.

Q.—Out of the takavi loans last year about one-third the dues was uncollected.

A.—But it was a bad year.

Q.—I am talking of a bad year. Supposing there are thirty members and out of that ten are defaulters. Do you think that there will be a combination among the people so that there will be nobody coming forward to take the land on lease?

A.—That will not be the case, because there will be people interested who will take it on lease, and pay the rent.

Q.—And that is a sentiment operating in favour of the bank?

A.—Yes.

Q.—You say that Coorgs as a class are extravagant and that they spend money on marriages. What amount would an ordinary economic Coorg family spend on an average for a marriage?

A.—If it is a girl's marriage Rs. 1,000 and if it is a boy's Rs. 500.

Mr. Thomas: There is no dowry system?

A.—No.

Mr. Muniswami Nayudu: Do you think people borrow irrespective of the question whether their holding would warrant it or not because the system of spending is so ingrained in their nature?

A.—They still borrow even if it is beyond their capacity to repay.

Q.—Has there been a movement of late to reduce the expenditure on marriages and likewise and live more frugally?

A.—There was some attempt made some ten years ago but it was not attended with much success.

Mr. Thomas: What kind of attempt was made?

A.—To see that marriage expenses did not go beyond Rs. 100 for each marriage.

Q.—What authority tried to enforce it?

A.—It was more or less a social move by some individuals.

Mr. Subbaraya: Was not liquor dispensed with?

A.—It was dispensed with, but is increasing now.

Mr. Muniswami Nayudu: Has the growing indebtedness in any way operated as a check against their extravagant habits?

A.—No, it has not.

Q.—So in spite of the fact that they are growing more and more indebted they are still borrowing at high rates of interest?

A.—Yes.

Q.—Are there cases in which such extravagant borrowings have resulted in the creditor not being able to recover any amount or losing largely?

A.—Yes, there are some insolvency cases.

Q.—Villagers are becoming insolvent?

A.—Yes, a very small percentage.

Q.—Has it been on the increase?

A.—I do not think.

Q.—Do money-lenders become insolvent?

A.—No.

Mr. Thomas: Did you say that the usuriousness of the Mappillas can be dealt with by a land mortgage bank?

A.—I did not say that.

Q.—What about the case of people who are now borrowing from the Mappillas?

A.—Any ordinary bank would be sufficient for that purpose.

Q.—What kind of bank?

A.—A bank which will take crops, jewels and other things as security.

Q.—What is the kind of loan that is required, is it long term or short term?

A.—Short term, e.g., loans for marriage expenses, or for paying the Government assessment.

Q.—In that case what is wanted is surely expansion of co-operative societies and banks?

A.—Yes.

Q.—Not land mortgage banks?

A.—The co-operative societies also collect their dues in this season when the Government assessment ought to be paid. So the ryot is often forced to undersell his produce because there is no other bank to advance him the money.

Q.—Is it true to say that there has not been any demand not met by the co-operative societies?

A.—Co-operative societies were not able to supply loans to the fullest extent.

Q.—How is it that more people have not applied?

A.—They applied, but the loan that is granted is not the whole amount applied for, e.g., if I apply for a loan of Rs. 500 they grant me only Rs. 200.

Q.—What then is your suggestion for ousting the Mappilla money-lender from his present position?

A.—I think in the present circumstances it is impossible to oust him.

Q.—But to lessen his business terms?

A.—A bank which will take jewels and crops as security will do.

Q.—What kind of bank would you suggest?

A.—An ordinary registered joint-stock bank.

Q.—How could an ordinary joint-stock bank finance agricultural needs? Co-operative societies are the most effective agency for giving short-term loans to agriculturists. Therefore, what is wanted are more funds for the co-operative societies and more co-operative societies. How is it that co-operative societies are not taking any deposits here?

A.—I have no idea about it.

The Chairman: You have no personal experience of the working of co-operative societies?

A.—I have no personal experience.

Q.—They will not give loans on produce?

A.—No.

Q.—You say that these jamma holders cannot work jamma lands as they cannot get long-term credit. What are these long-term credits for?

A.—For example, a man may have 30 to 40 acres of jamma lands but he will not have money to purchase cattle or pay the labourers and thus still go

as a beggar. He is indebted to other agencies and he cannot clear the debt and nobody will give him money under that tenure. He would want money to clear his debt and cultivate his land.

Q.—What has clearing the debt got to do with cultivating his land?

A.—If he is not helped to cultivate his land he will have no produce and he will have to go as a beggar.

Q.—If you borrow money to grow the crop what happens? Are you going to repay that loan from the crop?

A.—Yes, from the crop he repays it.

Q.—If you do not pay the loan from the crop what happens?

A.—He will be sued through the civil courts.

Q.—If he does not pay, this loan goes to the next crop and he has to borrow for the next crop as well?

A.—For the next crop he has got money for working expenses.

Q.—So he wants money only for raising the first crop and that is a short-term loan?

A.—He cannot meet cultivation expenses and repay the loan amount. He has to buy cattle.

Q.—But buying cattle is a capital expense?

A.—And he has to advance money to labourers.

Q.—Cattle live only, as you said, for four years and any loan for cattle must be paid within those four years.

A.—He can repay the amount borrowed for cattle from other resources.

Q.—You say he has no other resources and that he was in debt.

A.—I am taking the example of a man who is in debt.

Q.—And consequently has no other resource?

A.—Yes.

Q.—How can he meet that expense from other resources? If you borrow money to buy cattle obviously you must clear that debt within the lifetime of the cattle and not carry on the loan after you take another loan for buying another pair.

A.—Yes, but not necessarily.

Q.—So these are the loans required for this man to start cultivation?

A.—Yes.

Q.—For what period are the co-operative societies lending money?

A.—For five years.

Q.—And all the loan that he wants to bring the jamma land under cultivation can be got from the co-operative societies?

A.—Yes; but such men do not come to co-operative societies.

Q.—You said it was necessary that he should have a long-term loan. He requires a loan for four years for the purchase of cattle and for one year for running expenses to cultivate his lands. He has some other debts which will be only repaid if he is able to cultivate and that his creditor can expect repayment only if he is able to cultivate his lands. Consequently it will not be in the creditor's interest to demand payment at the expense of cultivation?

A.—Certainly it is not to his interest.

Q.—So he will generally allow the cultivation expenses to be repaid from the crop before he claims repayment of prior debts?

A.—He cannot expect the repayment of cultivation expenses before he pays the prior debts.

Q.—Then cultivation stops at once?

A.—What I said was he can pay the amount by instalments.

Q.—But you say that he requires long-term loans to cultivate his lands. Is that correct? The point is this: the co-operative society can actually supply all these expenses for cultivation for anything up to five years and that will cover cultivation expenses and small improvements to land and also purchase of cattle?

A.—Yes.

Q.—And the only thing it will not cover is repayment of prior debts?

A.—Yes.

(The witness then withdrew.)

A

Statement showing the transactions effected on landed security, etc., relating to Ponnampetnad in the Ponnampet Sub-Registry Office from 1st January 1926 to the end of December 1929.

Money borrowed on landed security.		Money borrowed without security.		Money borrowed from Co-operative Credit Society.		Leases.		Takavi loan under Agriculturists Loans Act.		Takavi loan under Land Improvement Loans Act.		Total.		Remarks.
Number of cases.	Amount.	Number of cases.	Amount.	Number of cases.	Amount.	Number of cases.	Amount.	Number of cases.	Amount.	Number of cases.	Amount.	Number of cases.	Amount.	
1926.														
	RS.		RS.		RS.		RS.		RS.		RS.		RS.	
66	44,301	9	3,110	246	29,726	10	2,043	36	1,620	19	2,220	386	83,020	
1927.														
68	39,100	8	1,660	198	28,985	3	5,296	42	2,425	23	3,290	330	81,056	
1928.														
62	83,085	3	885	242	33,220	14	4,690	61	4,175	19	3,250	401	79,305	
184	1,16,486	20	5,955	686	91,931	27	12,029	139	8,220	61	8,760	1,117	2,43,381	

South Coorg taluk. Ponnampetnad.

Shettigeri village.

Distance from Ponnampet to the west—6 miles.

Area—2,037.65 acres.

Population—498.

			(a)	(b)	(c)	Purpose of borrowing.																																		
Amount of debt on landed security.			(1)	(2)	(3)	Total.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	Total.																								
			From private persons.				From the Government.			From the Co-operative Credit Society.			The payment of earlier debts.				Marriage and other social occasions.			Famine and other kinds of distress.			Payment of land revenue.			Growth of the debt by compound interest, interest not having been paid.			Seed and manure and purchase of plough cattle.			Improved agricultural implements.			Sinking well and agricultural improvements.			Education of children.		
			Rs.	Rs. A.	Rs. A.		Rs.	Rs.	Rs. A.	Rs.	Rs.	Rs.	Rs.	Rs. A.	Rs.		Rs. A.	Rs.	Rs. A.	Rs. A.																				
1,380	3,982	4,941	8	1,926	10,492	22,620	12	5,280	2,410	1,126	..	6,292	8,762	11	..	8,761	1	..	22,620	12																				

Written evidence of M.R.Ry. P. CHENGAPPA Avargal, Subadar,
South Coorg taluk.

I.—Agricultural credit and credit facilities for small industries.

The sources through which the agriculturist in this country obtains finance are the Government, co-operative credit societies, sowcars, dealers and fellow ryots. All these loans are short-term loans covering a period of one to seven years. Practically nobody advances loans for permanent improvements for a period of 20 to 30 years. Government gives remission of assessment when crop is damaged by insects, want of proper rain and flood. Funds out of the discretionary grants are freely given in times of distress.

I would estimate the total indebtedness of the country to be roughly 30 lakhs of rupees. If the co-operative societies are improved and set on a good working order it will go a long way to help the ryots of the country who form the bulk of the population.

An effort is being made in some quarters to secure loans sanctioned by Government to be paid through co-operative agency. This effort is I take it with an ulterior motive and that presumably for safeguarding votes. In the present state of the societies and the credulous nature of the ryot classes men are not wanted who will exploit their simplicity for their selfish ends. In election campaigns societies form factors of consequence to candidates.

The banking resources of the country are:—

1. Government treasury balances.
2. District Board and municipal funds.
3. Provident fund.
4. Government security deposits.
5. Fixed and current deposits from wealthy planters.
6. Minors, Court of Wards.
7. Debentures—Government should guarantee interest and principal.

Item No. 5 will pour in the moment the public get to know that Government treasury balances go to form the bank. The chief function will be to balance funds, i.e., to take over money where and when there is capital and to supply when and where there is deficiency of capital. This bank should preferably be a central land mortgage bank.

Joint sale of produce by societies and joint purchase will go a great way in easing the difficulty of the ryots where the president or office-bearers of the societies concerned are men of character. Lands sold for arrears of land revenue are very few in number and these are of persons who are not good ryots. The prices fetched vary with the condition of the land. Generally, it is very bad land that is allowed to be sold. If competition is good then revenue sales bring in good price. In some cases the parties concerned enter into a private negotiation and the sale by the revenue court for arrears will then be for a low and nominal price. These cases are generally of judgment-debtors. Sales by private negotiation where the seller is not already indebted to the buyer result in good price. Indebtedness on the part of the seller whether to the buyer or another person always acts as a dead weight in securing price.

There are legal impediments for the mortgage of lands in virtue of their tenure. Privileged tenures carry with them the restriction against alienation but the restriction has been removed in the case of recognized land mortgage banks, the existing takavi loans and co-operative societies' loans. In establishing land mortgage banks I would respectfully urge inclusion of provisions to safeguard the complete passing away of privileged land to the bank or buyer as a foreclosure. These lands of special tenures carry with them privileges which it is the intention of Government should be enjoyed in perpetuity as a token of fidelity and they cannot be had for love or money ordinarily. It is essential that

these acquisitions are secured for posterity and not allowed easily to be sold on account of the misbehaviour of an intermediary owner. I would suggest leases by bank instead of foreclosure and sale. If a provision to this effect is not embodied in the rules relating to the bank, it shall not be a surprise to me to find one half at least of the number of the existing jamma ryots passing away into tenants or coolies of landlords in the course of a decade or two. The mania of keeping up appearances has come over the younger generation and if not adequately safeguarded the result anticipated above will surely follow. No loan in the case of people of the Coorg race owning privileged lands is possible, without the consent of all the members of the applicant's family. It should be the duty of the applicant for the loan, to produce such consents attested and certified by the local revenue office, before the loan is allowed. If necessary a special officer may be appointed by Government. No change in the system of record-of-rights will be needed as the defect therein, if any, has to be cured by the officer referred to above.

The indebtedness of the country is a point worthy of consideration in connection with the bank to be started. The capital of the bank and the rate of interest to be charged, will to some extent depend on this factor of indebtedness. Loans outstanding under Agriculturists Loans and Land Improvement Loans Acts aggregate to rupees two lakhs and thirty-five thousand. If to this is added the outstandings up to date of the co-operative credit societies which amount to rupees seven and a half lakhs the total of indebtedness under two heads will swell into about ten lakhs of rupees. Apart from these, there are loans which ryots and planters obtain from sowcars and firms. The firms deal mainly with plantation products and the money advanced is to secure the crop—coffee, cardamom, peppers and rubber, the firms dealing with planters being Messrs. Volkart Bros., Aspinwall, Pierce Leslie & Co. The area of plantation under various crops is given below:—

Coffee	...	...	39,838	acres.
Pepper	...	...	73,215	„
Rubber	...	...	2,484	„
Tea	...	...	415	„
Agave	...	...	460	„

If to this is added 84,060 acres under paddy the total area cropped will aggregate to 201,487 acres. The firms and sowcars who partly at least maintain the cropped area may be taken as contributing about two times as much as Government and co-operative societies put together contribute to maintain or secure the cultivation of the cropped area. In fine the indebtedness of the country may be taken at about Rs. 30 lakhs and the cropped area of 201,487 acres may be adopted as correct.

If accurate information is needed as regards indebtedness it may be obtained through an officer who will examine co-operative credit societies, Revenue offices, income-tax returns, documents of sowcars, offices of the Registrar and Sub-Registrar of Assurances, Life Assurance companies and civil courts.

The rate of interest charged by some Mappilla money-lenders works to more than 100 per cent. The method adopted is as follows:—

The Mappilla advances Rs. 40 in June to August for a cart-load of paddy to be delivered by February. The document to evidence this transaction generally runs to the effect that the executor will pay back Rs. 80 to the executee with interest at 24 per cent. The figure so introduced in the deed is generally the price of a cart-load of paddy and the interest charged is the interest on Rs. 80 and not the interest on Rs. 40 actually paid to the executor. In his dire necessity the executors who are mostly men who always live in debt execute any document desired by the unscrupulous merchants. The number of merchants of this class is on the wane as a result of advances by the State and the societies. But so far the societies and Government have not been able to weed them out to any appreciable extent. The Usurious Money-lenders Act extended to Coorg does not seem to have been vigorously applied, the courts being powerless in the matter for want of evidence.

Except as regards Sagu ryots, the process of old debts forcing persons to become tenants is not much in evidence. The privileged tenure necessarily forestalls the anticipated process of petty landlords, becoming tenants of their creditors. It is to maintain this privilege of tenure that the Coorg ryot has to fight against the scheming foreign or local capitalist.

In off season the ryot can take to bee-keeping, weaving mats, and rope-making.

A rice mill has been recently started at Gonikopal and for the starting of another at Sanivarsante a loan has been sanctioned by Government.

Weaving is an occupation of some persons of North Coorg taluk. In South Coorg smithy and carpentry exist in small scales. These, if aided and organized by the State, could turn out good work.

Want of capital or in other words a big bank stands in the way of long-term loans by co-operative credit society. The capital of the bank may be increased so as to cover the loan given at present by firms and sowcars, which is estimated at Rs. 20 lakhs. This with the existing capital of the central bank of Rs. 7½ lakhs will amount to about Rs. 30 lakhs.

(1) Co-operative credit societies may be exempted from money-order commission.

(2) The co-operative credit society may be allowed the right of taking a copy of the record of rights, the copy to be certified by the co-operative inspectors.

(3) Government aid in the shape of inspectors to put down the mal-practices in connexion with distribution of money and to carry on propaganda work may be given.

II.—Indigenous banking.

There are no indigenous banks in Coorg.

III.—Investment habit and attraction of capital.

The banking resources have been referred to in Part I.

The savings deposit institutions are:—

- Post office savings banks,
- Post office cash certificates,
- Insurance facilities,

Deposits and share in the central bank and co-operative credit societies.

Most of the wealthy planters deposit their savings in banks outside the country, i.e., the Mysore Bank, the Imperial Bank and the National Bank. Illiterate people hardly keep their money in post office savings bank. It is only the middle class that invests its money in post office savings bank, cash certificates and insurance. The ryots in South Coorg invest their savings in buying of neighbours' lands and in North Coorg much money is invested in jewels and in hoarding.

Cheques are used only by the wealthy class and mostly by European planters. Co-operative inspectors may be asked to educate the ryots in the matter of settling their deposits.

The proposed bank may be affiliated to the Imperial Bank of India.

Written evidence of M.R. By. C. H. KALEGOWDA Avargal,
Coffee Planter, Gopalpur Estate, Shanivarsante, North Coorg.

I.—Agricultural credit and credit facilities for small industries.

The agriculturist in our *hobly* obtains finance (a) from co-operative societies, Government and money-lenders for expenses during cultivation, (b) from money-lenders for capital and permanent improvements and (c) from Government in shape of takavi loan.

The interest charged on such loans by Government, co-operative societies and money-lenders are 6½ per cent, 12½ per cent and 15 per cent to 24 per cent respectively.

The period of advance in the above in order is at the highest 10 years, 5 years, and 5 to 7 years.

The nature of security for small amounts is self or personal security; for big amounts land mortgage.

The first two institutions see that the client spends the money for the purpose for which it was granted and recover it by yearly instalments. If crop fails one year, he is given time till the next, whereas money-lenders look to their own interest and interest only. The value of the security must be double the amount he pays or lends. Many clients have lost their landed property being unable to pay the amount in due time.

The total amount of capital required for the various purposes stated above would be nearly Rs. 20 lakhs.

The defects in the Government and co-operative societies are two—(1) the money will not be granted in time; (2) the money granted will hardly suffice.

The remedy is in taking off these defects. There is co-operation between Government and co-operative societies; but money-lenders are aloof. No co-operative marketing exists for the sale of principal crops. Agriculturists themselves sell their produce; co-operative societies sprung for the purpose backed by the Government will do well.

The value of land per acre for different kinds of crops are as follows:—

Wet land per acre from Rs. 200 to Rs. 400.

Dry land per acre from Rs. 50 to Rs. 100.

Coffee land per acre from Rs. 300 to Rs. 800.

Cardamum land per acre from Rs. 300 to Rs. 800.

Orange land per acre from Rs. 500 to Rs. 1,000.

The values rise or fall according to the richness of the soil and the thickness of the population.

(a) Value of land in Government auction for non-payment of revenue will be 60 per cent; (b) value of land in the event of sale by court decree will be a little more than its actual value. The value of land in purchase by private negotiation will be at the highest one and one-fourth of its actual value.

There are legal impediments to the holders of jamma, jahageer, bhata-mania; for sagu holders no such impediments exist. Former cases are less in the *hobly*.

There are neither mortgage banks nor agricultural banks in our *hobly* or district. If such institutions be established on co-operative principles granting more money and more time at less interest, they will do well.

To avoid possibilities of dispute and counterclaims by parties other than those who are the clients of the bank and simplify the reference in the records of rights and title of ownership will be to refer to the wills, registrations and jamabandi records,

The reduction of costs of reference to records of rights and of registration of records and of the process at law so as to reduce the burden on the good constituents of the bank in respect of charges incurred on account of defaulters would be to run the bank on co-operative principles.

The money for the working capital of the proposed mortgage bank should be derived largely from debenture bonds. They should carry Government guarantee both for the principal and interest.

Moneys should be raised from debenture bonds and deposits—for long terms at 5 per cent and for short ones at 4 per cent interest—and should be lent out at 7 per cent interest.

To give an estimation of the existing indebtedness of a village is not possible unless one goes into it deeply. Such an estimation could be got or obtained with reasonable accuracy on a reference to the records of co-operative societies, registration office and money-lenders of the village.

There are very few small subsidiary industries allied or supplemental to agriculture. There are about 20 hand-loom for weaving, and one or two sugar refineries. There will be one rice-mill on a large scale by the end of this year.

The first could be encouraged by supplying yarn at a cheaper rate than at present they are having from the merchants. Better still is to encourage them to form a co-operative society both for purchasing of yarn and selling of the finished product. There was one society to supply yarn which is now dying a slow death for want of knowledge of the co-operative principles.

When a farmer cannot make use of his time he may be encouraged to spin yarn, to grow vegetables, fruits and cotton, etc.

II.—Indigenous banking.

There are no banks in the province except a central one which lends money to co-operative societies and not to the farmers.

The amount of capital invested by it is Rs. 2½ lakhs.

III.—Investment habit and attraction of capital.

There are no institutions in existence for encouraging savings and investment habit except the postal one.

Even this is not made use of by the farmers, post offices being few and far between. The worst thing is that the farmer has to sign in the same way throughout and in so many places which he finds very difficult, and he should wait for a day or two until order comes from the sub-office. Even after the order comes the fellow has to wait until the post office gets money. This he finds very loathsome and tries either to hoard or get jewels of silver and gold. Very few use the savings bank well.

Postal cash certificates are not very popular. Only officers invest their savings in the savings bank or cash certificates.

To attract other classes there must be branches of a bank within the radius of few miles and they should transact with them in a few minutes without giving much trouble in signing so many papers in so many places, that too in the same way.

The farmers lend to fellow agriculturists as money-lenders do and lend also on personal security and trust even without interest sometimes.

No cheque habit in this district except in Government transactions. Better that Government officers and bank employees above Rs. 100 are paid by cheques.

Better that vernacular script is made use of in banking.

The banking and investment habit in India is of very slow growth. This I attribute to illiteracy and want of advice and guidance.

The primary need therefore is to give compulsory education by legislation and advise the people to form co-operative societies for everything they need, Government contributing its best for the capital and management.

The Imperial Bank of India has not opened any branches in Coorg.

Written evidence of Messrs. A. B. CHENGAPPA, M.L.C., Virajpet,
South Coorg, and C. S. MUTHIA, Coorg.

We thank you for your courtesy in asking our opinion about banking facilities obtained in Coorg and our only inability to answer technical and complicated questions in an off-hand or unconvincing manner is that, we have not sufficient practical experience in this particular direction.

We take it however, that the real object of the enquiry is to afford banking facilities to Coorg as well, which is purely an agricultural country. To the best of our ability we have given the subject in the short time available our fairly considered thought and have arrived at the conclusion that the only possible bank in Coorg is a State-aided co-operative agricultural bank created by local legislation as there is considerable difficulty for any other bank to be of any use in Coorg.

The land tenure is divided into two main heads, jamma and sagu and the extent of land under cultivation may be taken as fairly half in either holding. The Revenue Regulation prohibits alienation of jamma lands and half the land is unavailable for security as the law at present stands. The Revenue Law again prohibits partition among members of the Coorg race. Sagu lands held by these people are risky to be accepted as security, as the consent of all the members to the third degree have to be obtained which is a practical impossibility. Then there are those like Ayris and Heggades, who follow Coorg customary law and the lands held by them also are not easily available for security. Then there are the Europeans who hold more than half the area of the coffee lands who may be unwilling to deal with the local bank as it is possible for them to raise capital from outside on a smaller interest. Then there are those few who are above want and may not require the help of a local bank. Unless these difficulties are surmounted by legislation in a manner acceptable to the people concerned, no bank can work on a sound and safe financial basis. Added to the legal difficulties, the sentiment of the Coorgs are decidedly against the alienation of their ancestral home, which is no mean factor in finding out a solution for the banking problem. Unless this problem is solved and accepted both by the people and the Government, the idea of a bank for Coorg must be shelved to the corner. In order to safeguard the interests of both the Government and the ryots, who are labouring under the disability of not having unencumbered and unhindered lands to be offered as security, and to further safeguard the interests of those who are genuinely anxious to maintain the family integrity and solidarity, we would offer the following solution, which if not accepted by Government in the first instance with any modifications that may be considered necessary in the course of the passing of a Legislative Act in the Local Legislative Council, we are afraid, will cause all the labour of your Committee, so far as our Province is concerned, to be in vain.

Firstly, the Land Revenue Regulation, Section 145, Clause 15, should be amended so as to recognize partition among Coorgs. There may be some objections to this but they are more sentimental than real. This prohibition is observed in actual practice more in its breach. It is the common experience of every one and also the Government that what is known as "Maintenance Division" is generally in vogue and recognized by Government indirectly as the Criminal Law is made applicable when a person's possession is attempted to be disturbed by another member of the family if held under the so-called "Maintenance Division". If done under a deed, it is registered and full operation is given to it by the parties even to the point of inheritance, though the law recognizes succession only by survivorship. If the contending parties give a submission deed to arbitrators and an award is given by them, a decree could be obtained in a civil court and by the Law of Estoppel the award is binding at least on the parties to the submission deed. This arrangement is seldom disputed by successors. Practically all the incidents attached to regular partition is recognized by the civil courts. Loans are given by the Government and co-operative societies and in order to safeguard their interests the consent of the Government, the pattadar, and

adult members is obtained. Even this as the Law stands at present is risky and will not stand the test in a regular court of law if hotly contested by any junior member of the family concerned. This cumbersome and risky position of the proposed bank could be remedied only by the legislation above suggested as it is absolutely necessary to safeguard the interests of both the Government and investor. The Government also at the same time should relax its hold and suitably amend Section 45 of the Land Revenue Regulation. Government should also introduce a Bill to amend the Law of Succession among Coorgs and those who are following the Coorg Customary Law. If once the general principles are accepted the details could be easily settled by the appointment of a Local Subcommittee of the Legislative Council to investigate matter and place a Bill before the Council. We would however suggest that the objection by the Coorgs that their ancestral lands should be protected from passing into the hands of strangers, could be obviated by giving the members the Pre-emption Right. As the whole scheme is to be worked through co-operative agencies under Government control, a method could be evolved to take possession of the encumbered property without the interference of the civil courts and given to the societies concerned to be leased and money recovered in that manner. The lands, therefore, will only be brought to sale in exceptional cases where lessees could not be found when the family members will have a further remedy of pre-emption to retain the lands in the family.

The Co-operative Act, also, has to be amended to suit the altered conditions, so that long-term loans could be available for other purposes than those allowed now under the Act. These are indeed matters of detail and as our Benign Government is really anxious to improve the material and economical prosperity of the country by conserving available capital of its own people by proper safeguards, we do sincerely believe a way could be found on the lines above suggested. We would, therefore, earnestly advise the committee to approach the Government and get their support before they formulate any opinion regarding our local needs in this direction. We shall now proceed to answer the questions.—(For the answer vide pages 8 to 12 supra.)

**Written evidence of J. H. SPROTT, Esq., Mangles Bros, Coorg,
Coffee Estates, Limited, Hallery, Mercara.**

The questionnaire is far too complicated to try and answer all the questions and I see you do not expect it done. With regard to the question of financing cultivation in Coorg and of the marketing of the products such as coffee, pepper, rubber, etc., so far as this company is concerned, our coffee is sold either in this country to curing firms on the West Coast who generally offer good prices for the reason that they must have a certain amount of coffee to cure to make their works pay, or at home, either forward to some well-known buyer, or on the open market. As far as this company is concerned a bank would be of little use as we never borrow money on the crop standing, and all money for working expenses is remitted from England.

The one advantage I can see of a bank in Coorg is, that it might help those who at present borrow money on their crops from the coast firms and having done so are, as a rule, expected to sell their crops through that firm. This sometimes means that they do not get the best price possible for their crops. On the other hand, the coast firms are willing to take standing crop as security against loans, and I do not know if a bank would be willing to do so.

Written evidence of M.R.Ry. B. SRIPÁTHI RAO Avargal,
Bhagamandala, Coorg.

I.—Agricultural credit and credit facilities for small industries.

1. (a) The agriculturists obtain finance from the co-operative credit societies, the Government and partly from private money-lenders.
- (b) & (c) From Government loans and private money-lenders.

The rate of interest charged by the co-operative societies ranges from 9 per cent to 12½ per cent with penal interest on defaulters.

The interest on Government loans is 6½ per cent. Private money-lenders' rate of interest is from 12½ per cent to 36 per cent. The average may be taken as 25 per cent.

The security given to the Government and the co-operative societies is mainly the landed and other immovable property of the person borrowing. The liability of the standing crops of such securities is held good with it, subjected to the priority of the land revenue claim.

The private money-lenders' advance rests on an unsecured basis, so far as Jamma ryots are concerned as the tenure is inalienable and impartible, which is the cause of the high rate of interest charged by them.

The advances made by the Government is limited by Agriculturists Loans Act and Land Improvement Loans Act. This operation never extends further to meet the full needs of the ryot. This defect is partly remedied after the advent of co-operative credit societies. Ryots have been fully benefited by these societies to the extent of partly ousting the private small money-lenders from the coast as well as local. Private money-lenders get their advances paid back more in kind valued at rates much lower than the market rates. Hence the loss to the ryot is twofold, viz., the high rate of interest and loss in the value of the produce given in fulfilment of the contract made with the money-lender.

The present facilities of the ryot to get finance for his needs is very inadequate and the little convenience that exists at present is inelastic and based on no good security. There is no co-ordination between the different financing institutions, either Government, public or private, that exist in this province. In fact, I may state without any fear of contradiction that there exists no elaborate system of financing either public or private that meets the requirements of the people either agriculturists, planters or industrialists in the sense in which it exists outside this province. I believe this state of affairs is primarily due to the absence of good security here for the money lent, which is the recognized basis for banking. It is due to this cause that there exists no banking concern here except the co-operative central bank, which is of a later advent with special privileges from the Government.

2. There is no credit facility required for the financing of products during their producing and marketing. This defect is a great disadvantage entailing financial loss to the producer. In this respect I have to draw your attention on behalf of exporters of the cardamom industry to which group I belong.

This industry is exclusively owned by the people of the province with a few outsiders. There is hardly a European in it. Thousands of acres of forest are under this cultivation in the western and northern mountainous section of this province. Neither the Government nor the co-operative credit societies make any advances to the growers. Small money-lenders are not big enough to extend their operation to this group. The only source that

is left to us is the sowcars on the coast who are money-lenders as well as commission agents to sell our produce. Even this source is available only to those who have the credit and influence with those sowcars. The cardamom planters for want of financial assistance at reasonable rate of interest are compelled to sell their goods to the up-country or coast buyers at a disadvantage at a time when the market conditions are not favourable or to be at the mercy of the lending sowcar of the coast.

If proper finance is available at reasonable rate of interest, we the producers will be in a stronger position of disposing the produce at a favourable period of the market. The requirements of the producer are just that much that will meet his estate expenses, and the Government assessment compels the ryot to dump his produce into the market to be sold at any rate to meet his requirements. If the same stuff is retained to wait for a favourable rise in the market, the benefit will be far greater. The cardamom planter just requires that help to derive the full benefit of his plantation. This industry is not fully organized nor is there an association for united action. I believe this is due to the poor condition of the industry for want of financial aid.

My experience suggests me that the Imperial Bank, co-operative central bank or any such non-commercial institution should provide us funds on the security of our estate with crop at a reasonable rate of interest. The sale proceeds of which should go to meet such advances. Sufficient elasticity should be introduced in the system of collecting the assessment by the Government. The total amount of assessment that is paid by the grower exceeds Rs. 50,000 and the working expenditure involves another couple of lakhs. If this amount is available to the producer without ruinous condition as at present, this benefit will add another lakh to the present profit of the grower. It is difficult to explain further in this paper and impress the supreme needs of this ancient industry of this province except by personal discussion and representation.

4. The lands in Coorg are held under two system of tenures, namely, jamma and sagu tenures. The former one is inalienable and impartible with the proprietary right resting with the Government. Hence the lands held thereunder cannot be mortgaged under any conditions and cannot even be let out for cultivation to others except with the sanction of the Government. I believe, if I am not mistaken, the lands under this tenure are held by the Coorgs, Gowdas, and some members of other classes on military service. Even partition of such lands in the family is not legally sanctioned. Such lands cannot be given out as security for any loans given by private or public banks or small money-lenders with the exception of co-operative societies and Government loans. Even in such instances the mortgaged jamma lands of defaulters are rarely sold and the recovery of the debt is secured by the standing crop, though in such instances the counter-claim of the other members of the family intervenes, whereas the sagu tenure stands on a different legal basis. It is alienable and partible. Even here unless the borrower actually mortgages the land, a simple D.P. note (demand pro-note) cannot claim the immovable property of the borrower as its security as it is elsewhere.

Hence the sure basis of financial operation in Coorg should depend on good security which cannot exist as long as the law of tenure of the land remains unaltered. In this respect though sound business sense suggests alteration in the law, the sentimental objection of the jamma-holders is very great. Unless this important obstacle is removed by sheer force of economic distress, or by an act of the Government, I fear any bank of whatever kind will not beneficially work. It is due to this cause there exists no agricultural or any other bank except co-operative societies.

In case these obstacles are removed and strong business atmosphere is created, an agricultural bank will be of great benefit as the indebtedness of the ryot is really very vast, bordering on insolvency. No doubt co-operative credit societies and grain banks are doing yeoman service, but they rarely lend money enough to extricate a ryot from his long accumulated debts which deprive him of the benefit of his annual earnings.

An agricultural bank or a planter's bank should be financed partly by the Government loans and partly by debenture bonds. Deposits will surely flow in as it enlists the confidence of the public. The loans granted therefrom should be for a long term with an interest of a percentage lower than the other public or private money-lending institutions. The recovery should be by a number of easy instalments. Such banks will help the ryot to get free from the burden of old debts which is really sapping his energy. Notwithstanding the peculiar tenure which secures possession of his land, the agriculturists are not at all improving in their economic condition, nor the value of the land improves due to the absence of credit.

5. A census of the indebtedness of the ryots is not available. Most of it is unsecured on account of the peculiar nature of the tenure. On this subject it is difficult to give any decided opinion except that the collective indebtedness of the ryot in this province is great which demands an early solution.

6. I wish to state that this area is primarily a planting district, with paddy-growing as chief occupation of the ryot. I limit myself to cardamom industry only. I have fully explained in the earlier part of this paper the average heads of the industry. If proper instrument, either Government or joint-stock is arranged to finance us, I am sure it will fully provide our requirements and we shall be able to command the market for the benefit of the country.

This industry which is worked during the off-time of the ryot's season will give the ryot extra income, in the ownership of estates, if not as a labourer in other estate. Cardamom cultivation rarely interferes with the agricultural operations of the ryot. Hence it helps him as an added income to his slender agricultural income.

II.—Indigenous banking.

There hardly exists any indigenous bank of whatever nature except the private money-lenders who are governed by no banking law. The only banking institution in Coorg is the co-operative central bank of Coorg and other co-operative societies whose operations are limited, though fully guarded by law. On the whole the private money-lending and recovering system is based on the most primitive principles subjected to the exigencies of the moment.

In this respect I suggest a branch of the Imperial Bank or of the central reserve bank, when it is formed, may be opened with beneficial effects to the economic progress of the country. I am sure the money that now flows out of the province as deposits to the banks outside the province will naturally come into the local bank as it has happened in the case of the now existing co-operative central bank at Mercara.

III.—Investment habit and attraction of capital.

1. Co-operative central bank and co-operative credit societies are the only banking institutions that exist in this province. As stated supra the operation of these fails to cover the full needs of the country which requires far more funds to meet the requirements of the planting and other industries. There are hardly any facilities or inducements to attract the ryots' savings for the benefit of the public. The ryot is sure to take advantage of investing his saving in any bank or institution if he is made sure that he is sure of getting back his money with interest. There exists at present neither of the facilities nor the investing mentality in the minds of the public. In the absence of such facilities the ryot resorts to the old habit of converting his savings to jewels or thoughtlessly spends in marriages and such other unproductive lines.

2. Postal cash certificates are not popular with the villagers and even if explained they will hardly take to the idea of such investment.

Savings bank operates only in the urban area most, and hardly attracts deposits from the villagers, and the interest is lower than that of the banks or of the cash certificates.

3. The agricultural section rarely go to the banks for depositing their net savings; when they have they generally buy more lands or gold. The planting section, most of them receive and disburse their money through the various banks that operate outside this province especially the Imperial Bank and other banks in Mysore, Malabar and South Kanara.

4. Cheque habit exists only with the planters and other business men who transact business through the banks. This section appreciates the abolition of stamp duty on cheques. The use of vernacular scripts in banking will help in improving the confidence of the people in the banking habit.

5. I do support. I attribute this partly to the conservative habits of the people and the primitive condition of banking in India. This state of affairs may be fully remedied by wide propaganda with the people, and making law relating to banking more stringent. Number of failures among banks in the last thirty years, and limitation in the advances from the banks during the war, with the low rate of interest are the chief causes for unwillingness on the part of investors to take advantage of the banks for investment. So far my province is concerned there is hardly any investing mentality in the ryot excepting the rich planters.

P R E S E N T :

Mr. H. M. HOOD, I.C.S. (*Chairman*).

Mr. P. J. THOMAS, M.A., B.LITT., PH.D.

Diwan Bahadur B. MUNISWAMI NAYUDU, B.A., B.L., M.L.C.

Rao Bahadur K. APPAYYA.

Mr. K. N. SUBBARAYA.

O r a l E v i d e n c e

The Chairman: Mr. Sripathy Rao, you are interested in cardamoms?

A.—Yes, sir.

Q.—Do you grow your own cardamoms?

A.—Yes.

Q.—You have got a big area?

A.—Nearly 2,500 acres.

Q.—Where is that?

A.—Far to the west of Mercara on the western ghats sloping towards the west.

Q.—For cardamoms you require periodical finance?

A.—Yes, sir.

Q.—Am I right in saying that for two or three months the cardamoms are always abandoned and then men are sent out to clear the lands?

A.—During the summer we do not work and then when we begin the work we have to attend to weeding, picking and all sorts of renovation.

Q.—Will it be for about six months in the year?

A.—From January to April there will be no work. Generally in May the work begins and from June on the land is intensively worked. Thus for eight months in the year there is work.

Q.—You are working on your own capital?

A.—Not always. Practically many of these cardamom estate holders are poor people with no capital of their own and they depend more or less on the borrowings from coast firms.

Q.—On what tenure are the cardamom lands held?

A.—Both on permanent tenure and leasehold tenure.

Q.—And is that the security on which you borrow?

A.—We borrow sometimes on personal bonds and sometimes on the produce.

Q.—Not on mortgage.

A.—On the hypothecation of the produce and all that. In rare instances we mortgage our freehold and not the leasehold.

Q.—From whom do you get the money?

A.—From the coast merchants. I deal with the Mangalore merchants and they finance me during the working season.

Q.—On what terms?

A.—Their terms are exorbitant. Sometimes it is 12½ per cent interest with a commission of Re. 1 to Rs. 2 per maund.

Q.—What is the price of a maund now?

A.—The minimum that it has reached now is Rs. 29. It began with Rs. 45 and has gone down as low as Rs. 29.

Q.—A few years ago it was 130?

A.—Never. It was only in 1926 that it reached the maximum value of Rs. 80 to Rs. 90 per maund. Last year it was between Rs. 40 and Rs. 60 and this year from Rs. 45 it has gone down to Rs. 29, Rs. 30 and 31.

Q.—The slump is because of a very restricted market?

A.—Not much I may say. All over India it is being utilized as also sold in the African market, the Arabian market and also in the Turkish market. Last year there was a good export to America and Central Europe such as Germany, Austria and Russia. Soon after there was phenomenal rise in the value. Almost all the European countries have made good their stock. Another point is that last year there was a good deal of sale of cardamom and that transaction was of such a nature that it was not built upon any proper market value. It was more or less a speculation. Because there was a certain demand from America all the people began to purchase it with an idea of cornering and much of their stock began to lie idle and necessarily they had to sell it this year at a lower rate and that has brought down the value. Anyway it is unfortunate that we producers have to suffer on account of that.

Q.—They are not subject to any process after picking?

A.—They are. There are different processes of drying.

Q.—It is only much of drying?

A.—Yes. In order to keep its green colour it has to be dried quickly as soon as picked and slowly dried to get the golden colour. In drying depends also the pale white colour. These different colours have got different markets. After that we have to bleach it and the bleached cardamom has a market in Bombay and in England and much of the unbleached cardamom goes to Germany and Austria.

Q.—How long does it take for cardamom to bear?

A.—It begins in the fourth year. From the 7th to the 12th year it bears its maximum and then again it declines. It is a peculiar industry which cannot be cultivated just like coffee. The two systems of plantation are entirely different. Cardamom plantation is not at all as profitable as coffee. If I have 2,500 acres it does not mean that I have got the cultivation over the whole of that area. The cultivated area will only be about 400 or 500 acres.

Q.—At that stage does it pay? Does it pay to grow cardamoms at 20?

A.—If you value it at 20 it would not be paying. Some years back when rations and labour were cheap, it was paying at that value. But now, if I cannot get 25 it cannot pay.

Q.—About the money for this plantation, you hypothecate the crop. How is the money drawn?

A.—They send it through the post and we have to incur the expenditure of postage in addition to the interest and the discount that we give. That is because no cheque could be cashed here.

Q.—You mean that the money is sent by post?

A.—Yes. If there is any convenience to send it by cheque they will certainly not send it that way.

Q.—You require cash for paying your coolies?

A.—Yes.

Q.—You dry the produce and send it to the coast?

A.—We do.

Q.—And it is sold there?

A.—By agents. Generally by the persons from whom we have borrowed.

Q.—That is the condition on which you borrow?

A.—Yes. We have to send to them directly and we cannot avoid that.

Q.—In every year when you take the quantity to sell your account is cleared at the end of the sale and not till then?

A.—Yes.

Q.—In the next year you can borrow from the same firm or from any other firm?

A.—Yes. But generally we stick on to one firm unless there is some cause not to go to them.

Q.—Naturally you would stick to the same firm but you are in no way bound to do so?

A.—No. But morally we are bound since they have shown us some faith in their dealings with us.

Q.—They charge you 12½ per cent interest?

A.—For the money we borrow we pay at the rate of 12½ per cent and when we send the stuff there are so many minor charges running up to Rs. 2 per maund and when the value of the cardamom is realized the expenses run up to a higher percentage.

Q.—Your insurance is presumably *pro rata*?

A.—Yes.

Q.—Your insurance is so much per cent on them?

A.—Yes, whereas the commission is on the weight in maunds.

Q.—Why do you sell on a commission basis of that sort?

A.—It is because they do not agree to any other terms.

Q.—Why do not they agree to your conditions?

A.—It is because we are at their mercy.

Q.—On the other hand do not they depend on you? They lend to you in order to get your trade. Is that not so?

A.—Yes.

Q.—You have the produce and they are the merchants and they want to sell the produce for you?

A.—Yes.

Q.—And you can say that you would not sell through them unless they consent to your terms? Cannot you say that?

A.—Anyhow the system is a vicious one because it costs us a good deal. We should have to pay only our interest on the sum borrowed and not the produce and then we shall be at liberty to sell it wherever we choose.

Q.—Nobody would lend without security?

A.—Certainly that is the point.

Q.—Would you lend yourself?

A.—Certainly not. That is what I say. There must be a certain amount of security which should bring in money at a low rate of interest. Apart from that, there is another evil creeping in. When we are at the mercy of other men, one in ten is honest enough to tell me the price at which he sells.

Q.—How many of these are there?

A.—There are not many big firms and specially cardamom is not at all handled by Pierce Leslie, Volkart Brothers and other big firms. They do not finance cardamom at all. I did negotiate with them but they refused to finance me.

Q.—Why?

A.—When I asked them to finance me, they said that they were not doing business in that line because that was the advice from their head office. But the local merchants at Mangalore do advance money.

Q.—To what extent does this cardamom crop fluctuate in production?

A.—In the case of a well-kept estate there may be a slight fluctuation of 10 to 20 per cent. But the majority of the estates are not well kept and so the fluctuation runs up to even 50 per cent.

Q.—How much of your produce do you require to pay off the advance which you received?

A.—Sometimes the whole quantity will be required if the produce is less.

Q.—If you take an average crop?

A.—Fifty per cent will be required to cover up the loans, and 30 per cent to cover up the assessment.

Q.—It might easily happen that the fluctuation of the produce would mean that the loan may not be fully covered by the crop?

A.—Not often. If it is only a question of covering the loan it will be sufficient. But there is the question of the assessment too. The assessment is the first charge on the crop and we have to see that the assessment is covered and at the same time the loan also taken from the sowcar is covered. When these go together in lean years it is impossible to meet the two and the planter always remains a debtor.

Q.—What are these coast firms? Do they belong to any particular class of people?

A.—They belong to all classes of people. They are not confined to any particular class or community.

Q.—You spoke of leasehold. Do you lease the land from the Forest Department?

A.—Yes, the lease lasts for 21 years.

Q.—Is that the lease of the land including cardamom?

A.—Sometimes the bare forest without any cardamoms is leased. Sometimes we get worked-up estates. For instance, there was an estate which I was holding for 21 years and the lease period lapsed last year or the year before the last it was auctioned and the tender notice was put up and the highest bidder was given that irrespective of their class or creed and sufficient security was taken from him and he gets a worked-up estate. Sometimes a virgin soil is taken up and the assessment in such a case will be very small. Everything depends upon the quality and the area of the land leased out.

Q.—There are no cardamom plantations leased out annually?

A.—No, no. They are leased out only once in 21 years as they fall due. But within the period of 21 years the lessee is allowed to relinquish his lease either at the end of the 7th year or at the end of the 14th year.

Q.—From the point of view of your plantation the long and short of it as I gather is that it will be useful to have better banking facilities than there are at present. Am I right?

A.—Yes. If we get better banking facilities, it will really help us.

Q.—If you have got a branch bank where would you have it?

A.—At Mercara.

Q.—Would you not prefer to have it at Fraserpet?

A.—Fraserpet is not a geographical centre. If it is in the headquarters of the province the authorities may be in a position to watch its activities better.

Q.—Is there a bus service from Bhagmandala?

A.—No, it is a blind alley.

Q.—Is there not a road to Bhagmandala?

A.—Yes.

Q.—But no bus?

A.—There are only taxis, it is a pilgrimage centre.

Q.—How far is it from Virajpet?

A.—Virajpet is in the south-western direction from here and Bhagmandala is directly to the west from here. From Virajpet there is no route to Bhagmandala except through Mercara or a bit further down.

I have something else also to suggest. About the question of the security that we can offer, I have to say that there are two tenures here—the sagu and the jamma. I do not speak of the jamma tenure because I do not belong to that. I belong to the sagu tenure. In other places a demand promissory note executed by the borrower will hold good on the land of the borrower whereas here unless the man mortgages the land directly for the money borrowed the creditor cannot proceed on the land. That is a great drawback.

Q.—You belong to Coorg?

A.—I was born here and my parents and their ancestors before them were living here.

Q.—You want the sagu land to be available for attachment? Are you not at liberty to mortgage it?

A.—Yes. I can mortgage it. But that means that I must take all the boundaries and other required documents to the coast. That cannot be done easily. In other districts a simple demand promissory note for the money that I borrow will have the security of the land that I may possess at its base.

Mr. Appayya: At this stage I must interrupt and say that the whole question was threshed out by the Government and it was definitely settled that no landed property could be attached in satisfaction of a pro-note debt.

As a director of one of the big banks, namely, the Karnataka Bank in Mangalore, I can say that with an amount of authority.

Q.—Why does your bank not open a branch here?

A.—The present difficulty about the security is the obstacle. If I am not mistaken, some 40 years ago there was a Multani bank and prior to that, about a couple of years before that, there was the branch of the Madras Bank but the latter withdrew. The Multani bank became bankrupt. I am speaking from the economic point of view and the facility for credit that the security should be good, and it is not with an idea of ousting the landholders from their lands.

Q.—You are aware that in Coorg high rates of interest prevail, especially among the lower classes of agriculturists who borrow from money-lenders?

A.—Yes.

Q.—What in your view is the means of lowering it?

A.—If the security is good then automatically the rate of interest will come down. That is my experience.

Q.—There are certain classes of transactions where people can borrow on promissory notes and on joint signatures?

A.—Joint signatures and other things are not in vogue here. Here they carry no weight.

Q.—Do you mean to say that unless we change the law there cannot be any good security?

A.—What I say is that there must be some good security for you to borrow at reasonable rate of interest.

Q.—Businessmen all the world over can raise money without mortgaging any property. Is that not so?

A.—Without mortgaging any property they raise money elsewhere. I know that. But here I doubt very much whether that has been a success till now. If that is the case why do the co-operative societies insist on mortgage of land and not give money without insisting on that? So the absence of good security is the greatest obstacle.

Q.—But are there not many businessmen elsewhere who have no property but who carry good credit?

A.—Elsewhere there are, I know that. That is because the ultimate security of such transactions is primarily based on their honest word, secondly their property, collective or individual.

Q.—A commercial bank and the use of proper trade bills will probably solve part of the problem?

A.—Certainly.

Q.—Do the businessmen here desire to have a bank?

A.—No. Here there are only coffee planters and others and small businessmen who do not need a bank here.

Q.—The co-operative society is not dealing with the sale of produce now. All the world over the banks lend on produce and you say you have got a very good produce in coffee. If there is a bank, you could borrow from that on the security of produce?

A.—I think the Imperial Bank is the best bank for that. If the money is raised on a crop and if that crop is not sent to the man who advanced you money, then there will be a breach of trust.

Q.—I do not say that the banks should lend on the security of the crop but they can lend on the security of the produce. Do you not think so?

A.—Yes, but who takes the trouble of seeing that the produce goes actually for the payment of the debt?

Q.—But cannot the produce be placed in the godowns of the bank?

A.—There are the open and lock-up loans. In the lock-up loans the banks have got the produce with them and in the open loan it is a moral obligation on the part of the borrower to see that when he disposes of the security that the money first goes towards repayment of the debt. But here we borrow money just at the outset before the crop begins to grow and between the growing and the gathering of the actual produce there is a lapse of six months when we require the advances.

Q.—Will it not be possible for the traders, at any rate, to get money from the banks?

A.—It will not be possible unless they have good security.

Q.—Not on the security of the produce they collect?

A.—The Imperial Bank has refused to take the produce as security.

Mr. Appayya: Mr. Sripathi Rao, you were born, brought up and lived all your life in Coorg. Is that not?

A.—Yes.

Q.—You know the neighbouring districts of Mysore, South Kanara and Malabar.

A.—Yes.

Q.—How do you compare the position of Coorg, are they richer or poorer than those districts?

A.—The people of this place are poorer excepting the few rich planters.

Q.—You say that the landed property should be made alienable; if so, do you think that a single piece of land will remain in the hands of the people of Coorg?

A.—I do not think there will be any fluctuation in the ownership of land. In the Madras Presidency where the land can be alienated we do not find so much fluctuation.

Q.—You are confining yourself to sagu lands?

A.—Yes, I speak only so far as sagu lands and sagu ryots are concerned. Even in our Legislative Council we have representatives of sagu ryots and jamma ryots earmarked. My request to the Committee is that, so far as cardamom planters are concerned they will welcome the opening of a branch of the Imperial Bank or any other joint-stock bank to facilitate financing our industry.

(The witness then withdrew.)

Monday, 17th February 1930.

MERCARA.

PRESENT:

Mr. H. M. HOOD, I.C.S. (*Chairman*).
 Mr. P. J. THOMAS, M.A., B.LITT., PH.D.
 Diwan Bahadur B. MUNISWAMI NAYUDU, B.A., B.L., M.L.C.
 Rao Bahadur K. APPAYYA.
 Mr. K. N. SUBBARAYA.

M.R.Ry. AYYAPPA Avargal, Planter, Polibetta.

Oral evidence.

The Chairman: You are a coffee planter?

A.—Yes, Sir.

Q.—How much land have you got?

A.—I have got one hundred acres.

Q.—Is that jamma land?

A.—They are all redeemed sagu lands. We can sell our timber.

Q.—One hundred acres all bearing?

A.—Seventy-five per cent full bearing and the balance 25 per cent in different stages.

Q.—You had sufficient capital or did you borrow?

A.—It was my father's property. He had to borrow to spend upon the land.

Q.—How do you sell your coffee?

A.—The price varies from year to year. Last year it was ranging from 80 to 85. This year it has gone down to Rs. 60 per cwt.

Q.—You pulp it?

A.—Yes.

Q.—To whom do you sell the pulped coffee?

A.—To the companies.

Q.—How do you get money for cultivation expenses?

A.—Since of late we have been approaching companies like Messrs. Pierce, Leslie & Co., Aspinwall and others promising our crops. They lend us money at about 10 per cent plus a commission of about 2½ per cent on a certain basis. There are incidental charges as fire insurance, godown charges, curing charges, etc. It all amounts to 15 per cent.

Q.—Those charges are reasonable?

A.—Of course the interest paid is higher when compared to others.

Q.—Are they taking much risk?

A.—Whenever they lend they take an assurance from the planter. There is the crop for him. After the blossom is out they lend only after seeing the crop in June or July.

Q.—If you have rains in December?

A.—In June and July only the rains do harm.

Q.—It destroys the blossoms?

A.—After the blossoms have set in they make the crops drop.

Q.—In December?

A.—They fall to the ground but it does not do much harm. It could be gleaned from the ground.

Q.—How much does your cultivation expenses come to? Rs. 150?

A.—Fifty to one hundred rupees. It depends upon the individual planter. Those who manure with artificial manure may require fifty rupees more.

Mr. Thomas: Spread over how many years?

A.—Every year.

The Chairman: The condition of those loans is that you sell the crop to them?

A.—Yes.

Q.—They do not purchase and cure it? Do they sell it on your behalf or they take commission?

A.—They take commission and expenses for curing and sell it on our behalf.

Q.—You think in that way you get a proper price?

A.—We are handicapped by that. We are not free to sell it to others even though there are other firms coming to our very doors offering better prices.

Q.—Do those firms offer to buy? Are they not prepared to lend money on land?

A.—When you have once settled with one firm there is no way of getting out of it. The change of firms is always not beneficial to the planter.

Q.—Why?

A.—Firms know certain estates have proportionate ratio, i.e., 85 bushels for the first round and 90 bushels for the second round per ton and the quality of coffee is known to them.

Q.—Your crop is not separately cured?

A.—They do cure separately.

Q.—They cure it separately but how do they calculate the yield?

A.—They send us our outturn say from ninety to one hundred bushels per ton. It is always better to stick to one firm than run the risk of losing.

Q.—If he could cure it himself, could he not get better price?

A.—Curing coffee by an ordinary planter is impossible. There are certain separate machines.

Q.—If they do not borrow, could they not get a better price?

A.—Certainly.

Q.—That business of curing is in the hands of these firms?

A.—Yes; there are six firms in Mangalore, four firms in Tellicherry and one in Coimbatore.

Q.—None in Coorg?

A.—No.

Q.—You are one of the bigger planters?

A.—An average planter.

Q.—There are many smaller planters.

A.—Yes.

Q.—Do they borrow from others besides curing firms?

A.—They borrow locally from merchants and of late some firms have been lending on a smaller scale.

Q.—They do not borrow from these firms. Do they sell the parchment to other people?

A.—They have to sell the cherry coffee to these people to give work to their machinery. Thereby dried coffee undergoes very great loss. They take about 120 to 140 bushels per ton.

Q.—What is the fair rate?

A.—If you pound locally you will require 100 bushels of cherry per ton. That will be the average.

Q.—What rate of interest do these people charge?

A.—Ten to 12 per cent. Some even charge 1 per cent above the bank rate. In certain months it comes to 12 per cent. In certain months it comes to 8 per cent. What I have learnt from the outturn that we are getting is that it fluctuates on account of some sort of shortage that is going on in these curing firms and transit.

Q.—Pilferage is a serious matter?

A.—I do not call it pilfering but there is loss.

Q.—They lend the money and you send the crop to them?

A.—Yes.

Q.—Do they buy it from you?

A.—They do not. They sell it to others.

Q.—What sort of price do you get?

A.—That depends upon every year. The highest price that we have been getting is Rs. 97 per cwt. This year it has gone down to Rs. 60 per cwt. I sold some of my crops in November for Rs. 75. In the first week of February it was Rs. 60 per cwt.

Q.—When they offer you a certain price, what is the market price?

A.—We cannot say exactly. The market price is fluctuating every minute. The market is controlled by Mangalore and Tellicherry for parchment and by the Arabs for the native coffee.

Q.—Do the Mappilla merchants do this business?

A.—European firms. They have got local merchants. I can give you statistics where the firms' rate varies from five to ten bushels per ton.

Q.—Those firms you speak of are Coastal European firms?

A.—Yes.

Mr. Appayya: Is it not a drastic statement that the European firms in fact cheat you?

A.—There is great loss going on. As a planter I know it. My coffee works out only at 85 to 90 bushels whereas similar coffee works out at 96 bushels to 100 bushels per ton of parchment coffee.

Q.—Is that the first round coffee? Do not you think that there is much difference in the picking of coffee between the first round and the second round?

A.—I store it in the same room. Still I find there is difference between the first carts and the second carts sent to them.

Q.—I find my first round picking fetching a good price and the quality is too good. In the second round we get still better price. In the third round they grow worse. It all depends upon the coffee you send each time?

A.—Last year instead of sending it from the store I had to send the third round first. The outturn was 89 bushels per ton when the first round was in the store. The second yielded an outturn of 96 bushels. They do not as a matter of fact take into consideration which round it is. There are only couple of European firms where there are only very few European managers. The majority of the work is done by the subordinates. I am strongly of opinion that some pilfering is going on by these subordinates in the works and transit.

Q.—Have you heard of other planters saying like that?

A.—Yes, there are many complaining. For my part I send my first round. The outturn was 85 to 89 bushels. In the second round it was 96 bushels. I am talking of what it has been going on. That is my personal experience.

Q.—Don't you suffer in your estimates when leaves fall down after the first blossom?

A.—It is in June or July.

Q.—Don't you suffer in August? When water drops?

A.—It is only in June and July they estimate the crop. Sometimes they estimate in August.

Q.—Don't you think that a bank would help you by a long term. Will not the joint-stock banks or land mortgage banks help you?

A.—They must purchase our crops and make arrangements for curing and selling.

Q.—They can find funds for the management?

A.—Then how to dispose of the crops? We have to go to them again. If the joint-stock banks or land mortgage banks arrange to cure our coffee and sell, it will be a boon to the country.

Q.—Do you want short-term loans or long-term loans?

A.—There are planters who are in debt over head and shoulders. They might require loans for ten to fifteen years.

Q.—Are you aware of planters' associations?

A.—There is a planters' co-operative society.

Q.—Is that working?

A.—It is not working.

Q.—Why?

A.—Of course the planters have not been co-operating. In the beginning some advances were made to certain people. Of course there have been mutual recriminations and they have not been repaying the amount and the working has not been satisfactory.

Q.—They are in the court now?

A.—Yes, I know of one instance.

Q.—Is that a healthy sign?

A.—No, it is not a healthy sign.

Q.—Does that not discourage the promotion of the establishment of a coffee society?

A.—Individual cases cannot almost dishearten us from making the attempt.

Q.—How many similar cases have you got?

A.—There is only one instance and that is the instance of the Co-operative Planters' Society. Of course it may be due to some flaw.

Q.—You think that the establishment of a bank would help you a great deal. Do you mean a long-term bank and that a land mortgage bank?

A.—Or even a joint-stock company which will finance the planters.

Q.—Is it that you want to take the advances every week or every month?

A.—Every month.

Q.—Then out of what will you repay the amount?

A.—Out of the crop.

Q.—So it is better than the present advances that you get from the firms?

A.—Yes. The charge of transit would be far low.

Q.—You want lower interest and long-terms?

A.—Yes. The planter has got to suffer if there is want of rain or if the season fails.

Mr. Muniswami Nayudu: Your name is Ayyappa?

A.—Yes.

Q.—What is the extent of your land?

A.—100 acres.

Q.—You have got 100 acres of plantation?

A.—Yes.

Q.—You have been managing it for the last 25 years?

A.—Yes.

Q.—Are there a number of Coorg planters worth more than 50 acres?

A.—There are a good number of them.

Q.—What do you consider is a fair size for a plantation for running it on a remunerative basis?

A.—Above 25 acres will form a decent plantation.

Q.—Now the rules provide when lands are first taken for coffee plantation for remission of the assessment during the first three or four years. Is it not?

A.—Of course it depends upon the nature of the land. If the land is very good, it may yield in the first three years and if the land is very bad it may take even eight to ten years, the period which the coffee plant takes to grow on the respective lands.

Q.—So, there is some remission during the years when the coffee plant is growing and before it begins to yield?

A.—Yes, the Government charges half assessment or no assessment as the case may be,

Q.—In raising the coffee plantation you have got the first three or four years when you cannot expect any return?

A.—This period depends upon the locality. The best plot may begin to yield even within three years whereas the worst plot would take more than eight years.

Q.—All that means investment in the first three or eight years as the case may be without any return whatsoever?

A.—Yes.

Q.—For an ordinary agriculturist who has got a bit of land and who want to raise coffee plantation on a portion of his land, the investment would come to a fairly large amount?

A.—Certainly.

Q.—How does that ordinary cultivator get his finance to-day for the first period during which he has to raise the crop and until it begins to yield?

A.—He has to go to the local sowcar or to one of the local money-lenders for money to raise coffee on his lands.

Q.—At what rate of interest does he get from the local money-lenders?

A.—At about 12 per cent, if the credit of the person is satisfactory and where it is not satisfactory from 18 to 24 per cent.

Q.—When the ordinary cultivator has to invest money for the first three or eight years, does he borrow from the Mappilla trader?

A.—There are Coorgs and non-Coorgs who lend money.

Q.—They come under local money-lenders?

A.—There are people who own properties.

Q.—They are living in the villages?

A.—Yes. They do some sort of trade. I call them Indian money-lenders, whether they are Mappillas, Coorgs or non-Coorgs.

Q.—Do the Mappillas also lend at 12 to 15 per cent?

A.—No.

Q.—What is the rate of interest charged by the local money-lenders?

A.—18 to 24 per cent.

Q.—These big ryots are residents of the villages and therefore they deal more favourably than the Mappillas who come from outside?

A.—The Mappillas coming from outside have a knack of collecting the money in drastic measures whereas the local men have not got that knack.

Q.—The one is hard whereas the other is lenient?

A.—Yes.

Q.—But is there any difference in the rates of interest prevailing with the local money-lenders and with the Mappillas?

A.—There is not much difference.

Q.—Do the local money-lenders stipulate that the one hundred rupees they lend should be returned to them as two hundred rupees?

A.—There are individual cases here and there but such cases are negligible.

Q.—Do the Mappilla money-lenders have recourse to that system?

A.—Yes.

Q.—Who is the greater culprit in that respect? Is it the local money-lender or is it the Mappilla?

A.—I do not want to commit myself to the Mappillas. Of course there are various sets of people and there is not much difference between one set and another.

Q.—In regard to the ordinary ryots how long is it since this system of converting a portion of the land for coffee cultivation has come into existence?

A.—Since 1880.

Q.—The ordinary agriculturist has taken to coffee plantation?

A.—Yes. My father was only an ordinary ryot and he took to coffee cultivation.

Q.—Is the ordinary ryot able to repay the investment money which he had to borrow during the growing season, after the crop begins to yield?

A.—There are instances where the people had to sell their lands and even forfeit their already owned wet lands to pay back the loans.

Q.—Is it more paying to the ordinary ryot to grow alongside of paddy coffee also?

A.—It has been considered to be paying.

Q.—Even at the low rates that now prevail?

A.—Yes.

Q.—You say that the coffee plantations are more remunerative than paddy fields?

A.—Certainly.

Q.—Therefore you would advocate in the interests of the villagers themselves that wherever possible they might take to a portion of their land being converted into coffee lands?

A.—Coffee grows in particular localities only. Where once it was growing, it does not grow again. It takes away the good ingredients in the soil and once they are completely taken away it ceases to grow on that soil. It is growing in a cyclic order. Formerly it was growing in South Coorg, Siddhapur and other places. But now it is grown best in North Coorg.

Q.—So far as the ordinary cultivator is concerned do you think that in South Coorg anyhow the chances of new coffee plantations are not much?

A.—There are no chances for the ryot in South Coorg owning paddy lands trying to open coffee plantation.

Q.—But there are a number of ryots who have already opened coffee plantation and they would have to continue it?

A.—Yes.

Q.—What is the kind of help that they want now?

A.—They want long-term loans.

Q.—Their debts are of two kinds, old debts that they may have incurred and the money required for the working season?

A.—Yes. But both are the same being borrowed from the same party.

Q.—With regard to the funds required during the season, what do you think will be the average expenditure required for raising the crop in a year for seeds and manure?

A.—Rs. 50 to Rs. 100 per acre.

Q.—What is the size of the plantation of an average ryot who has got paddy lands also?

A.—It will be from 5 acres to 15 and even sometimes 25 acres.

Q.—Are there any expenses to be incurred for the raising of paddy?

A.—Yes, to a certain extent, but not much. It depends on the holding.

Q.—Let us take a man with three acres.

A.—There are other things to be considered, for instance the cattle disease.

Q.—Can you give me an idea of the average expenses for a man with three acres?

A.—In the course of a year he may want Rs. 50.

Q.—You have got experience of co-operative societies?

A.—Yes, I was President of a co-operative society.

Q.—Which society?

A.—The Pollibetta Co-operative Society.

Q.—For how many years?

A.—Eight years.

Q.—Are there cases of some paddy cultivating ryots having plantations also in portions of their lands in your village?

A.—Yes.

Q.—How many such ryots are there as members of your society?

A.—About a dozen.

Q.—How many will there be including those who are members and those who are not members?

A.—There will be about 50.

Q.—So your society has been able to finance only 12 out of the 50?

A.—Yes. But even that is not satisfactory. It is due to the fact that they have older outstanding which have to be met first, and hence whatever they get is insufficient to meet their present needs.

Q.—Do you mean to say that the money was utilized for paying old debts?

A.—It is not spent purely on growing paddy.

Q.—Your society was advancing moneys to the men who have both paddy and coffee lands but those moneys were diverted for other purposes. Is that what you say?

A.—Yes.

Q.—Do you think therefore that the co-operative societies as they exist without some contrivance to rid the ryots of their old debts, will be capable of doing good work?

A.—No. Our society was doing very well for the first six years. Afterwards there was not this possibility of backing them with bigger loans and the society has gone down from A class to C class.

Q.—Do I understand you to say that at least in the first six years the moneys that were given by your society were being utilized for the purposes for which they were lent?

A.—Not exactly.

Q.—At least a major portion was utilized for those purposes?

A.—Yes. But the failure of the season, the failure of the crop, the failure of the market, all came to increase the difficulties for the grower and he was unable to repay the loans and he wanted some extension of time and was also given some extension but there was the accumulated principal and interest.

Q.—So, is it your opinion that with a large outstanding debt, the co-operative societies are not able to help the ordinary ryot to the extent to which they would otherwise help?

A.—The co-operative societies under the rules now in force cannot lend more than Rs. 250 per individual and a man may have a prior debt of Rs. 500 or Rs. 1,000, and the man who has the priority, namely the sowcar, comes and snatches the crop at the nick of the moment and the societies have to suffer. So, if the societies were to undertake to repay all the other debts they will have the full claim on the crop.

Q.—Do you think that the amount of Rs. 250, the maximum that is now advanced to a man by a co-operative society is sufficient merely for the purpose of raising the crop and other expenses during the year?

A.—Of course that is enough just for the expenses of his crop.

Q.—You said you own 100 acres. On what tenure are they?

A.—Sagu tenure.

Q.—Are there no legal impediments with regard to their being taken as security?

A.—There are none. It is just as in any other Hindu family.

Q.—Do you consider that the sagu lands are better and more satisfactory as compared with jamma lands?

A.—Yes. Sagu lands are far more satisfactory.

Q.—It is like the property of any ordinary Hindu family where the father can mortgage it for family necessity?

A.—Yes.

Q.—Does a mortgage of that land require the sanction of the Commissioner or the Government?

A.—No.

Q.—Supposing a co-operative society gives a loan on the security of sagu lands, is it under the present law empowered to bring those lands to sale?

A.—Yes.

Q.—Taking your village where you have a co-operative society what is the nature of the tenure of the lands there? Is it largely sagu tenure or jamma tenure?

A.—The majority of the paddy fields are jamma and the majority of the coffee lands are sagu.

Q.—What is the value of an acre of coffee land?

A.—If the quality is not good, it will come to Rs. 300 to Rs. 500. If it is good land, then the price will be from Rs. 750 to Rs. 1,000. In my place the value is Rs. 500 per acre.

Q.—In your village what is the price of an acre of wet land, whether jamma or sagu?

A.—Rs. 1,000 for 3 acres or about Rs. 350 per acre.

Q.—So an acre of coffee land is worth more than an acre of wet land?

A.—In regard to the wet land the average is struck at Rs. 1,000 for 3 acres.

Q.—As a security your coffee lands are not inferior?

A.—No. But in the case of the coffee lands if they are not attended to properly and if they are left fallow for at least two or three years, then the price per acre is reduced by half whereas it is not the case with the wet lands even though they may be allowed to lie fallow for three years.

Q.—You are advocating some long-term loans to be granted for dealing with the old debts problem. Do you think that there is scope in your own society for such long-term loans to be granted on security of land available for sale?

A.—There are possibilities.

Q.—Without having to depend on jamma lands you have got sufficient lands which are offered as security?

A.—Yes.

Q.—From your experience of the South Coorg villages can you say whether there are a large number of lands, not being jamma lands, available as security for long-term loans?

A.—Yes, there are.

Q.—Generally a ryot owns both jamma and non-jamma lands?

A.—Yes. But since the partition and maintenance Acts have come into force some own jamma lands and some own sagu lands.

Q.—When is it that you have to pay your kist?

A.—Half in the month of February and half in the month of March.

Q.—Is that the system right through?

A.—That is the system for the Indian cultivators and planters, but for the Europeans the month of June is fixed.

Q.—February and March are for the Coorg planters?

A.—For the Indian planters, whether they are Coorgs or non-Coorgs, these are the months when the assessment has to be paid.

Q.—Do you mean that in the case of the European planters the original period has been extended to June?

A.—No, even originally it was June for them.

Q.—With regard to the Indian planter has there been any complaint as to paying in February and March?

A.—There have been complaints that the time for the disposal of the produce is very short. There have been special cases of applications before the Commissioner for extension of time and extensions have been given.

Q.—What amount of land is held by the Indian planters? Can you give us an approximate idea?

A.—There are big Indian planters in Pollbetta circle and in South Coorg.

Q.—You said you were getting advances from firms and you are a fairly big planter. What about the ordinary ryot? Wherefrom does he get his advance?

A.—Of course people owning even 25 acres have been able to get an advance of Rs. 1,000 from the company.

Q.—So the company is financing?

A.—In individual cases where the security is good it does.

Q.—As regards the others?

A.—They have to go to the local sowcars.

Q.—What is the interest prevailing on such loans?

A.—18 to 24 per cent plus the commission which ranges from Rs. 2 to Rs. 5.

Q.—You told us that as you take an advance from the firms you are under an agreement to supply all the coffee to them for being cured and sold by them. Is that an agreement entered into in writing?

A.—It is done by means of a registered deed hypothecating the crop. It will be specifically provided that the advances should be made month by month with stipulations that if the crop is found to be less they will stop the advances and if they are not satisfied with the machinery of working also they are at liberty to stop the advances and the owner stipulates to give all his crop or so many tons.

Q.—So it varies with the amount of the loan and the person?

A.—Yes.

Q.—Are there large transactions of such nature?

A.—Yes. There have been persons borrowing Rs. 15,000 to Rs. 20,000. The average people have been borrowing from Rs. 5,000 to Rs. 10,000.

Q.—Do you think that if a society is started for financing you, to take the crop, cure it and sell it to the European firms or otherwise, it has got a chance of competing successfully with the European firms?

A.—I should think so.

Q.—The European firms here are specialists and they have been advancing money to you. They cure the coffee and find the best market for that. Suppose you ask all these operations to be done by a co-operative society. Do you think that society will be able to manage it and be able to give you as good an yield as the men already in the field are?

A.—Yes. There will be a saving of a good deal of transport charges. Also the prices then will not be governed by the fluctuating market prices of the world because all the coffee that is produced here will be taken up only in India.

Q.—Has no attempt been made to start a co-operative society of that sort in Coorg?

A.—Excepting the Coffee Planters' Co-operative Society no other society was started.

Q.—When was it started?

A.—About ten years ago. For five years it slept without doing any work and it was revived only last year.

Q.—What was the reason?

A.—Lack of as much funds as were required by the planters.

Q.—Have you thought of the question of how to finance and wherefrom you can get the finance for such an organization of that sort?

A.—As it is, by shares we can raise money. Also by means of debentures and deposits. The municipal and district board funds lying idle in the treasury could also be made use of paying a certain interest. With proper Government aid I think it could work.

Q.—What I say is supposing a society of that sort is in full swing, what would be the amount required for the purpose of advancing loans to the various planters so that it may have a fair start.

A.—To begin with, all told, there should be of course Rs. 4 to Rs. 5 lakhs. Even then there will be some margin left for improvement.

Mr. Muniswami Nayudu: Have you thought about this proposition: Suppose you contribute among yourself Rs. 50,000 and from a society or company. If it has got a borrowing capacity of six times its paid-up capital or even eight times its paid-up capital it will have Rs. 4 lakhs for disposal as loans to members?

A.—We are willing to do like that and start a concern and if there is Government guarantee both with regard to principal and interest, the capital as well as deposits will be coming forward quickly.

The Chairman: Guarantee for how long?

A.—Till it is in good working order. I am afraid in this case without any security the people may not come and invest money in a mushroom bank.

Mr. Thomas: But do not people invest in the co-operative central bank? They say that there is a plethora of deposits there. Further, why not people deposit in the planters' bank?

A.—The depositor who wants to invest money must have some security.

Mr. Muniswami Nayudu: A village co-operative society can borrow up to eight times its paid-up share capital. Supposing a co-operative society of that sort is started, the loans granted by that society being only short-term loans, for you want only finance being given to you for short-terms, just to manufacture your crop to a state fit for the market and till a proper market is found. You consider that system more helpful to you? If that society has a share capital of Rs. 50,000 then it can borrow Rs. 4 lakhs from the central bank at Mercara. Is it possible to find such share capital?

A.—There is ample scope for such a venture.

Q.—You said that a coffee planters' society was started with a similar object. Why has there not been sufficient response for such a society?

A.—The share capital was not collected.

Q.—Do you think in future it is possible to collect such a large share capital?

A.—If there are persons earnest and willing to take it up and having sufficient experience in the business then it will be a success.

Q.—Do I understand you to say that the Government should help in the starting of such a bank?

A.—Yes, I said so. But for the Government support and Government backing, the co-operative societies would not have succeeded as they have succeeded now.

Mr. Thomas: If you register this society under the Co-operative Societies Act and employ an expert to conduct it, will it not be a success?

A.—It will be a very successful one.

Mr. Muniswami Nayudu: Let us take a planter who has not taken any loan from a firm. How does he dispose off his crops?

A.—He calls for offers from the various companies and that company which offers the best price is given the crop.

Q.—He sells it outright for a certain rate?

A.—Yes.

Q.—Can you tell me from your experience whether there has been any planter in your neighbourhood who had no necessity of taking any loans?

A.—There is competition between these firms offering to purchase our crop and they advance money.

Q.—Do you say that persons who had not taken any advances were able to sell at better prices than they who had taken money?

A.—Yes, I have personal experience of it.

Q.—Who are the other buyers apart from the coast firms?

A.—There are so many big and small firms in Mangalore. There is another thing. When coffee is taken from here to the coast pilfering takes place on the way. The cartmen knock off some of the crop and sell it to middlemen.

Q.—But that happens to whoever the crop is sold. That has nothing to do with the coast firms at all?

A.—No.

Q.—Supposing you have taken advance from a coast firm and suppose you tell them that you will take the produce in your cart and deliver it in Mangalore, will they object to it?

A.—No. But there is not much facility for taking it ourselves.

The Chairman: Where do they measure it?

A.—It is measured in Mangalore or at Tellicherry. It is also measured here.

Q.—If you measure it here and they take it in their own lorries they are responsible for the pilferage?

A.—There has been instances where 90 bushels have been sent there and they received only 85 bushels and they say that for 90 bushels the outturn is that of 85 bushels.

Mr. Thomas: Is it agreed upon in your contracts that it should be measured and delivered in their godowns?

A.—Yes.

Q.—Have you yourself incurred losses in that way?

A.—No.

Q.—So your complaint cannot be in regard to pilferage?

A.—No.

Q.—So you say that the system under which the coffee is prepared for the market by the firms is not satisfactory?

A.—Yes, that is it.

Q.—What is the rate of interest charged by the coast firms?

A.—10 per cent.

Q.—You think that 10 per cent interest is rather high?

A.—No, but they charge an extra commission of 2½ per cent.

Q.—But that is a legitimate charge, is it not a selling commission?

A.—Yes, it is brokerage.

Q.—How can you legitimately complain of the rate of interest; it is certainly lower than that charged by the Mappilla merchants?

A.—Yes, the companies charge much less.

Q.—Is the rate of interest charged up to the time the coffee is sold or to the time when the accounts are settled?

A.—Up to the time the coffee is sold.

Q.—So it is not right to say that interest is charged till the accounts are finally settled?

A.—It is not right.

Q.—The most urgent thing seems to be to revive the planters' society. There is plenty of money in Coorg which calls for investment, is there not?

A.—There is a certain amount.

Q.—Later on, you could raise it from other sources?

A.—Yes.

Q.—What is lacking now? Is it the lack of Government support?

A.—Lack of workers.

Q.—In regard to carrying out the two transactions sale of coffee and the curing of coffee you require some experts?

A.—Yes. We require businessmen.

Q.—Those businessmen can be employed on decent salary?

A.—There the Government support is necessary.

Q.—Why?

A.—If only such emoluments are offered such experts would come.

Q.—How many able men have been employed by the coast firms?

A.—They have got many able men. We want a good organizer.

Q.—You are really lacking in organizing talent?

A.—Yes.

Q.—What is the lesson you have learnt from the first attempt?

A.—Want of funds and want of workers.

Q.—How is it that you reconcile these two facts? Too much of funds in the central bank; yet, note for the planters' society? Have there been any factions in the society?

A.—No.

Q.—Why do you not then attract more deposits?

A.—The amount that we get in return as loan is so meagre that it is not sufficient for expenses.

Q.—The society ought to have waited for deposits and borrowed?

A.—There it is lacking.

Q.—What is the cost of production of one cwt. of coffee including the whole expenses from the beginning of the planting to the time when it is sold and collected?

A.—It is very difficult to say. We have not worked it out. The cost of one cwt. will be Rs. 50. Rupees 250 for opening of an estate of an acre; Rs. 50 for the second year's expenses and Rs. 300 for the next five years. The sixth year you will get one cwt. Subsequently it may go from four to six. It will then cost Rs. 60. It might be more in the 7th, 8th and 9th years.

Q.—What has been the average price for the last year?

A.—It was ranging from Rs. 70 to Rs. 75. It has gone down.

Q.—At the present time what is the net profit that you make on coffee?

A.—Fifteen to twenty rupees per cwt. There are triages apart from the black refuse. They will fetch only a low price.

Q.—Do you think that it is possible for small coffee growers to grow it on a co-operative basis and sell it also together?

A.—They divide the place between twenty people and cultivate. They buy the whole coffee after five or six years. Then there will be a regular sale society. That has been the thing which has been helping the European so far. They get the whole produce and cure it elsewhere.

Q.—What is the minimum cost of a curing plant?

A.—It comes to Rs. 1,000 to Rs. 2,000.

Q.—Why do you not try the co-operative scheme just mentioned?

A.—So far there has been no proposal.

Q.—In regard to the loans given by Mappilla money-lenders what do you think is the solution?

A.—By taking money from the co-operative societies and not going to them again.

Q.—I think you have told that it is necessary to advance money to him to repay his old debts?

A.—Then he will have to fear the co-operative societies only.

Q.—What stands in the way of it at present?

A.—A number of creditors.

Q.—At present the co-operative societies do not advance money to repay the old debts, do they?

A.—They do not also advance as much as they want. They pay only small sums. We have to mention the purposes as well.

Q.—Unless the co-operative societies, too, give the credit and provide the means of selling produce, you cannot rescue the agriculturist?

A.—No.

Q.—The present work of the co-operative society should be supplemented by having sale societies, or by the primary societies undertaking marketing also?

A.—It is absolutely necessary.

Q.—By co-operative societies organizing marketing, you may oust the usurious money-lender or bring him to reasonable terms?

A.—Yes.

Q.—Do you think that in Coorg considering the nature of the cultivation larger sums should be given as loans?

A.—Yes.

Q.—Better provision should be made?

A.—Yes; on the good security of land.

Q.—The cultivation expenses are high in the case of coffee?

A.—Yes.

Q.—How do you propose to increase the amounts?

A.—There is the lack of funds. According to the by-laws no member could borrow more than Rs. 250. The rules are strictly adhered to.

Q.—There is a general complaint that the amounts given are not sufficient. Therefore they borrow from the Mappilla money-lenders at a high rate of interest?

A.—Yes.

Q.—Unless you help them with the full amount you cannot get rid of them?

A.—Yes.

Mr. Subbaraya: You said that in your society you could not advance high sums?

A.—Yes.

Q.—Was it not due to non-recovery of amounts?

A.—Yes. There is no complaint against the central bank.

Q.—You refer to some cases in your village. On account of such cases your creditors lowered the rate of interest?

A.—Yes.

Q.—Will you explain a case?

A.—A man borrowed five hundred rupees from the planters' society to work up his estate. His brothers and sisters signed. It is sagu land. It belonged to the jamma-holder. It was an ancestral property. Later on he paid a small amount and did not pay. Afterwards it was executed. Then he paid some more money and that year he failed. Then the society applied for execution of the decree. This man puts in a case in the civil court filed by his wife and still the suit is pending and the money is not recovered.

Q.—The society will have to collect witnesses to show that the whole amount was spent on the estate itself?

A.—Yes.

Mr. Muniswami Nayudu: Suppose *A* is the manager of a Hindu joint family. He may borrow from persons. It may be that he does not use the whole money for this purpose. If all the members join together and say that it is for a particular purpose these two are sufficient.

The Chairman: The minors have the right to go into court and sue. It does operate very much on the East Coast. Does it operate on the West Coast also?

Mr. Thomas: Don't you think that it requires some modification?

A.—Some relaxation is necessary.

The Chairman: Can you relax?

A.—Formerly it was so. Till the year 1886 that was the case.

Mr. Thomas: Are you for the modification of the inalienability and indivisibility of land?

A.—I am for relaxing the present tenure of land system. A particular land will be converted for the outstandings of the same family. It need not go to another family. Jamma tenure may be retained after the sale. Suppose all my lands are sold first preference must be given to the family and then only to outsiders.

Q.—Do you think that the Coorg community will be for the regular division of property between their sons?

A.—The present-day young men are for the relaxing and stopping of further division. They want to have it consolidated.

(The witness then withdrew.)

Tuesday, 18th February 1930.

MERCARA.

P R E S E N T :

Mr. H. M. HOOD, I.C.S. (*Chairman*).

Mr. P. J. THOMAS, M.A., B.LITT., PH.D.

Diwan Bahadur B. MUNISWAMI NAYUDU, B.A., B.L., M.L.C.

Rao Bahadur K. APPAYYA.

Mr. K. N. SUBBARAYA.

M.E.Ry. K. MADAPPA Avargal, Coffee Planter, Bettagare.

Oral evidence.

The Chairman: You come from Bettagare?

A.—Yes.

Q.—You are planting coffee?

A.—Yes.

Q.—Successfully?

A.—So far.

Q.—How much land have you got?

A.—About 70 acres of coffee and 2,500 batties of wet (62 acres).

Q.—How long have you been at it now?

A.—For the last 40 years or more.

Q.—You started when coffee was a very good proposition?

A.—Yes, my grandfather began the coffee cultivation, after him came my father and now I am attending to it.

Q.—At that time it was a very paying crop?

A.—Yes.

Q.—And now?

A.—Now also it is paying.

Q.—But not so well?

A.—No. The soil is wasting.

Q.—Do you finance it yourself entirely?

A.—For some years I was getting advances from the coffee agents on the coast. But now I am working on my own capital and partly by borrowing from the Coffee Planters' Co-operative Society and local merchants.

Q.—On what security do they advance money?

A.—On the hypothecation of the crop.

Q.—How do you repay that loan?

A.—Either by yearly instalment or in a lump sum after a definite period.

Q.—How do you sell the crop?

A.—I sell it on my own account and out of the sale-proceeds I repay the advance.

Q.—To whom do you generally sell?

A.—To the local merchant.

Q.—Is it cherry coffee?

A.—Yes, pounded cherry coffee.

- Q.—You do that yourself?
A.—Yes.
- Q.—You sell that to the local merchant here. Do you consider that you would get an adequate price thereby?
A.—No, I cannot safely say. Anyhow I am at their mercy and I sell it at the current price of the local market.
- Q.—But you are at liberty to sell it to anybody you like?
A.—Yes.
- Q.—You are at liberty to take the best prices offered by any one?
A.—Yes.
- Q.—So far as your requirements by way of manure and seeds are concerned, you are at liberty to buy wherever you choose?
A.—Yes.
- Q.—But there is a large number of planters who borrow from the merchants. Have you experience of that?
A.—Yes. They borrow not only from the merchants on the coast but also from the local merchants.
- Q.—Did you find that it worked materially to your advantage?
A.—The coffee merchants on the coast advance very freely and there is no trouble about them at all. But the borrowers find a bit of trouble from the local merchants because what they promise they never carry out.
- Q.—If they take loans from a merchant, the incidents are that they send their crop to the merchant to be cured?
A.—Yes. If the advance is raised locally the coffee has to be sent to the local merchant. He dupes the borrower who could never know the prevailing rate in the market in the season.
- Q.—That applies to all, both to the local merchants and to the coastal firms?
A.—No, there is a good deal of difference between the two classes of merchants. The local men, i.e., the merchants in Coorg, generally have their own value. The local men generally knock away about Rs. 10 or Rs. 15 out of the value prevailing at the time of sale.
- Q.—On what pretext?
A.—They simply tell a falsehood that the price is so and so.
- Q.—They misquote the prices?
A.—Yes.
- Q.—Do they buy themselves or do they buy ostensibly on commission?
A.—Generally the local merchants get from the coastal firms at 8 or 10 per cent interest and these merchants lend by giving advances to the local planters at 18, 28 and even higher rate. By that not only do they make a big profit but they also make Rs. 10 to Rs. 15 on each end candy.
- Q.—How is that when compared with the coast firms? Are they better?
A.—The coast firms are much better.
- Q.—Are there many local firms?
A.—Only a couple in this place. There are a few in other places in Coorg.
- Q.—Those are lending money on the crop and receiving the crop?
A.—Yes. But their conditions are different. They must be given so much rate of interest on Rs. 100. Apart from that they must be given *sody*, i.e., discount about ten or five rupees on each candy. The interest is about 18 to 24 per cent.
- Q.—Do these local merchants deal in manures?
A.—No.
- Q.—In the case of coast firms am I right in saying that the crops are sent to them to be cured and sold?
A.—Yes.
- Q.—It is also understood that the planter himself buys his requisites through them?
A.—That is one of the conditions. If they want any manure they will have to purchase through them.
- Q.—Do you think that it is an unfair advantage?
A.—I do not think so.

Q.—Are they materially affected by having those terms with those firms?
 A.—Not very favourable terms. In cases when money is received from them their accounts should be settled year after year. The dues should not be kept as balance. If the amount is not paid up they will stop the advance and will be strict in recovering the balance. But that is not the case with the local merchants. They allow the balance to run on for a number of years provided interest is paid annually.

Q.—Are there many cases in which the estates have been sold?
 A.—So far I do not remember to have heard any such estate sold. Small estates local merchants might have purchased but not big estates.

Q.—Are there many cases in which the merchants have failed to repay the bigger firms?

A.—I know of some in Mercara having failed to repay certain merchants in Mangalore.

Q.—Is your estate jamma or sagu land?

A.—Some of the portions are jamma and some sagu.

Q.—In regard to the requirements of the coast firms for coffee cultivation the bulk of the loan required is short-term loans?

A.—Yes. For coffee they require money from June for working expenses.

Q.—What are the other sources from which you get money?

A.—We have got the planters' co-operative society. There are co-operative societies which mainly advance money for the improvement of the wet land and also for the purchase of cattle.

Q.—What prevents them from getting money for cultivation expenses?

A.—Want of enough of funds from big organized banks to lend to societies.

Q.—Cannot the co-operative societies provide that?

A.—They do provide but not enough.

Q.—What about the village co-operative societies? Are they able to meet the requirements of smaller planters?

A.—They are not in a position to meet the requirements of coffee planters.

Q.—What is the cultivation expense for an acre?

A.—It ranges from Rs. 125 to Rs. 150 on each acre of coffee.

Q.—The amounts are required only during season?

A.—Yes.

Q.—What about the initial expenditure for opening a fresh land of coffee?

A.—It comes to more than Rs. 250 an acre.

Q.—How many years does it take to yield?

A.—It takes four years. The full crop is after the tenth year. In the fourteenth year it would be in its full swing of the yield.

Q.—For that coffee plantation some capital is necessary?

A.—Without capital there is no hope of starting a coffee plantation.

Q.—Would it not be possible to get money on long-term loans and invest it?

A.—For want of a bank there, there is no possibility of raising loans and with the help of a bank for long-term loans everything is feasible.

Q.—Till that coffee is in bearing the only security is the land itself?

A.—Landed security is taken.

Q.—Is there any reasonable security of getting your money back?

A.—Immediately after opening coffee if he reasonably spends the money that he has borrowed then there is no possibility of its ruination.

Q.—The real security is his personal character and not the land?

A.—Yes.

Q.—The ordinary ryot cannot convert the whole of his land into coffee cultivation?

A.—No; unless he has got enough of funds.

Q.—How do you raise your funds? Your chief expenditure is curing, manuring and payment to coolies? How do you raise cash?

A.—Some people who are shrewd enough will have some paddy at their disposal. They will sell paddy and out of the sale-proceeds they will arrange to make payments to coolies when they go back to the country. Some people will pledge jewels and raise loans. Some people raise money by hypothecating their crops to the local merchants.

Q.—You require cash to pay to your coolies every week?

A.—Every week they are paid something in kind and something in cash.

Q.—Where do you get the cash from?

A.—Either by pledging some of their jewels or selling paddy or hypothecating crop.

Q.—Where do the actual rupees come from?

A.—When the season is on the crop will be hypothecated to the local merchants and get funds.

Q.—The local merchants provide rupees?

A.—Yes. Last year I had some money from the planters' society. I have got also an orange plantation and pepper gardens. I sold the crop to the merchants who come for it. They will advance money in the month of June or July in the working season. I fix certain instalments for payment. Whenever I require money they advance money on the orange or pepper crop.

Q.—Where does that money come from?

A.—From Mappillas or local merchants.

Q.—Your garden is in Bettagare. How far is it from Virajpet?

A.—Eighteen miles.

Q.—You have to go 18 miles to get cash?

A.—They themselves bring it.

Q.—You want cash?

A.—By the sale of produce we will have cash. We have to pay the coolies only when they go.

Q.—You do not require money before September?

A.—Yes; I will have some paddy which I sell. I do not require much money when they work in the estates. I will get money only out of the sale-proceeds of paddy, pepper and oranges. Those whose have not got the catch crops, have no other alternative but to hypothecate the crop.

Q.—Where do you keep that money? You keep it in your own safe?

A.—The money that we get is kept at home.

Q.—You do not go to Mercara to get funds?

A.—Only when we are short of coins we have to go to Mercara to get it cashed.

Q.—If you are short of funds you have to go to Mercara?

A.—Yes.

Q.—On what terms you can get money?

A.—That depends upon the arrangement entered into with the sowcar. The arrangement with him for a couple of hundreds and thousands.

Q.—What does he charge for you?

A.—He charges at the rate of 18 to 24 per cent plus discount and certain other charges. It will come to more than 25 per cent.

Q.—How often have you had to borrow money like that?

A.—I had to do that in many years. For the last two or three years I am not going to them.

Q.—You get sufficient funds?

A.—I will have enough of paddy for working expenses. Of course big planters who own more than 100 acres go to the coast firms when they will not have enough of money.

Q.—They cannot go to Mangalore?

A.—Just at the time when the blossom is out they will inform the firms with whom they want to have business. They will send one of their agents, who inspects the future crop and then forms an estimate. They begin to advance money from the month of June.

Q.—Where does that money come from?

A.—The firm arranges with the banks for the amount sanctioned to advance to the planters for working expenses, who draws and sends it by post in currency notes to the planter.

Q.—They cannot pay coolies in ten-rupee notes?

A.—Nowadays the coolies accept in notes and they also go to the treasury and get cash to pay them in silver. They are also changed in local shops. The European planters get money from the Government treasury through supplying bills.

Q.—They might have to go 20 miles for that?

A.—Not necessary; to a place which is nearer to them they go.

Q.—Do you remember the branch of the Madras Bank working here?

A.—I do remember.

Q.—Did they make much profit?

A.—I was a young boy when the bank was in Coorg. It was fifty years ago. It was located in the Silver Oaks Bungalow in Mercara.

Q.—Suppose it is repeated. Do you think it will work?

A.—Instead of the Imperial Bank a smaller bank or a joint-stock bank may be started. Of course it will be of some help to the cultivators. But there is our jamma question which is debarring all these facilities. Jamma lands under the present rules cannot be mortgaged.

Q.—None of the existing joint-stock banks lend money on mortgage of lands? Will it not affect?

A.—On the mortgage of sagu land and on hypothecation of crops they give. It is alright with the ryot who goes on cultivating the land year after year. There is no difficulty of recovering the advance from him. In case he fails to pay there would be some difficulty. All depends on trust.

Mr. Appayya: Would you prefer a land mortgage bank?

A.—By all means.

Q.—On what terms?

A.—On the hypothecation of crops and also on the mortgage of sagu lands.

Q.—For coffee?

A.—The land mortgage bank can take mortgage of lands of sagu tenure.

The Chairman: The land mortgage bank should give long-term loans for twenty years on the security of the mortgage of lands?

A.—But under the existing rules the jamma tenure cannot be mortgaged but the sagu lands can.

Mr. Appayya: Do they mortgage the lands?

A.—If the bank is to take on mortgages of sagu lands of course we have no objection.

Mr. Muniswami Nayudu: Do you own sagu lands?

A.—Yes.

Q.—What is the extent?

A.—More than 40 acres of sagu land. Private 30 acres and family about 20 acres.

Q.—What is the value of an acre of sagu land?

A.—At present the value is about Rs. 350 to Rs. 400.

Q.—One acre of jamma land fetches the same price?

A.—Yes.

Q.—If it is sold between the members they fix their own value?

A.—They fix the value between themselves.

Q.—You own about 70 acres of coffee area?

A.—Yes.

Q.—What is the value of an acre of coffee?

A.—That depends upon the locality. The value of an acre is about Rs. 1,200 to Rs. 1,500.

Q.—In your parts?

A.—There are not many coffee estates. It will not be less than Rs. 1,000,

Q.—Do the smaller ryots cultivate coffee?

A.—Yes; one acre to ten acres the smaller ryots cultivate. They are all scattered not touching one another.

Q.—Most of them own also along with that coffee area sagu as well as jamma lands?

A.—Not many. Ever since the partition came into existence the families have got both jamma and sagu lands in some cases.

Q.—With regard to the agricultural banks there is this difficulty of jamma land. Taking the ordinary ryot do you think that taking sagu lands as security money may be given to them?

A.—There are very few who hold such lands. Sagu holder can be given.

Q.—Most of the jamma holders are Coorgs?

A.—Yes; as well as Gowdagas, Mappillas and other people.

Q.—But there are a large number of people who do not own jamma lands but who own sagu lands?

A.—Yes.

Q.—They are also having coffee plantations in smaller areas?

A.—Very few; about 4 or 5 per cent.

Q.—In respect of land mortgage banks do you think that they can function and will have good security?

A.—Yes.

Q.—There will be no difficulty at all?

A.—Yes.

Q.—What will be the percentage of the ryots who are jamma holders and who are non-jamma holders?

A.—Jamma holders are less than sagu holders.

Q.—Will it be one-third and two-thirds or a little less than two-thirds?

A.—Sagu holders are larger in number than jamma holders.

Q.—Do you think that there is sufficient scope for operations in a land mortgage bank with regard to non-jamma lands?

A.—I should think so.

Q.—Do the coast firms lay down any limitation as regards the loan?

A.—Upwards of fifty acres they advance.

Q.—Those who own fifty and above?

A.—That depends upon the nature of the estate.

Q.—They generally confine their transactions to those who own above that?

A.—Yes.

Q.—Have they got their agents in the various places in your province?

A.—They do not have whole-time agents. They come only during the season.

Q.—You told us that the east coast firms used to have their agents here during the season and that they go on advancing money to the planters from time to time?

A.—Yes.

Q.—Supposing a small planter applies for a loan, do they give?

A.—Yes provided they find him honest and satisfactory and his property good.

Q.—To whom does the small planter go for finance?

A.—So far as I can remember they go to local merchants. Previously the coast firms used to advance money but now they have stopped.

Q.—To whom does the small planter now go for money?

A.—To the local merchant.

Q.—At Mercara?

A.—At Mercara, Virajpet and Somawarpet where are merchants who advance money.

Q.—To what caste do they belong to?

A.—To different castes, Vaisyas, Mappillas, Devangas and other castes.

Q.—What is the rate of interest they used to charge?

A.—From 18 to 24 per cent.

Q.—Do they take an agreement in writing?

A.—Without agreement they do not advance money. But if they lend money on pledge of jewels they do not take any agreement.

Q.—So they lend on jewels and hypothecation of crops. In case of jewels there is no agreement. In the case of hypothecation of crops there is a registered document.

A.—Yes.

Q.—Do they give the amount which is wanted in one lump sum or in instalments?

A.—That depends on the amount. If it is a big sum they do not give in a lump sum, if it is a small sum they give it at once in a lump sum.

Q.—How do they charge interest? Is it on the whole amount or on the instalments?

A.—The local merchants charge for the whole amount and not on the payments by instalments since the date the agreement came into existence.

Q.—Do such agreements involve the condition that the crop should be sold to them?

A.—It is only on that condition that they lend out money.

Q.—What do they do when the crop is ready? Do they take charge of the crop?

A.—That depends on the man. If the man is honest the crop is allowed to lie in his godown. But if they suspect his honesty they at once remove the crop, and at the time of picking itself they keep a man there to watch the picking.

Q.—Who pays for this servant?

A.—He is paid by the planter.

Q.—How is the coffee sold? Is it before manufacture?

A.—No, it is dried, pounded and then sold either locally or through the man who has advanced the money. If it is sold through the man who has financed the crop, then it is a disadvantage to the proprietor or the planter.

Q.—So after picking the coffee is dried, pounded then gleaned and in that state it is delivered to the lender?

A.—Yes.

Q.—Generally is the price fixed by the lender outright or do they take a commission on the sale price?

A.—As soon as the coffee is ready for sale then he fixes a price which is Rs. 10 or Rs. 15 less than the then market price and buys at that rate.

Q.—Is there any commission also to be paid to him besides that?

A.—No. But he makes some profit in the triage.

Q.—In regard to your own plantation you prepare the coffee and sell it to the coast firms direct?

A.—Yes.

Q.—Do you mean to say that you realise a better price than the ordinary coffee planter who sells to the local merchant?

A.—Yes, I do.

Q.—What would be the difference per ton?

A.—If sold to the coastal firms direct we will get about Rs. 20 or Rs. 30 more per candy.

Q.—What is the present price per candy?

A.—Rs. 240.

Q.—So the planter has to pay a high rate of interest, he gets a lesser price and he has to incur a loss on triage also?

A.—Yes.

Q.—Is there any possibility of freeing him from such disadvantageous terms? You said that there was a planters' society?

A.—Yes, there is a planters' co-operative society. If worked well, it will free the disadvantages.

Q.—Where is it working?

A.—It is working at Mercara as its headquarters.

Q.—How long has it been working?

A.—It was started some six or seven years ago, but last year the by-laws were changed and the society has been revived.

Q.—Last year how much did it lend? You took a loan from that society?

A.—It did not lend much. Yes, I took a loan of Rs. 300.

Q.—Does the society undertake to take in the coffee and prepare it and find a good market for it?

A.—Yes, one of the objects of the society is to do like that. It is not come to that stage as yet.

Q.—Is the crop hypothecated to the society?

A.—Yes.

Q.—At what rate does the society lend?

A.—12 per cent.

Q.—What was standing in the way of the society improving in its activities during the last seven years?

A.—The members concerned were not taking much interest and nobody popularised the activities of the society.

Q.—Do you think there will be sufficient capital forthcoming for such a society by way of deposits, etc.?

A.—Of course if people take interest then it will be forthcoming.

Q.—Have you any account with a bank?

A.—No.

Mr. Thomas: I am not quite clear as to whom you sell your produce?

A.—I sell it to the coast firms. This year I sold my crops some to Pierce Leslie, some to Volkart and some to Messrs. Aspinwall & Co.

Q.—You do not sell your coffee at all to the local merchant?

A.—Never.

Q.—You said that other people do not sell their coffee to the coast firms. Why?

A.—Because they are directly responsible to those merchants who have financed them.

Q.—The coast firms never lend to encumbered estates?

A.—They never lend to encumbered estates. If they should advance money the estate should be unencumbered.

Q.—Have you any experience of any part of your coffee being swindled on the way from here to the coast?

A.—No.

Q.—Have you heard of any complaint?

A.—There are many such complaints. There are many thefts taking place and there are complaints of shortage in measurement when the coast merchants take delivery of it.

Q.—You have no experience of it?

A.—I have no experience.

Q.—Is it only a trumped up charge or is it a real grievance?

A.—There is some truth in that complaint.

Q.—How does it happen?

A.—Of course in transit there are highway robbers who attack the carts and walk away with the coffee bags and also cut the bags allowing the contents to flow out.

Q.—Is it highway robbers or the cartmen themselves?

A.—There are instances of cartmen themselves opening the bags and imposing the act upon thieves.

Q.—Is there any complaint about curing at the coast firms?

A.—The coast firms are very careful.

Q.—You have dealings with only the big firms?

A.—Yes, I have had dealings with Messrs. Pierce Leslie & Co., Volkart Brothers and Aspinwall & Co., not with Indian firms.

Q.—You had no dealings with Indian firms?

A.—Sometimes I took my coffee and pepper to them and got them sold through them.

Q.—What is the commission they charge on sales?

A.—2½ per cent.

Q.—What other charges?

A.—No other charges.

Q.—Do you think that the commission is quite fair?
 A.—When they do not expose the actual state of the market, I think the commission is very unfair. Of course the coast firms get to know the price ruling then by wire from foreign buyers but they keep such information as confidential.

Q.—Do they not communicate to you that price?
 A.—They never show us the wire.

Q.—In the newspapers do you not find the price?
 A.—Yes.

Q.—Do you find any disparity between the price that you get and the price you find in the paper?

A.—There is great disparity.

Mr. Muniswami Nayudu: You accept their statement?

A.—Yes, we cannot but.

Q.—You seem to be then at their mercy?

A.—Yes, I have a right to know it but they keep it confidential.

Q.—Do these coast firms purchase the coffee at an outright price?

A.—They do.

Mr. Thomas: Is it not more favourable if they purchase at the current price?

A.—Yes.

Q.—Are there not different grades of coffee?

A.—Yes, there are.

Q.—Who grades the coffee?

A.—The firms themselves.

Q.—Have you had any occasion to understand the different grades?

A.—It is only from them that we learned this grading business.

Q.—You said in the beginning that their dealings are satisfactory, but yet you are not in a position to know at what price they actually sold you coffee. Do these two statements agree?

A.—Subject to this modification their dealings are satisfactory.

Mr. Muniswami Nayudu: You have got these European planters also. Have you discussed with them this unsatisfactory method?

A.—No.

Mr. Thomas: Why have you not asked them?

A.—Because they are inaccessible to us.

Q.—Supposing you had a proper market in Mangalore in the same way as it exists at present for tea in Colombo where the goods will be auctioned after being graded in an open manner. Will it not be a better arrangement?

A.—Certainly.

Q.—Have you any idea as to the quantity of coffee produced by the Indian planters?

A.—No.

Q.—Do you know how the European planters sell their coffee?

A.—They send it down to the curing agents and then sell it either there or export it direct to England. It is very seldom that they sell it in India. Some planters were sending directly sometime ago but they found it unsatisfactory and have discontinued that practice.

Q.—Suppose your planters' society strengthens itself, expands its activities, cures the coffee of its members and sends it direct to their agent in England, if there is no proper market for it in India. Will it not be a good thing?

A.—Yes, certainly.

Q.—In regard to the society what is the cause of its not developing?

A.—The members do not take much interest.

Q.—Is it also due to lack of capital?

A.—It is also due to that.

Q.—Is it true that there is plenty of deposits in the Central Bank at Mercara?

A.—Yes.

Q.—Why does not such money find its way to the planters' co-operative society?

A.—If the people make up their minds they can deposit there also.

Q.—If people like you take an interest, you would succeed in developing it?

A.—The capitalists never care to deposit.

Q.—Yet money comes to the Central Bank?

A.—Yes.

Q.—If this society has no funds it is entitled to borrow from the Central Bank and lend to its members. Is that done now?

A.—It can be done provided the general body agree to sanction big loans to individuals for coffee cultivation.

Q.—Why is it not done now?

A.—There is not much indent on the society's funds now. It was only last year that it was renewed.

Q.—So you expect that there will be more demands for loans from planters and that many will be able to obtain their finance from the society?

A.—Yes.

Q.—What class of loans do coffee planters like you require; is it long-term or short-term?

A.—It is long-term loans which are required.

Q.—The bulk of the loans are required for cultivation expenses and that is a short-term loan. Is that not?

A.—Yes, loans are required for working expenses.

Q.—It is the co-operative society that can advance short-term loans?

A.—Yes.

Q.—What is then the object of the land mortgage bank?

A.—The land mortgage bank will help the agriculturists for bigger loans to improve their cultivation, both paddy and coffee extension and orange also.

Q.—Are there many planters that you know who have outstanding debts?

A.—Yes, there are many.

Q.—How long have they been outstanding?

A.—That depends upon the payments they make. If they pay off regularly the outstandings will be short and will not run for a long time.

Q.—Are there many people repaying the loans?

A.—In prosperous years they can repay.

Q.—From whom are these loans taken?

A.—From local merchants.

Q.—But the local merchants charge very high rates of interest?

A.—They cannot help when it is not available elsewhere.

Q.—The local merchants care more for the interest than the principal?

A.—Yes, it is so. There are many poor planters who are indebted to a great extent to the various money-lenders.

Q.—In regard to the advances for cultivation expenses you feel that there is great need for the expansion of co-operative activity?

A.—Yes, very great need.

Q.—In regard to the paddy cultivator, what is the kind of loan that he requires?

A.—They require money and paddy.

Q.—For what purposes?

A.—Money for purchase of cattle and for the improvement of their land and food when there is shortage. Mortality of cattle have become very great in Coorg. Every year many cattle die of diseases.

Q.—Is it growing every year?

A.—Yes, every year and nothing has been done to combat it.

Q.—Is there no expert who has studied the question?

A.—Of course we have veterinary surgeons but the disease has not been at all brought under control. It is causing terrible havoc.

Q.—You say the loans raised by the cultivator are for buying cattle?
 A.—I say mainly for purchase of cattle. Last year this disease broke out among my herd and I lost about 25 head of cattle.

Q.—Where do you purchase your cattle?

A.—From Gonicoppal market and sometimes from Mysore. For a good pair we will have to pay Rs. 70.

Q.—You said that the average expenses per acre of coffee is Rs. 100. Is that correct?

A.—Yes.

Q.—I think in some of the estates here the expense is below Rs. 100?

A.—If it is manured properly and well kept one will require not less than Rs. 100 and sometimes slightly more, i.e., if kept in European style, one will have to spend between Rs. 125 and Rs. 150.

Q.—You have also planted pepper?

A.—Yes.

Q.—What is the extent of pepper cultivation?

A.—I have not planted pepper separately. I have planted them within the coffee.

Q.—Is it an advantage to plant pepper in a separate estate?

A.—Considering the present price of pepper it is of great advantage.

Q.—But how is it that people have not taken to pepper cultivation here?

A.—On account of labour difficulties we do not want to extend our areas.

Q.—Have you been able to calculate as to how much you would get by cultivating pepper in one acre of land?

A.—I have not been able to find out as I have not opened up a separate block for pepper. If it had been so, I would have been able to know.

Q.—Its expenses of cultivation will be lower?

A.—Since it is within the coffee there is no need to spend any money on it separately.

Q.—In regard to the small planter you feel that there is great need for co-operative enterprise?

A.—Yes.

Q.—In regard to these Mappilla and other merchants do you think that their functions as traders are important for this country?

A.—Not much to speak of.

Q.—But are not they giving good prices for jack fruits and plantains and other odd things?

A.—They never purchase jack fruits, but only plantains or bananas.

Q.—Do they not get you something for what you would otherwise be wasting?

A.—Of course, they do.

Q.—They are now doing two functions. One is to deal in goods and the other is to lend money. You find their lending money to be usurious and harmful, but as traders they are useful to the country. So you want them to dissociate themselves from money-lending which might be attended to by the co-operative societies?

A.—As traders they are useful, but as money-lenders they are harmful and should be dissociated.

Q.—Can you not oust them in the money-lending field by providing better facilities? Although they are usurious money-lenders they are providing a fairly good price for those articles which may not find a sale at all but for them. Is it not so?

A.—Yes. They can be ousted from the money-lending field. The establishment of a money bank will enable it. I do not think that they give a fairly good price for the articles that they purchase. They purchase plantains from the villages at the rate of 4 annas per 100 and bring them to town where they sell at a very high profit.

Q.—If the people there can get better price for their plantains in Mercara why should they sell to the Mappillas?

A.—To carry to Mercara or any other town their produce was supposed by people to be undignified before. Hence they sold at their doors. The Mappilla merchants even take them to Mysore. They used to purchase

originally the yield of two orange trees belonging to a particular man say for two packets of jaggery and a little salt but now they cannot make so much of profit from the oranges as they did before, as the ryots have come to their senses of carrying their produce to a nearer market.

Mr. K. N. Subbaraya: Are they not buying the monsoon oranges which otherwise would go to waste?

A.—Yes.

Mr. Thomas: Within your own recollection has the rate of interest increased or diminished in this country?

A.—It has not diminished at all.

Q.—But we have got information that the rates of interest were much higher twenty years ago than now. Is it not a fact?

A.—Yes.

Q.—How many batties of paddy did they give twenty years ago for Rs. 100?

A.—Eight to ten batties but now they give only six batties.

Q.—Do you mean to say that after the working of the co-operative societies the rate of interest has not gone down?

A.—The co-operative society is of great help to the ryots. The rate of interest has gone down.

Q.—As a result of these societies have not the Mappilla money-lenders reduced their rates?

A.—They have now not so much business as they had before.

Q.—Have you got any definite recollection of the rates of interest charged, not to people like you but to the small ryots who took advances from them?

A.—They used to charge something like ten or twelve batties per hundred rupees, but now it is six batties. The societies of course charge a reasonable rate of interest.

Q.—But is there not a rise in the prices now?

A.—In some there is a rise and in others a fall.

(The witness then withdrew.)

Tuesday, 18th February 1930.

MERCARA.

PRESENT:

Mr. H. M. Hood, I.C.S. (*Chairman*).

Mr. P. J. THOMAS, M.A., B.LITT., PH.D.

Diwan Bahadur B. MUNISWAMI NAYUDU, B.A., B.L., M.L.C.

Rao Bahadur K. APPAYYA.

Mr. K. N. SUBBARAYA.

M.R.Ry. K. TAMMAYYA Avargal.

Oral evidence.

The Chairman: Mr. Tammayya, after the long conversation we had with you yesterday, there are only one or two questions I think which Mr. Thomas wants to ask you.

Mr. Thomas: You have got some experience as a leading man of your village. You might be able to tell us the principal purposes for which the ordinary ryots take loans?

A.—They take loans for the purchase of lands, cultivation of coffee estates, marriages and for failure of the season.

Q.—How far back does your recollection of the conditions of the village go?

A.—As far as 50 years back.

Q.—50 years ago what was the rate of interest charged by the money-lenders?

A.—12 to 24 per cent.

Q.—Were there Mappillas then in Coorg?

A.—There were Mappillas then but not as much as they are now.

Q.—In those days how did they give advances to the ryots? How much of grain was delivered if the ryot borrowed Rs. 100?

A.—40 batties of paddy.

Q.—What was the price then?

A.—The prevailing price at that time was 35 to 40.

Q.—Since that time has not the rate of interest fallen?

A.—The rate of interest is the same. It has not fallen.

Q.—In spite of the co-operative societies having functioned?

A.—The mortgages are affected and the rate of interest has gone down to a little extent.

Q.—Because the co-operative societies lend at low rates, the money-lenders also have consented to lend at low rates?

A.—To some extent.

(The witness then withdrew.)

Tuesday, 18th February 1930.

MERCARA.

P R E S E N T :

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 Mr. K. N. SUBBARAYA.

M.R.Ry. P. B. PUNACHA Avargal, Parpathigar, Shanivarasanti.

Oral evidence.

- The Chairman:* You are the Parpathigar of Shanivarasante?
 A.—Yes.
 Q.—What are the names of the villages for which you have sent the statement?
 A.—Vemballur and Mullur.
 Q.—You belong to North Coorg?
 A.—Yes.
 Q.—Do you know anything about South Coorg?
 A.—My place is Virajpet in South Coorg.
 Q.—You are now in North Coorg?
 A.—Yes, I am serving there.
 Q.—How long have you been serving there?
 A.—For the last seven years.
 Q.—And before that where have you been?
 A.—I was in South Coorg for about three years.
 Q.—Is there much difference between North Coorg and South Coorg?
 A.—In North Coorg there is no privileged tenure.
 Q.—No privileged tenure at all there?
 A.—In my jurisdiction comprising of the Shanivarasante Hobli there is none at all.
 Q.—The lands are all sagu lands?
 A.—Yes, Sir.
 Q.—They are held by the Coorgs?
 A.—There are no Coorgs there. There are only the Lingayats, Devanga, Vokkaligars and a few Muhammadans.
 Q.—And this sagu tenure can be mortgaged without any restriction?
 A.—Without any restriction they are being mortgaged now.
 Q.—Is much of that land passing out of the hands of the cultivators?
 A.—Yes.
 Q.—Who to?
 A.—When a man finds that the land is not sufficiently yielding or when he is in trouble, he sells his land to his neighbour. No people from outside the Province come and buy the land.
 Q.—It is sold by A a cultivator to B another cultivator?
 A.—Yes.
 Q.—So it is not passing out of the hands of the cultivators?
 A.—No, Sir.

Q.—Who does the money-lending in your part?

A.—There are the Lingayat traders.

Q.—Where do they come from?

A.—They came from Dharwar but they are in Coorg for the last 70 years.

Q.—They are lending money?

A.—Yes.

Q.—On what?

A.—On pro-notes and on mortgage of lands.

Q.—What for?

A.—For any purpose for which the ryot wants advances from them they give.

Q.—Do they buy crops?

A.—They do not buy crops.

Q.—They are only money-lenders and not merchants?

A.—They are merchants and they are money-lenders also.

Q.—You said that they only lend money but that they do not buy the crops. What do they deal in?

A.—They are petty shop-keepers. They trade in scented things and some of them have got coffee lands also.

Q.—So they do not buy the crops from the ryots?

A.—No, Sir.

Mr. Thomas: Do not they get back the loans in kind?

A.—No, they get their loans repaid only in money.

Mr. Subbaraya: Do not they receive the interest in kind?

A.—No. They prefer their money and the interest to be paid to them in cash. But sometimes where a debtor is an unreliable man they take the crop and sell it.

The Chairman: Is that common?

A.—It is not common. It is so in about 30 per cent of the cases. But in the remaining 70 per cent of cases they wait for cash being paid to them.

Q.—Is there much sagu land in their hands?

A.—Yes.

Q.—Do they cultivate it themselves?

A.—They give it to the tenants.

Q.—They lease it?

A.—Yes.

Q.—Have they any coffee lands?

A.—Two or three of them own more than 30 acres.

Q.—How do they come to have the coffee land?

A.—They bought the land under the waste land rules in auction and they cultivated the land.

Q.—It was not obtained by lending money and then purchasing it for the money due?

A.—No. They themselves are genuine planters.

Q.—Is there any other kind of money-lenders there?

A.—No.

Q.—Are the Lingayats the only kind of money-lenders there?

A.—Yes.

Mr. Thomas: Are there no Bhatkhalis?

A.—No.

Mr. Subbaraya: Are there no Mappillas?

A.—No.

The Chairman: Are there many co-operative societies?

A.—There are about fifteen co-operative societies in my jurisdiction. For every two or three villages there is a society.

Q.—Are they doing any good?

A.—They are doing much good.

Q.—How?

A.—The ryots get money at a cheaper rate of interest and they can pay in instalments. But in itself is not sufficient. They want the number of instalments to be increased and the period also to be increased to fifteen or twenty years. After the advent of the village societies, the rate of interest charged by the merchants has come down to 12 and 15 per cent, but before, it was 24 per cent.

Q.—Is there much coffee grown there?

A.—Not much. In all there are about 400 acres in my jurisdiction.

Q.—Why is there not more?

A.—That is the extent of all the land available there for coffee cultivation.

Q.—The other lands are not fit for coffee cultivation?

A.—No. All the available lands fit for coffee have been cultivated. The rest are lands not fit for coffee cultivation.

Q.—Do they grow anything besides.

A.—They have got dry crops. They grow ragi and gram to a slight extent.

Q.—Is there cardamom land?

A.—Yes.

Q.—To whom does that belong?

A.—About half a dozen cultivators to an extent of three acres each.

Q.—Do they grow cardamom themselves?

A.—Yes, with the help of the farm labourers.

Q.—These cardamoms are their own cardamoms or are they leased out by the Government?

A.—They are their own.

Mr. Thomas: Have they cultivated coffee on bane lands?

A.—There are no bane lands there. Coffee is cultivated only in jungle land.

Q.—So it is simply waste land?

A.—Yes. It is bought from the Government mostly in public auction.

Q.—Is there more of such land available now?

A.—All good lands suitable for coffee cultivation have been bought and cultivated.

Q.—Do you think that the conditions in the village you have chosen are typical of the Hobli to which they belong?

A.—Yes, they are typical and they are fairly prosperous villages also.

Q.—When you say typical do you mean that they are the most prosperous villages?

A.—Not that. In addition to being typical, they are fairly prosperous and populated villages also.

Q.—How is it that there are 25 members in one family?

A.—It is a joint family.

Q.—Many married men also in that family?

A.—Yes, there are.

Q.—I suppose you found that there was not much indebtedness among the landless population there. The landless classes do not borrow money because they have no security to offer. Is that so?

A.—Yes. If at all they get any loan they enter into labour bonds.

Q.—Have you been able to study the indebtedness of the landless people?

A.—I have not taken the figures. After all they may have a few rupees as debts.

Q.—Their debts will not come to much?

A.—No.

Q.—In what way do these coffee planters sell their coffee?

A.—They sell it to the coast firms.

Q.—Not to local merchants?

A.—They themselves are merchants. They send to Somwarpet to the local agents of the firms. Through their agents they sell.

Q.—Do people live in scattered homesteads or in villages?

A.—All in villages.

Q.—You know both North Coorg and South Coorg. In your opinion which is more prosperous?

A.—South Coorg is more prosperous.

Q.—Indebtedness seems to be lower in North Coorg. How do you account for that?

A.—Cultivation is not so profitable in North Coorg. The poverty of North Coorg is due to decrease in population. Hence much money is not borrowed for cultivation enterprises in North Coorg. The years 1928-29 have been fairly good years. No epidemics and famine. There are sometimes more deaths than births.

Q.—Are there some people leaving that place?

A.—No.

Q.—No epidemics prevalent?

A.—No; these two years have been fairly good years.

Q.—This is the normal condition?

A.—Yes.

Q.—342 births and 616 deaths; it is nearly double?

A.—Yes. On account of the fall in population the value of land has deteriorated.

Q.—How do you account for that depopulation?

A.—Less yield in the land in North Coorg.

Q.—Do they die by starving?

A.—Poverty adds to that. People die of malaria. Poverty adds to that. Naturally poor people die earlier.

The Chairman: Thank you very much.

(The witness then withdrew.)

Tuesday, 18th February 1930.

MERCARA.

P R E S E N T :

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 Rao Bahadur K. APPAYYA.
 Mr. K. N. SUBBABAYA.

**Mr. CHANDRAKANDI KUNJAHAMAD, Merchant, Virajpet,
 S. Coorg.**

Oral evidence.

The Chairman: Mr. Kunjahamad, you are carrying on business as a merchant in Virajpet?

A.—Yes.

Q.—What is the nature of your business?

A.—I am dealing in paddy and rice. I am also selling salt, oils, oilman-stores, coconuts and other things.

Q.—You get those stuffs from the plains?

A.—I get those things from Tellicherry and Cannanore.

Q.—How do you bring it?

A.—By carts.

Q.—Have you got any branches or do you buy through agents?

A.—I usually write to the merchants there and get it.

Q.—You buy on credit?

A.—In both ways; both credit and cash.

Q.—Have you pay cash there?

A.—I am sending money to them by insured and money order. I have got commission agents and merchants at all those places. I send money from Virajpet to Cannanore, Mysore and other places by insured post.

Q.—You are sending cash?

A.—Yes. I do not deal in hundis.

Q.—Are there no hundis in Coorg?

A.—No. I send money by post.

Q.—You send money away. You receive money in your shop here, which planters have money sent here from other places?

A.—Yes; it is quite normal.

Q.—There is a case for starting a local bank?

A.—Yes; there is a great need for a bank in Coorg. The merchants feel great inconvenience in sending money to the various places. In Malabar we have got banks. The hundi system is prevailing there and it is very easy for us to send money.

Q.—Then why do you live here?

A.—For the last thirty years my people have been carrying on trade in this place. I cannot discontinue this trade now.

Q.—What rate of interest do you charge?

A.—I am charging from 10 to 24 per cent. That depends upon the time of business, the kind of business and also on the kind of security offered. The same is the case with the bank. They charge 4, 5 and 6 according to the times.

Q.—Which is the chief business centre here, Virajpet or Mercara?

A.—Although Mercara is the capital of the country all trade centre in Virajpet. It is a most convenient place being close to the court. Even things are supplied from Virajpet to Mercara.

Q.—What about Sidapur?

A.—It is not a place where a bank could be started.

Q.—It is a place where buses stop?

A.—It is true that the buses stop there and there are some estates. There is not even a petrol store or an oil store. It has not even a building. There is a shandy once a week.

Q.—What about Fraserpet?

A.—No. There are no estates there or even business.

Q.—Are you in favour of a bank at Virajpet?

A.—It would be more convenient to have a bank at Virajpet. Not only for myself but for the ryots, merchants and also for the people that would be more convenient.

Q.—Is there a taluk office?

A.—Yes.

Q.—Is there a treasury office?

A.—Yes.

Q.—Do you deal in coffee?

A.—No. I buy only small quantities from the ryots.

Q.—Do you lend for cultivation of coffee?

A.—No.

Q.—You are conducting a money-lending business?

A.—Only sometimes. I lend money mostly to paddy growers and also to paddy merchants.

Q.—Do you lend money on mortgages of land?

A.—The lands are mostly jannas here. If it is a sagu land then we can lend money on it.

Q.—Do you do so?

A.—Yes; sometimes or very rarely.

Q.—Do they repay?

A.—All the money has been returned though with difficulty. No balance.

Q.—Have you made many bad debts?

A.—Yes; much money is due to me.

Q.—Why is that?

A.—I can only realize my amounts by the sale of crops as personal security is of little use and immovable property is not liable for decrees. I cannot get it from any other way. I do not go to courts unless compelled. Even then I have to leave a portion of the produce for the maintenance of the family and the rest only I can take back. Many a time collusive claims are filed and movables are got attached for assessment with the collusion of Revenue authorities.

Q.—The bulk of the land is cultivated or non-cultivated?

A.—Ten years ago there used to be uncultivated. Now we find most lands cultivated.

Q.—Is it because of more competition?

A.—I think it is because of the higher price of paddy. The crops are good and the whole land is being cultivated.

Mr. Thomas: On what terms do you lend money to paddy growers?

A.—In many cases I give loans fixing the price for a cartload. In other cases I lend on interest. It varies from 10 to 24 per cent.

Q.—What is the price of paddy per cartload now?

A.—This year price is fifty-five. In some cases I have given Rs. 55 per cartload. Price sometimes goes even to 60 and even 65.

The Chairman: As a loan?

A.—Probably a month in advance he might ask for money and I give them such amounts. After the crop is harvested I will get back my money.

Q.—For what kind of people do you charge 24 per cent?

A.—My business is mainly buying paddy and not lending money. Higher rate is charged if I anticipate difficulty in collection.

Q.—Which is more important part of your business, lending money or buying produce?

A.—Trade is my principal work and lending money to merchants and others is only secondary.

Q.—To any others?

A.—To parties that are known to me on the security of paddy crops.

Mr. *Muniswami Nayudu*: At Virajpet how many sowcars are there?

A.—There are eight Mappillas and Batakalis. These latter deal in cloth mainly.

Mr. *Appayya*: Are they selling paddy?

A.—They also buy paddy. Even Coorgs are buying on the same terms and doing the same business.

Mr. *Muniswami Nayudu*: Do you lend to big ryots in the villages?

A.—I lend to such big ryots who are cultivating paddy on terms I have already described.

Q.—Have you had to go to court to recover money?

A.—I have been compelled many times to go to the courts. There are about forty to fifty decrees.

Q.—Have you yourself bought many lands?

A.—I have no land in this country.

Q.—For decrees you have obtained have you had to buy lands yourself?

A.—The decree is not on lands.

Q.—If it is a sagu land?

A.—For money decrees immovable properties are not held liable.

Mr. *Appayya*: Do you take bonds for double the amounts?

A.—No.

The *Chairman*: You cannot remember such practice happening?

A.—No. I have not known of such practice. In some cases when plaintiffs go to the court the defendants' contention is that that the pro-note was taken for double the amount. In practice I have not seen such things happening.

Q.—You lend money on the pro-note as he requires? Do you pay money bit by bit?

A.—If I pay so, I receive their signatures for doing so. I receive also small payments and get their signature.

Q.—Interest is charged on the whole loan for the whole period?

A.—No.

Mr. *Appayya*: Suppose he pays a month after the execution of the bond? How much do you charge him?

A.—We charge only for the portion.

Mr. *Thomas*: By your coming to this country from Malabar can you say in what way this country has benefited?

A.—It is we who brought trade in this country. All kinds of trade have been introduced in this country by us. In this country people have not really established any line of business of their own. We have created a market for things which had till then no value.

Q.—At the same time is it not true that the interest charged by you in this country is much higher than that you charge in Malabar?

A.—That is right. We are lending money on produce and have a lot of risks. In some cases I do not get back the money.

Q.—There is no fixity about that?

A.—There is no security at all for loans and business is mostly speculation, owing to peculiarities of tenure of land and the law of the land—
theoretical non-division with actual division.

Q.—Therefore you do not really profit by your transactions in this country?

A.—Yes; we get but at the same time we also lose.

(The witness then withdrew.)

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Rao Bahadur K. APPAYYA.

Mr. K. N. SUBBARAYA.

Major J. S. H. MORGAN, Greenfield Estate, Sidapur,

Oral evidence.

The Chairman: Mr. Morgan, a merchant from Virajpet tells us that the merchants who are selling goods in the Virajpet bazaar are sending money down chiefly to Tellicherry and Cannanore in order to get goods sent up here and that the planters are having them sent back by parcel post from these places along the coast. Is that correct?

A.—Yes, a good many estates here do get their money direct from the coast firms.

Q.—The merchants send money through the post and the planters getting it back by post. Is that not rather a case for the institution of a bank?

A.—I should think it will make a lot of difference if there is a bank.

Q.—And the expenses of sending it up and down must be very considerable?

A.—Yes, I think only a few planters get their money direct from the coast firms, but most of them get from banks.

Q.—How do they get it direct from the coast firms?

A.—It comes as a draft on the treasury or in large denomination currency notes.

Q.—And the currency notes I think have to come by post?

A.—Yes.

Q.—What is the expense?

A.—Rupees 2-8-0 for Rs. 1,500 I think.

Q.—I suppose the existence of a bank in Mercara is not within your memory?

A.—Not in my time.

Q.—If any branch bank were to be opened in Coorg where would you like to have the centre so far as the planters are concerned? Merchants are emphatically for Virajpet.

A.—Virajpet is really a bigger merchant centre than Mercara. Mercara is more a planters' centre. A more central place than Mercara would be Sidapur which is the centre of all coffee area, both north and south.

Q.—So far as coffee is concerned do you think there would be sufficient business to make it worth while to open a small branch bank?

A.—There is a lot of money spent during the year and I think a branch bank can be opened.

Q.—What is the area of the coffee plantation?

A.—Our subscribed acreage is something like 15,000.

Q.—So far as your area is concerned annual expenditure is something like Rs. 150 an acre?

A.—It will be up to Rs. 150.

Q.—That would not all be required in cash?

A.—No. That would include the manure curing and everything else. You might put it at Rs. 100 an acre with manure and curing.

Q.—With regard to the financing of these coffee plantations how is it mostly done?

A.—There are two or three ways. A big company having four or five estates in one group may have sufficient money to run entirely with their own finances barring the curing and manuring works. The smaller estates who possibly had two or three bad years hypothecate their crops with the coast firms. In the hypothecation deed they guarantee to deliver the crops to the coast firm for curing and the coast firms advance them up to Rs. 1,000 a ton on their estimate. The money is remitted by monthly instalments as desired.

Q.—That is on condition of the crop going to them?

A.—Yes, for curing and selling.

Q.—Do they buy it?

A.—They may buy it or they may sell it.

Q.—The option is theirs?

A.—Yes. If they buy it you would not pay any selling commission; but it is rather hard to find it from this end.

Q.—And they collect it here and send it down themselves?

A.—No, you send it down to them.

Q.—They do not take it on their lorries?

A.—No.

Q.—Is there much pilfering on the way?

A.—Sometimes.

Q.—Have you any means of checking it?

A.—It is put in three bushel bags here and you give a pass. When it arrives on the coast it is measured again by a truck bushel. If there is any shortage the cartman is fined Rs. 20 for a bushel.

Q.—There is no suspicion of the coast firms letting down the planters?

A.—No.

Q.—You are generally satisfied that there is square dealing?

A.—There cannot be very much wrong.

Q.—You do not find as a matter of fact there is a large at the other end?

A.—Some years I do and some years I do not. Personally this year I sent 12 tons down in my own lorry and I made two bushels in every 54 bags. By sending it down in carts I make only two bushels in every 500. Very often there is slightly different measurement. By sending in my lorry I made more than I did by sending it down in carts.

Q.—With regard to selling you have an association?

A.—Yes.

Q.—Does that ascertain or circulate the prices?

A.—We get a circular from the coast firms and also from Home once in a week.

Q.—It is no use getting prices from the coast firms if you wish to check prices given by the same coast firms?

A.—We cannot check any market prices from this end.

Q.—Cannot you get information from the London market also?

A.—We do not do it, at any rate. I dare say we should do it, but we have not done it. We get only circulars from Home. We also get the circulars regarding the local rates.

Q.—If there is any very serious discrepancy it will be noticed?

A.—Oh, yes, I think so. As a matter of fact, this year good coffee at Home fetched a good price and bad coffee fetched nothing practically.

Q.—Do you sell directly in the London market?

A.—Quite a lot.

Q.—That goes entirely through the coast firms or you entirely ship it yourself?

A.—We ship it through the coast firms who do the grading and curing.

Q.—What about the Indian market?

A.—Do you mean the local market?

Q.—Yes. A fair amount of coffee is consumed in India.

A.—I think a good deal of that is bought in the local market in Mangalore and Tellicherry.

Q.—None of the bigger planters deal in cherry coffee?

A.—No, not usually; we used to get a less price for it.

Q.—Is that mostly done through the local merchants?

A.—You have to send your native coffee to the coast and you get quite a good price but not the parchment price.

Q.—In regard to the system of hypothecation, is there an understanding or a specified term that you have got to buy manure from the coast firms only?

A.—I would not say that. But it is more or less natural to go to the firm for purchasing manure and implements because they finance you.

Q.—But you can go to an outside firm and buy your manure and send your bill up to them for payment.

Q.—Would they not charge you any commission for that transaction?

A.—I do not think so.

Q.—I suppose there is a sufficient amount of competition between the coast firms to keep their terms pretty fair?

A.—Oh, yes. There are four of them, fairly big ones.

Q.—What about the local merchants in Coorg? You have a large number of them lending on hypothecation?

A.—We do not come into contact with them very much. I dare say some of them do.

Q.—Is there any other problem in connexion with the financing of this coffee?

A.—The interest they charge on hypothecation is usually 8 per cent and if you hypothecate it, besides 8 per cent on the amount they charge you $1\frac{1}{2}$ per cent selling commission on all your sales and if you do not hypothecate it, the selling commission is usually $1\frac{1}{2}$ per cent.

Mr. Thomas: May I know if you are a proprietor planter?

A.—Yes.

Q.—What is the association which you have referred to?

A.—The Coorg Planters' Association.

Q.—Is it connected with the United Planters' Association?

A.—Yes, it is affiliated to that.

Q.—I did not catch the exact terms on which you sell your produce. Is it sold in London?

A.—I send my coffee down to the coast firms and if I get a good enough price I sell it locally, straight away.

Q.—You always make a decision after seeing the quoted prices?

A.—Yes.

Q.—After studying the market both out here and in London you make your decision as to where you should sell. Can you do that if you had taken an advance from the coast firms?

A.—Oh, yes.

Q.—You are not bound to sell to them?

A.—I need not sell to them. Those estates who hypothecate their crops must sell through the firms to which they hypothecate.

Q.—If anyone hypothecates, he is bound to deliver the produce to the firm?

A.—Yes.

Q.—Is it not possible to organize a regular market in South India for coffee? What is the quantity of coffee produced in South India? Is there not enough coffee here?

A.—I think it would be a very good idea if we can organize ourselves into one.

Q.—I suppose there are a lot more of coffee in the Nilgiris and Mysore?

A.—There is less in the Nilgiris and more in Mysore.

Q.—What proportion of the total produce of coffee come from Coorg? Will it be one-half?

A.—It will be a little under half.

Q.—Do you think there is a possibility of organizing a regular market here? By a regular market I mean a market where weekly auctions can be conducted by a recognized public authority, of course under the control of some institution like the Chamber of Commerce. In Colombo, you know, tea and rubber are sold in that manner. Is it possible to organize such a market here in the case of coffee?

A.—It would be very difficult.

Q.—You think it would be advantageous if it were possible but you fear that it is not possible. You will be able to realize higher prices, won't you?

A.—I think you might be able, but the whole trouble is that whereas in the case of tea it is run by big capitalists, coffee estates are mostly owned by small men scattered here, there and everywhere.

Q.—What is the size of an average coffee plantation in Coorg?

A.—I would say 300 acres.

Q.—What is the size of the biggest estate here?

A.—1,000 acres.

Q.—I suppose the coffee market is controlled chiefly by Brazil?

A.—Absolutely.

Q.—So, there is not much scope for the Indian coffee to increase its chances of getting a higher price by organizing a local market?

A.—I do not think it would. The Indian coffee is used entirely in blending and flavouring.

Q.—What amount of the coffee produced in India is used in the country itself?

A.—I cannot tell you.

Q.—Is a fair proportion used up in India?

A.—A major portion of it is exported, I think.

Q.—On what terms do you sell your coffee?

A.—For advances taken, we pay 7 per cent and in addition a commission of $1\frac{1}{2}$ to $1\frac{1}{2}$ per cent is also taken.

Q.—I understand that most of the Coorg planters are selling their produce through the coast firms which charge a higher rate of interest than you—I am told it is 10 per cent—and also a commission of $2\frac{1}{2}$ per cent which is also higher. Are you aware of that?

A.—Personally I am not aware of that.

Q.—Are there any special reasons why they should be charged a higher rate of interest and commission?

A.—I do not know if they had a bad crop or two and they overestimated their crops.

Q.—There are chances of overestimation of crops?

A.—Yes, there are.

Q.—But do not the company's agents go to the places and themselves estimate?

A.—I think so. I think they come round and estimate.

Q.—Is there any difference in quality between the two stuffs—the native coffee and the coffee produced in your estates? Is there any difference in the grades that you are aware of?

A.—I do not know. If one estate is worked better than another and a lot of manure is put in it, it will naturally produce a better quality of coffee. It is only a question of cultivation and locality really.

Q.—Do you use a good deal of manure for coffee?

A.—Yes.

Q.—What will be the amount per acre?

A.—Between 600 and 800 tons per acre per year.

Q.—What may be the price of it?

A.—You can put it down at Rs. 120 to Rs. 140 a ton.

Q.—You must have heard of some inconvenience felt by the Coorg planters in regard to the sending of the coffee to the coast and the pilferage that happens in the transit. They do not themselves know the prices, and are in the dark as to how the dealings are carried out. Do you think that such a state of affairs could be rectified in the present circumstances?

A.—I think that what happens is that a good many of the Coorgs sell their coffee too early. None of us know what the market is going to do. But many of these coastal firms send their agents to everybody and offer Rs. 55 or Rs. 60. It is a commercial business and before accepting the offer you must ascertain whether the price is going up or down.

Q.—Do they fix the price in advance?

A.—Probably the market rate to-day is Rs. 55 and they will wire to us 'Will you sell us 10 tons for Rs. 55'. We say 'No, we want Rs. 85'. If you sell it too quickly you probably lose.

Mr. Muniswami Nayudu: In fact in regard to those who have taken advances from the coast firms there is no question of selling quickly or late because they have to sell it to them?

A.—No. Even if you hypothecate you can always tell them at what price you will sell it. The coast firm merely sells the coffee for you and it does not sell it at its own price.

Q.—But anyhow the coffee is sent down as early as possible?

A.—Yes.

Q.—Then it is cured?

A.—Yes.

Q.—Do you say that they communicate to the various Indian planters the prices from time to time and give them the option to sell?

A.—They should do so. The Indian planters can ask for the prices periodically and if the prices do not suit them, it is up to them to refuse any offer and say that they will not sell their coffee at all for the price offered.

Q.—You told us that you get information from the coast firms from time to time of the prices at which coffee is sold. Do you know whether such information is sent to the Indian planters?

A.—I do not know. I deal with one firm and I do not know with what firm or firms they have dealings.

Mr. Thomas: Where is the coffee graded?

A.—On the coast.

Q.—Do you have any means of knowing whether the grading is fair and just?

A.—The actual grading of coffee is done by machinery, into A, B and C peaberry and you cannot alter that anywhere.

Q.—Do you get any information of the quantities you have in the different grades?

A.—Yes.

Q.—Have you any means of checking that?

A.—No.

Q.—I suppose the cured coffee is either exported or sold by the coast firms?

A.—Either it is sold locally or it is sent Home.

Q.—Have you had any suspicion as to your coffee not being graded in the proper manner or its being classified under a lower grade than it ought to have been?

A.—No. If you send your coffee down, the only way you can check your grading is by your outturn as so many bushels per ton. If it is 100 bushels per ton it is bad, and immediately you ask why. If you get 85, you say you have done jolly well. The actual grading is done by passing the coffee through the machine. All that is done by the coastal.

Q.—Can there be any incentive to grading it wrongly?

A.—It is not up to them to do so. The whole thing has to be treated in the same way.

Q.—Is it treated in bulk?

A.—Each lot is treated separately.

Q.—Sold also separately?

A.—Yes.

Q.—That is after they buy themselves?

A.—They buy it in lots.

Q.—After buying the lot they put all together?

A.—When they have bought the coffee you do not know what happens to it. That is their look-out.

Q.—You are not aware of any difficulty in regard to the grading which might be at the bottom of the troubles complained of by the Coorg planters?

A.—No.

Q.—What size do you think must an estate be, if it should be managed most economically?

A.—The best size would be 150 acres for one man.

Q.—Does it mean buying any machine?

A.—Yes, one pulper is the machine that you want.

Q.—What will be the cost of that machine?

A.—£50.

Q.—Is it true that the economic size in coffee is smaller than tea?

A.—Yes, because in tea it is better to have a larger size; otherwise you cannot own a factory.

Q.—Is it possible for a small ryot to cultivate coffee and economically do so?

A.—It all depends on what acreage the ryot would take in hand.

Q.—We have ryots with small holdings of three acres and five acres. Do you think that they can manage more cheaply because they are doing the work themselves?

A.—A family can run five acres of coffee.

Q.—And thereby it would be very economical because they do not employ outside labour?

A.—Yes, it is possible.

Q.—If in a village a certain number of people join together and each plant small holdings but combine for purchasing manure and pulping plant, do you not think it possible?

A.—They would not want ability but they will not have enough money to spare.

Q.—Have you ever thought of the possibility of a co-operative sales society handling the coffee of the smaller producer in this country?

A.—I have not thought about it. I think that people are talking of that sort of thing nowadays.

Q.—Supposing a co-operative society makes advances to them and then the produce comes to that society for curing and for disposing of in the most profitable manner; do you think it will work satisfactorily?

A.—If you want to work coffee with four or five acre blocks I think that is the only real way of doing it.

Q.—Do you think it is very economical?

A.—Yes; because anyone owning five acres will not have the money to spend.

Q.—How do you know he has no money to spend?

A.—Because he gets no money in at all, barring once a year. Supposing he gets a bad crop, then he has got no margin either way.

Q.—I am taking the case of a man who had got paddy land and takes to coffee as a sideline. In his case will it not certainly be a convenient way of supplementing his earnings?

A.—Yes.

Q.—Do you think an estate of 1,000 acres planted with coffee is uneconomically run?

A.—Its expenses per acre will be less.

Q.—I suppose when you said 150 acres you meant the size a man could conveniently manage?

A.—Yes. For one single man 150 acres would suffice for producing perfect coffee.

Q.—If he is man of great ability and enterprise could he not manage a thousand-acre block?

A.—No.

Q.—He requires some managers?

A.—He wants about three.

Q.—Even then it will be quite profitable?

A.—Yes, it will be profitable.

Q.—What do you think of the prospects of coffee in the near future?

A.—At the present moment the prospect is not very bright.

Q.—Do you see any reason for any gloomy forebodings?

A.—The prospect is gloomy because they have got too much of coffee.

Q.—Is not the consumption of coffee going up on account of prohibition in America?

A.—There is nothing to notice. I have not read any figures to tell me that. India produces nothing per cent of the total world's supply of coffee.

Q.—Yours is a better quality than Brazilian coffee?

A.—Yes.

Q.—Are there no prospects of further cultivation in this country?

A.—If the Government will sell a portion of their reserve forest jungles.

Q.—Even outside the reserve forest land are there no good lands?

A.—Practically nothing, very little.

Q.—Have European planters ever found that they have not sufficient land for cultivation in the coffee area?

A.—Most planters will not think of opening coffee estates because they do not get labour to run it.

Q.—What happens to the labourers?

A.—They become tenants and do cultivation work in the country. They do not come up now as they used to do.

Q.—Do you think there is the possibility of the smaller ryot increasing the cultivation of coffee?

A.—I think he can if he worked at it.

Q.—There is nothing in coffee planting which makes it a capitalistic venture as in tea, for instance, which requires a large capital?

A.—You can run coffee on a small capital; if you have a co-operative society to buy the coffee and cure it and market it.

The Chairman: In regard to coolies, do they come up every year in large numbers?

A.—Yes.

Q.—And they get their wages?

A.—Yes.

Q.—If any facility were given to them to have savings bank accounts do you think it will be taken advantage of by them?

A.—I do not think so. What really happens is that we advance him some amount, say, Re. 1 or Rs. 1-8-0 per week and when the time for payment comes the whole of the balance is handed down to him.

Q.—That happens at the end of the season?

A.—Yes; sometimes once a year and sometimes twice a year. That depends on the coolies.

Q.—He takes what advances that he wants in cash and the surplus wages he keeps with you?

A.—Yes, he keeps with us.

Q.—You supply him with grain?

A.—Some estates supply their coolies with grain and some coolies go to the bazaar and buy themselves.

Q.—There is no need for savings banks?

A.—I do not think so. They can go to the post office if they want.

Q.—Is it profitable to the company or the planter in any way to hold up his pay in that way?

A.—I do not think it is profitable to him.

Q.—Does he not make anything out of it?

A.—He does not make anything out of it. It is entered in the books and carried on from month to month. Certain coolies we pay weekly, e.g., the local Kurumbas.

Q.—Are the clerks paid monthly?

A.—Yes, they get their pay monthly.

Q.—Have they any savings bank facilities near the estate if they had the mind to utilize them?

A.—They can go to the post office and pay it there or if they give it to us we will put it there for them.

Q.—Have you organized any savings bank scheme?

A.—No.

Q.—Would it be worth while asking them to pay in whatever savings they have and of course you can probably deposit the whole thing in a savings bank and then the whole thing can go to them?

A.—You may be able to do it. But you must remember that they have got a big advance which you pay them when they come up.

The Chairman : Do you deal with all coolies direct or through maistris?

A.—I have got only a small gang and I pay them direct. I make all the karars myself. You get to know them all pretty well except the new ones.

Mr. Thomas : Are there any chits run by coolies?

A.—No.

Q.—Could you not raise money at lower rates in England rather than borrow from coastal firms?

A.—It is handier to arrange for loans here. You write to them and get the money in a week or so.

Q.—You do not mind the rate of interest?

A.—We would like lower rates but we do not get it.

(The witness then withdrew.)

Wednesday, 19th February 1930.

MERCARA.

PRESENT :

Mr. H. M. HOOD, I.C.S. (*Chairman*).

Mr. P. J. THOMAS, M.A., B.LITT., PH.D.

Diwan Bahadur B. MUNISWAMI NAYUDU, B.A., B.L., M.L.C.

Rao Bahadur K. APPAYYA.

Mr. K. N. SUBBARAYA.

**Mr. PUTHAN PURAKAL MOIDU, Merchant and
Sowcar, Gonicoppal, S. Coorg.**

Oral evidence.

The Chairman: You are a merchant of Gonicoppal?

A.—Yes.

Q.—What is the nature of the business you are carrying on there?

A.—I deal in pepper, paddy, oranges and miscellaneous commodities.

Q.—Have you got a shop?

A.—Yes.

Q.—Where do you get the things from that you have in your shop?

A.—I buy them from Tellicherry, Cannanore and Mysore.

Q.—How do you pay for them?

A.—By sending by insured post generally. For the balance I send my paddy there for sale and ask them to pay the money over to the person from whom I have purchased the goods.

Q.—And how do you buy the paddy?

A.—I buy according to the market price. Sometimes I pay money in advance. If the price this season is Rs. 75 for one cartload of paddy then I will advance say Rs. 65 for a cartload. I will thereby get Rs. 8 or Rs. 10 per cartload. I pay such advances towards the end of July and get it back at the harvest time. Sometimes I do not get it back owing to bad seasons.

Q.—Do you advance at the cultivation season?

A.—Yes, at the time of cultivation.

Q.—How much do you advance at the time of cultivation?

A.—About Rs. 60 or Rs. 65 according to the price ruling at that time. Generally it is less than Rs. 8 or Rs. 10 than the prevailing price.

Q.—At the cultivation season how can you determine the price?

A.—At that time the price of paddy will be a little high and at the harvest time a little low.

Q.—What is the price of paddy now?

A.—It is Rs. 55 for a cartload. This year the price is very low.

Q.—You say that you advance Rs. 60 to Rs. 65 at the cultivation season and get a cartload at the time of the harvest and the price of a cartload is only Rs. 55?

A.—I have paid like that and this year I suffered a loss of Rs. 10 on every cartload. For the price ruling now we will give only Rs. 52 or Rs. 53.

Q.—Supposing this is the cultivation season, then what price will you advance for a cartload of paddy?

A.—Rs. 40 or Rs. 45, i.e., Rs. 10 less than the present price.

Mr. Subbaraya: Do you charge interest on that account?

A.—For such transactions there is no interest. Only on amounts lent on pro-notes I charge interest.

Mr. Appayya: For lending on pro-note do you take repayment in paddy?

A.—There are two kinds of pro-notes one to be repaid in paddy and another which should be repaid in money.

Mr. Thomas: On which kind do you deal?

A.—I deal in both kinds.

Q.—How many batis do you take for a cartload?

A.—Fifteen batis only, that is the established measurement.

The Chairman: What about oranges?

A.—We take orange gardens on lease.

Q.—You take the orchard on lease, pluck the fruit and then sell it?

A.—Yes, we pluck the fruit and send it to Tellicherry and Mysore.

Q.—You are in no way responsible for cultivating the tree?

A.—No.

Q.—When do you take it on lease? Is it when the fruit is set?

A.—At the time of the rain the trees begin to flower and when they fall down we see the small fruits. It is after seeing that that we advance the money.

Mr. Thomas: Do you not take anything extra over and above 15 batis for wastage and so forth?

A.—No.

The Chairman: What about pepper?

A.—In the month of August, or September or even October when the berries are just out I see the crop and advance money.

Q.—It is the same as with oranges?

A.—Yes.

Q.—Do you borrow for this or work on your own capital?

A.—I trade on my own capital, and sometimes I borrow also.

Q.—Do you pay the advance first or after you realize the crop?

A.—That depends on the parties. Sometimes I give half the amount and sometimes three-fourths and at times even the full amount. But the general practice is to give half the amount. The balance is given as and when the crop is removed from the owner. With regard to European planters I give only a very small sum to start with and the balance I pay when I pick it and take it for sale.

Q.—But with Coorgs do they require more advance?

A.—They require half the amount at first and before the picking is begun they should be given the balance.

Q.—Why is this difference?

A.—Probably they have some difficulty and want money badly while in the case of Europeans they do not require money so urgently.

Q.—Do you lend money also besides this business?

A.—Yes.

Q.—On what security do you lend?

A.—On mortgage of land and on pro-notes.

Mr. Appayya: On mortgage of what kind of land?

A.—Mortgage of sagu lands.

Q.—What rate of interest do you charge on moneys lent out on pro-notes?

A.—24 per cent.

Q.—Do you give the whole amount on the date the pro-note is executed?

A.—Yes, I do like that.

Q.—Do you take any pledge of jewellery or other things in addition to the pro-notes?

A.—Generally I do not take. But very rarely I do.

Q.—Do you mention that fact in the pro-note?

A.—I do not take jewellery on pro-notes. So I do not mention.

Q.—What becomes of the jewel if the amount is not paid?

A.—Generally it will be sold, but no such occasion has arisen in my case.

Q.—If the party does not pay the jewellery will be sold?

A.—Yes.

Mr. Subbaraya: Is it through the intervention of the court?

A.—First we sue the party for the amount and then get a decree, attach the jewel and that is sold through the auspices of the court.

Mr. Appayya: But no mention of the jewellery is made in the pro-note?

A.—For that a separate receipt will be exchanged.

Mr. Thomas: Is that the way with other merchants also?

A.—Generally the borrowers do not return the money and do so only after great difficulty. There is much trouble in recovering loans. Generally it is necessary to sue the parties.

Q.—Had you many occasions to go to court?

A.—Yes, many. I have now got with me more than 50 decrees to be executed.

Q.—Have you not been able to execute the decrees?

A.—If we go and attach the properties then the co-operative societies come and say that they have advanced on the properties and that it is mortgaged to them even before.

Mr. Appayya: Suppose a person has to pay some dues to a co-operative society. Does he run up to you and request you to lend him money to pay off the co-operative society's dues?

A.—Yes, cases like that also happen.

Q.—What interest do you charge for such transactions?

A.—To very good and reliable parties we lend at 8, 10 and 12 per cent interest.

Q.—Does the party come again to the co-operative society and deal with them?

A.—Yes.

Q.—And then again they come and borrow from you to pay their dues?

A.—If they give us any trouble in giving the money first then we do not accommodate them any longer.

Mr. Muniswami Nayudu: Do you go to the villages to advance money or do they come to you at Gonicopal?

A.—They come to my place.

Q.—Suppose a client comes to you to take an advance. Does he continue to remain your client for a number of years?

A.—I have got clients with whom I have had dealings for the last fifteen to twenty years. It is very difficult to have the transactions absolutely closed.

Q.—So once a man enters into transactions with you he continues borrowing from you for a number of years?

A.—Yes, he repays some portion of the amount and then again borrows.

Q.—So they want advances from you not only for settling petty debts but for all expenses right throughout the year?

A.—Yes, it is so.

Q.—Is it a running account or do you take a pro-note for every transaction?

A.—On every transaction I do not take a pro-note. But when the accounts are settled in the month of March I take a signature from him in my book and for the balance I take a pro-note from him.

Q.—On every sum that you lend from time to time do you charge interest?

A.—On these book debts we do not charge interest.

Q.—You do not charge interest on book transactions?

A.—No.

Q.—Then how do you expect it to be repaid? Is it in cash or in paddy?

A.—Sometimes I get it repaid in paddy also.

Q.—So you give money, take paddy back and do not charge any interest?

A.—Yes. It is like this: If a man borrows Rs. 1,000 from us he executes a pro-note. Then he may also borrow petty amounts for some temporary purposes and on those small amounts I do not charge any interest. But if such amounts are not repaid at the proper time and I have difficulty in recovering it and go to court then I claim interest on such also.

Q.—So to the extent the transactions are covered by pro-notes, interest is charged?

A.—Yes, if the parties are fair and honest. If we have occasion to sue the parties, then interest is claimed for the full amount.

Q.—So you stipulate for interest in your pro-notes?

A.—Yes.

Q.—You said about 24 per cent only?

A.—Not more than 24 per cent.

Q.—That is the ordinary rate?

A.—Yes.

Q.—Are the pro-notes executed by the manager of the family or by all the members of the family?

A.—There is a peculiar custom here. The son may say that he is not liable for the father's debts and that the property was earned by his grandfather. So also the brother may deny the liability to pay the other brother's debts. So now we take the signature of all the members of the family. This was as a result of better experience in the past.

Q.—Do you take also a charge on the crop in your pro-notes?

A.—No.

Q.—But under the law you cannot proceed unless it is stated in the document?

A.—If they do not pay then we sue the parties and then get a decree and attach the crop.

Q.—How many ryots have you whose transactions extend from ten to fifteen years?

A.—About twenty.

Q.—How many clients with whom you are dealing for the last ten years?

A.—More than thirty.

Q.—How many traders are there like you in Gonicopal?

A.—There is nobody there who is rated to income-tax.

Mr. Thomas: Are there not traders although they may not be rated to income-tax?

A.—There are six or seven.

Mr. Muniswami Nayudu: Are they all Mappillas?

A.—Yes.

Q.—Do you own land in Coorg Province?

A.—Yes.

Q.—Do you cultivate that?

A.—I have it cultivated by others.

Q.—Is it in one village or in a number of villages?

A.—In one village.

Q.—Which village.

A.—Ebbala.

Q.—Is it very near to Gonicopal?

A.—Within two or three miles from it.

Q.—For how long do you own it?

A.—For the last three years.

Q.—Was it purchased in discharge of debts which you advanced?

A.—I originally advanced money on the security of that land and the debtor was not able to repay the money and sold me the land itself towards the amount he owed me and it was done without going to court.

Q.—They are sagu lands?

A.—Yes.

Q.—What is the extent of the land?

A.—Seven and a half acres.

Q.—For what price did you buy?

A.—For Rs. 2,750.

Q.—Do you propose to keep it yourself or do you propose to sell it away?

A.—I do not propose to sell it.

Q.—Similarly are the other traders also purchasing lands?

A.—They have no lands.

Q.—Do you cultivate the lands that you bought yourself?

A.—I get it cultivated by the labourers.

Q.—That means you lease it to others?

A.—This year I have given it on lease.

Q.—What are you able to realise on three acres of wet land?

A.—From twenty to thirty battis.

Q.—You said you leased your land. For what rent did you lease it?

A.—Two hundred and fifty battis of land for sixty battis.

Mr. Thomas: What is the price of paddy?

A.—Now the price is Rs. 3½.

Mr. Muniswami Nayudu: Who pays the kist, you or the lessee?

A.—I do.

Q.—You told us that you have got about thirty customers dealing with you during the last ten years. Do they borrow from any other trader also in Gonicopal?

A.—Yes. Many will do so and that will be done without my knowledge. There are persons who would borrow even from ten persons if that were possible. They have no fear of borrowing.

Q.—Do you mean to say that those people who have been your customers for the last ten years and still continue to be so borrow from others also?

A.—Yes. Such people also have borrowed from other persons and therefore I have had to sue them.

Q.—Is it because you are unable to give advances to them?

A.—I give him loans whenever he wants. But these persons have no fear of borrowing to any extent and they want to get as much amount as possible from all possible sources.

Q.—Is there any understanding between you seven Mappillas that one should not deal with the clients of another?

A.—It is not possible to do so because we cannot really watch the proceedings of these people and it is not usual for us to consult among ourselves.

Q.—Is there sufficient competition between you seven merchants in the matter of purchasing paddy?

A.—No. We do not compete with each other.

Q.—You agree as to the rate at which you should buy the produce on particular dates or in particular months?

A.—It is not possible in trade.

Q.—How do you fix the price?

A.—It is governed by the price obtaining in the market.

Q.—Prices obtaining where?

A.—In Coorg.

Q.—Of these thirty persons who are long-standing clients of yours from how many have you taken mortgages of land?

A.—From four or five.

Mr. Subbaraja: Are they Coorgs?

A.—Yes, and Badagas or Vokkaligars and Mahrattas.

Mr. Muniswami Nayudu: What is the main idea of your trade? Is it trading in paddy or lending money and earning interest?

A.—To earn profit out of trade.

Q.—You like to deal in paddy?

A.—No, I deal in other cereals also.

Q.—Therefore the normal course of transactions is for you to give the money to the ryot and for the ryot to repay in grains?

A.—Yes, it is so.

Q.—And when you settle accounts every year do you enter into an agreement that in respect of advances to be entered into in the future grain should be supplied to you at an amount fixed in advance?

A.—Yes.

Q.—Supposing the man does not supply you paddy and gives it to another. Do you immediately sue the man?

A.—Yes.

Q.—Do you sue for the value of the paddy or do you sue for the money plus the interest?

A.—If it is a contract for paddy it will be for the price of paddy plus the interest on it.

Q.—For how many years have you been trading?

A.—For the last seventy-five years my grandfather and after him my father and after him I have been trading.

Q.—For how many years have you been trading?

A.—A little less than twenty-five years.

Q.—Within these last twenty-five years in how many cases have you had to sue?

A.—In innumerable cases I have had to sue.

Mr. Thomas: Can you tell me on an average how many suits you file in the court in a year?

A.—In 1929 I had to file sixteen cases.

Mr. Muniswami Nayudu: What is the total number of men with whom you were dealing in 1929?

A.—I had filed suits only in regard to those people whose term was about to expire and who had not paid, that is, where there was a lapse of three years after the amount was given and no money was paid, the suits were filed.

Q.—How many people were you dealing with in such transactions in 1929?

A.—The number will be even more than 2,000.

The Chairman: How many people did you have transactions with last year, roughly?

A.—Not less than 1,000 people.

Mr. Muniswami Nayudu: You said you filed sixteen suits in 1929. Were they all decreed ex parte or were there defences?

A.—The majority of the people defended the cases.

Q.—Did you succeed in all of them or did they also succeed in some?

A.—I succeeded in all.

Q.—What was the nature of the defence?

A.—The first defence is that although they received Rs. 100 and gave the pro-note for Rs. 100 they received only half the amount. That is merely to prolong the proceedings.

Q.—Do you go to the villages at the time the crops are being harvested with a view to get your paddy?

A.—Honest people will bring to us but in some cases where we have to deal with other people we have to go to them.

Q.—Do you send your agents to them?

A.—Yes. I have got five or six agents.

Q.—In the case of such agents, do you charge the cost of sending these agents on the borrowers?

A.—No.

Q.—Do you take delivery of the grain in the village or do they cart it and bring it to you?

A.—We send our own carts to bring the paddy.

Q.—You said that there were co-operative societies?

A.—Yes.

Q.—With how many villages have you got dealings?

A.—With about 15 villages.

Q.—In those villages do the other Mappilla merchants also have transactions?

A.—In some villages they also may have but not in all the villages. have the largest number of clients in those parts.

Q.—In how many of these villages are there co-operative societies?

A.—In most of them there are co-operative societies.

Q.—In the villages where co-operative societies are now working are people willing to borrow from you at the same old rates as before?

A.—The same old rate we are charging and the co-operative societies have done more harm than good.

Mr. Subbaraya: Whom does the harm affect?

A.—Both the ryots and the merchants.

Mr. Muniswami Nayudu: Your transactions have not diminished?

A.—No. We have more transactions now, but we do not get the money repaid. That is all because in places where there are co-operative societies the people are very irregular in repaying.

Mr. Thomas: Why so?

A.—The land is mortgaged to the societies and without our knowing that he gets the money from us and when we sue him, we are told that the co-operative society has the first claim and that nothing remains after meeting its claim.

Mr. Muniswami Nayudu: Have any of your customers repaid you having borrowed from the co-operative societies?

A.—No.

Mr. Thomas: There is no one who has repaid you thus?

A.—No.

Q.—Do you know of any other money-lender who has been repaid that way?

A.—In regard to small amounts of Rs. 25 and Rs. 50 there have been such cases.

Q.—What is the average amount due to you from your customers?

A.—I have got customers who receive from Rs. 5 to Rs. 7,000 and Rs. 8,000.

Q.—What is the total amount of transaction?

A.—About Rs. 50,000.

Q.—You said that some people have been borrowing from you for the last ten or fifteen years. Is it that they were unable to repay the debt?

A.—There are two sets of people who come to me. One which consists of many of the borrowers close their transactions at the end of every year and have dealings with me the next year. The other set because they are unable to repay within the time come and renew the documents.

Q.—Do they borrow for marriages and other expenses also from you?

A.—Yes.

Q.—What amount does a person generally want for such purposes?

A.—There will be no necessity for the big Coorgs to come to us. It is only the small people that will come to us and their requirements also will be very small and they may require from Rs. 200 to Rs. 300.

Q.—Generally has the small ryot been able to repay the principal and the interest?

A.—It is not possible to say whether the smaller ryot is punctual or the bigger ryot is punctual. There are defaulters equally among both.

Q.—For every 100 people to whom you are lending how many have been defaulting?

A.—80 out of 100 will be defaulters.

Mr. Muniswami Nayudu: Every year they are going on increasing the debt to you?

A.—There are many cases of limitation.

Q.—Many of them are long-standing debts?

A.—Yes; there are many pro-notes which are time-barred.

Q.—But you are getting pro-notes renewed once in three years?

A.—They will not repay. In some cases I do not sue because it is not worth while to sue them.

Q.—In all cases when you require money you sue them? Ultimately they develop into mortgages?

A.—Only in the case of sagu lands. Unless there is a great urgency they will not mortgage their lands.

Q.—Do you lend to people who do not own sagu lands?

A.—Very many people. There are very few who have not got either jamma or sagu lands.

Q.—Apart from Coorgs?

A.—Badagas have got little jamma land.

Q.—But you can take mortgage of the crops of jamma lands for seven years with the permission of the Government?

A.—Yes.

Q.—Have you taken mortgages with the sanction of the Government?

A.—In some cases. I have got permission from Government to do so but in such cases I had recovered money. So I did not utilize them.

Q.—In how many cases did you obtain?

A.—Two or three years ago I approached the Government for two or three cases.

Q.—You supply them with oilman stores and cloths to the ryots?

A.—I do. I had a cloth shop which I gave it up on account of loss. There were about three hundred defaulters.

Q.—Do many of your persons doing cultivation borrow from you?

A.—Very few Coorgs cultivate coffee. Most of them are European planters. With those few people I am dealing.

Q.—Do you deal in coffee?

A.—I buy only very little coffee. I buy just enough to sell locally in retail and for my own use and not for any other purpose.

Q.—So in the case of those who are coffee planters you take paddy and also coffee in repayment of your debt?

A.—I do not deal very much in coffee. I may take a certain amount of coffee.

Q.—Are they Mappilla traders in Gonicopal?

A.—There are seven Mappilla traders.

Q.—How many cart-loads of paddy do you deal generally in a year?

A.—Not even a thousand.

Q.—Do you carry on transactions with your own money or do you borrow from others?

A.—I borrow money.

Q.—From Malabar?

A.—Yes.

Q.—At what rate?

A.—I am borrowing at the rate of 6 to 9 per cent. People with whom we have been dealing for a long time give us at 6 per cent.

Q.—Is there a system of sody when you give Rs. 100 and ask him to give you paddy? Supposing there is a client of yours for whom you have advanced money. He brings paddy to you for selling. What commission do you charge?

A.—Such transactions are not going on.

Q.—You always buy at a certain price?

A.—Yes.

Q.—You said you now and then take jewels on pledge as security?

A.—Not very much.

Q.—In cases where you take pledges do you pass any receipts?

A.—Yes.

Mr. Appayya: Do you get cash payment for all your oilman stores or you charge them to your accounts and get it in kind at the end of the season?

A.—Yes.

Q.—At what rate?

A.—In the same way as I lend money I also lend other articles and when the crops are ready I get it in kind.

Q.—At what price?

A.—At the rate prevailing at the time.

Q.—When the paddy is received?

A.—Yes; if they are small sums we do get money.

Q.—At what rate?

A.—I will add interest at the rate of 24 per cent and will get paddy on that basis.

Q.—How much money are you spending for postal insurance charges to send cash? Last year how much did you spend?

A.—Since there are buses we send money through persons who go to those places.

Q.—Suppose a bank is established. Will you send it through your banks?

A.—It will be convenient if it is established.

Mr. Thomas: Do the Muhammadan merchants of Malabar generally take interest in Malabar also?

A.—Although there is a Sastraic rule about that we do pay and take interest.

Mr. Subbaraya: When you close the account for the year you add the interest to the principal and take a bond. Is it not?

A.—The account is made at the end of March.

Q.—When the pro-note is taken, the interest is also added. Don't you add interest for interest?

A.—For three years we cannot ask. At the end of three years when he does not pay the interest we do it.

Q.—Then when you take the pro-note you add the interest?

A.—What is the use of getting such pro-notes? Even if I get such pro-notes I am not able to realize the amount. Generally I get it written in that manner.

Q.—Every year you are doing this until you go to the court?

A.—I add interest only after three years and then write for the whole amount.

Q.—Have you any idea of how many cart-loads of paddy go from Coorg to Malabar?

A.—I cannot say.

Q.—You are not the only sowcar dealing in paddy. There are many others at Ponnampet?

A.—Yes.

Q.—Now when a man wants money for paying his kist he sells about ten cart-loads of paddy. Do they give the full amount at the same time?

A.—In some cases he gets bit by bit but others are not doing like that.

Q.—Then the paddy owner has to go to the Mappilla sowcars several times to get his money?

A.—Yes; it is true. Merchants have gone away from the country without paying the amount to the Coorgs.

Q.—Do you know that cases have been filed in civil courts for recovering the value of paddy?

A.—Yes.

Q.—Merchants go away after purchasing and without paying money?

A.—There are very many cases. They are very much inconvenienced by the defaulters and by the outstandings.

(The witness then withdrew.)

Wednesday, 19th February 1930.

MERCARA.

P R E S E N T :

Mr. H. M. Hood, I.C.S. (*Chairman*).
 Mr. P. J. THOMAS, M.A., B.LITT., PH.D.
 Diwan Bahadur B. MUNISWAMI NAYUDU, B.A., B.L., M.L.C.
 Rao Bahadur K. APPAYYA.
 Mr. K. N. SUBBARAYA.

M.R.Ry. K. P. CHINNAPPA Avargal, M.L.C., Mercara.

Oral evidence.

The Chairman: You are I understand a planter here?

A.—Yes, I am a small planter.

Q.—You work on your own capital?

A.—On my own capital entirely, but it is a very small acreage, only 10 acres.

Q.—For your cultivation expenses do you rely entirely on your own funds?

A.—On my own finances.

Q.—What about selling coffee? Through whom do you sell?

A.—I sell it in the best market available in Coorg.

Q.—Do you sell to the agents here?

A.—I sell it here.

Q.—They would take charge of it here?

A.—Yes.

Q.—On the whole does that work fairly satisfactorily?

A.—Yes. I do not mind much about that because I am only a small planter.

Mr. Thomas: I did not quite follow what you said to the chairman. Did you say you sell your produce in Mercara itself?

A.—I sell it either at Virajpet or at Mercara.

Q.—You do not think of selling your produce elsewhere?

A.—No.

Q.—You have not thought of selling your produce to the coast firms?

A.—No.

Chairman: You said you sell it to English firms?

A.—Yes to the agents of those firms in Virajpet.

Mr. Thomas: Have you found any difficulties in this matter?

A.—Yes, a lot. If you go to the agents of those English firms they may not purchase any quantity less than a thousand or five thousand candies. So you have to beg of them to purchase your coffee.

Q.—But can you not sell your goods to such merchants as will be pleased to purchase them?

A.—But such merchants are not plentiful here.

Q.—So there are not sufficient number of purchasers?

A.—That is it.

- Q.—Who are the purchasers now existing?
 A.—Only the agents of English firms. Sometimes the merchants also purchase 50 to 100 candies.
- Q.—Do you sell your coffee after cleaning?
 A.—I sell cleaned coffee.
- Q.—What are your difficulties in marketing the produce?
 A.—There are not sufficient buyers.
- Q.—What else?
 A.—The agents are getting more than they require. So at times they do not purchase coffee at all.
- Q.—In what way do you lose by that?
 A.—We do not get a fair price at all. Now, one candy of coffee is worth Rs. 250. Suppose I take half a candy to them they may not offer that amount but say Rs. 150.
- Q.—As low as that?
 A.—Yes.
- Q.—Is it the experience of other people also?
 A.—Yes.
- Q.—Have you heard of any complaints?
 A.—Yes, even last week.
- Q.—Have you thought of the possibility of organizing such marketing by co-operative societies?
 A.—We approached the Government for opening a co-operative sale society, but they did not pay any heed to it.
- Q.—Have you in a normal way found the share-holders, collected the necessary share capital and then applied to Government for registration?
 A.—No.
- Q.—What stands in the way of your doing so?
 A.—We have discussed it in several co-operative conferences but the Government have informed us to form co-operative societies ourselves.
- Q.—Is it not generally the people that form co-operative societies? Government can only show you the way?
 A.—In Coorg we expect the Government to organize the society and take the initiative.
- Q.—But in the Madras Presidency we have so many societies which are organized by the people, certain facilities being given by the Government?
 A.—But here people expect otherwise.
- Q.—How do smaller planters like you get their finances?
 A.—Generally small planters who have less than 10 acres of coffee land are not very particular of obtaining finances because they can manage on their own capital.
- Q.—How do they get advances?
 A.—Generally small planters do not want any advances.
- Q.—Don't they require loans at least sometimes?
 A.—Yes.
- Q.—From whom do they take such loans?
 A.—From the petty sowcars.
- Q.—What kind of sowcars?
 A.—Especially the Mappillas.
- Q.—On what terms do they take advances?
 A.—25 per cent interest.
- Q.—Is it repaid in the form of coffee or money?
 A.—If they take advances for delivering coffee then coffee alone will be delivered.
- Q.—What is the kind of loan generally received? Is it on the understanding that coffee is to be delivered to them as soon as it is ready?
 A.—Yes.
- Q.—On that a commission is also charged?
 A.—Yes.
- Q.—Suppose the coffee is not delivered to them?
 A.—Then they will be charged with criminal breach of trust.

Q.—Are there cases of double pro-notes being taken?

A.—A lot.

Q.—Is there not a great need for a co-operative society to advance money to the members, collect their produce and find out the best market available?

A.—There is great need for such an institution.

Q.—What exactly stands in the way of such a co-operative society being started?

A.—The people of Coorg are not accustomed to work jointly.

Q.—What kinds of loans are required by the small planter?

A.—They want loans for the improvement of their wet lands. Generally the small planters have got more of wet paddy lands than of coffee lands. They want also loans for the repayment of old debts for which they are paying usurious interest.

Q.—But generally, which class of loans are more resorted to by the ryots, short-term loans or long-term loans?

A.—They want more long-term loans. But they get also loans from the money-lenders and generally return them when the crop is ready. They promise to repay the whole debt then but there is trouble at that time for owing to some unforeseen cause they may not be able to repay the whole.

Q.—In what way is the co-operative movement working in this country. Here it has only taken up the credit side. Is it not so?

A.—Yes.

Q.—No other side?

A.—They have made a beginning now, we have got only one co-operative store and one weaver society.

Q.—Have you got an urban bank?

A.—No, we have the co-operative central bank and societies of limited liability in towns.

Q.—Could not the urban co-operative societies finance the small traders and shop-keepers?

A.—They are financing them now with the help of the central bank, but they are not able to meet the demand.

Q.—Why?

A.—Because they do not get sufficient funds from the central bank.

Q.—It is lack of funds?

A.—All societies are suffering from lack of funds.

Q.—Is not the central bank in a position to meet their needs?

A.—Not at all.

Q.—So in regard to the small planter you think that unless granting credit and marketing produce are done side by side, there will not be much relief to him?

A.—There will be no relief at all unless the two are worked hand in hand.

Q.—How are you going to get over the indifference of the people?

A.—People are relying almost in such primary things on the Government.

Q.—Personally do you think that is right?

A.—Personally I do not.

Q.—You are one of the non-official co-operative here?

A.—Yes.

Q.—In which field of co-operation?

A.—I divert my attention to the village societies.

Q.—In the village the Mappilla sowcar is lending money on the understanding that the produce should be given to him and he insists on that. Why not the co-operative society also learn a lesson from that?

A.—That was the custom before but not now. After the advent of the co-operative movement the Mappilla sowcar is slowly disappearing now.

Q.—Which part of the country you are speaking of?

A.—Throughout Coorg especially South Coorg.

Q.—Have you any evidence to say that interest rates have fallen in the villages?

A.—Yes, considerably

- Q.—How long have you been connected with the co-operative movement?
 A.—Ever since 1912.
- Q.—What were the rates of interest then?
 A.—100 per cent.
- Q.—Normally?
 A.—Yes.
- Q.—Are you speaking of the small loans of Rs. 5 and Rs. 10?
 A.—No, even loans below Rs. 100.
- Q.—Above that sum what were the rates of interest?
 A.—25 per cent. It was never less than 25 per cent.
- Q.—What are the rates of interest in that village now?
 A.—Now it is on the average 24 per cent.
- Q.—That is the maximum?
 A.—Yes.
- Q.—This morning we were told by a Mappilla that within his own recollection that was not very much difference between the rates of interest now and before. You do not agree with him?
 A.—No.
- Q.—To what extent has co-operation touched the indebtedness of the country?—What is the percentage of credit supplied by the co-operative movement to-day to the agriculturists?
 A.—In the rural areas it is 75 per cent.
- Q.—Can you support that by statistics?
 A.—Yes.
- Q.—You say that 75 per cent of the loans are advanced by co-operative societies?
 A.—Yes.
- Q.—I do not know of any part of India where co-operative societies advance 75 per cent of the credit needs of the country? Nor is this true of Coorg?
 A.—I am speaking of the country, of the villages and of people of small means.
- Q.—Which is the village of which you have detailed knowledge?
 A.—Belmari.
- Q.—Have you been able to take stock of the credits needed in the village? Have you been able to find out the total indebtedness of the village?
 A.—The present state of the debt of the inhabitants is about Rs. 10,000.
- Q.—How many people are there in the village?
 A.—The whole population is about 800.
- Q.—How many families?
 A.—There may be about 45 families but there are branches also in families.
- Q.—How many houses are there?
 A.—Forty-two houses.
- Q.—You know what debt any particular family has got?
 A.—Yes.
- Q.—What is the highest amount of debt recorded in one family?
 A.—Rupees 5,000 that was before the advent of the co-operative movement.
- Q.—What debt has that family now?
 A.—About Rs. 1,000.
- Q.—What about the next family?
 A.—Generally about 25 per cent of the debts have been reduced.
- Q.—What do you say about this particular village? Is 75 per cent of the debts due to co-operative societies?
 A.—Yes. I am speaking only of my village.
- Q.—Probably the village that you are speaking of is a particularly good one where the co-operative movement has worked very well.
 A.—May be,

- Q.—When did it start there?
A.—In 1914.
- Q.—Are the secretaries paid?
A.—Now they are paid, but before it was honorary.
- Q.—What is the maximum amount of loan given to one man?
A.—Rupees 500 and that with the sanction of the Registrar.
- Q.—How many members have the co-operative society?
A.—One hundred and twenty.
- Q.—So that different people living in the same house join as separate members?
A.—Yes.
- Q.—Are there any money-lenders in that particular village?
A.—There were money-lenders there before but now no.
- Q.—Do the people of the village go to other villages to borrow money?
A.—No.
- Q.—Then who lends the balance 25 per cent?
A.—Side by side there is the grain bank also dealing in grains.
- Q.—Do you take any deposits in your society?
A.—We do take deposits.
- Q.—What is the extent of it just now?
A.—The villagers could not save much, they are just pulling on; that is all. Just now it is about Rs. 200.
- Q.—Is the co-operative society able to accommodate all persons who apply for loans?
A.—No.
- Q.—What is it due to?
A.—Because the central bank do not advance us to the fullest extent we want it to.
- Q.—Why is it so? Has there been any demand which could not be met at all?
A.—Certainly.
- Q.—According to the rules you should have a percentage of the working capital in reserve?
A.—Yes; we should have two lakhs.
- Q.—You are expected to have a certain amount. Have you got that amount?
A.—In a majority of cases we do not have that amount.
- Q.—Why is it so?
A.—There are lot of difficulties for the primary societies. If they apply for loans for clearing debts generally the societies will not grant them.
- Q.—Is there a shortage of funds in the central bank?
A.—At times there will be.
- Q.—Do they refuse deposits?
A.—Only few instances; in June and July they refuse.
- Q.—A certain amount has been deposited by the central bank in Madras?
A.—Yes; Rs. 15,000. Many people have deposited with the central bank at Mysore.
- Q.—Is the lack of funds an important cause for the slow development of the co-operative movement?
A.—Not only that; but there are some other difficulties.
- Q.—What are the difficulties?
A.—The tenure system and the working of the societies in the villages.
- Mr. Appiah: Will you please tell us what are the difficulties when jamma lands are mortgaged to co-operative societies?
A.—A lot of difficulties. Under the rules jamma lands are not allowed to be mortgaged to co-operative societies for clearing debts and marriages purposes.
- Q.—For certain purposes you can mortgage to the co-operative societies?
A.—Yes.

Q.—What are the other purposes?

A.—For land improvement, purchasing cattle and building houses.

Q.—Can you mortgage lands for loans required for liquidating old debts?

A.—We cannot.

Q.—You said that sufficient money is not forthcoming. You are a director. Have you refused at any time any demand on account of want of funds?

A.—It was delayed in the months of May, June and July. We had to wait for sufficient funds.

Q.—Why was the money deposited in the Madras Central Urban Bank?

A.—Just to draw money in case of emergency. If the depositor wants money he can draw money there.

Q.—Is it very easy to mortgage jamma lands for particular purposes with the consent of the two parties?

A.—It is only as regards takavi loans,

Q.—Is it necessary to get consent of all the members?

A.—Yes.

Q.—Is it easy to get the consent of all the members?

A.—All the members of a family will not be living in one place. Even if they contract, the minor children can raise objection and the mortgage can be made null and void in a court of law even if we get the consent of all members.

Q.—What is the opinion in the country as regards the relaxation of this rule?

A.—The opinion in the country is that the Government must make some change in the Revenue Regulation. They want money from the co-operative societies for all purposes.

Q.—Do they agree to mortgage their jamma lands?

A.—The majority of the people will agree to it.

Q.—What was the opinion of the last conference? What was the resolution that was passed?

A.—In the last conference it was opposed by a majority.

Q.—Is there any difficulty in getting sagu lands and jamma lands for mortgages?

A.—Yes; they should get the consent of all the family members.

Q.—That also cannot be relaxed?

A.—Yes, it can be relaxed.

Q.—As it is the custom of the country even the Government have no authority to relax it. Is it true?

A.—I do not believe in it.

Q.—It is the people who should consent. The Government can relax at any moment. Is it not?

A.—The Government must first consent.

Q.—Do people consent to mortgage all sorts of lands (even sagu)?

A.—The majority of the people will consent to it even though all the people are not for it.

Q.—Has not the central banks refused to take deposits several times?

A.—Yes.

Q.—It is not the lack of funds that is standing in the way of primary societies. It is the difficulty of mortgage and other things for want of security?

A.—Yes; both. At times there will be lack of funds.

Q.—For starting sale societies and other things is it not on account of the lack of organizers in the country that it is delayed and not on account of want of funds?

A.—It is owing to lack of organizers.

Mr. Subbaraya: Are you satisfied with the present working of the co-operative societies in the matter of short-term loans?

A.—Yes.

Q.—Do you want any long-term loans?

A.—Certainly.

Q.—Do you think that the establishment of a land mortgage bank would be beneficial?

A.—It is quite essential under the existing state of circumstances.

Q.—In some cases people have got more of jamma lands than sagu lands. Could they not mortgage it to the land mortgage bank?

A.—There will be no restriction at all.

Q.—At present jamma lands are even leased out on mortgages for certain purposes as they do in the case of co-operative societies, Land Loans Act, etc.?

A.—In certain cases by the hypothecation of crops they do borrow money.

Q.—Does not the Government allow to borrow money by the hypothecation of crops?

A.—Co-operative societies lend money on hypothecation also.

Q.—Most cases for five years?

A.—Seven years. Generally three to five years.

Q.—Supposing that extension is extended to 10 or 15 years by hypothecating jamma lands to the land mortgage bank could they not strengthen the position of the land mortgage bank?

A.—Yes; it can grant bigger loans.

Q.—Would it be difficult to establish a land mortgage bank?

A.—No; in a land mortgage bank persons who have got properties and who require sums from Rs. 2,000 up to Rs. 20,000 can mortgage their properties and get money. They are suffering for want of capital. It is absolutely necessary.

Q.—Are you for advocating the grant of loans to jamma ryots for all purposes?

A.—Yes; with some restrictions that the Government must undertake not to sell the wet lands just as in the case of co-operative societies. The societies must take possession of the properties till the repayment is made.

Q.—Is there any paddy dealer in Virajpet market?

A.—I do not think there are many in Virajpet.

Mr. Muniswami Nayudu: You have been connected with the co-operative societies for a long time?

A.—Yes.

Q.—Co-operative conferences are held year after year?

A.—Not exactly; at least once in two or three years.

Q.—When was your last conference held?

A.—In last April.

Q.—The resolution was to remove the alienation with regard to jamma land?

A.—Yes.

Q.—Was this question mooted in previous conferences?

A.—Yes, and in several conferences it was passed by a great majority.

Q.—In how many conferences?

A.—About two or three conferences.

Q.—Now your society is also lending money on jamma lands?

A.—Yes.

Q.—There have been cases of default in cases of repayment?

A.—There will be one or two cases in a year. The interest will be paid. Ultimately he will be granted time.

Q.—Any necessity for bringing the property into sale in court?

A.—Ever since 1914 we have not gone to court.

Q.—Have the societies ever taken possession of jamma lands?

A.—There are some instances.

Q.—What will be the percentage of the total defaulters?

A.—Not even 5 per cent of the defaulters' lands have been taken possession of.

Q.—Has there been any difficulties in getting possession of such lands?

A.—No difficulties.

Q.—Do you think the same provisions can be applied in the case of land mortgage bank and worked satisfactorily?

A.—In the case of land mortgage bank there will be little difficulties. The properties will be too big. We must find out such persons who can come and take possession and cultivate.

Q.—What is the nature of the working of the co-operative societies in Coorg? How is the official control?

A.—Except the Registrar and the four Inspectors there is not much official control.

Q.—Who inspects the accounts? Do the Government Inspectors inspect the accounts?

A.—Yes.

Q.—Have you non-official unions working?

A.—Yes; I was the President two years ago.

Q.—Are they not working now?

A.—Not working well.

Q.—In the matter of applications for loans for individual members is it decided entirely by the societies or are the co-operative Inspectors also consulted?

A.—There are unnecessary interventions by the co-operative authorities in some of the cases where bigger loans are wanted and hence delay.

Q.—In regard to the granting of bigger loans do you go and obtain the official sanction and is there delay on account of it?

A.—When big loans are required by the members of the societies very rarely permission is obtained. In regard to loans above Rs. 200 they should obtain the sanction of the Registrar.

Q.—You are a Coorg yourself. Is there large expenditure in regard to marriages?

A.—Yes.

Q.—What is the average expenditure for a marriage?

A.—In poor classes the expenses will come to three hundred to five hundred rupees for girls.

Q.—For the bridegrooms?

A.—About three hundred rupees.

Q.—Do you put it as the minimum?

A.—Yes.

Q.—Now people grow paddy, sometimes pepper and coffee. With regard to other necessities of life dhal, oilman stores and others how do they get?

A.—For that they have to depend upon the neighbouring countries.

Q.—Is there a system of bartering? Does that prevail?

A.—In some of the villages people come from Mysore side. They have that system.

The Chairman: Are there many factions among the village co-operative societies?

A.—Yes; there will be one or two factions in the majority of the villages.

Q.—Do you think that the village societies represent a true statement of the affairs of the village transactions?

A.—No; they will not enter into the co-operative movement. They have got factions in other matters such as politics.

Q.—Are the village accounts correctly kept?

A.—Yes.

Q.—In book transactions?

A.—In some cases there were fictitious payments. Since they have to pay the collections to the central bank first they have no scope for such fictitious payments now.

Mr. Subbaraya: As the jamma land cannot be sold in the case of default what is the use of taking it on mortgage?

A.—The Government must come to the rescue and they have to make some provision or other in the Revenue Rules.

Q.—Is that mortgage?

A.—Crop hypothecation; you can introduce that system.

Q.—What restrictions do you propose in the case of land mortgage banks for mortgage purposes?

A.—Under any circumstances the wet lands ought not to be sold to an outsider by auction and the jamma must be retained. Even if it is sold the family members must be given the option of purchasing to retain the tenure.

Mr. Thomas: In case they are not prepared to purchase, their nearest relations must be allowed to purchase?

A.—Yes.

Mr. Subbaraya: In the case of lease have you not come across a lot of difficulties in recovering the rent, etc. Can you advocate about the co-operative societies taking the lands on lease in a large number of cases?

A.—That depends upon the working of the society.

Q.—There is this restriction. The Registrar's permission is required. What is the object of that restriction? Do you know?

A.—Just to enquire into the details of the loan; not to allow big people to exercise undue influence and get large loans.

Mr. Appaiah: Do you think that their family is keen to retain their jamma lands?

A.—Yes.

Q.—They move heaven and earth to see that the lands do not pass out of their hands?

A.—Yes.

Q.—Is there no danger of hypothecating jamma lands?

A.—Even if it is mortgaged there is no danger. Jamma can be retained.

The Chairman: What is the use of mortgaging if they cannot be sold?

A.—There must be some change in the revenue regulations.

Q.—It is not a matter of revenue regulation. How can you get the value of the land if it cannot be sold?

A.—It must be left to the family members and the member of the committee of each society. If this is done there is no difficulty to recover the dues.

Q.—How can the land mortgage bank which you refer to be financed?

A.—From some other banks outside Coorg. It must be connected with some apex bank and also the Government must take debentures and come to the rescue.

Q.—Am I right in saying that co-operative law is Provincial subject? Each province has its own individual co-operative law. There must be a separate bank.

A.—Yes. The two Governments should consider. If they can come to an understanding with the Government of Madras that can be done.

Q.—How can two Governments come to an understanding when they have got different laws?

A.—The Imperial Bank can finance.

Q.—How can the Imperial Bank lend for 20 years?

A.—They can lend money to the co-operative central bank for 20 years. They can lend money to the land mortgage bank. There will be a separate bank for Coorg.

Q.—You suggest that the Imperial Bank should lend to the land mortgage bank if it is not possible to start a separate bank in Coorg?

A.—Yes.

(The witness then withdrew.)

**Written evidence of Mr. M. M. TIMMAYYA, Parpathigar of
Sunticoppanad regarding the results of the survey of
indebtedness of a village in his Nad.**

1. Iggodlu village, population 138.
2. Cultivation—Tenures—
Paddy—Jama and sagu, 97.51 acres;
Coffee—Jama and sagu, 40 acres.
3. Approximate cultivation expenses—Rs. 2,104 as detailed below:—

	RS.	A.	P.
For the purchase of plough bullocks	300	0	0
Wages of 12 permanent coolies employed for field work in a year at Rs. 128 each a year (including cost of meals) ...	1,536	0	0
Wages of 5 men employed for 2 months during trans- plantation at Rs. 30 each	150	0	0
Wages of 30 men employed for reaping at 8 annas each a day	15	0	0
Six spades at Rs. 3 each	18	0	0
Ploughs, yokes ropes, etc.	60	0	0
Five battis seed paddy at Rs. 5 per batti	25	0	0
Total ...	2,104	0	0
Coffee Rs. 50 an acre per year	2,000	0	0

4. What is the channel of marketing and how is the marketing financed?—Generally paddy is not sold in large quantity. What little they sell, they sell it to Estate coolies in the village itself. Paddy is pounded to a large extent and rice is sold in Madapur on sandai days weekly.

As regards coffee, the planters receive advances from firms who trade in coffee in Malabar and sell the produce to them who take delivery of it in the Estate itself.

5. What are the agencies existing in the village for financing agriculturists?—(1) Co-operative credit society and (2) temple fund.

6. State in respect of each of the above?—

(a) What securities are offered and accepted?—Landed property in case of co-operative society and pro-notes in case of temple fund;

(b) What interest is charged and penalty, if any?—Rs. 12-8-0 per cent per annum in both the cases and no penalty is charged;

(c) Other terms, if any?—Nil.

7. Classify the total indebtedness of the village under the different headings specified in the form attached?—Statement enclosed.

8. The savings of the village; how are they invested?—Rs. 300 a year.

Classify them under—

(i) Ornaments, Rs. 100 on an average;

(ii) Co-operative credit societies, nil;

(iii) Post Office savings banks nil; and

(iv) Other investments.—Loan on pro-notes—Rs. 50. The balance is kept with themselves for future expenses,

ENCLOSURE.

Particulars.	Debts on mortgage of land.				Debts on other security, moveables, cattle and jewels.		Debts on promissory notes.			Total.	Purpose of borrowing.							
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
(1)	From money-lenders.	From Government.	From co-operative societies.	From others (to be specified in the remarks column).	From the co-operative societies.	From money-lenders.	From co-operative societies.	From money-lenders.	From others (to be specified in the remarks column).		Payment of prior debts.	Marriage and other ceremonies.	Payment of land revenue.	Relief of distress.	Agricultural expenses, seed, cattle and manure, implements, etc.	Improvement of land.	Education of children.	
I. Outstanding			Rs. A.					Rs.	Rs. A.	Rs. A.	Rs.	Rs.	Rs.		Rs.	Rs.		
Interest			330 0	..	..	..	..	(a)10,100	(b)250 0	10,680 0	8,150	200	50	..	280	2,000	..
			41 4	..	..	..	..	1,524	31 4	1,596 8	..	..	..	..	..	..	..
Total debts			371 4	..	..	..	..	11,624	281 4	12,276 8	8,150	200	50	..	280	2,000	..
II. If possible, state in each column how much of the debts in item I is original loan and how much is subsequent interest added to the principal.	
III. Rate of interest usual in each case.	

(a) Rupees 100 on simple money bond, interest being 6 battis of paddy per annum (approximate cost of paddy is Rs. 24). Rupees 10,000 at 15 per cent.

(b) Village Temple Fund.

NOTE.—Out of Rs. 10,680, a sum of Rs. 10,000 represents the indebtedness of a single individual who is a coffee planter.

Written evidence of Mr. N. C. SUBBAYYA, Parpathigar of Virajpet Nad, regarding the results of the survey of indebtedness of one of his villages.

1. Chembeheliyur village, population 1,035.
2. Paddy—Jamma, 519.57 acres; jagir, 39.99 acres; umbli, 40.05 acres; sagu, 200.20 acres; total 800.81 acres;
Coffee—Jamma, 114.54 acres, jamma and sagu;
Orange—Jamma 296.17 acres; jamma and sagu;
The areas under coffee and orange are abandoned.

	RS.	A.	P.
3. (1) Cleaning channels and sides and bunds, 15 coolies at 8 annas per day	7 8 0
(2) Manuring, including cost of manure and labour involved for transporting, manure Rs. 20, wages for carrying Rs. 10	30 0 0
(3) Implements—			
Two wooden ploughs	0 8 0
Yoke	0 8 0
Plough-share	0 4 0
Ropes	0 3 0
Shaft pole	0 2 0
Mamooty	1 8 0
Four baskets	0 8 0
Three winnows	0 12 0
Leveller	1 0 0
Two native umbrellas	0 8 0
Two sickles and two bill-hooks	1 8 0
Bundling ropes	1 0 0
			8 5 0
(4) Bullocks—1 pair of bullocks at Rs. 50 which is expected to work on an average for 4 years in good condition, so Rs. 12-8-0 is taken for one year's cultivation	12 8 0
(5) Seeds—1½ batties, i.e., 120 seers at Rs. 5 per batti	7 8 0
Cost of preparing the seed bed wages of 2 coolies at 8 annas per coolie	1 0 0
(6) Ploughing, six rounds of ploughing, 36 coolies at 8 annas per coolie	18 0 0
(7) Scraping the bunds and plastering, 10 coolies at 8 annas	5 0 0
(8) Pulling seedling, 10 women coolies at 6 annas per day	3 12 0
(9) Transplanting, 12 coolies at 8 annas	6 0 0
(10) Weeding, 8 women coolies at 6 annas	3 0 0
(11) Cow-boy and water regulator for 5 months at Rs. 3 per month	15 0 0
(Note.—The manure of cattle and the feeding charges are offset.)			
(12) Draining before reaping, 2 coolies at 8 annas per coolie	1 0 0
(13) Reaping, 20 coolies at 8 annas	10 0 0
(14) Bundling, carrying and stucking, 15 coolies	7 8 0
(15) Preparation of thrashing floor, 2 coolies	1 0 0
(16) Thrashing cleaning and winnowing, 15 male and 5 female coolies	9 6 0
(17) Assessment and district fund cess—average for 3 acres	8 0 0
(18) Interest at 12½ per cent on Rs. 150...	18 12 0
Total charges	173 3 0

** Approximate income.*

	RS. A. P.
45 batties of paddy sold at Rs. 4 per batti	180 0 0
1,000 pullas of straw	15 0 0
Total ...	195 0 0
Net profit ...	21 13 0

4. The produce is sold to the sowcars of Virajpet, a town at a distance of 2½ miles. In no case does the ryot receive any advance.

5. There are three money co-operative societies and two grain banks, the capital of which is Rs. 14,000.

Government finance the agriculturists by advancing loans under the Agriculturists' Loans and Land Improvement Loans Acts.

Sowcars also lend money.

6. Securities, interest, penalty, etc.—

In co-operative societies.

(a) In money co-operative societies by mortgage of land.

: *In grain banks—personal security.*

(b) 12½ per cent to 18½ per cent.

In grain banks, 20 seers of paddy for one batti.

In Agriculturists Loans and Land Improvement Loans Acts.

(a) By mortgage of land.

(b) 6½ per cent interest is charged. Penalty is charged under rule 19 of Chief Commissioner's Notification No. 31, dated 16th April 1928.

Sowcars.

(a) By pledge of jewels, ornaments and cattle.

By hypothecating the crop.

(b) 24 per cent.

(c) The practice of executing pro-notes for double the amount at 24 per cent interest is in vogue.

7. Statement is submitted in the enclosed tabular form.

8. (i) In ornaments, 30 per cent.

(ii) In co-operative societies, 2 per cent.

(iii) Post Office Savings Banks, nil.

(iv) Other investments, 10 per cent by way of loans to the fellow ryots.

ENCLOSURE.

Particulars (1)	Debts on mortgage of land.				Debts on other security—Movables, cattle and jewels.	Debts on promotes.				Total. (11)	Purpose of borrowing.							
	From money-lenders. (2)	From Government. (3)	From co-operative societies. (4)	From others (to be specified in the remarks column). (5)	From the co-operative societies. (6)	From money-lenders. (7)	Co-operative Societies (8)	Money-lenders. (9)	Others (to be specified in the remarks column). (10)		Payment of prior debts. (12)	Marriage and other ceremonies. (13)	Payment of land revenue. (14)	Relief of distress. (15)	Agricultural expenses—seed, cattle and manure, implements, etc. (16)	Improvement to land. (17)	Education of children. (18)	
I. Outstanding total debt.	Rs. 8,000	Rs. A. P. 4,569 15 0	Rs. 11,000	..	Rs. 3,000	Rs. 2,000	..	Rs. 5,000	..	Rs. A. P. 33,569 15 0	Rs. 10,000	Rs. 7,000	Rs. 1,000	Rs. 1,000	Rs. 8,000	Rs. 3,500	Rs. 3,000	
II. If possible, state in each column how much of the debt in item No. I is original loan and how much is subsequent.	..	..	..	..	..	Original loan ..		..	..	Rs. 1,000 0 0	..	..	..	..	..	..	..
Interest added to principal.	..	..	..	..	..	..	..	..	..	Rs. 5,000 0 0	..	..	..	..	..	..	..
III. Rate of interest usual in each case.	18 per cent.	6½ per cent.	12¼ per cent.	..	..	24 per cent.	..	24 per cent.	..	..	..	..	..	..	..	..	..

Written evidence of Mr. B. K. CHENGAPPA, Parpathigar of Srimangala Nad, regarding the results of his survey of indebtedness of two of the villages in his Nad.

I

1. Belluru village. Population, 587.
2. Cultivation—Tenures—
Jamma, 580.51 acres; sagu, 165.66 acres; jodi, 27.02 acres; umbli, 47 acres; total 820.19.
3. The approximate cultivation expenses per acre is Rs. 60. The tenure only differs but the wet lands are all alike. So there is no difference in the cultivation expenses.
4. No answer. No channel of marketing nor of financing exists in Coorg.
5. (1) Co-operative credit societies.
(2) Takavi Acts.
(3) Money-lenders from the trading centres like Virajpet, Ponnampet and such other places.
6. In the cases of Nos. (1) and (2) above, landed properties and in that of No. (3) standing crop. Co-operative credit societies charge an interest of 12½ per cent and Takavi Acts 7½ per cent, while money-lenders charge 16 to 25 per cent. Takavi and Co-operative Credit Acts do not charge any penalty; but, on the other hand, money-lenders draw up their bonds for double the amounts fearing that the borrowers might fail in the conditions mentioned. No other terms are in vogue.
7. Vide the enclosed form.
8. This is a difficult question to answer. Coorg is purely a ryotwari province in which prosperity and adversity are equally distributed. It is not possible to say who is well-to-do and who not. The well-to-do man is one who has sufficient to eat. There is none who can say that he lays by something yearly.
The fortunate negligible number invest their moneys in paddy or in pawn of jewels.

1. Tavalageri village. Population, 509.

2. Cultivation—

Jamma, 349.91 acres; sagu, 190.89 acres; jodi, 18.56 acres; umbli, 29.30 acres; total 589 acres.

In the matter of other questions, the remarks against them for Bellur equally apply. Conditions do not differ in the least.

ENCLOSURE.

Particulars. (1)	Debts on mortgage of lands.				Debts on other securities—movables, cattle and jewels.		Debts on pro-notes.			Total. (11)	Purpose of borrowing.						
	From money-lenders. (2)	From Government. (3)	From co-operative societies. (4)	From others (to be specified in the remarks column). (5)	From co-operative societies. (6)	From money-lenders (7)	From co-operative societies. (8)	Money-lenders. (9)	Others to be specified in the remarks column. (10)		Payment of prior debts. (12)	Marrings and other ceremonies. (13)	Payment of land revenue. (14)	Relief of distress. (15)	Agricultural expenses, seed, cattle, and manure, implements, etc. (16)	Improvements to land. (17)	Education of children. (18)
I. Outstanding total debt.	Rs. 1,200	Rs. A. P. 429 13 0	Rs. 5,946	..	..	..	..	Rs. 4,800	..	Rs. A. P. 12,375 13 0	..	..	..	..	Rs. A. P. 348 5 0	Rs. A. P. 81 8 0	..
II. If possible state in each column how much of the debt in item I is original loan and how much is subsequent. Interest added to principal.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
III. Rate of interest usual in each case.	..	7½ per cent.	12½ per cent.	..	..	..	..	16 to 25 per cent.	..	..	..	..	..	..	..	..	..

Written evidence of Mr. K. T. UTTAPPA, Parpathigar of Ponnampet Nad, regarding the results of his survey of indebtedness of one of the villages in his Nad.

1. B. Shettigeri village, Ponnampet Nad, South Coorg taluk. Population, 498.

2. Cultivation (wet)—

Paddy, jamma, 293.90 acres; umbli, 47.99 acres; sagu, 228.08 acres; jodi, 13.95 acres; total 583.92 acres.

Coffee, jamma, 11.29 acres; sagu, 18.60 acres; total 29.89.

3. Rs. 50.

Abandoned coffee. No cultivation is being done.

4. The agriculturists sell the paddy to the local traders and they obtain advances from the Mappilla sowcars at Bothayela and Vrijipalli for financing the agriculturists. Finally those dealers in paddy take the paddy to Vrijipalli by cart or pack bullocks and sell it to the Mappilla sowcars for the price then prevailing. Some of the agriculturists grind paddy in their houses and sell rice in the local markets.

5. (1) Government.

(2) Co-operative societies.

(3) Money-lenders.

(4) Traders.

6. (a) (1) and (2) Government and co-operative societies take landed security. Money-lenders and traders accept landed security, jewels, cattle and other movables as security.

(b) Government charge $6\frac{1}{2}$ and $7\frac{1}{2}$ per cent; co-operative society charges $12\frac{1}{2}$ per cent, money-lenders charge interest at a varying rate from $12\frac{1}{2}$ per cent to 25 per cent.

7. This is given in the form attached.

8. (i) 20 per cent.

(ii) 5 per cent.

(iii) 5 per cent.

(iv) 65 per cent.

ENCLOSURE.

Particulars, (1)	Debts on mortgage of land.				Debts on other security— movables, cattle, jewels.	Debts on pro-notes from				Total.	Purpose of borrowing.							Remarks.
	From money-lenders. (2)	From Government. (3)	From co-operative societies. (4)		From others (to be specified in the remarks column). (5)	From co-operative societies. (6)	From money-lenders. (7)	Co-operative societies. (8)	Money-lenders. (9)		Others (to be specified in the remarks column). (10)	Payment of prior debts. (12)	Marringe and other cere- monies. (13)	Payment of land revenue (14)	Relief of distress. (15)	Agricultural expenses—seed, cattle and manure, imple- ments, etc., (16)	Improvement to land. (17)		Education of children. (18)
	RS.	RS. A.	RS. A.	RS. A.	RS.	RS.	RS.	RS.	RS. A.	RS.	RS.	RS.	RS.	RS. A.	RS. A.	RS. A.		
I. Outstanding total debt.	1,280	3,982 4	4,941 8	..	..	1,925	..	10,492	..	22,620 12	11,572	2,410	..	1,125	3,762 11	3,751 1
II. If possible state in each column how much of the debt in item I is original loan and how much is subsequent. Interest added to principal.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
III. Rate of interest usual in each case.	15 and 12½ per cent.	6½ and 7½ per cent.	12½ per cent.	..	..	20 and 25 per cent.	..	25 per cent.	..	..	..	..	..	..	..	..

22-0

Written evidence of Mr. P. B. PUNACHA, Parpathigar of Sanivarsanti Hobli, regarding the results of his survey of indebtedness in two of the villages in his Hobli.

I

1. Mullur village. Population 74, 12 families.
2. Paddy 81.69 acres; dry under cultivation 6.76 acres. Tenure is sagn. No other produce is grown.
3. Cultivation is mainly done by the owners themselves; rarely assisted by labourers. If got done by labourers, the cost of getting 3 acres cultivated will be Rs. 150. The gross income is Rs. 180 on 3 acres. Net is Rs. 30 on 3 acres.
4. In Mullur, 740 batties of paddy are produced on 81.69 acres of wet lands; 564 batties are reserved for consumption. One hundred and seventy-six batties are sold at the rate of Rs. 60 per cart-load to Mysore traders who come to the village and buy paying the full value in cash.
5. Money-lenders and co-operative credit societies; Rs. 1,485 is obtained from money-lenders by mortgaging wet lands at 15 per cent interest; Rs. 540 from co-operative credit society at 12½ per cent; Rs. 410 at 15 per cent interest from money-lenders on pro-notes. Generally no penalty is stipulated.
7. A statement is enclosed.
8. From the details given in paragraph 4, it is clear that 176 batties are available for sale. This roughly realizes Rs. 704. Out of this, they have to pay an assessment of Rs. 326. There remains a balance of Rs. 378 for 12 families to purchase their needs and luxuries. Since people have realized that money-lending pays better than anything else, anyone who has a few rupees to spare invests in lending out money.

General remarks.—Please see report for Bembalur at the last paragraph.

II

1. Bembalur village. Population 220, 31 families.
2. Paddy 165.19 acres; dry under cultivation 15 acres; cardamom 5.05 acres. Besides these, no other produce is grown. All paddy lands are under cultivation.
3. Cultivation is done by the owners themselves. Very rarely are assisted by labourers. If got done by labourers, the cost of getting 3 acres cultivated will be Rs. 150. The gross income is Rs. 180 on 3 acres. Net is Rs. 30.
4. In Bembalur 1,500 batties of paddy are produced on 165 acres. One thousand one hundred and seventy batties are needed for consumption. Three hundred and thirty batties are available for sale. Paddy is pounded in the village and only rice is sold at the Sanivarsanti shandy at 7 or 8 seers per rupee for cash. Thus the total realization is Rs. 1,650. Income from cardamom is Rs. 300. Thus total income is Rs. 1,950 (cardamom is sold at Shakerpu).
5. Money-lenders and co-operative credit societies—Rs. 3,470 at 15 per cent interest is obtained from money-lenders by mortgaging wet lands; Rs. 975 from the co-operative credit society at 12½ per cent and Rs. 2,230 at 15 per cent interest from money-lenders on pro-notes. Generally no penalty is stipulated.
7. A statement is enclosed.
8. From the details given in paragraph 4 it is clear that the village with a population of 720 is left with Rs. 1,100 after paying an assessment of Rs. 850. People with little spare money in their hands resort to money-lending as it pays best.

General remarks (Bembalur and Mullur).—In the statement for Bembalur, it is seen that Rs. 3,045 out of a total debt of Rs. 6,715 was contracted for marriage expenses by ten (out of 31), and Rs. 2,275 for purchasing lands by six. At random one is apt to believe that people are spending heavily for marriages. The fact that people borrow money at 15 per cent to purchase wet lands may also show that wet lands yield a better return. Both are not

what they appear to be. The real truth in the economic condition of a ryot is that he cannot put by even Rs. 5 however careful and industrious he may be. He cannot maintain himself with bare necessities. Land is yielding much less than what it used to do some years back. Perhaps this is due to the gradual deterioration of the soil or to the lack of application by the ryots as a result of malaria stricken health. A ryot is forced to borrow even for an ordinary unusual expense, such as feast or a marriage. There is no extravagance in these matters. Legitimate festive occasions cannot be met without borrowing.

As regards borrowing money to purchase wet lands, I may say that intelligent but less industrious ryots have realized that money-lending is a more comfortable and profitable business than paddy cultivation. Such people when they fail to find purchasers with cash induce their less intelligent neighbours to purchase the property and get the same lands mortgaged for the consideration (of course receiving $\frac{1}{4}$ or $\frac{1}{5}$ of the amount in cash). The purchaser by such transaction gets ruined at the end.

The present needs of the ryots can be satisfied by developing the village credit societies and by reducing the rate of interest to 6 per cent. Liberal easy term loans will be more ruinous unless the ryot knows or he is taught to invest the amount on a more profitable business. He wants plenty of loan only when the Agricultural Department teaches him to secure better profit on his existing lands by more scientific and intense cultivation.

Written evidence of Mr. K. NARASIMHAMURTI, Parpathigar of Ammattin Nad, regarding the results of his survey of indebtedness of one of the villages in his Nad.

1. Kavadi village. Population according to the census of 1921 is 474.
2. Cultivation—

	ACS.
Paddy—	
Jamma wet	267-93
Umbli wet	67-99
Sagu wet	165-92
Jaghir wet	46-35
Coffee, privileged jamma	2-21
Orange, privileged jamma	9-91
Plantains, privileged jamma	12-50
Arecanut, do.	2-21
Coffee, sagu tenure	12-47
Orange, do.	13-38
Plantains, do.	4-83
Arecanut, do.	5-04
Coffee—umbli tenure	0-65
Plantains, do.	1-04
Arecanut, do.	0-15
Jaghir tenure—	
Plantains	0-40
Arecanut	0-35
Grand total ...	613-33

3. Approximate cultivation expenses for paddy—3 acres as detailed below:—

	RS. A. P.
<i>Cattle—</i>	
Cost of one pair of cattle	50 0 0
Cost of manure, 18 carts at Rs. 1-8-0 per cart ...	27 0 0
<i>Manuring—</i>	
Labour for carrying and spreading manure at Re. 0-8-0 per day, 15 coolies	7 8 0
<i>Ploughing—</i>	
Cost of labour about 70 coolies for 2½ months time at Re. 0-8-0	35 0 0
<i>Nursery—</i>	
Cost of seed 1½ batties at Rs. 6	9 0 0
Labour, 20 female coolies at 6 annas per day ...	7 8 0
<i>Transplanting—</i>	
Cost of labour, 20 male coolies at Re. 0-8-0 ...	10 0 0
Sixty female coolies at 6 annas	22 8 0
<i>Weeding—</i>	
Cost of labour, 20 coolies at 6 annas	7 8 0
<i>Harvesting—</i>	
Reaping, 20 coolies at Re. 0-8-0	10 0 0
Removing to thrashing floor, 20 coolies at Re. 0-8-0 ...	10 0 0
Thrashing, 20 coolies at Re. 0-8-0	10 0 0
Cleaning, 20 coolies at Re. 0-8-0	10 0 0

							RS. A. P.
<i>Implements—</i>							
Ploughs 2 at Re. 0-8-0	...	...	...	...	...	...	1 0 0
Yoke 1 at 4 annas	...	...	...	...	...	...	0 4 0
Grass knives 1 at 4 annas	...	...	...	...	...	...	0 4 0
Baskets 5	...	...	...	...	...	...	1 0 0
Mamuti 1	...	...	...	...	...	...	1 8 0
Winnows 2 at 4 annas	...	...	...	...	...	...	0 8 0
Total ...							220 8 0

4. Road communication—carts, lorries and pack bullocks are the channels of marketing.

The marketing is financed as follows:—

- (1) Mappillas advance money for the paddy, etc.
- (2) Rich ryots lend money on crop.
- (3) Firms advance money for coffee, etc.

5. Agencies are: (1) Village co-operative society; (2) village family funds restricted to the family, (3) petty dealers such as Mappillas, (4) wealthy ryots, (5) temple loans, (6) land improvement loans, and (7) minor's money deposited.

6. 1 (a) Securities accepted are: (1) land security, (2) personal security, (3) land or pro-notes and crop, (4) on bonds, (5) jewels and (6) cattle.

(b) Village co-operative credit society charges $12\frac{1}{2}$ per cent plus penalty $18\frac{1}{2}$ per cent.

(2) Village family funds $12\frac{1}{2}$ to 18 per cent with a nominal fine as penalty.

(3) Petty dealers 24 per cent. In case should the debtor be in default the lender will get a double promissory-note written for the amount of loan advanced and recover the full amount in court of law. In case of repayment of the loan by way of paddy in the crop season the lender will only recover the actual loan advanced.

7. Please see entries in the form attached.

8. The savings of the village are invested as follows: (1) deposit in banks, purchase of Government promissory-notes and war-bonds, etc., (2) lend on mortgage of land and on jewels, and (3) invest in co-operative societies, etc., in making ornaments.

ENCLOSURE.

Particulars. (1)	Debts on mortgage of land.				Debts on other security—moveables, cattle, jewels.	Debts on pro-notes from				Total. (11)	Purpose of borrowing.								
	From money-lenders. (2)	From Government. (3)	From co-operative societies. (4)	From others (to be specified in remarks column). (5)	From co-operative societies. (6)	From money-lenders. (7)	Co-operative societies. (8)	Money-lenders. (9)	Others (to be specified in the remarks column). (10)		Payment of prior debts. (12)	Marriage and other ceremonies. (13)	Payment of land revenue. (14)	Relief of distress. (15)	Agricultural expense—seed, cattle and manure, implements, etc. (16)	Improvement to land. (17)	Education of children. (18)	Remarks. (19)	
	RS.	A.	P.			RS.	A.	P.		RS.	A.	P.		RS.	A.	P.	RS.		
I. Outstanding.	820	..	..	..	14,107	5	4	..	4,027	5	4	10,000	0	80
Total debt	2,703	6	..	..	..	..	..	..	..	..	..	..	440	8	0	2,262	14	0
II. If possible state in each column how much of the debts in item I is original loan and how much is subsequent.
Interest added to principal.
III. Rate of interest usual in each case.	24 per cent.	7½ per cent.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

Written evidence of Mr. M. MUDDAPPA, Parpathigar of Bhagamandal Nad, regarding the results of his survey of indebtedness in one of the villages in his Nad.

1. Bhagamandla village. Population—No census report in this office.
2. Jamma, area 160.27 acres; sagu 204.24 acres; coffee sagu, 10.00 acres; cardamom 315.00 acres; arecanut 1.50 acres; tea 5.00 acres; orange 1.00 acre. Total in all 679.02 acres.
3. Approximate cost for acre, Rs. 52-3-0 for wet cultivation.
4. There is no market. The cardamom and paddy crops are exported to Mangalore and Mercara. Small quantity of paddy is also pounded and sold to the coolies engaged in cardamom malis.
5. Co-operative credit society, private (money-lenders) persons and the Government.
6. Co-operative credit society and the Government take mortgages of immovable jamma and sagu properties. Private persons take mortgages of sagu immovable properties and of jewels and cattle, co-operative credit society charges 10 per cent, Government 6½ per cent, private persons 18 per cent. For failure to pay the amount in time the co-operative credit society charges a penal rate of interest at 15 per cent and the private persons at 24 per cent.
7. Form is attached duly filled in.
8. The annual net savings of this village may be estimated at Rs. 4,500 and this invested as follows:—

	RS.
(i)	1,000
(ii)	300
(iii)	700
(iv)	2,500
	4,500

ENCLOSURE.

Particulars.	Debts on mortgage of land.				Debts on other security—movables, cattle and jewels.	Debts on pro-notes from				Total.	Purpose of borrowing.							Remarks.
	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)		(10)	(12)	(13)	(14)	(15)	(16)	(17)	
(1)	From the money-lenders.	From Government.	From co-operative societies.	From others (to be specified in the remarks column).	From co-operative societies.	From money-lenders.	Co-operative societies.	Money-lenders.	Others (to be specified in the remarks column).	(11)	Payment of prior debts.	Marriage and other ceremonies.	Payment of land revenue.	Relief of distress.	Agricultural expenses and cattle and manure, implements, etc.	Improvements to land.	Education of children.	
	Rs.	Rs.	Rs.	..	..	Rs.	..	Rs.	..	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	..
I. Outstanding total debts.	6,000	650	5,000	..	..	1,000	..	1,000	..	13,650	2,000	2,500	1,300	200	4,000	3,000	650	..
II. If possible state in each column how much of the debt in item I is original loan and how much is subsequent.	4,500 original and 1,500 interest, 6,000	600 original and 50 interest,	4,500 original and 500 interest,	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
III. Rate of interest usual in each case.	18 per cent.	6½ per cent.	10 per cent.	..	..	18 per cent.	..	18 per cent.	..	..	..	..	..	..	..	..	..	..

Written evidence of Mr. C. S. CALAPA, Parpathigar of Somavaret Nad, regarding the results of his survey of indebtedness in five of the villages in his Nad.

1. Negala Karkalli, Belur, Basavalli, Balgunda and Kusbure villages. Population—1920.

2. Cultivation: Privileged tenure, 405.68 acres and unprivileged, 288.64 acres.

3. Rs. 240. Details: Ploughing Rs. 45, nursery seed removing Rs. 18, preparing and transplanting Rs. 10, weeding Rs. 15, watching, etc., Rs. 45, harvesting and removing Rs. 20, thrashing and cleaning Rs. 15, implements, etc., Rs. 10-8-0, manure and spreading Rs. 37-8-0, cattle Rs. 12 and assessment Rs. 12.

4. Village communication: It is kept under repairs by the District Board annually.

5. Money-lenders and the co-operative credit societies.

6. Both movables and immovables.

Money-lenders from 15 to 24 per cent and the co-operative credit society 12½ per cent. Penalty: Movables become the absolute property of the money-lender if the amount is not paid during the stated period. Immovables will be brought to sale.

In the case paddy interest double the quantity is recovered. The rate is 6 batties for Rs. 100.

7. Please see the form.

8. (i) Ten per cent.
 (ii) Two per cent.
 (iii) Nil.
 (iv) Nil.

The cost is estimated for one hundred batties. The income for the same extent is 45 batties of paddy and 2,000 pullas of straw. Paddy at Rs. 5 a batti and pullas at Rs. 15 a thousand. The total income is Rs. 255 and the expenditure is Rs. 240.

ENCLOSURE.

Particulars.	Debts on Mortgage of Land.				Debts on other security— Movable Cattle Jewel.	Debts on pro-notes from			
	From money-lenders.	From Government.	From co-operative societies.	From others (to be specified in the remarks column).	From co-operative societies.	From money lenders.	Co-operative societies.	Money-lenders.	Others (to be specified in the remarks column).
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
I. Outstanding total debt.	Rs. 2,000	Rs. 500	Rs. 1,147 2 10	Rs. 9,500	..	Rs. 600	..	Rs. 5,000	Rs. 1,500 for paddy interest.
II. If possible state in each column how much of the debts in Item 1 is original loan and how much is subsequent.	(1) 1,000 (2) 1,000	..	..	4,000 5,500	..	..	..	..	..
Interest added to the principal.	240	..	..	..	..	..	..	..	..
III. Rate of interest usual in each case.	24 per cent money lender and	12 per cent	12½ per cent.	15 to 24 per cent.	..	24 per cent.	..	24 per cent.	80 per cent.
	12½ per cent co-operative society, Government money 12 per cent.								

Total.	Purpose of borrowing.								Remarks.
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)		(19)
	Rs. A. P.	Rs.	Rs.			Rs.	Rs.	Rs.	
20,247 2 10	1,000 from co-operative societies Rs. 4,000 from others.	2,000	..	..	..	500	500	100	Hypothecation of standing crops—both paddy and coffee. Paddy crop is about Rs.1,500 and coffee crop, Rs. 8,000.
5,000 0 0 6,500 0 0	..	..	..	..	..	..	..	..
	12½ per cent co-operative society and 15 to 24 per cent from others.	Same as col- umn 12.	..	..	..	Same as column 12.	Same as column 12.	Same as column 12.	

**Written evidence of Mr. M. C. APPACHU, Parpathigar of
Frazerpet Nad, regarding the results of his survey of
indebtedness in one of the villages in his Nad.**

1. Valnurtegathur village. Population 418.

2. Area assessed at wet rate—Tenure—

Umbli, 23·21 acres; jama, 94·72 acres; jaghir, 13·29 acres; jodi 14·37 acres; sagu 244·55 acres. Total 390·14.

3. Area under actual cultivation—

						Cultivation expense.		
						ACS.	RS. A. P.	
Umbli	...	...	...	...	...	17·20	860	0 0
Jamma	...	...	...	...	...	58·03	2,901	8 0
Jaghir	...	...	...	...	...	10·96	548	0 0
Jodi	...	...	...	...	...	12·93	646	8 0
Sagu	...	...	...	...	...	167·55	8,377	8 0
Total ...						266·67	13,333	8 0

4. People will sell paddy to the local merchants who advance them money. Some people will pound paddy and sell rice and some people will sell paddy at Mysore.

5. Government will grant takkavi loans and there is only one co-operative society.

6. (a) Immovables are given as security.

(b) Prior to April 1928 at 6½ per cent and afterwards at 7½ per cent.

Prior to 1928 no penalty was charged. Now penalty is charged.

Co-operative loans at 12½ per cent.

(c) Nil.

7. List enclosed.

8. No savings invested as the villagers spend the income for their maintenance.

(i) Nil.

(ii) Nil.

(iii) Nil.

(iv) Nil.

ENCLOSURE.

Particulars.	Debts on mortgage of land.			Debts on other security movables.		Debts on pro-notes from				Total.	Purpose of borrowing.						
	(2) From money-lenders.	(3) From Government.	(4) From co-operative societies.	(5) From others (to be specified in the remarks column).	(6) Cattle from co-operative societies.	(7) Jewels from money-lenders.	(8) Co-operative societies.	(9) Money-lenders.	(10) Others (to be specified in the remarks column).		(11)	(12) Payment of prior debts.	(13) Marriages and other ceremonies.	(14) Payment of land revenue.	(15) Relief of distress.	(16) Agricultural expense, seed, cattle and manure, implements, etc.	(17) Improvements to land.	(18) Education of children.
I. Outstanding total debts.	Rs. 4,600	Rs. 2,078	Rs. 1,055	..	..	..	..	Rs. 990	..	8,623	Rs. 4,095	Rs. 2,000	..	Rs. 450	Rs. 380	Rs. 1,698	..
II. If possible state in each column how much of the debt in item I is original loan and how much is subsequent.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Interest added to principal.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
III. Rate of interest usual in each case.	20	Prior to April 1928 6½ o/o and after April 1928 7¼ o/o.	12½ per cent.	..	..	..	..	30 per cent.	..	..	..	..	..	..	..	..	..

Written evidence of Mr. K. C. SUBBAYYA, Parpathigar of
Napaklunad, regarding the results of his survey of
indebtness of two of the villages in his Nad.

1. (i) Nelji village. Population 706.
- (ii) Kunjala village. Population 760.
2. Nelji village—

	ACS.
Wet cultivation area	408.14
Coffee	77.00
Orange	5.80
Total	490.94

Kunjala village—

Wet cultivation area	427.46
Coffee	15.04
Orange	2.97
Total	445.47

3. Cultivation expenses calculated for an area of 3.00 acres under paddy:—

	RS. A. P.
(i) Cattle (one pair to last for 5 years) (Pairs cost per annum Rs. 60)	12 0 0
(ii) Manure and application	14 0 0
(iii) Ploughing	45 0 0
(iv) Nursery (cost of seed and labour)	10 0 0
(v) Transplanting	8 0 0
(vi) Weeding	5 0 0
(vii) Harvesting	22 0 0
(viii) Implements	8 0 0
(ix) Wages of watchman to regulate the supply of water to the work for 6 months at Rs. 12 per mensem	72 0 0
Total	196 0 0

4. Carts go on such of those roads fit for such traffic, in other cases paddy is conveyed on head loads. Paddy is purchased by local merchants and carted either to Mysore or Malabar or to Virajpet. In some cases paddy exchanges hands in the village itself to be returned in kind with interest in kind also.

5. Co-operative societies, and petty money-lenders.

6. (a) Landed and personal securities.

(b) Interest charged ranges between 25 per cent and 10 per cent; penalty—nil.

(c) Nil.

7. Please see the form enclosed.

8. (i) }
 (ii) } Even approximate figures are not available.
 (iii) }
 (iv) }

ENCLOSURE.

Particulars.	Debts on mortgage of land.					Debts on other security, movable, cattle and jewels.
	From money-lenders.	From Government.	From co-operative societies.	From others (to be specified in the remarks column).	From co-operative societies.	From money-lenders.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Nelji village.

I. Outstanding ..	..	RS. 470	RS. 2,947	..	..	Jewels .. 200 Cattle .. 150 Crop .. 200	RS
						Total .. 550	

Kakkabbe, Kuniyala, Naladi, Marandodu, Yevakapdi.

Total debt from 1st July 1928 to 30th June 1929.	..	1,240	4,363	..	..	Crop .. 5,150 Cattle .. 200 Jewels .. 500	
						Total .. 5,850	

II. If possible state in each column how much of the debts in item I is original loan and how much is subsequent.

Interest added to principal.

III. Rate of interest usual in each case.

Please see columns (12) and (13).

In respect of loans granted by Government interest is included in principal.

Rate of interest in other cases is between 12 per cent. and 25 per cent.

Particulars.	Debts on pro-notes from			Total.	Purpose of borrowing.	
	Co-operative societies. (8)	Money-lenders. (9)	Others (to be specified in the remarks column). (10)		Payment of prior debts. (12)	Marriage and other ceremonies. (13)
I. Outstanding ..	RS. 1,500	RS. ..	RS. 5,467	Old debt. 600 New do. 400 Total .. 1,000	Old .. 700 New. 350 1,050	
Total debt, from 1st July 1928 to 30th June 1929.	.. 2,000	* 1,000	14,453	Old debt. 2,000 New do. 1,000 Total .. 3,000	4,200	
II. If possible state in each column how much of the debts in item I is original loan and how much is subsequent.				Please see columns (12) and (13.)		
Interest added to principal.	In respect of loans granted by Government interest is included in principal.					
III. Rate of interest usual in each case.	Rate of interest in other cases is between 12 per cent and 25 per cent.					

Particulars	Purpose of borrowing—cont.					Remarks
	Payment of land revenue. (14)	Relief of distress. (15)	Agricultural expenses—seed, cattle, manure, implements, etc. (16)	Improvement of land. (17)	Education of children. (18)	
I. Outstanding ... Total debt, from 1st July 1928 to 30th June 1929.	RS. 1,200	RS. 200	RS. 1,802 3,353	RS. 1,615 2,000	RS. 500	* Purchase of things from petty traders on promise (oral).
II. If possible state in each column how much of the debts in item I is original loan and how much is subsequent. Interest added to principal.	Please see columns (12) and (13).					
III. Rate of interest usual in each case.	In respect of loans granted by Government interest is included in principal. Rate of interest in other cases is between 12 per cent and 25 per cent.					